新世界發展有限公司
New World Development Company Limited
(incorporated in Hong Kong with limited liability)
(Hong Kong Stock Code: 0017)

INTERIM RESULTS ANNOUNCEMENT 2008/2009

RESULTS

The board of Directors (the "Board") of New World Development Company Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 31December 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT -UNAUDITED

For the six months ended 31 December 2008

	Note	**2008 HK$m**	2007 HK$m (Restated)
Revenues	2	**12,070.4**	13,055.7
Cost of sales		**(8,244.1)**	(9,070.6)
Gross profit		**3,826.3**	3,985.1
Other income		**9.4**	18.4
Other gains, net		**155.6**	2,483.8
Selling and marketing expenses		**(195.5)**	(249.4)
Administrative expenses		**(1,067.2)**	(966.7)
Other operating expenses		**(1,292.9)**	(1,386.9)
Changes in fair value of investment properties		**(2,353.7)**	2,123.9
Operating (loss)/profit	3	**(918.0)**	6,008.2
Financing income		**355.4**	795.6
Financing costs		**(701.6)**	(785.9)
		(1,264.2)	6,017.9
Share of results of			
Jointly controlled entities		**929.3**	1,852.9
Associated companies		**(36.3)**	482.0
(Loss)/profit before taxation		**(371.2)**	8,352.8
Taxation	4	**(29.0)**	(1,089.4)
(Loss)/profit for the period		**(400.2)**	7,263.4
Attributable to:			
Shareholders		**(992.2)**	5,649.4
Minority interests		**592.0**	1,614.0
		(400.2)	7,263.4
Dividend		**346.8**	672.4
(Loss)/earnings per share	5		
Basic		**(HK$0.28)**	HK$1.52
Diluted		**(HK$0.28)**	HK$1.45

CONDENSED CONSOLIDATED BALANCE SHEET-UNAUDITED

	Note	**As at 31 December 2008 HK$m**	As at 30 June 2008 HK$m (Restated)
ASSETS			
Non-current assets			
Investment properties		**30,589.6**	31,577.9
Property, plant and equipment		**6,285.4**	5,987.7
Leasehold land and land use rights		**3,515.5**	4,950.7
Intangible concession rights		**981.1**	1,153.5
Intangible assets		**1,512.9**	1,409.4
Interests in jointly controlled entities		**32,487.3**	30,547.1
Interests in associated companies		**9,673.9**	10,163.3
Available-for-sale financial assets		**5,631.5**	4,796.5
Held-to-maturity investments		**33.5**	33.4
Financial assets at fair value through profit or loss		**-**	1,194.4
Properties for development		**11,353.1**	11,174.9
Deferred tax assets		**350.8**	322.2
Other non-current assets		**1,276.7**	1,284.8
		103,691.3	104,595.8
Current assets			
Properties under development		**25,082.4**	18,409.6
Properties held for sale		**6,073.8**	5,901.7
Stocks		**454.0**	454.2
Debtors and prepayments	6	**18,144.6**	18,897.5
Financial assets at fair value through profit or loss		**394.3**	629.9
Cash held on behalf of customers		**3,165.5**	3,105.8
Restricted bank balances		**316.8**	636.9
Cash and bank balances		**11,493.5**	13,126.1
		65,124.9	61,161.7
Total assets		**168,816.2**	165,757.5

CONDENSED CONSOLIDATED BALANCE SHEET-UNAUDITED

	Note	**As at 31 December 2008 HK$m**	As at 30 June 2008 HK$m (Restated)
EQUITY			
Share capital		**3,758.4**	3,736.5
Reserves		**66,293.3**	67,718.7
Proposed final dividend		**-**	939.6
Interim dividend		**346.8**	-
Shareholders' funds		**70,398.5**	72,394.8
Minority interests		**22,609.0**	22,509.9
Total equity		**93,007.5**	94,904.7
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**36,761.3**	31,361.8
Deferred tax liabilities		**4,808.1**	5,142.8
Other non-current liabilities		**486.0**	461.7
		42,055.4	36,966.3
Current liabilities			
Creditors and accrued charges	7	**20,349.1**	20,656.2
Current portion of long-term borrowings		**8,489.0**	7,193.0
Short-term borrowings		**3,694.9**	4,608.9
Current tax payable		**1,220.3**	1,428.4
		33,753.3	33,886.5
Total liabilities		**75,808.7**	70,852.8
Total equity and liabilities		**168,816.2**	165,757.5
Net current assets		**31,371.6**	27,275.2
Total assets less current liabilities		**135,062.9**	131,871.0

Notes:

1. **Basis of preparation and accounting policies**

The unaudited condensed consolidated interim financial statements (the "interim financial statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The interim financial statements should be read in conjunction with the 2008 annual financial statements.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the 2008 annual financial statements, except as described below.

For the six months ended 31 December 2008, the Group has adopted the following amendments to standards and interpretations which are relevant to the Group's operations and are mandatory for the financial year ending 30 June 2009:

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Except for HK(IFRIC) - Int 12, the adoption of these amendments and interpretations does not have significant change to the accounting policies or any significant effect on the results and financial position of the Group, the accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the 2008 annual financial statements. The effect of applying HK(IFRIC) - Int 12 is set out below.

HK(IFRIC) - Int 12 applies to contractual service concession arrangements ("Service Concessions") whereby the Group participates in the development, financing, operation and maintenance of infrastructures for public services, such as toll roads and bridges, power plants and water treatment plants (the "Infrastructures"). Prior to the adoption of HK(IFRIC) - Int 12, the costs incurred for the construction or upgrade work or the acquisition of the Infrastructures under the Service Concessions were accounted for as property, plant and equipment. On adoption of HK(IFRIC) - Int 12, these Service Concessions are accounted for as intangible assets to the extent that the Group receives a right to charge users of the respective Infrastructures, or as financial assets to the extent that the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the granting authorities under the service concession arrangement.

Intangible assets resulting from the application of HK(IFRIC) - Int 12 are recorded in the balance sheet as "Intangible concession rights". The intangible concession rights are amortised, where applicable, on an economic usage basis or on a straight-line basis over the periods which the Group is granted the rights to operate these Infrastructures.

Financial assets resulting from the application of HK(IFRIC) - Int 12 are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Furthermore, the Group recognises income and expenses associated with construction services and upgrade services provided under the Service Concessions in accordance with the Group's accounting policy on construction revenue.

1. Basis of preparation and accounting policies (Cont'd)

The adoption of HK(IFRIC) - Int 12 resulted in a change in the Group's principal accounting policies, which has been applied retrospectively and the comparative figures have been restated accordingly. The impact of prior year adjustments which are primarily due to the adoption of HK(IFRIC) - Int 12 is summarised as follows:

CONDENSED CONSOLIDATED BALANCE SHEET

	At 31 December 2008 HK$m	At 30 June 2008 HK$m
Decrease in property, plant and equipment	**981.1**	1,153.5
Increase in intangible concession rights	**981.1**	1,153.5
Increase in interests in jointly controlled entities	**139.8**	129.3
Increase in deferred tax liabilities	**30.7**	30.7
Increase in reserves	**61.9**	55.9
Increase in exchange reserve	**24.9**	24.8
Increase in retained profits	**37.0**	31.1
Increase in minority interests	**47.2**	42.7

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2008

	2008 HK$m	2007 HK$m
Increase in share of results of jointly controlled entities	**10.5**	8.1
Increase in amortisation of intangible concession rights	**38.2**	45.6
Decrease in depreciation	**38.2**	45.6
(Decrease)/increase in basic (loss)/ earnings per share	**(HK$0.01)**	HK$0.01
(Decrease)/increase in diluted (loss)/earnings per share	**(HK$0.01)**	HK$0.01

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2010

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 2 Amendments	Vesting Conditions and Cancellations
HKFRS 3 (Revised) and HKAS 27 (Revised)	Business Combinations and Consolidated and Separate Financial Statements
HKAS 7 Amendment	Disclosures- Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRS 1 (Revised) and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 Amendment	Eligible Hedged Items
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in Foreign Operation
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) - Int 18	Transfers of Assets from Customers
HKFRSs Amendments	Improvements to HKFRSs

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operation and will give rise to changes in accounting policies, disclosures and measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results of operations and financial position.

2. Segment information

The Group is organised into property investment, property development, service, infrastructure, telecommunications, department stores, hotel operations and others (including media and technology businesses) segments.

(a) Primary reporting format- business segments

	Property investment HK$m	Property development HK$m	Service HK$m	Infra-structure HK$m	Telecom-munications HK$m	Department stores HK$m	Hotel operations HK$m	Others HK$m	Eliminations HK$m	Con-solidated HK$m
Six months ended 31 December 2008										
External	747.4	774.8	7,228.9	170.7	466.2	1,257.1	1,269.8	155.5	–	12,070.4
Inter-segment	100.9	–	1,327.3	–	31.1	–	2.0	14.7	(1,476.0)	–
Revenues	848.3	774.8	8,556.2	170.7	497.3	1,257.1	1,271.8	170.2	(1,476.0)	12,070.4
Segment results	517.8	110.5	402.3	38.7	(0.5)	216.5	286.6	20.8	–	1,592.7
Other gains, net	(2.5)	64.8	(245.3)	130.9	–	–	53.7	154.0	–	155.6
Changes in fair value of investment properties										(2,353.7)
Unallocated corporate expenses										(312.6)
Operating loss										(918.0)
Financing income										355.4
Financing costs										(701.6)
										(1,264.2)
Share of results of										
Jointly controlled entities	107.4	181.4	173.2	477.0	–	–	16.0	(25.7)	–	929.3
Associated companies	14.7	(15.6)	12.7	1.4	(48.9)	–	(0.9)	0.3	–	(36.3)
Loss before taxation										(371.2)
Taxation										(29.0)
Loss for the period										(400.2)
As at 31 December 2008										
Segment assets	31,700.1	48,949.6	15,312.6	1,280.5	1,276.0	3,998.8	4,384.0	7,551.4	–	114,453.0
Interests in jointly controlled entities	4,039.8	11,045.5	4,430.7	11,213.2	–	–	1,273.3	484.8	–	32,487.3
Interests in associated companies	2,435.2	1,322.1	2,938.7	842.1	2,002.1	–	116.7	17.0	–	9,673.9
Unallocated assets										12,202.0
Total assets										168,816.2
Segment liabilities	604.4	6,171.8	8,905.1	506.2	234.6	2,465.2	1,337.2	647.7	–	20,872.2
Unallocated liabilities										54,936.5
Total liabilities										75,808.7
Six months ended 31 December 2008										
Capital expenditure	39.2	156.9	201.1	1.8	46.5	142.0	162.7	6.5	–	756.7
Depreciation and amortisation	34.5	19.8	63.7	39.2	23.2	91.1	85.6	14.8	–	371.9
Impairment charge and provision	–	–	139.5	–	–	–	10.4	199.6	–	349.5

2. Segment information (Cont'd)

(a) Primary reporting format- business segments (Cont'd)

	Property investment HK$m	Property development HK$m	Service HK$m	Infra-structure HK$m	Telecom-munications HK$m	Department stores HK$m	Hotel operations HK$m	Others HK$m	Eliminations HK$m	Con-solidated HK$m
Six months ended 31 December 2007 (Restated)										
External	682.0	1,206.3	7,936.4	156.9	480.8	1,123.1	1,264.0	206.2	–	13,055.7
Inter-segment	99.2	–	1,338.8	–	33.5	–	–	19.7	(1,491.2)	–
Revenues	781.2	1,206.3	9,275.2	156.9	514.3	1,123.1	1,264.0	225.9	(1,491.2)	13,055.7
Segment results	431.7	140.4	609.5	53.6	(44.5)	188.9	295.7	13.2	–	1,688.5
Other gains, net	0.2	220.9	107.0	143.7	2.4	1,613.6	–	396.0	–	2,483.8
Changes in fair value of investment properties										2,123.9
Unallocated corporate expenses										(288.0)
Operating profit										6,008.2
Financing income										795.6
Financing costs										(785.9)
										6,017.9
Share of results of										
Jointly controlled entities	195.5	964.1	150.6	448.3	–	–	29.9	64.5	–	1,852.9
Associated companies	116.7	22.3	123.0	144.5	76.7	–	(8.6)	7.4	–	482.0
Profit before taxation										8,352.8
Taxation										(1,089.4)
Profit for the period										7,263.4
As at 30 June 2008 (Restated)										
Segment assets	34,133.8	44,384.0	15,446.2	2,421.2	1,281.3	3,554.6	3,294.8	6,446.0	–	110,961.9
Interests in jointly controlled entities	4,118.3	11,787.8	4,269.2	8,681.6	–	–	1,036.1	654.1	–	30,547.1
Interests in associated companies	3,181.9	1,528.3	2,233.1	849.4	2,207.5	–	116.7	46.4	–	10,163.3
Unallocated assets										14,085.2
Total assets										165,757.5
Segment liabilities	520.7	5,817.5	9,795.2	414.7	221.4	1,603.2	1,242.9	1,502.3	–	21,117.9
Unallocated liabilities										49,734.9
Total liabilities										70,852.8
Six months ended 31 December 2007										
Capital expenditure	959.1	372.6	79.5	–	25.4	214.9	967.3	83.9	–	2,702.7
Depreciation and amortisation	23.9	15.4	62.6	45.9	43.0	71.6	108.1	27.1	–	397.6
Impairment charge and provision	–	–	–	–	–	–	18.9	61.2	–	80.1

2. Segment information (Cont'd)

(b) Secondary reporting format-geographical segments

	Revenues	Capital expenditure	Segment assets
	Six months ended 31 December 2008	**Six months ended 31 December 2008**	**As at 31 December 2008**
	HK$m	**HK$m**	**HK$m**
Hong Kong and others	**7,256.1**	**404.1**	**68,560.0**
Mainland China	**2,880.8**	**352.6**	**44,100.9**
Macau	**1,933.5**	**–**	**1,792.1**
	12,070.4	**756.7**	**114,453.0**
	Six months ended 31 December 2007	**Six months ended 31 December 2007**	**As at 30 June 2008**
	HK$m	**HK$m**	**HK$m**
Hong Kong and others	6,547.0	326.3	66,936.1
Mainland China	3,316.2	2,376.4	41,864.0
Macau	3,192.5	–	2,161.8
	13,055.7	2,702.7	110,961.9

The Group's revenues, segment assets and capital expenditure attributed to Southeast Asia and North America account for an insignificant portion of the Group's total revenues, segment assets and capital expenditure respectively, and have been included in the Hong Kong and others.

3. Operating (loss)/profit

For the six months ended 31 December 2008
Operating (loss)/profit of the Group is arrived at after crediting/ (charging) the following:

	2008	2007
	HK$m	HK$m
Dividend income from listed and unlisted investments	**9.4**	18.4
Gain on deemed acquisition/disposal of interests in subsidiaries	**137.6**	1,690.5
Net profit on disposal of		
Available-for-sale financial assets	**16.2**	70.9
Subsidiaries	**56.6**	88.4
Recovery from PrediWave Companies	**–**	424.3
Gain on repurchase of convertible bonds by a subsidiary	**67.0**	–
Excess of fair value of net assets acquired over the cost of acquisition		
Additional interest of subsidiaries	**–**	19.6
Subsidiaries	**50.9**	125.7
Fair value gain on financial assets at fair value through profit or loss	**371.6**	16.7
Exchange gain	**–**	124.8
Interest income from margin and other financing of securities business, included in revenues	**47.4**	225.0
Cost of inventories sold	**(1,732.8)**	(1,844.8)
Depreciation and amortisation	**(371.9)**	(397.6)
Impairment loss on		
Debtors	**(5.9)**	(68.4)
Amount due from jointly controlled entities	**(10.4)**	(11.7)
Available-for-sale financial assets	**(333.2)**	–
Fair value loss of financial assets at fair value through profit or loss	**(189.2)**	–
Interest expense for securities broking and margin financing operations	**(6.2)**	(150.4)
Dilution loss on deemed disposal of interests in subsidiaries	**(1.4)**	(9.9)

4. Taxation

For the six months ended 31 December 2008

	2008 **HK$m**	2007 HK$m
Current taxation		
Hong Kong profits tax	**209.2**	217.0
Mainland China and overseas taxation	**139.7**	388.1
Mainland China land appreciation tax	**18.6**	54.0
Deferred taxation		
Valuation of investment properties	**(342.6)**	364.1
Temporary differences	**4.1**	66.2
	29.0	1,089.4

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the period.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 3% to 33% (2007: 3% to 33%).

PRC income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2007: 33%). PRC land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of taxation of jointly controlled entities and associated companies of HK$119.4 million and HK$22.3 million (2007: HK$674.7 million as restated and HK$104.7 million), respectively, are included in the income statement as share of results of jointly controlled entities and associated companies.

5 Loss)/earnings per share

For the six months ended 31 December 2008
The calculation of basic and diluted (loss)/earnings per share for the period is based on the following:

	2008 **HK$m**	2007 HK$m (Restated)
(Loss)/profit attributable to shareholders	**(992.2)**	5,649.4
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds	**–**	128.2
Adjustment on the effect of dilution in the results of subsidiaries	**(9.0)**	(32.9)
(Loss)/profit for calculation of diluted (loss)/earnings per share	**(1,001.2)**	5,744.7

	Number of shares	
	2008	2007
Weighted average number of shares (million) for calculating basic (loss)/earnings per share	**3,595.4**	3,712.2
Effect of dilutive potential ordinary shares		
Share options	**–**	30.7
Convertible bonds	**–**	224.0
Weighted average number of shares (million) for calculating diluted (loss)/earnings per share	**3,595.4**	3,966.9

Diluted loss per share for the six months ended 31 December 2008 did not assume the conversion of the convertible bonds and the exercise of share options outstanding during the period since their conversion and exercise would have an anti-dilutive effect.

6. Trade debtors

Aging analysis of trade debtors is as follows:

	As at 31 December 2008 HK$m	As at 30 June 2008 HK$m
Current to 30 days	**4,682.2**	4,671.4
31 to 60 days	**326.4**	488.5
Over 60 days	**633.1**	933.2
	5,641.7	6,093.1

The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Sale proceeds receivable from sale of properties and retention receivable in respect of construction and engineering services are settled in accordance with the terms of respective contracts.

The Group has made loans to margin customers for its securities businesses amounted to HK$1,636.2 million (30 June 2008: HK$1,863.6 million). Such loans are secured by the underlying pledged securities and are interest-bearing. The amount of credit facilities granted to margin customers is determined by the discounted market value of the collateral securities accepted by the Group. As at 31 December 2008, the total market value of securities pledged as collateral in respect of margin customers was HK$7,657.1 million (30 June 2008: HK$21,293.0 million).

7. Trade creditors

Aging analysis of trade creditors is as follows:

	As at 31 December 2008 HK$m	As at 30 June 2008 HK$m
Current to 30 days	**6,172.4**	6,071.0
31 to 60 days	**614.5**	586.6
Over 60 days	**1,527.8**	2,204.3
	8,314.7	8,861.9
Payable arising from securities businesses *(Note)*	**3,726.3**	3,667.1
	12,041.0	12,529.0

Note:
This payable relates to securities, equity options, leveraged foreign exchange, futures, options and bullion contracts transactions and is mainly repayable on demand. No aging analysis is disclosed in respect of this amount as an aging analysis is not meaningful in view of the nature of this business.

8. Pledge of assets

As at 31 December 2008, HK$33,691.6 million (30 June 2008: HK$27,649.1 million) of total Group's assets were pledged as securities for loans.

9. Contingent liabilities

The Group's contingent liabilities as at 31 December 2008 amounted to HK$5,852.1 million (30 June 2008: HK$6,432.5 million).

10. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

INTERIM DIVIDEND

The Directors have declared an interim dividend for the financial year ending 30 June 2009 in scrip form equivalent to HK$0.09 per share with a cash option to shareholders registered on 9 April 2009.

Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholder could elect to receive in cash and that shareholders be given the option to elect to receive payment in cash of HK$0.09 per share instead of the allotment of shares. Full details of the interim scrip dividend will be set out in a letter to be sent to shareholders together with a form of election for cash on or about 8 May 2009.

BOOK CLOSE DATES

Book close dates (both days inclusive)	:	3 April 2009 to 9 April 2009
Latest time to lodge transfer with Share Registrars	:	4:00 p.m. on 2 April 2009
Address of Share Registrars	:	Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2008, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities during the period.

BUSINESS REVIEW

Overall

In the third quarter of 2008, the global financial crisis was triggered by US sub-prime turmoil. Credit crunch and perceived global economic slowdown have created a lot of uncertainties and risks. As one of the most open markets in the world, Hong Kong is no exception.

For the six months ended 31 December 2008, NWD recorded a net loss of $992.2 million. Such loss was mainly attributable to the revaluation deficit due to fair value changes in investment properties of approximately $2,353.7 million and an impairment provision on available-for-sale financial assets of approximately $330 million as a result of the current adverse financial and economic conditions. If stripping out the exceptional items, notwithstanding the Group did not make major disposal of property projects in the period under review, the Group's underlying profits should be $1,018.1 million.

Hong Kong Property Development

The recessionary climate in Hong Kong has adversely affected the sentiment of the property market. Shrinkage in transaction volume and correction in property prices were experienced, particularly in the last quarter of 2008.

In the next 12 months, the Group has four projects with over 1,200 units for sale. They are Block A of Wylie Court in Homantin (何文田衛理苑 A 座), Emerald Green in Yuen Long (元朗翹翠峰), the Hanoi Road Redevelopment Project in Tsim Sha Tsui (尖沙咀河內道重建項目), and 42-44 Belcher's Street project in Western District (西環卑路乍街 42-44 號).

During the period under review, the Group has paid approximately $4 billion for the Group's share of land premium to the government for two property projects, namely Lung Tin Tsuen project (龍田村項目) in Yuen Long and Che Kung Temple project (車公廟站項目) in Shatin. Total gross floor area ("GFA") involved is around 2.1 million sq ft.

Currently, the Group has a landbank of 4.6 million sq. ft. total GFA for immediate development. The Group also has a total of over 21.7 million sq ft of agricultural land reserve pending conversion.

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	**440,685**
Kowloon	**1,229,960**
New Territories (excluding areas pending agricultural land conversion)	**2,938,054**
Total	**4,608,699**

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	**14,671,500**	**13,270,000**
Sha Tin / Tai Po	**3,394,000**	**2,508,000**
Fanling	**2,260,000**	**2,260,000**
Sai Kung	**1,265,000**	**1,028,000**
Tuen Mun	**120,000**	**120,000**
Total	**21,710,500**	**19,186,000**

The Group is discussing with the government on conversion of 6.8 million sq ft agricultural land and is also seeking various sources to replenish its landbank, such as public auctions and tendering for development projects offered by Urban Renewal Authority and the MTRC.

Hong Kong Property Investment

In the first half of FY2009, the Group's gross rental income in Hong Kong amounted to $625 million, up 7.2% year-on-year. All the major projects in the Group's investment portfolio maintained satisfactory occupancy.

Hotels

In 2008, visitors from Mainland China maintained positive gain and continued to be the leading source, by contributing around 57% of the total arrivals to Hong Kong and brought the total arrivals up 4.7% to a record high of 29 million. The long haul travelers, especially those from North America and Europe, were substantially decreased due to the global financial downturn.

In 1HFY2009, the Group's hotels in Hong Kong provided steady contributions to the Group. Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Renaissance Kowloon Hotel recorded an average occupancy of 76% and maintained the average room rate achieved.

The overall hotel operating results was dampened because of the partial renovations of Courtyard Marriot Beijing and New World Mayfair Hotel Shanghai, the pre-matured results of the newly launched New World Hotel Wuhan and the pre-opening expenses incurred for Dalian New World Hotel.

Penta Hotel Shanghai was launched in October 2008, providing 260 rooms. Meanwhile, there are three new hotels in Hong Kong and Mainland China in the pipeline to enhance our existing hotel portfolio. The three new hotels include the newly launched Hyatt Regency Shatin Hong Kong; the Hyatt Regency Hotel in Tsim Sha Tsui, Hong Kong and the New World Hotel in Dalian, China, which will be opened in March 2009.

NWS Holdings Limited ("NWSH")

NWSH reported a profit attributable to shareholders of $813.3 million for 1HFY009, a decrease of 31% as the last corresponding period had a $1,014.8 million profit from the sale of the residential flats of Harbour Place.

The Infrastructure segment sustained a drop in contributions mainly due to the rising coal price and increase in operating costs that seriously attacked the profitability of the Energy division. The Service segment experienced a decrease in contributions mainly attributable to the substantial decline in earnings from Taifook Securities due to the global financial crisis.

Infrastructure

Performance of road projects within the Pearl River Delta Region was affected by the slowdown in business activities. Average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) fell by 3% and 8% respectively. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway dropped by 5%.

Combined electricity sales of Zhujiang Power Plants decreased by 10% due to the downturn of the economy. This was aggravated by the soaring coal price. Sales volume of Macau Power grew by 6% despite the delays or suspension of works of some mega-sized construction projects in Macau. Electricity sales of Chengdu Jintang Power Plant increased 12%, as the second generation unit commenced operation in October 2007.

Average daily sales volume of Macau Water Plant decreased slightly by 1%. In Mainland China, Chongqing Tangjiatuo Waste Water Treatment Plant reported a 4% growth in daily average treated volume. Water sales volume of Zhengzhou Water Plant and Changshu Water Plant reduced 6% and 3% respectively. The overall impact of the global financial tsunami on the Water business was small when compared to other operations.

Throughput of Xiamen New World Xiangyu Terminals Co., Ltd. dropped 6% to 379,000 TEUs as the contract with a major customer had been terminated. As affected by the competition from new terminals and slowdown of economic activities, throughput of Tianjin Orient Container Terminals Co., Ltd. and Tianjin Five Continents International Container Terminal Co., Ltd. dropped 18% to 473,000 TEU and 5% to 976,000 TEUs respectively.

Service

Facilities rental business continued to provide a steady source of income and cash flow to the Group. Hong Kong Convention and Exhibition Centre ("HKCEC") continued to achieve satisfactory result with 527 events held. ATL Logistics Centre recorded a steady profit with an average occupancy rate maintained at 99%. It has also benefited from the increase in average rental as the demand for storage space remains strong.

Significant drop in contribution of Taifook Securities was chiefly due to the substantial decline in earnings from its brokerage and margin financing services. Its businesses seriously deteriorated as a result of the global financial tsunami and the lack of turnover volume in the equity markets.

The economic turmoil has also negatively affected Tricor's profitability. Tricor had successfully expanded into the Mainland China and Singapore. The business operations in Hong Kong, Singapore and the Mainland China together contributed over 80% of the total profit. In September 2008, Tricor has also finalized the acquisition of a corporate service practice in Brunei.

High fuel costs and salaries rise remained heavy burdens to the transport business. The gloomy economy and intense competition from the market have in general led to a drop in patronage of the Group's transport business. There was a 35% decline in the AOP of the local bus operation and a HK$8.4 million operating loss in local ferry's operation for the Current Period (2007: HK$0.4 million).

New World China Land Limited ("NWCL")

During the period under review, the China property market has experienced the negative effects from both the austerity measures previously imposed by the Central Government and the global economic downturn triggered by the US sub-prime turmoil. Faced with these challenges, the Group recorded a profit of $374.2 million in the first half of FY2009, a decrease of 59.3% over the corresponding period last year. The decrease in profit for the period was mainly attributable to the effect from changes in fair value of investment properties which turned to a loss of $55.2 million from last period's gain of $76.5 million as a result of downward adjustment in fair value of the Group's rental portfolio and also the effect of foreign exchange loss of $12.6 million as opposed to a gain of $226.8 million recorded during the previous period when Renminbi had appreciated by over 4%. Without taking into accounts the effect from abovementioned non-operating items and other exceptional items, the underlying core profit from the Group's four core business operations in fact reached HK$514.8 million, representing an increase of 4.9% over that of corresponding period last year.

With the backdrop of volume shrinkage and price correction in the overall property market, NWCL's property sales operation maintained a level contribution with a significant improvement of 5.8 percentage points in the average gross margin achieved. Furthermore, our rental operation enjoyed a handsome growth of 32% in AOP contributions with the continuous improvement in rental rates and occupancies of our investment portfolio.

New World Department Store China Limited ("NWDS")

For the six months ended 31 December 2008, total revenue of NWDS amounted to $883.9 million, grew by 33.3% year-on-year. Operating profit stood at $324.3 million. Profit attributable to shareholders increased by 13.5% to $258.6 million.

In the period under review, NWDS added two new stores in Wuhan and Beijing. They were the self-owned Wuhan Hanyang Store and the managed Beijing Liying Store. The additional floor area of about 95,000 sq m brought our total GFA to about 1,042,570 sq m. As at the end of 2008, the Group operated 33 department stores (20 self-owned stores and 13 managed stores) in Mainland China.

Located in five operational regions, namely Northeastern China, Northern China, Eastern China, Central China and Southwestern China, the stores covered 17 major cities in the Mainland China. The Central China Region contributed the most to NWDS's revenue during the period under review, accounting for 30.2% of total revenue, followed by the Eastern China Region and the Northeastern China Region, accounting for 29.8% and 25.3%, respectively.

Starting July 2008, NWDS ceased to be managed the Hong Kong Store since the Group had confirmed resumption for redevelopment of the East Wing of New World Centre in Tsimshatsui, Hong Kong, where the store was located. Opened in April 1999, Hong Kong Store had a GFA of about 15,000 sq m.

Telecommunication

During the period under review, New World Telecommunications Limited ("NWT") endeavored to restructure its business to trim off unprofitable business and impose stringent cost control measures. NWT broke even in the period under review.

In 1HFY2009, CSL New World Mobility Group ("CSLNWM") recorded a revenue of $2,978 million, down 9.3%. The decrease was mainly due to the lower handset sales volumes as there was a significant slowdown in consumer spending in the period under review. EBIT was turned to a loss of $245 million from a gain of $398 million. The EBIT drop was driven by accelerated depreciation charges on the existing networks, following the company's decision to invest in new network technologies. This resulted in an increase to depreciation and amortization expenses of $548 million. The Group's attributable share of loss from the investment in CSLNWM amounted to $48.9 million.

New World Strategic Investment Limited ("NWSI")

As the investment arm of the Group, NWSI, established in August 2007, continues to explore potential investment opportunities during the period ended 31 December 2008. Given the financial turmoil, NWSI has not made any investment during the period and focuses on the management of existing investments.

Notwithstanding the poor market sentiment, Renhe Commercial Holdings Company Limited (人和商業控股有限公司, "Renhe"), one of NWSI's investments, was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 22 October 2008. Renhe is an operator and developer of stand-alone underground shopping centers in Mainland China.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	As at 31 December 2008 HK$m	As at 30 June 2008 HK$m
Consolidated net debt	**34,825.3**	26,929.7
NWSH	**5,055.5**	4,666.7
NWCL	**12,219.1**	8,788.1
NWDS – cash and bank balances	**(3,104.1)**	(3,127.6)
Net debt (exclude listed subsidiaries)	**20,654.8**	16,602.5

In respect of the Group's operation in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging of Renminbi contributed to those projects. Apart from this, the Group does not have any material foreign exchange exposure.

Equity of the Group reduced from HK$94,904.7 million as restated as at 30 June 2008 to HK$93,007.5 million as at 31 December 2008. The decrease was mainly due to revaluation deficit on investment properties of the Group as a result of the current adverse economic conditions.

As at 31 December 2008, the Group's cash and bank balances stood at HK$11,851.2 million (30 June 2008: HK$13,803.9 million) and the consolidated net debt amounted to HK$34,825.3 million (30 June 2008: HK$26,929.7 million). The net debt to equity ratio was 37.4%, an increase of 9.0% as compared with 30 June 2008. The increase was mainly due to the increase in bank borrowings for financing the payment of land premium for two development projects namely Che Kung Temple Station Redevelopment in Sha Tin and Lung Tin Tsuen in Yuen Long and the decrease in equity.

A total of RMB 250 million convertible bonds issued by a subsidiary company of NWCL has repurchased and cancelled by that subsidiary for approximately US$24.9 million.

The Group's long-term bank loans and convertible bonds and short-term bank loans as at 31 December 2008 were HK$44,844.8 million and HK$1,831.7 million respectively. The maturity of long-term bank loans and convertible bonds as at 31 December 2008 is as follows:

	HK$m
Within one year	**8,489.0**
In the second year	**5,680.0**
In the third to fifth year	**24,409.4**
After the fifth year	**6,266.4**
	44,844.8

OUTLOOK

In recent months, Hong Kong residential market has shown signs of stabilization after the price rationalizations of newly launched projects and the easing of mortgage availability. Strong affordability, low interest rate and tight supply in the pipeline should benefit the Hong Kong property market.

Following the rapid slides of the international financial markets in fourth quarter of 2008, the market expects pressure on the rental rates in both the office and shopping malls due to the lower demand of office space and lower retail consumption.

Property industry is closely correlated to local economy. Credit crunch and the worry of global economic slowdown are hammering every single economy in the world, including China. With the timely implementation of proactive fiscal policy and easing monetary policy by the Central Government, the property market has recently shown signs of stabilization.

In the short-term, the uncertainty of the global economic situation may induce further downside risks to the China property market. In order to cope with the risks associated, NWCL will continue a prudent approach in managing our business in China. We believe the rapid urbanization and genuine housing demand will cradle the healthy growth and development of the market in the long run.

Overall impact of the global financial tsunami on the water business was small. To enhance contributions from defensive water projects, the Group has invested in Chongqing Yue Lai Water Plant (重慶悅來水廠), Tianjin Jieyuan Water Treatment Plant (天津芥園水廠), Suzhou Industrial Park - Sludge drying facility (蘇州工業園-污泥乾燥設備).

The expansion of HKCEC is due for completion in March 2009 and the added 19,400 sq m will increase the available space for lease up to a total of 83,400 sq m enabling HKCEC to maintain its leading position in the market.

As at 31 December 2008, the gross value of contracts on hand for the Construction Group was approximately $29.0 billion. Although the impact of the global financial tsunami is yet to be fully reflected, the management is cautiously optimistic about the medium to long term prospects in Hong Kong. The Group is well positioned to take advantage of mega sized projects such as the West Kowloon development, Disney phases 2 and 3, Kai Tak Redevelopment, and the Hong Kong – Zhuhai – Macau bridge.

China United International Rail Containers Co., Ltd., the joint venture company that develops 18 rail container terminals in Mainland China, was established in March 2007. The current standalone facility in Qunming is operating smoothly while the construction works of the terminals in Chongqing, Zhengzhou, Qingdao and Dalian are well underway and are expected to be completed and operational by the second half of 2009. The next batch of terminals approved to be built which includes Xian and Chengdu is also under way.

China’s total retail sales of consumer goods has continued to grow, having recorded in 2008 a substantial rise of 21.6%, or 4.4 percentage points, over that for the previous year. This indicated a keen demand for higher standard of living and better quality in consumer products, sustaining growth for the retail industry.

NWDS sought to expand the rental areas at our stores to accommodate more services for trendy living, such as specialty dining outlets, entertainment and convenience facilities, enhancing in-store services for customers and enriching their shopping experience.

Faced with the adverse reversal in the global economy and a worsening operating environment, NWDS has aptly formulated suitable development tactics for the short term and the longer run to ensure profitability. For the short term, NWDS will temporarily mitigate the upgrade of product portfolio and strengthen products that are selling well. For the longer run, given that shopper traffic concentrates mostly on the street level and lower levels, NWDS started to design the top levels at some stores with a larger GFA as Event Halls for staging large-scale themed promotions.

Overall, the Group will keep monitoring risks and adjust our plans for the best interests of our stakeholders.

EMPLOYEES AND REMUNERATION POLICIES

The Group has approximately 55,000 employees at 31 December 2008 employed by entities under the Group management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and market practices. Education subsidies will be granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share option schemes of the Company and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Company and certain employees of the Group to subscribe for shares in the Company and/or the respective subsidiaries.

REVIEW OF INTERIM RESULTS

The Company's unaudited interim results for the six months ended 31 December 2008 have not been reviewed by external auditors, but have been reviewed by the Audit Committee of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2008 except for the following deviation:

As required under code provision A.5.4 of the CG Code, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for relevant employees in respect of their dealings in the securities of the Company. The Board has established guidelines for employees in respect of their dealings in the securities of the Company but they are not on no less exacting terms than the Model Code. The deviation is mainly due to the fact that the Company currently has approximately 55,000 employees and operates diversified businesses, it will cause immense administrative burden for processing written notifications from the relevant employees by the Company.

Dr. Cheng Kar-Shun, Henry
Managing Director

Hong Kong, 17 March 2009

As at the date of this announcement, (a) the Executive Directors of the Company are Dato' Dr. CHENG Yu-Tung, Dr. CHENG Kar-Shun, Henry, Dr. SIN Wai-Kin, David, Mr. LIANG Chong-Hou, David , Mr. LEUNG Chi-Kin, Stewart and Mr. CHENG Chi-Kong, Adrian ; (b) the Non-executive Directors of the Company are, Mr. CHENG Kar-Shing, Peter, Mr. CHOW Kwai-Cheung , Mr. LIANG Cheung-Biu, Thomas and Ms. KI Man-Fung, Leonie and (c) the Independent Non-executive Directors of the Company are Mr. YEUNG Ping-Leung, Howard, Dr. CHA Mou-Sing, Payson (alternate director to Dr. CHA Mou-Sing, Payson: Mr. CHA Mou-Zing, Victor), Mr. HO Hau-Hay, Hamilton and Mr. LEE Luen-Wai, John.