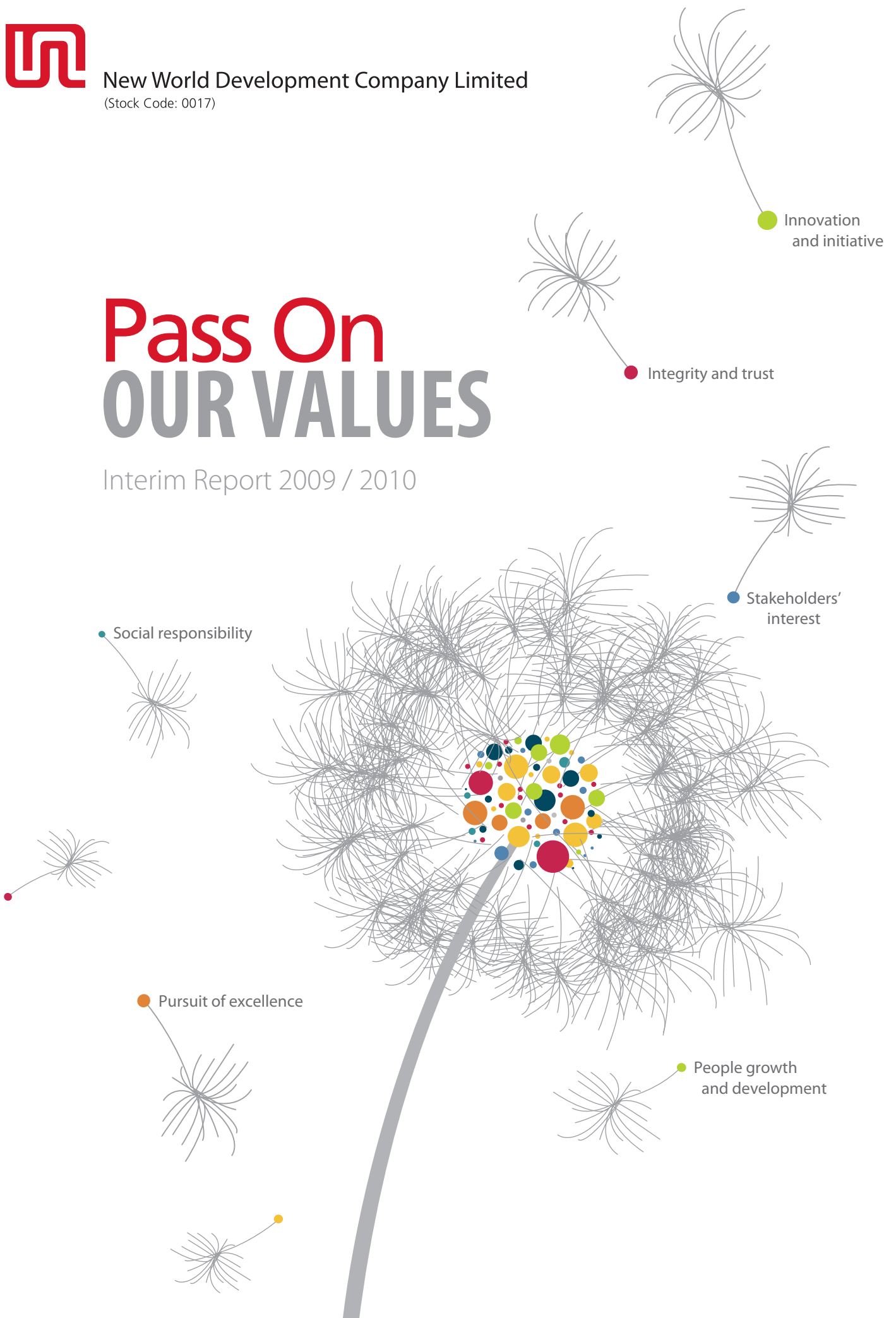




New World Development Company Limited
(Stock Code: 0017)

Pass On OUR VALUES

Interim Report 2009 / 2010



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Financial Highlights

	Unaudited		Change
	Six months ended		
	31 December		
	2009	2008	
	HK\$m	HK\$m	%
Revenues	12,116.8	12,070.4	0.4
Total segment results (Note)	3,688.7	2,485.7	48.4
Other gains, net	2,446.9	155.6	1,472.6
Change in fair value of investment properties	2,369.1	(2,353.7)	N/A
Profit/(loss) attributable to shareholders	5,346.1	(992.2)	N/A
Underlying profit	1,861.7	1,018.1	82.9
	As at	As at	
	31 December	30 June	
	2009	2009	Change
	HK\$m	HK\$m	%
Cash and bank balances	24,689.2	14,363.3	71.9
Net debt	22,695.0	34,187.5	(33.6)
Total equity	104,466.5	97,483.0	7.2
Net gearing ratio (%)	21.7	35.1	(13.4)

Note: including share of results of jointly controlled entities and associated companies

Chairman's Statement

Dear Shareholders:

Working on earthly matters whilst observing heavenly phenomena represented the philosophy of life of our ancestors. They are well-versed with the importance of changes in tackling difficult problems and creating long-lasting solutions. Shennong, the ancient Chinese pioneer in agriculture, took the lead in inventing wooden tools for agricultural use. Huang-Di, Yao and Shun, all being political leaders in ancient China, also initiated the making of wooden boats and paddles and helped ordinary people in using tools for water works. We Chinese appreciate the importance of changes in a dead-lock situation, and the ever-lasting well-being will be achieved once the change is put to implementation.

Change is a core element underlying the evolution of things and matters. Britain's Industrial Revolution in the 18th century caused great changes to social and economic landscape and formed a role model for modern civilization. The 19th century saw the influence of western knowledge on the East and China sending students to study abroad to acquire knowledge and innovative thinking from the West, laying seedlings for the subsequent modernization of China. Further, the 20th century saw the emergence of China's socialism with its own characteristics, in advocate of Deng Xiaoping's agenda for China's reforms and opening, liberalization of thinking and pursue of pragmatism in the course of China's development, setting the scene for China's performance on the international arena in the 30 years that followed.

China has transformed into a country with sound development of industry and commerce as well as science from a traditional agricultural society. New World Group has been able to keep itself up with the pace of the country, adjusting its strategies in a timely manner in response to the country's advancement, keeping itself abreast of latest development and evolving and developing in an innovative way.

In 1973, the Group took a great leap forward in acquiring the Holt's Wharf site in Tsim Sha Tsui for constructing what was later named as New World Centre, in view of the upcoming change of the then-prevailing monopolistic landscape of the local property market led by British conglomerates. This represented the start of Chinese conglomerates renovating the local property market. In 1984, the Group's long-term vision of Hong Kong's handover to China encouraged its heavy investment in constructing the landmark Hong Kong Convention and Exhibition Centre, the venue where Hong Kong's handover ceremony was later held in 1997. The Group was also the first Hong Kong property developers to plan and develop properties in Mainland China. Back in 1992 when it saw the needs for better living environment in Mainland China, the Group proposed to various local governments of China for engaging in the renovation works of old cities in China.

Change represents how the transfer of knowledge and techniques can come to reality. It originates from the very close, and relates to the very far-away. The launch of the Group's K11, the world's first Art Mall, is a fine combination of three core values namely art, people and nature. K11 is not only a brand-new shopping mall, but also a worldwide brand concept, linking the Group's past with its future, and revitalizing the local culture and traditions underneath our old community, thereby creating a new community with clear values.

The subsistence and perpetuity of a traditional enterprise relies upon its ability to change and keeping itself abreast of latest development, which in turn depends on the ability to take the lead to reform. The key to the ever-lasting success of an enterprise, we believe, would be to go in line with new developments, to cater to changes, and to treasure talents.

Dr. Cheng Yu-Tung

Chairman

Hong Kong, 17 March 2010

Managing Director's Report

BUSINESS REVIEW

For the six months ended 31 December 2009, NWD recorded a turnover of HK\$12,116.8 million and profit attributable to shareholders of the Company amounted to HK\$5,346.1 million. Contribution from recurrent operation including property sales, rental, infrastructure, service and department store achieved satisfactory growth during the period under review. If stripping out the Other gain, net and Changes in fair value of investment properties related effects, the Group's underlying profit amounted to HK\$1,861.7 million, an increase of 83% compared to the previous period.

Hong Kong Property Development

In the second quarter of 2009, following the Mainland property market, the property market in Hong Kong showed signs of stabilization. Low interest rate, high liquidity and encouraging performance of the stock market triggered the turnaround of market sentiment. Sales momentum was significantly improved with robust growth in transaction volume and property prices.

According to the figures released by The Land Registry of the HKSAR Government, number of sale and purchase agreements of residential building units in 2009 reached 115,000 units, an increase of 20% over 2008. As the local economy continues to improve, the property market is expected to grow healthily in 2010.

During the period under review, the Group's effective share of Hong Kong property sales amounted to approximately HK\$600 million. The contributions were mainly from the sales of Harbour Place (海濱南岸) and Wylie Court (衛理苑).

The residential project Emerald Green (翹翠峰) and the luxury trophy project The Masterpiece (名鑄), have both received positive market responses since their launch in 2009. During the period under review, around 90% and 60% of the residential area of these two projects had been sold respectively.

The Group is now finalizing with Urban Renewal Authority to deal with all the unsold area of the Hanoi Road Project, Tsim Sha Tsui, including The Masterpiece, Hyatt Regency Hong Kong, Tsim Sha Tsui and K11 in accordance with the procedures as stipulated under the participation agreement, which is expected to occur in mid 2010. As the results arising from the project cannot be determined until completion and the finalization of the above, the results of the project, including but not limited to the sale of The Masterpiece will be included in the year ending 30 June 2010.

Capitalizing the booming of housing demand, Belcher's Hill (寶雅山) in Western District was launched in January 2010. The project is situated in the Central-West school net and is next to the terminal station of MTR West Island Line under construction. Currently, majority of the residential units were sold.

The Group expects to launch five new projects with 1,333 units to the market in 2010 and 2011. They are Belcher's Hill, which was launched in January 2010, 9-12 Chun Fai Terrace in Tai Hang (大坑春暉臺項目), Phase 1 of Tong Yan San Tsuen in Yuen Long (元朗唐人新村第一期), 55 Conduit Road in Mid-Levels (半山干德道55號) and the Che Kung Temple Station Project in Shatin (沙田車公廟站項目).

The Group has a total of over 20 million sq ft of agricultural land reserve pending conversion. Meanwhile, the Group is negotiating with the government on the land premium for the conversion of 5 million sq ft agricultural land, most of them designated for residential usage.

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,331,538	12,930,038
Sha Tin/Tai Po	2,122,000	2,122,000
Fanling	2,260,000	2,260,000
Sai Kung	1,265,000	1,028,000
Tuen Mun	120,000	120,000
Total	20,098,538	18,460,038

Managing Director's Report

In October and December 2009, the Group has committed approximately HK\$3.6 billion for the Group's share of agricultural land conversion land premium to the government for two joint venture property development projects, namely Wu Kai Sha Project in Ma On Shan (馬鞍山烏溪沙項目) and Tai Tong Road Project in Yuen Long (元朗大棠路項目). Total attributable gross floor area ("GFA") involved is around 1.2 million sq ft.

In addition to agricultural land conversion, the Group has been actively pursuing to replenish its landbank in the urban areas of Hong Kong as to provide a steady pipeline of development sites in coming years. Various means, including public auctions, private acquisition and tendering for development projects offered by Urban Renewal Authority, the MTRC and the Government are being considered.

In March 2010, the Group's 50/50 joint venture won the property development tender for the Austin MTR Station project. The project covers a total site area of 295,181 sq ft with permissible GFA of approximately 1.3 million sq ft for residential use. The Group's share of total capital commitment is expected to be approximately HK\$5.8 billion, with HK\$3.9 billion attributable to the Group's share of committed land premium.

Inclusive of approximately 640,000 sq ft attributable GFA from the Austin MTR Station project, the Group currently has a landbank of 6.7 million sq ft total GFA for immediate development.

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	446,222
Kowloon	1,915,011
New Territories (excluding areas pending agricultural land conversion)	4,375,214
Total	6,736,447

Hong Kong Property Investment

The demand and rental rates of prime office buildings were greatly reduced under the destructive wave of the global financial tsunami. Nevertheless, global economic boosting measure mitigated the weak market sentiment. Signs of stabilization had been observed in the office market. The negative take-ups trend of office spaces has started to turn positive and office rentals have also begun to stabilize starting from the fourth quarter of 2009.

Retail market in Hong Kong has also been back on track after adversely affected by the economic downturn in the first three quarters of 2009. The improving economic condition, better employment rate and the positive wealth effect brought by stock market have stimulated the local consumer confidence. The increase in tourist spending associated with the positive growth of inbound tourists has also provided a solid foundation of the recovery.

The Group's gross rental income in Hong Kong amounted to HK\$587.5 million. All the major projects in the Group's investment portfolio attained satisfactory occupancy.

K11, the first Art Mall in the world, was opened in December 2009. Currently, K11 achieved a satisfactory occupancy and 65% of the shops are flagship stores of the world's trendy brands or shops coming to Hong Kong for the first time. Pioneering the blend of three essential values: Art • People • Nature, K11 is becoming a core multi-cultural dimension in Hong Kong and brings shoppers a unique shopping experience.

The redevelopment of New World Centre is scheduled to begin in mid-2010. Following the demolition of the New World Centre East Wing Office Tower in 2009, the remaining core components of the property will be demolished in phases.

Managing Director's Report

Hotel

Hong Kong hotel industry has experienced rigorous challenges since the third quarter of 2008 due to the global economic downturn. The outbreak of human swine influenza in May 2009 further deteriorated the situation. Nevertheless, as the global economy has gradually stabilized and travellers' concerns over the disease have receded, there was a turnaround in tourist arrival since the fourth quarter of 2009 and a positive growth has been recorded since then.

Visitors from Mainland China were the major engine of the recovery, contributing to over 60% of the total arrivals to Hong Kong and brought the total arrivals up 0.3% to a record high of 29.5 million in 2009. The long-haul market has been slow to recover. However, there was a significant improvement over the double-digit decline in the early part of the third quarter of 2009. A positive growth has been recorded in arrivals from the America and South Pacific Region since November 2009.

Overall performance of the Group's hotels in Hong Kong was adversely affected by the gloomy tourism market in the first few months during the period under review. Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Renaissance Kowloon Hotel recorded an average occupancy of 73% and the average room rate achieved was dropped 18% in the first half of FY2010. Nevertheless, the positive arrivals trend since the fourth quarter of 2009 stimulated the rebound on the occupancy rate, achieving around 80% since November 2009.

Excluding the global economic downturn and the spread of human swine influenza, the unfavourable operating result from the hotel segment was mainly due to the pre-mature results of New World Hotel Dalian, Hyatt Regency Hong Kong, Sha Tin and Hyatt Regency Hong Kong, Tsim Sha Tsui during the period under review.

The Group's Hyatt Regency Hong Kong, Tsim Sha Tsui has been operating smoothly since its launch in October 2009, providing 381 rooms. Meanwhile, New World Hotel Management Limited ("NWHML") continues to expand the presence of the New World Hotels brand in Mainland China, Macau and the South-East Asia Region.

NWHML assumed management of the New World Hotel Makati City, Manila and New World Hotel, Shunde in October 2009 and January 2010 respectively. Currently, nine hotels of New World Group are managed by NWHML.

As the redevelopment of the New World Centre in Tsim Sha Tsui is scheduled to commence within 2010, Renaissance Kowloon Hotel, one of the major portions of the New World Centre, ceased its operation after 28 February 2010.

New World China Land Limited ("NWCL")

During the first half of FY2010, NWCL recorded a profit of HK\$940.3 million, an increase of 151% when compared to a profit of HK\$374.2 million achieved during the first half of FY2009. However, NWCL's underlying attributable profits from core business operations had dropped over 5% to HK\$546.1 million against an attributable profit of HK\$579.1 million recorded in the first half of FY2009.

During the period under review, the overall property sales of NWCL was stimulated by the improved market sentiment and positive property market outlook, with 257% increase in sales volume to a total GFA of 524,730 sq m with gross sales proceeds of over RMB3,530.2 million. Nevertheless, the overall contribution from property sales did not increase in the same magnitude as majority of projects completed and sold during the period under review were lower-priced residential units located in second-tier cities such as Changsha and Guiyang. The overall gross profit margin achieved during the period under review dropped over 15% against the first half of FY2009.

In the first half of FY2010, NWCL has completed six property development projects in Wuhan, Changsha, Chengdu, Guangzhou and Guiyang with a total GFA of 310,887 sq m, representing a 65% increase over the same period of last year.

In the first half of FY2010, NWCL's rental operation recorded a slight decrease of 5% compared to the first half of FY2009. The decrease was mainly attributable to a reduction of turnover rental rate upon renewal of tenancy at Beijing New World Centre shopping arcade and reduced rentable area of service apartment and office space at Beijing New World Centre upon sales. The continuing improvement in occupancy rates of various office premises during the period, particularly prominent for Wuhan New World Centre and Wuhan New World International Trade Tower, mitigated effects of decrease in operating revenue from shopping arcade.

Managing Director's Report

In the first half of FY2010, NWCL's investment property portfolio has increased by 60,635 sq m upon the completion of retail spaces and car parks in Changsha, Guangzhou and Xintang.

During the period under review, NWCL issued 1,918,584,241 shares of HK\$0.10 each at HK\$2.55 per rights share by way of rights issue on the basis of one rights share for every existing two shares. The net proceeds will be used to refinance existing borrowings and debts, including the possible redemption or repurchase of outstanding convertible bonds. The rights issue scheme has further strengthened NWCL's capital base.

NWS Holdings Limited ("NWSH")

NWSH reported a profit attributable to shareholders of HK\$2,305.4 million for the first half of FY2010, an increase of 183%. A significant gain from the partial disposal of Taifook Securities Group Limited ("Taifook Securities") of HK\$728.7 million was recognized.

Infrastructure

Infrastructure segment recorded a stable contribution to the Group, mainly due to the improvement of energy division and offset by the weakened performance of the roads division.

Performance of Guangzhou City Northern Ring Road was severely affected by the partial closure of the expressway during its major repair and maintenance works from July to November 2009. Its average daily traffic flow decreased significantly by 33%. Performance of other expressways within the Pearl River Delta Region rebounded during the period under review. Average daily traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Shenzhen-Huizhou Roadway and Expressway increased 11% and 13% respectively.

The growth in electricity sales and softened coal prices led to a significant increase in contribution from the energy division. Combined electricity sales of Zhujiang Power Plants grew by 11% as benefited from the recovery of the economy. Electricity sales of Chengdu Jintang Power Plant was up 10%. Since the opening of several new hotels and entertainment facilities in Macau, electricity sales of Macau Power increased by 7%.

Contribution from water projects in Mainland China continued to grow. Chongqing Water Plant reported 20% growth in daily average treated volume. Sales volume for industrial water and sewage treatment volume of Shanghai SCIP Water Treatment Plants increased by 17% and 10% respectively. In Macau, the average daily sales volume of Macau Water Plant grew by 3%. In March 2009, NWSH acquired a 26% effective interest in Tianjin Jieyuan Water Plant to further enhance the water business portfolio.

Owing to the global freight market downturn, profit contribution from ATL Logistics Centre reduced during the period under review. While the average occupancy rate maintained at a high level of 97% and an increase in overall average rental was observed, significant drop in container freight station revenue, storage and gate charge income was recorded. With the aim at providing professional warehousing and terminal services to an ever-growing global clientele, a new logistics warehouse in Kwai Chung with total leasable area of approximately 920,000 sq ft is expected to be completed by 2011.

The new Chongqing Terminal of China United International Rail Containers Co., Ltd. has commenced operation in December 2009 and the Kunming Terminal handled a total throughput of 110,000 TEUs during the first half of FY2010, representing an increase of 31%. The construction of the terminals in Zhengzhou, Chengdu, Dalian, Qingdao, Wuhan and Xian is expected to be completed in 2010. All 18-rail container terminals are planned to be completed by end of 2012.

Service

Service segment recorded a substantial increase in revenue contribution mainly due to an encouraging performance from free duty operation and Taifook Securities.

Hong Kong Convention & Exhibition Centre experienced a significant success in results with its exhibitions for the first half of FY2010 subsequent to the increase of its total rental space to 91,500 sq m after the completion of Atrium Link extension in April 2009. A total of 547 events were held during the period and patronage exceeded 3.4 million. Most recurrent international trade exhibitions reflected growth in gross exhibition space and increase in the overall attendance.

Managing Director's Report

Benefiting from the robust growth in Mainland visitors arrivals via railway and the increased spending per passenger, Free Duty in Lo Wu and Hung Hom MTR Stations produced outstanding results during the period under review. Lok Ma Chau MTR Station also recorded a great improvement in terms of both retail sales revenue and profits.

Profit contributions from the facility services business dropped by 30%. The sharp decrease was primarily due to the loss of revenue in general resulted from economic downturn during the period under review. NWSH's property management portfolio covers over 16.5 million sq m of commercial, industrial and residential areas in Hong Kong and Mainland China.

As at 31 December 2009, the gross value of contracts on hand for the construction group was approximately HK\$21.2 billion. The performance of the Group's mechanical and engineering business remained satisfactory with an improved gross profit margin. Meanwhile, the performance of local bus and ferry operations improved significantly as a result of the decline in overall fuel costs.

A significant improvement in contribution from Taifook Securities was mainly due to increase in stock market turnover and higher contribution from its core operations since the stock market has shown clear signs of rebound in March 2009. Tricor Holdings Limited's business operations in Hong Kong and Singapore together contributed over 80% of the total profit. During the period under review, two companies, which provide software consulting and general business support services in Malaysia, were acquired.

New World Department Store China Limited ("NWDS")

In the first half of FY2010, the total revenue of NWDS amounted to HK\$988.6 million, grew by 11.8% against same period last year. Profit attributable to shareholders increased by 5.2% to HK\$272.0 million, compared to previous period.

During the period under review, the Central China Region contributed the most to NWDS's revenue, accounting for 32.5% of total revenue, followed by the Eastern China Region and the Northeastern China Region, accounting for 29% and 21% respectively.

As at the end of December 2009, NWDS business network comprised 22 self-owned stores and 11 managed stores, with a total GFA of about 1,068,330 sq m and a total operating floor area of about 807,500 sq m. Located in five operational regions, namely Northeastern China, Northern China, Eastern China, Central China and Southwestern China, the stores covered 17 major cities in Mainland China.

NWDS is rebranding its image with new operation concept of "Fashion Style" and "Living Style". The corporate rebranding programme was kicked-off on 9 September 2009 in Shenyang of the Northeastern China Region. Shenyang Nanjing Street Branch Store and Shenyang Zhonghua Road Branch Store pioneered the operational modes of "Fashion Gallery" and "Living Gallery" in order to cultivate a broad customer base through differentiated marketing.

Following the launch in Shenyang of the Northeastern China Region, the rebranding programme will be continued in Northern China region and Eastern China region in 2010 with Beijing and Shanghai as the launching cities respectively. Central China region and Southwestern China region will start the revamp in 2011 with Wuhan and Chengdu as the respective cities to embark on. The whole project is expected to complete in 2011.

NWDS will continue to set up new self-owned stores line with two main criteria. First, NWDS will look for new sites in prime locations of cities with either a booming economy or good growth prospect. Second, NWDS will pursue regional growth by implementing expansion strategies of "multiple stores in a single city" and "radiation cities" in various core growth cities within our operational regions. These include Wuhan in Central China Region, Shenyang in Northeastern China Region, Beijing in Northern China Region, Shanghai in Eastern China Region and Chengdu in Southwestern China Region.

In January 2010, NWDS's eighth store in Shanghai, Shanghai Baoshan Branch Store had its soft opening. With GFA of approximately 39,000 sq m, Shanghai Baoshan Branch Store is the first newly developed "Living Gallery" providing one-stop shopping, leisure, dining and integrated services in Eastern China Region. The successful launch of Shanghai Baoshan Branch Store serves as a role model for the coming "Living Gallery" and "Fashion Gallery", taking an important step of the rebranding programme.

Managing Director's Report

NWDS planned to open five new stores in 2010 and 2011. In addition to the launched Shanghai Baoshan Branch Store, Beijing Shishang Store and Shanghai Chengshan Store will be opened in 2010, while Zhengzhou Store and Shenyang Jianqiao Road Store will be opened in 2011. Extra spaces approximate GFA 185,000 sq m will be available.

In January 2010, NWDS has successfully acquired the operating rights of Shanghai Pujian Branch Store, a formerly managed-store.

Telecommunication

During the period under review, New World Telecommunications Limited ("NWT") has modernized its network to create new revenue streams and drive business growth for the coming years. The network modernization will improve NWT's time-to-market by responding faster to the dynamically changing business needs. NW iMedia has strengthened its IT infrastructure by deploying various new systems with the aim in providing advanced Display Ad and Search Marketing services for customers.

In the first half of FY2010, CSL New World Mobility Group recorded revenue of HK\$2,514 million, down 15.5% year-on-year. The decrease was mainly driven by the decline in handset sales and voice revenue, offsetting 3.0% growth in mobile data revenues. Despite the improvement in EBITDA margin on sales revenue, the EBITDA dropped to HK\$751 million, down 4.8% year-on-year. The decrease was mainly due to the decline in high margin international roaming.

With the completion of the Next G™ network and the corresponding decommissioning and accelerated depreciation of the legacy network having concluded during the last fiscal year, the depreciation and amortization expense during the first half of FY2010 had decreased substantially. The EBIT was turned to a gain of HK\$453 million from a loss of HK\$245 million in the first half of FY2009.

New World Strategic Investment Limited ("NWSI")

NWSI is a wholly-owned subsidiary and the direct investment arm of the Group. Since its establishment in August 2007, NWSI has been setting its sight on pre-IPO and value-enhancing investment opportunities, focusing on investing in fast-growing private companies from one to three years before they go public, and with a view to maximizing the return for both NWSI and our partners through synergies.

In pursuit of its "new strategy, new thinking" objective, NWSI continues to identify investment projects with development potential in various areas. In 2008, NWSI invested in Biomax Environment Holdings Limited ("Biomax"). Biomax is a company specializing in waste-to-energy and is focusing on the investment, development, operation and management of waste treatment and renewable energy projects in China. To effectively respond to the need of China's waste management, Biomax not only introduced sophisticated technologies that have been widely adopted in Europe to China, but also successfully developed a unique Municipal Solid Waste comprehensive treatment solution, aiming to transform wastes into non-hazardous materials and resources. Biomax was acquired by Hembly International Holdings Limited, a company listed on the Hong Kong Stock Exchange ("Hembly") (to be renamed as "New Environmental Energy Holdings Limited") for a total consideration of approximately HK\$1.15 billion and in turn NWSI received convertible notes for the shares of Hembly as consideration in this transaction.

During the period under review, NWSI also invested in promising sectors such as commercial retail, resources and renewable energy, so as to capitalize the opportunities arising on the rapid economic growth of the PRC.

New World China Enterprises Projects Limited ("NWCEP")

NWCEP focuses on strategic investments in high growth companies with listing potentials. NWCEP also acts as project manager for a China focused private equity fund, namely New World Liberty China Ventures Limited ("NWLCV"). The total accumulated investment amount of NWCEP is about US\$163 million for over 20 projects.

During the first half of FY2010, NWLCV disposed its interests in a biotechnology drugs company and a phytopharmaceutical materials manufacturer, with approximately 112% and 160% of investment return respectively. NWLCV also disposed its remaining interests in an apparel products manufacturer.

Managing Director's Report

New World TMT Limited ("NWTMT")

To benefit from regional liberalization initiatives and technological advancement, NWTMT continues to focus on profit generating services and applications in Mainland China and the Asia Pacific region. Leveraging on the existing projects, NWTMT would strive to expand the current portfolio both in breadth and depth, to achieve better business synergy and economic of scale.

Outlook

The "concerted" efforts by various central banks using stimulus package to boost the economy has shown stabilization effect since the second quarter of 2009. The quick rebound of Mainland China property market was followed by the Hong Kong property market. The strong liquidity and low interest environment cradled the favourable conditions for almost all business sectors.

In Hong Kong, the strong residential market recorded 16,161 primary transactions in 2009, up 46% year-on-year. There was a short while at the end of 2009 showing signs of slowdown. However, low interest rate, strong liquidity and low supply landscape soon restored market momentum. Our successful launch of Belcher's Hill in late January 2010 signaled the strong demand of residential properties. Office and retail rental market have become more vibrant. Active business environment requires more office space which in turn may fuel the uptick of rental rates. In the last quarter of 2009, the Hong Kong private consumption expenditure was up 4.9% year-on-year. The spectacular growth from only 0.5% in the previous quarter is definitely a piece of good news to the retail rental market.

Occupancy rate for high-tariff A hotels in Hong Kong has attained 79% or above for four consecutive months starting October 2009. Occupancy stability usually means the improvement of room rates in the next round.

In Mainland China, Government policy will be a key to market development. The Central Government is likely to continue implementing policies to encourage domestic consumption to fuel economic growth. It is widely expected that the Central Government will not make a major shift from its current policies to extinguish the steaming growth engines, including the property market. Nevertheless, there would be minor adjustments to pace the market and economic rhythm. It would not be surprised to see announcements of individual policies on curbing market irregularities and misbehaviour. Mainland China property market will develop healthily in 2010. However, transaction volume is very probably to be down due to supply shortage in certain cities and market pricing not as attractive as during the first quarter of 2009.

Both our Infrastructure and Service divisions have benefited from the global economic recovery, albeit in different degrees. The Group will continue to expand our investments in infrastructure projects in Mainland China. At the same time, NWSH will continue to consolidate its non-core businesses in order to enhance shareholders' value. The disposal of the majority shareholding in Taifook Securities is part of this corporate strategy.

2009 was a really tough year for Mainland China retail industry. Looking ahead, with the Central Government driving on with its economic stimulus packages, one can expect stable growth in 2010. Despite big challenges in the retail operating environment, the Group remains confident that by capitalizing on experiences and strengths accumulated over more than 16 years, on our firm customer base, our sound reputation, and the nationwide corporate rebranding underway since 2009, the Group can outperform our counterparts in the department stores business amidst intense competition with a distinct profile and keep on enlarging our retail roadmap.

As at 31 December 2009, the Group's cash and bank balances stood at HK\$24,689.2 million and consolidated net debt amounted to HK\$22,695.0 million. The net debt to total equity ratio was 21.7%, down 13.4 percentage points as compared with the end of FY2009. In order to strengthen our capital structure, a US\$500 million 10-year fixed rate bond has been issued in February 2010. This act helps improving the maturity profile and capturing the all-time-low interest rate.

Dr. Cheng Kar-Shun, Henry

Managing Director

Hong Kong, 17 March 2010

Condensed Consolidated Income Statement — Unaudited

	Note	For the six months ended	
		2009	2008
		HK\$m	HK\$m
Revenues	2	12,116.8	12,070.4
Cost of sales		(7,986.9)	(8,244.1)
Gross profit		4,129.9	3,826.3
Other income		12.6	9.4
Other gains, net		2,446.9	155.6
Selling and marketing expenses		(339.4)	(195.5)
Administrative expenses		(1,130.9)	(1,067.2)
Other operating expenses		(1,301.3)	(1,292.9)
Changes in fair value of investment properties		2,369.1	(2,353.7)
Operating profit/(loss)	3	6,186.9	(918.0)
Financing income		319.0	355.4
Financing costs		(465.9)	(701.6)
		6,040.0	(1,264.2)
Share of results of			
Jointly controlled entities		1,443.9	929.3
Associated companies		540.2	(36.3)
Profit/(loss) before taxation		8,024.1	(371.2)
Taxation	4	(993.2)	(29.0)
Profit/(loss) for the period		7,030.9	(400.2)
Attributable to:			
Shareholders		5,346.1	(992.2)
Non-controlling interests		1,684.8	592.0
		7,030.9	(400.2)
Dividend		390.1	346.8
Earnings/(loss) per share	5		
Basic		HK\$1.38	(HK\$0.28)
Diluted		HK\$1.37	(HK\$0.28)

Condensed Consolidated Statement of Comprehensive Income — Unaudited

	For the six months ended	
	31 December	
	2009	2008
	HK\$m	HK\$m
Profit/(loss) for the period	7,030.9	(400.2)
Other comprehensive income/(loss)		
Fair value changes of available-for-sale financial assets	463.1	(805.4)
Deferred tax arising on fair value changes	(25.7)	16.3
Release of investment revaluation deficit to the income statement	—	333.2
Release of reserve upon disposal of available-for-sale financial assets	(91.1)	(14.1)
Deferred taxation reversed upon disposal	19.1	2.6
Release of exchange reserve upon disposal of subsidiaries	—	(12.9)
Share of other comprehensive income/(loss) of jointly controlled entities	60.2	(66.4)
Translation difference	(8.8)	(32.2)
Other comprehensive income/(loss) for the period	416.8	(578.9)
Total comprehensive income/(loss) for the period	7,447.7	(979.1)
Total comprehensive income/(loss) attributable to:		
Shareholders	5,792.3	(1,504.7)
Non-controlling interests	1,655.4	525.6
	7,447.7	(979.1)

Condensed Consolidated Balance Sheet — Unaudited

	<i>Note</i>	As at 31 December 2009 HK\$m	As at 30 June 2009 HK\$m
ASSETS			
Non-current assets			
Investment properties		36,344.3	31,007.7
Property, plant and equipment		6,968.5	7,328.9
Leasehold land and land use rights		5,202.7	5,075.8
Intangible concession rights	7	801.1	834.1
Intangible assets	8	1,457.5	1,684.0
Interests in jointly controlled entities		29,781.2	31,918.5
Interests in associated companies		8,329.8	7,828.3
Available-for-sale financial assets		6,902.4	5,509.3
Held-to-maturity investments		35.2	34.6
Financial assets at fair value through profit or loss		172.8	378.1
Derivative financial instruments		714.9	152.1
Properties for development		13,662.9	11,152.7
Deferred tax assets		568.5	476.5
Other non-current assets		1,685.3	1,532.2
		112,627.1	104,912.8
Current assets			
Properties under development		18,516.3	16,264.1
Properties held for sale		15,290.4	14,565.5
Available-for-sale financial assets		—	105.9
Stocks		434.3	402.9
Debtors and prepayments	9	17,341.0	20,914.7
Financial assets at fair value through profit or loss		1.9	63.3
Cash held on behalf of customers		—	3,661.9
Restricted bank balances		103.3	257.2
Cash and bank balances		24,559.8	14,080.0
		76,247.0	70,315.5
Non-current assets classified as assets held for sale		252.7	1,291.0
		76,499.7	71,606.5
Total assets		189,126.8	176,519.3

Condensed Consolidated Balance Sheet — Unaudited

	<i>Note</i>	As at 31 December 2009 HK\$m	As at 30 June 2009 HK\$m
EQUITY			
Share capital	10	3,867.3	3,867.3
Reserves		75,105.5	69,732.9
Proposed final dividend		—	812.1
Interim dividend		390.1	—
Shareholders' funds		79,362.9	74,412.3
Non-controlling interests		25,103.6	23,070.7
Total equity		104,466.5	97,483.0
LIABILITIES			
Non-current liabilities			
Long-term borrowings	11	38,580.5	33,764.1
Deferred tax liabilities		6,252.7	5,096.2
Other non-current liabilities		388.5	375.0
		45,221.7	39,235.3
Current liabilities			
Creditors and accrued charges	12	26,514.3	21,420.6
Current portion of long-term borrowings	11	8,509.9	7,796.2
Short-term borrowings	11	1,855.8	8,994.7
Dividend payable		812.1	—
Current tax payable		1,746.5	1,589.5
		39,438.6	39,801.0
Total liabilities		84,660.3	79,036.3
Total equity and liabilities		189,126.8	176,519.3
Net current assets		37,061.1	31,805.5
Total assets less current liabilities		149,688.2	136,718.3

Condensed Consolidated Cash Flow Statement — Unaudited

	Six months Ended	
	31 December	
	2009	2008
	HK\$m	HK\$m
Net cash generated from/(used in) operating activities	9,862.2	(4,888.0)
Net cash generated from/(used in) investing activities	3,137.8	(960.9)
Net cash (used in)/generated from financing activities	(1,725.1)	4,894.7
Increase/(decrease) in cash and cash equivalents	11,274.9	(954.2)
Cash and cash equivalents at beginning of the period	13,309.8	12,334.3
Effect of foreign exchange rate changes	(24.9)	(20.5)
Cash and cash equivalents at end of the period	24,559.8	11,359.6
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	24,559.8	11,493.5
Bank overdrafts	—	(133.9)
	24,559.8	11,359.6

Condensed Consolidated Statement of Changes in Equity — Unaudited

For the six months ended 31 December 2009	Share capital HK\$m	Reserves HK\$m	Shareholders' funds HK\$m	Non-controlling interests HK\$m	Total equity HK\$m
As at 1 July 2009	3,867.3	70,545.0	74,412.3	23,070.7	97,483.0
Changes in fair value of available-for-sale financial assets	—	576.9	576.9	(113.8)	463.1
Deferred taxation arising on fair value changes on available-for-sale financial assets	—	(25.7)	(25.7)	—	(25.7)
Release of reserve upon disposal of available-for-sale financial assets	—	(110.2)	(110.2)	19.1	(91.1)
Deferred taxation reversed on disposal	—	19.1	19.1	—	19.1
Share of other comprehensive income/(loss) of jointly controlled entities	—	(11.5)	(11.5)	71.7	60.2
Translation difference	—	(2.4)	(2.4)	(6.4)	(8.8)
Other comprehensive income/(loss) for the period	—	446.2	446.2	(29.4)	416.8
Profit for the period	—	5,346.1	5,346.1	1,684.8	7,030.9
Total comprehensive income for the period	—	5,792.3	5,792.3	1,655.4	7,447.7
Dividends	—	(812.1)	(812.1)	(135.9)	(948.0)
Contributions from non-controlling interests	—	—	—	1,365.7	1,365.7
Acquisition of subsidiaries	—	10.0	10.0	4.3	14.3
Disposal of subsidiaries	—	(10.3)	(10.3)	(847.5)	(857.8)
Repurchase of convertible bonds issued by a subsidiary	—	(4.9)	(4.9)	—	(4.9)
Recognition of employees' share-based payments	—	(24.4)	(24.4)	(9.1)	(33.5)
	—	4,950.6	4,950.6	2,032.9	6,983.5
As at 31 December 2009	3,867.3	75,495.6	79,362.9	25,103.6	104,466.5
For the six months ended 31 December 2008					
As at 1 July 2008	3,736.5	68,658.3	72,394.8	22,509.9	94,904.7
Changes in fair value of available-for-sale financial assets	—	(667.5)	(667.5)	(137.9)	(805.4)
Deferred taxation arising on fair value changes on available-for-sale financial assets	—	14.3	14.3	2.0	16.3
Release of investment revaluation deficit to income statement	—	243.9	243.9	89.3	333.2
Release of reserve upon disposal of available-for-sale financial assets	—	(14.1)	(14.1)	—	(14.1)
Deferred taxation reversed on disposal	—	2.6	2.6	—	2.6
Release of exchange reserve upon disposal of subsidiaries	—	(12.9)	(12.9)	—	(12.9)
Share of other comprehensive loss of a jointly controlled entity	—	(37.7)	(37.7)	(28.7)	(66.4)
Translation difference	—	(41.1)	(41.1)	8.9	(32.2)
Other comprehensive loss for the period	—	(512.5)	(512.5)	(66.4)	(578.9)
(Loss)/profit for the period	—	(992.2)	(992.2)	592.0	(400.2)
Total comprehensive loss/(profit) for the period	—	(1,504.7)	(1,504.7)	525.6	(979.1)
Dividends	—	(939.6)	(939.6)	(149.1)	(1,088.7)
Deemed acquisition of interests in subsidiaries	—	—	—	(286.7)	(286.7)
Acquisition of subsidiaries	—	10.0	10.0	4.3	14.3
Deemed disposal of interests in subsidiaries	—	—	—	2.5	2.5
Disposal of subsidiaries	—	—	—	(15.9)	(15.9)
Issue of shares as scrip dividend	21.9	369.4	391.3	—	391.3
Repurchase of convertible bonds issued by a subsidiary	—	(3.8)	(3.8)	(1.7)	(5.5)
Recognition of employees' share-based payments	—	50.5	50.5	20.1	70.6
	21.9	(2,018.2)	(1,996.3)	99.1	(1,897.2)
As at 31 December 2008	3,758.4	66,640.1	70,398.5	22,609.0	93,007.5

Notes to Condensed Accounts

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 2009 annual financial statements.

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those set out in the annual report for the year ended 30 June 2009 except for the adoption of the new or revised standards, which are further explained as below.

The Group has adopted the following new or revised standards, amendments and interpretations which are mandatory for the financial year ending 30 June 2010:

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Vesting Conditions and Cancellations
HKFRS 7 Amendments	Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
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 a 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 2008

In addition, the Group has early adopted HKAS 32 Amendment “Financial Instruments: Presentation — Classification of Rights Issues” which is effective for annual periods beginning on or after 1 July 2010.

The effect of the adoption of these new or revised standards, amendments and interpretations are detailed below:

HKAS 1 (Revised) — Presentation of Financial Statements: The standard required all non-owner changes in equity (i.e. comprehensive income) to be presented in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The Group has chosen to adopt the two statements approach and a new condensed consolidated statement of comprehensive income is included after the condensed consolidated income statement in the interim financial statements for the six months ended 31 December 2009.

HKFRS 8 — Operating Segments: HKFRS 8 replaces HKAS 14 — Segment Reporting. The new standard uses a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. The Group’s current segment information is consistent with that used for internal purposes and the adoption of HKFRS 8 does not have any significant changes on the Group’s reportable segments.

HKAS 40 Amendments — Investment property: The Group adopted these amendments with prospective application from 1 July 2009. Properties being constructed or developed for future use as investment properties are brought within the scope of HKAS 40 and are reclassified from properties under development at 1 July 2009 at their carrying amounts and are measured at fair value.

Notes to Condensed Accounts

1. Basis of preparation and accounting policies (Continued)

HKAS 32 Amendment — Financial Instruments: Presentation — Classification of Rights Issues: The offer of rights issue of New World China Land Limited (“NWCL”), a non-wholly owned subsidiary of the Group, which is denominated in currency other than the functional currency of NWCL is no longer accounted for as a derivative liability but is classified as equity of NWCL. As a result, there is no longer any change in fair value of the derivatives to be recognised in the income statement.

The effects on the condensed consolidated income statement for the six months ended 31 December 2009 are as follows:

	HKAS 40 Amendments HK\$m	HKAS 32 Amendment HK\$m	Total HK\$m
Increase/(decrease) in profit for the period			
Changes in fair value of derivative liabilities	—	(287.8)	(287.8)
Changes in fair value of investment properties	(74.6)	—	(74.6)
Share of results of jointly controlled entities	41.2	—	41.2
Profit before taxation	(33.4)	(287.8)	(321.2)
Deferred taxation charge	18.6	—	18.6
Profit for the period	(14.8)	(287.8)	(302.6)
Attributable to:			
Shareholders	(18.9)	(201.5)	(220.4)
Non-controlling interests	4.1	(86.3)	(82.2)
	(14.8)	(287.8)	(302.6)
Earnings per share (HK\$)			
Basic	(0.004)	(0.052)	(0.056)
Diluted	(0.004)	(0.052)	(0.056)

Notes to Condensed Accounts

1. Basis of preparation and accounting policies (Continued)

The effects on the condensed consolidated balance sheet as at 31 December 2009 are as follows:

	HKAS 40 Amendments HK\$m	HKAS 32 Amendment HK\$m	Total HK\$m
Increase/(decrease) in			
Investment properties	1,211.8	—	1,211.8
Property under development	(1,286.4)	—	(1,286.4)
Jointly controlled entities	41.2	—	41.2
Total assets	(33.4)	—	(33.4)
Reserves	(18.9)	—	(18.9)
Non-controlling interests	4.1	—	4.1
Total equity	(14.8)	—	(14.8)
Deferred tax liabilities	(18.6)	—	(18.6)
Total equity and liabilities	(33.4)	—	(33.4)

The adoption of other revised standards, amendments and interpretations does not have a significant effect on the results and financial position of the Group.

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2010 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2011

HKFRSs Amendments	Improvements to HKFRSs 2009
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

Effective for the year ending 30 June 2012 or after

HKFRS 9	Financial Instruments
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Int 14 Amendment	Prepayments of a Minimum Funding Requirement

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

Notes to Condensed Accounts

2. Revenues and segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee of the Company that are used to make strategic decision. Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. Executive Committee considers the business from product and service perspective, which comprises property investment, property development, service, infrastructure, telecommunications, department stores, hotel operations and others (including media and technology businesses) segments.

Executive Committee assesses the performance of the operating segments based on a measure of segment operating profits. This measurement basis excludes the effects of changes in fair value of investment properties, unallocated corporate expenses and non-recurring items. Financing income and costs are also not allocated to 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 2009										
External	790.9	2,755.7	5,402.2	124.8	374.4	1,335.8	1,230.1	102.9	—	12,116.8
Inter-segment	62.5	—	848.2	—	29.8	—	—	—	(940.5)	—
Revenues	853.4	2,755.7	6,250.4	124.8	404.2	1,335.8	1,230.1	102.9	(940.5)	12,116.8
Segment results	515.2	236.4	626.3	(6.6)	(11.7)	282.5	113.0	(50.5)	—	1,704.6
Other gains, net										2,446.9
Changes in fair value of investment properties										2,369.1
Unallocated corporate expenses										(333.7)
Operating profit										6,186.9
Financing income										319.0
Financing costs										(465.9)
										6,040.0
Share of results of										
Jointly controlled entities	281.0	364.5	115.4	673.9	—	—	6.9	2.2	—	1,443.9
Associated companies	143.2	7.6	290.8	14.2	82.7	(0.2)	(3.7)	5.6	—	540.2
Profit before taxation										8,024.1
Taxation										(993.2)
Profit for the period										7,030.9
As at 31 December 2009										
Segment assets	35,985.8	58,424.9	9,928.7	2,383.2	1,244.4	4,761.1	6,382.7	5,958.5	—	125,069.3
Interests in jointly controlled entities	4,580.3	8,419.2	2,451.3	12,745.9	—	—	943.9	640.6	—	29,781.2
Interests in associated companies	1,756.1	1,179.7	2,807.7	347.0	2,101.0	0.9	112.4	25.0	—	8,329.8
Unallocated assets										25,946.5
Total assets										189,126.8
Segment liabilities	380.0	16,393.8	5,462.6	410.6	219.1	2,732.4	785.7	518.6	—	26,902.8
Unallocated liabilities										57,757.5
Total liabilities										84,660.3
Six months ended 31 December 2009										
Additions to non-current assets (Note a)	1,156.0	1,290.9	100.4	18.2	98.1	99.1	69.5	20.1	—	2,852.3
Depreciation and amortisation	16.7	50.1	63.5	34.0	23.3	93.4	156.7	11.7	—	449.4
Impairment charge and provision	13.8	51.9	30.5	—	—	—	2.0	39.9	—	138.1

Notes to Condensed Accounts

2. Revenues and segment information (Continued)

	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										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	54.7	595.5	—	—	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 30 June 2009										
Segment assets	32,765.5	51,057.3	17,446.9	1,920.4	1,347.4	4,729.4	6,136.4	6,403.4	—	121,806.7
Interests in jointly controlled entities	5,888.2	9,401.0	1,996.3	13,088.8	—	—	958.2	586.0	—	31,918.5
Interests in associated companies	1,652.3	1,148.8	2,459.4	351.4	2,047.2	0.9	112.4	55.9	—	7,828.3
Unallocated assets										14,965.8
Total assets										176,519.3
Segment liabilities	696.9	7,210.6	10,310.0	202.5	186.0	1,762.4	644.7	782.5	—	21,795.6
Unallocated liabilities										57,240.7
Total liabilities										79,036.3
Six months ended 31 December 2008										
Additions to non-current assets (Note a)	39.2	545.4	138.9	64.0	46.5	142.0	162.7	6.5	—	1,145.2
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

Note a:

Additions to non-current assets represent additions to non-current assets other than financial instruments, deferred tax assets and retirement benefit assets.

Notes to Condensed Accounts

2. Revenues and segment information (Continued)

	Revenues	Non-current Assets (Note b)
	Six months ended 31 December 2009 HK\$m	As at 31 December 2009 HK\$m
Hong Kong and others	6,429.7	35,940.9
Mainland China	5,145.4	28,436.8
Macau	541.7	59.3
	12,116.8	64,437.0
	Six months ended 31 December 2008 HK\$m	As at 30 June 2009 HK\$m
Hong Kong and others	7,256.1	34,149.2
Mainland China	2,880.8	22,867.0
Macau	1,933.5	67.0
	12,070.4	57,083.2

The Group's revenues and non-current assets attributed to Southeast Asia and North America accounted for an insignificant portion of the Group's total revenues and non-current assets respectively, and have been included under Hong Kong and others.

Note b:

Non-current assets represent non-current assets other than financial instruments, deferred tax assets and retirement benefit assets.

3. Operating profit/(loss)

Operating profit/(loss) of the Group is arrived at after crediting/(charging) the following:

For the six months ended 31 December 2009

	2009 HK\$m	2008 HK\$m
Dividend income from listed and unlisted investments	12.6	9.4
Gain on deemed acquisition/disposal of interests in subsidiaries	—	137.6
Gain on previously held equity interests as jointly controlled entities	513.3	—
Net profit on disposal of		
Available-for-sale financial assets	225.1	16.2
Subsidiaries	936.7	56.6
Excess of fair value of net assets acquired over the cost of acquisition of interests in subsidiaries	483.7	50.9
Fair value gain on financial assets at fair value through profit or loss	253.5	371.6
Cost of inventories sold	(3,762.3)	(1,732.8)
Fair value gain on non-controlling interests retained	105.8	—
Depreciation and amortisation	(449.4)	(371.9)
Impairment charge on assets	(138.1)	(349.5)

Notes to Condensed Accounts

4. Taxation

For the six months ended 31 December 2009

	2009 HK\$m	2008 HK\$m
Current taxation		
Hong Kong profits tax	291.8	209.2
Mainland China and overseas taxation	269.7	138.4
Mainland China land appreciation tax	76.2	19.9
Deferred taxation		
Valuation of investment properties	345.9	(342.6)
Temporary differences	9.6	4.1
	993.2	29.0

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) 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 9% to 25% (2008: 3% to 33%).

Mainland China 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\$368.5million and HK\$66.7million (2008: HK\$119.4 million and HK\$22.3 million), respectively, are included in the income statement as share of results of jointly controlled entities and associated companies.

5. Earnings/(loss) per share

The calculation of basic and diluted earnings/(loss) per share for the period is based on the following:

For the six months ended 31 December 2009

	2009 HK\$m	2008 HK\$m
Profit/(loss) attributable to shareholders	5,346.1	(992.2)
Effect of dilutive potential shares		
Interest expense on convertible bonds	—	—
Adjustment on the effect of dilution in the results of subsidiaries	(36.6)	(21.9)
Profit/(loss) for calculation of diluted earnings/(loss) per share	5,309.5	(1,014.1)
	Number of shares	
	2009	2008
Weighted average number of shares (million) for calculating		
basic earnings/(loss) per share	3,867.3	3,595.4
Effect of dilutive potential shares		
Share options	—	—
Convertible bonds	—	—
Weighted average number of shares (million) for calculating		
diluted earnings/(loss) per share	3,867.3	3,595.4

Notes to Condensed Accounts

5. Earnings/(loss) per share (Continued)

The loss per share for the six months ended 31st December 2008 have been adjusted to reflect the effect of rights issue of NWCL during the period.

Diluted earnings/(loss) per share for the six months ended 31 December 2009 and 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. Capital expenditure

For the six months ended 31 December 2009, the Group has acquired investment properties, property, plant and equipment, leasehold land and land use rights and intangible assets of HK\$1,561.4 million (2008 : HK\$756.7 million). The Group has disposed of investment properties, leasehold land and land use rights, and property, plant and equipment of net book value of HK\$185.4 million (2008 : HK\$234.1 million).

7. Intangible concession rights

	HK\$m
Net book value as at 1 July 2009	834.1
Amortisation	(33.0)
Net book value as at 31 December 2009	801.1

8. Intangible assets

	Goodwill HK\$m	Trademark, software and licences HK\$m	Operating right HK\$m	Total HK\$m
Net book value as at 1 July 2009	980.5	143.9	559.6	1,684.0
Disposal of subsidiaries	(15.2)	(140.1)	—	(155.3)
Amortisation	—	(3.8)	(15.6)	(19.4)
Impairment	(51.8)	—	—	(51.8)
Net book value as at 31 December 2009	913.5	—	544.0	1,457.5

9. Trade debtors

Aging analysis of trade debtors is as follows:

	As at 31 December 2009 HK\$m	As at 30 June 2009 HK\$m
Current to 30 days	4,912.2	6,630.5
31 to 60 days	307.0	316.4
Over 60 days	683.3	552.6
	5,902.5	7,499.5

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.

Notes to Condensed Accounts

10. Share capital

	As at 31 December 2009		As at 30 June 2009	
	No of shares (million)	HK\$m	No of shares (million)	HK\$m
Authorised :				
Shares of HK\$1.00 each	10,000.0	10,000.0	10,000.0	10,000.0
Issued and fully paid:				
Shares of HK\$1.00 each				
Balance at beginning of the period/year	3,867.3	3,867.3	3,736.5	3,736.5
Issued as scrip dividends (<i>Note a</i>)	—	—	130.8	130.8
Balance at end of the period/year	3,867.3	3,867.3	3,867.3	3,867.3

Notes:

- a. During the year ended 30 June 2009, 21,888,184, 94,439,797 and 14,459,582 new shares were issued at HK\$17.87516, HK\$5.84522 and HK\$13.9384 per share for the settlement of 2008 interim scrip dividend, 2008 final scrip dividend and 2009 interim scrip dividend respectively.
- b. A share option scheme was adopted by the Company on 24 November 2006 (the "Share Option Scheme") which will be valid and effective for a period of ten years from the date of adoption. On 19 March 2007, 136,450,000 share options were granted by the Company to directors and certain eligible participants at the exercise price of HK\$17.756 per share, subject to adjustment. The Board may, at their discretion, grant options to any eligible participant (as defined under the Share Option Scheme) to subscribe for the shares of the Company. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the share capital of the Company in issue as at 24 November 2006, i.e. 366,388,464 shares.

The number of share options outstanding at 31 December 2009 amounted to 132,443,946 and there is no movement in the number of share options for the six months ended 31 December 2009.

Notes to Condensed Accounts

11. Borrowings

	As at 31 December 2009 HK\$m	As at 30 June 2009 HK\$m
Long-term borrowings		
Secured bank loans	19,400.7	14,951.5
Unsecured bank loans	18,014.1	17,987.0
Convertible bonds	8,612.3	8,431.6
Loans from non-controlling shareholders	1,063.3	190.2
	47,090.4	41,560.3
Current portion of long-term borrowings	(8,509.9)	(7,796.2)
	38,580.5	33,764.1
Short-term borrowings		
Secured bank loans	201.7	4,476.9
Unsecured bank loans	650.4	2,598.8
Other unsecured loans	505.0	105.0
Loans from non-controlling shareholders	498.7	1,814.0
	1,855.8	8,994.7
Current portion of long-term borrowings	8,509.9	7,796.2
	10,365.7	16,790.9
Total borrowings	48,946.2	50,555.0

12. Trade creditors

Aging analysis of trade creditors is as follows:

	As at 31 December 2009 HK\$m	As at 30 June 2009 HK\$m
Current to 30 days	6,712.8	6,286.0
31 to 60 days	639.8	495.4
Over 60 days	1,179.8	1,098.5
	8,532.4	7,879.9
Payable arising from securities businesses (Note)	—	4,694.1
	8,532.4	12,574.0

Note:

Payables arising from securities business mainly represented accounts payable to clients, brokers, dealers and clearing houses. The majority of accounts payable balances were repayable on demand except where certain accounts payable to clients represented those required margin deposits received from clients for their trading activities under normal course of business. The Group has disposed of its securities business in December 2009.

Notes to Condensed Accounts

13. Commitments

	As at 31 December 2009 HK\$m	As at 30 June 2009 HK\$m
Capital commitments contracted but not provided for		
Property, plant and equipment	1,158.2	610.5
Jointly controlled entities	722.4	1,291.1
Available-for-sale financial assets	41.3	—
Capital contribution for proposed development projects	76.3	2.3
	1,998.2	1,903.9
Capital commitments authorised but not contracted for		
Property, plant and equipment	379.2	706.3
Capital contribution for proposed development projects	108.0	108.0
	487.2	814.3
The Group's share of capital commitments of the jointly controlled entities not included above are as follows:		
Contracted but not provided for	750.3	837.6
Authorised but not contracted for	184.4	672.4
	934.7	1,510.0

14. Contingent liabilities

	As at 31 December 2009 HK\$m	As at 30 June 2009 HK\$m
a. The Group's financial guarantee contracts are as follows:		
Mortgage facilities for certain purchasers of properties	1,101.7	753.5
Guarantees for credit facilities granted to		
Jointly controlled entities	2,965.3	3,500.4
Associated companies	125.0	125.0
Investee companies included under available-for-sale financial assets	111.7	111.7
Indemnity to non-wholly owned subsidiaries for PRC tax liabilities	2,102.9	2,145.5
	6,406.6	6,636.1
b. The Group's share of contingent liabilities of the jointly controlled entities not included above are as follows:		
Share of contingent liabilities of jointly controlled entities	31.2	2.6

The Group is in dispute with a joint venture partner in respect of certain property development projects in Mainland China and the parties have taken legal actions against each other in Hong Kong. No statement of claims setting out details of the claims against the Group has been filed. The Group expects that there will not be a material adverse impact on the financial position of the Group.

Notes to Condensed Accounts

15. Business Combinations

- (1) In September 2009, NWCL acquired 30% interests in Tianjin New World Property Development Company Limited ("Tianjin New World Property") without consideration as a result of withdrawal of the joint venture partner of Tianjin New World Property from the co-operative joint venture. As a result, Tianjin New World Property became a wholly-owned subsidiary of NWCL. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$m
Consideration transferred	—
Fair value of equity interest held in Tianjin New World Property before the business combination	1,381.4
	1,381.4

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	HK\$m
Property, plant and equipment	0.4
Debtors and prepayments	1,660.4
Cash and bank balances	48.5
Creditors and accrued charges	(0.4)
Deposits received on sales of properties	(191.5)
Balance with a jointly controlled entity	(24.4)
Total identifiable net assets	1,493.0
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	(111.6)
	1,381.4

Since the date of acquisition, Tianjin New World Property did not contribute any revenue and incurred a loss of approximately HK\$2.1 million. If the acquisition had occurred on 1 July 2009, there would not have been material effect on the Group's revenue and profit for the period.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.

Notes to Condensed Accounts

15. Business Combinations (Continued)

- (2) In November 2009, NWCL acquired 40% interests in Guangzhou Jixian Zhuang New World City Garden Development Limited ("Jixian Zhuang") at a consideration of RMB 1. As a result, Jixian Zhuang became a wholly-owned subsidiary of NWCL. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$m
Consideration transferred	—
Fair value of equity interest held in Jixian Zhuang before the business combination	693.2
	693.2

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	HK\$m
Investment properties	442.8
Property, plant and equipment	2.0
Debtors and prepayments	51.9
Properties held for sale	71.6
Properties under development	1,135.2
Cash and bank balances	831.8
Creditors and accrued charges	(115.3)
Deposits received on sales of properties	(777.8)
Long-term borrowings	(272.7)
Deferred tax liabilities	(282.0)
Current tax payable	(67.0)
Balance with a jointly controlled entity	10.8
Total identifiable net assets	1,031.3
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	(338.1)
	693.2

Since the date of acquisition, Jixian Zhuang contributed revenues of approximately HK\$378.5 million and incurred a loss of approximately HK\$17.9 million. If the acquisition had occurred on 1 July 2009, the Group's revenue and profit for the period would increase HK\$447.0 million and HK\$115.0 million respectively.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$261.2 million as a result of measuring at fair value of NWCL's 60% equity interest in Jixian Zhuang before the business combination and excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.

Notes to Condensed Accounts

15. Business Combinations (Continued)

- (3) In December 2009, NWCL acquired 52.5% interests in Shanghai Trio Property Development Co., Ltd. ("Trio") at a consideration of HK\$520.7 million. As a result, Trio became a wholly-owned subsidiary of NWCL. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$m
Consideration transferred	520.7
Fair value of equity interest held in Trio before the business combination	501.6
	1,022.3

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	HK\$m
Investment properties	169.6
Property, plant and equipment	0.4
Debtors and prepayments	1.2
Properties held for sale	220.1
Properties under development	1,596.1
Cash and bank balances	56.6
Creditors and accrued charges	(14.6)
Current tax payable	(0.3)
Long-term borrowings	(454.6)
Deferred tax liabilities	(420.7)
Balance with a jointly controlled entity	(97.5)
Total identifiable net assets	1,056.3
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	(34.0)
	1,022.3

Since the date of acquisition, Trio contributed revenues of approximately HK\$0.06 million and incurred a loss of approximately HK\$1.3 million. If the acquisition had occurred on 1 July 2009, there would not have been material effect on the Group's revenue and profit for the period.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$252.1 million as a result of measuring at fair value of NWCL's 47.5% equity interest in Trio before the business combination and excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.

Notes to Condensed Accounts

16. Related party transactions

In addition to those already disclosed in this interim report, the transactions following is a summary of significant related party during the period carried out in the normal course of the Group's business:

For the six months ended 31 December 2009

	2009	2008
	HK\$m	HK\$m
Transactions with affiliated companies		
Interest income	94.1	245.0
Provision of contracting work service	953.9	100.1
Transactions with other related parties		
Rental income	40.0	16.5
Accounts payable	77.7	91.1

These related party transactions were conducted in accordance with the terms as disclosed in the last annual report.

No significant transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

Liquidity and Capital Resources

Net Debt

	As at 31 December 2009 HK\$m	As at 30 June 2009 HK\$m
Consolidated net debt	22,695.0	34,187.5
NWSH – (net cash)	(1,513.0)	3,600.9
NWCL	8,276.5	12,115.6
NWDS – (net cash)	(3,413.7)	(2,923.5)
Net debt (exclude listed subsidiaries)	19,345.2	21,394.5

The Group's debts were primarily denominated in Hong Kong dollar and Renminbi. 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 other material foreign exchange exposure.

The Group's borrowings were mainly arranged on a floating rate basis. The Group used interest rate swaps to convert the rate from floating to fixed rate basis to hedge part of the Group's underlying exposure. As at 31 December 2009, the Group had outstanding floating-to-fixed interest rate swaps in the aggregate amount of HK\$4,400 million.

Equity of the Group increased from HK\$97,483.0 million as at 30 June 2009 to HK\$104,466.5 million as at 31 December 2009.

As at 31 December 2009, the Group's cash and bank balances stood at HK\$24,689.2 million (30 June 2009: HK\$14,363.3 million) and the consolidated net debt amounted to HK\$22,695.0 million (30 June 2009: HK\$34,187.5 million). The net debt to equity ratio was 21.7%, a decrease of 13.4% as compared with 30 June 2009. The decrease was mainly due to the proceeds from the sale of residential units, proceeds from partial disposal of interests in Taifook Securities Group Limited and the amount raised in relation to a rights issue of new shares in NWCL and the increase in equity.

As at 31 December 2009, a total of HK\$31,081.0 million (30 June 2009: HK\$33,641.7 million) of the Group's assets were pledged as securities for loans granted to the Group.

A total of RMB46.0 million convertible bonds issued by a subsidiary company of NWCL have been repurchased by the Group for the six months ended 31 December 2009.

The Group's long-term bank loans and convertible bonds and short-term bank and other loans as at 31 December 2009 were HK\$46,027.1 million and HK\$1,357.1 million respectively. The maturity of long-term bank loans and convertible bonds as at 31 December 2009 is as follows:

	HK\$m
Within one year	8,509.9
In the second year	8,214.2
In the third to fifth year	27,678.5
After the fifth year	1,624.5
	46,027.1

In February 2010, a US\$500 million 10-year fixed rate bond has been issued by the Group to strengthen our capital structure and to improve our debt maturity profile.

Other Information

Disclosure Pursuant to Rules 13.20 and 13.22 of the Listing Rules

At 31 December 2009, the Group had given financial assistance and guarantees to its jointly controlled entities and associated companies (collectively "Affiliated Companies") as set out below:

	As at 31 December 2009 HK\$m	As at 30 June 2009 HK\$m
Amounts due by Affiliated Companies	12,964.7	14,343.7
Guarantees given for Affiliated Companies in respect of banking and other credit facilities	2,895.1	3,592.4
Commitments to capital injections and loan contributions	1,680.5	3,216.1
	17,540.3	21,152.2

- (a) The financial assistance, in aggregate exceeded 8% of the Group's total assets as at 31 December 2009.
- (b) The advances were unsecured and are interest free except for an aggregate amount of HK\$4,341.6 million (30 June 2009 : HK\$6,504.4 million) which carried interest ranging from 0.6% above HIBOR to 10.0% per annum (30 June 2009: 0.6% above HIBOR to 10.0% per annum). The advances had no fixed repayment terms.
- (c) Pursuant to Rule 13.22 of the Listing Rules, a combined balance sheet of those Affiliated Companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 31 December 2009 were presented as follows:

	Combined balance sheet HK\$m	Group's attributable interests HK\$m
Non-current assets	68,357.6	31,740.8
Current assets	28,110.4	12,466.8
Current liabilities	(26,868.6)	(10,996.2)
Total assets less current liabilities	69,599.4	33,211.4
Non-current liabilities	(28,502.3)	(12,092.6)
Net assets	41,097.1	21,118.8

The combined balance sheet of the Affiliated Companies was prepared by combining their balance sheets, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant balance sheet classification, as at 31 December 2009.

Other Information

Interim Dividend

The Board has declared an interim dividend for the financial year ending 30 June 2010 in scrip form equivalent to HK\$0.10 per share with a cash option to shareholders registered on 14 April 2010.

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\$0.10 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 3 May 2010.

Book Close Dates

Book close dates (both days inclusive)	:	8 April 2010 to 14 April 2010
Latest time to lodge transfer with Share Registrar	:	4:00 p.m. on 7 April 2010
Address of Share Registrar	:	Tricor Tengis Limited 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Purchase, Sale or Redemption of Listed Securities

The Company has not redeemed any of its listed securities during the six months ended 31 December 2009. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 31 December 2009.

Major Acquisitions and Disposals

- (1) Pursuant to a sale and purchase agreement dated 19 November 2009, NWSH disposed of approximately 52.86% interest in Taifook Securities Group Limited ("Taifook Securities") for a consideration of approximately HK\$1,822.3 million and the transaction was completed on 21 December 2009. Immediately after the completion of the transaction, approximately 9% interest in Taifook Securities was retained by NWSH.
- (2) During the period, NWCL acquired 40% interest in Guangzhou Jixian Zhuang New World City Garden Development Limited ("Jixian Zhuang") for a consideration of RMB1.0 and 52.5% equity interest in Shanghai Trio Property Development Co., Ltd ("Trio") for a consideration of approximately HK\$520.7 million. Jixian Zhuang is principally engaged in the development of Guangzhou Park Paradise, a residential development in Rongtai Cun, Baiyun District, Guangzhou, Guangdong Province, the PRC. The principal activity of Trio is the development of Shanghai Zhongshan Square located in Hongqiao Development Zone, Shanghai, the PRC. After the acquisitions, Jixian Zhuang and Trio become wholly-owned subsidiaries of NWCL.
- (3) In December 2009, NWCL disposed of its entire interest in Shanghai Juyi Real Estate Development Co., Ltd ("Juyi") to Guilherme Holdings (Hong Kong) Limited for a consideration of approximately HK\$1,174.0 million. Juyi is principally engaged in the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC. The disposal gave rise to a net disposal loss of HK\$15.0 million to NWCL.

Review of Interim Results

The Company's unaudited interim results for the six months ended 31 December 2009 have not been reviewed by external auditors, but have been reviewed by the Audit Committee of the Company.

Other Information

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 2009 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.

Model Code for Securities Transactions by Directors

The Group has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of the Model Code. Having made specific enquiry of all directors, the directors of the Company confirmed that they have complied with the required standard set out in the Model Code during the six months ended 31 December 2009.

Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the directors of the Company since the date of the Company's 2009 Annual Report are set out below:

- (1) Dr. Cheng Kar-Shun, Henry resigned as the chairman and an executive director of Taifook Securities Group Limited, a listed public company in Hong Kong, on 13 January 2010.
- (2) Mr. Leung Chi-Kin, Stewart was re-designated from executive director to non-executive director of New World China Land Limited, a listed public company in Hong Kong, on 8 January 2010.
- (3) Mr. Chow Kwai-Cheung was re-designated from executive director to non-executive director of New World China Land Limited, a listed public company in Hong Kong, on 8 January 2010.
- (4) Mr. Ho Hau-Hay, Hamilton resigned as independent non-executive director of CITIC Pacific Limited and non-executive director of Dah Chong Hong Holdings Limited, both of which are listed public companies in Hong Kong, with effect from 1 January 2010.
- (5) Mr. Lee Luen-Wai, John was appointed as the Chairman of the Hospital Authority Provident Fund Scheme and resigned as the Chairman of the Main Tender Board of the Hospital Authority.

Investor Communication

The Group values good investor relations and has been committed to maintaining effective communication with investors. We have always offered in a high level of transparency and strived to ensure shareholders' comprehensive and thorough understanding of the Group. We have actively participated in different forums and overseas road-shows, and conducted numerous site visits and meetings with the investment community for effective communication.

Corporate Citizenship

The Group has always been committed to participating in community affairs and caring for the people in need. As a responsible corporate citizen, the Group has always cared for the community we serve and respects the environment we live in. Therefore, the Group has actively supported various community events, promoted exchange between Hong Kong and Mainland China, and formed corporate volunteer teams to provide services for the needy. The Group has also been devoted to nurturing professional and energetic staff with commitment and pride, and targeted to build a better society through innovation and sustainable growth.

The Company and more than 20 of its group companies have been devoted to corporate social responsibility and awarded the Caring Company Logo by the Hong Kong Council of Social Service, recognizing their outstanding performance in implementing corporate social services.

Other Information

Employees and Remuneration Policies

The Group has approximately 55,000 employees at 31 December 2009 employed by entities under the Group's 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.

Directors' Interests in Securities

As at 31 December 2009, the interests of the directors and their associates in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Spouse interests	Corporate interests		
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	—	300,000	—	300,000	0.01
Dr. Sin Wai-Kin, David	4,727,287	47,098	—	4,774,385	0.12
Mr. Leung Chi-Kin, Stewart	134,538	—	—	134,538	0.00
Mr. Chow Kwai-Cheung	54,919	—	—	54,919	0.00
Mr. Ho Hau-Hay, Hamilton	—	—	439,177 ⁽¹⁾	439,177	0.01
Mr. Liang Cheung-Biu, Thomas	5,215	—	—	5,215	0.00
Ms. Ki Man-Fung, Leonie	60,000	—	—	60,000	0.00
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	—	15,869 ⁽²⁾	15,869	27.41
HH Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Dr. Sin Wai-Kin, David	42,000	—	—	42,000	7.00
Mega Choice Holdings Limited (in liquidation)					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	—	—	420,585,070 ⁽³⁾	420,585,070	34.61
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-Shun, Henry	18,750,000	2,925,000	78,406,800 ⁽⁴⁾	100,081,800	1.74
Mr. Leung Chi-Kin, Stewart	790,000	—	—	790,000	0.01
Mr. Chow Kwai-Cheung	126	—	—	126	0.00
Mr. Lee Luen-Wai, John	83,600	—	—	83,600	0.00
Ms. Ki Man-Fung, Leonie	30,000	—	—	30,000	0.00

Other Information

Directors' Interests in Securities (continued)

(A) Long position in shares (continued)

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Spouse interests	Corporate interests		
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-Kong, Adrian	—	—	1,107,000 ⁽⁵⁾	1,107,000	0.07
Ms. Ki Man-Fung, Leonie	20,000	—	—	20,000	0.00
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	9,179,199	—	8,000,000 ⁽⁴⁾	17,179,199	0.83
Dr. Sin Wai-Kin, David	3,281	31	16,995,745 ⁽⁶⁾	16,999,057	0.82
Mr. Liang Chong-Hou, David	164	—	—	164	0.00
Mr. Cheng Kar-Shing, Peter	201,025	—	2,967,575 ⁽⁷⁾	3,168,600	0.15
Mr. Leung Chi-Kin, Stewart	2,202,351	—	—	2,202,351	0.11
Mr. Chow Kwai-Cheung	8,208	—	—	8,208	0.00
Ms. Ki Man-Fung, Leonie	10,000	—	—	10,000	0.00
Sun City Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	80,000	3,570,000 ⁽⁸⁾	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	—	500 ⁽⁹⁾	500	50.00
YE Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-Kin, Stewart	37,500	—	—	37,500	1.50

Notes:

- (1) These shares are beneficially-owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.
- (2) 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-Shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng Kar-Shing, Peter is deemed to be interested in 45.63% of its issued share capital.
- (3) These shares are beneficially-owned by companies which are wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (4) These shares are beneficially-owned by a company which is wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (5) These shares are beneficially-owned by a company which is wholly-owned by Mr. Cheng Chi-Kong, Adrian.
- (6) These shares are beneficially-owned by a company which is jointly-owned by Dr. Sin Wai-Kin, David and his spouse.
- (7) These shares are beneficially-owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.
- (8) These shares are held by a company of which Mr. Cheng Kar-Shing, Peter has an indirect interest of 49.58%.
- (9) Mr. Cheng Kar-Shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

Other Information

Directors' Interests in Securities (continued)

(B) Long position in underlying shares — share options

During the six months ended 31 December 2009, certain directors of the Company have interests in share options to subscribe for shares in the Company and certain of its subsidiaries. Details of such interests and movement of share options granted by the Company and its subsidiaries under their respective share option schemes are shown below.

(1) Long position in underlying shares of the Company — share options

Share options granted to directors of the Company

Name	Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31 December 2009	Exercise price per share HK\$
			Balance as at 1 July 2009	Granted during the period	Exercised during the period	Lapsed during the period		
Dr. Cheng Yu-Tung	19 March 2007	(1)	36,710,652	—	—	—	36,710,652	17.654
Dr. Cheng Kar-Shun, Henry	19 March 2007	(1)	36,710,652	—	—	—	36,710,652	17.654
Dr. Sin Wai-Kin, David	19 March 2007	(1)	301,731	—	—	—	301,731	17.654
Mr. Liang Chong-Hou, David	19 March 2007	(1)	301,731	—	—	—	301,731	17.654
Mr. Yeung Ping-Leung, Howard	19 March 2007	(1)	301,731	—	—	—	301,731	17.654
Dr. Cha Mou-Sing, Payson	19 March 2007	(1)	301,731	—	—	—	301,731	17.654
Mr. Cheng Kar-Shing, Peter	19 March 2007	(1)	201,153	—	—	—	201,153	17.654
		(2)	1,206,925	—	—	—	1,206,925	17.654
Mr. Leung Chi-Kin, Stewart	19 March 2007	(1)	35,704,880	—	—	—	35,704,880	17.654
Mr. Chow Kwai-Cheung	19 March 2007	(2)	1,206,925	—	—	—	1,206,925	17.654
Mr. Ho Hau-Hay, Hamilton	19 March 2007	(1)	201,153	—	—	—	201,153	17.654
Mr. Lee Luen-Wai, John	19 March 2007	(1)	301,731	—	—	—	301,731	17.654
Mr. Liang Cheung-Biu, Thomas	19 March 2007	(1)	201,153	—	—	—	201,153	17.654
Mr. Cheng Chi-Kong, Adrian	19 March 2007	(2)	502,885	—	—	—	502,885	17.654
Ms. Ki Man-Fung, Leonie	19 March 2007	(2)	1,005,770	—	—	—	1,005,770	17.654
			115,160,803	—	—	—	115,160,803	

Notes:

(1) From 19 March 2007 to 18 March 2012.

(2) Divided into 5 tranches exercisable from 19 March 2007, 19 March 2008, 19 March 2009, 19 March 2010 and 19 March 2011 respectively to 18 March 2012.

(3) The cash consideration paid by each director for the grant of share options is HK\$10.0.

Other Information

Directors' Interests in Securities (continued)

(B) Long position in underlying shares — share options (continued)

(1) Long position in underlying shares of the Company — share options (continued)

Share options granted to other eligible participants

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31 December 2009	Exercise price per share HK\$
		Balance as at 1 July 2009	Granted during the period	Exercised during the period	Lapsed during the period		
19 March 2007	(1)	17,283,143	—	—	—	17,283,143	17.654

Notes:

(1) Divided into 5 tranches exercisable from 19 March 2007, 19 March 2008, 19 March 2009, 19 March 2010 and 19 March 2011 respectively to 18 March 2012.

(2) The cash consideration paid by each eligible participant for the grant of share options is HK\$10.0.

(2) Long position in underlying shares of New World China Land Limited ("NWCL") — share options

No share option has been granted, exercised, cancelled, lapsed or outstanding under the share option scheme adopted by NWCL on 18 December 2000 (which was terminated on 26 November 2002) during the six months ended 31 December 2009.

Other Information

Directors' Interests in Securities (continued)

(B) Long position in underlying shares — share options (continued)

(2) Long position in underlying shares of New World China Land Limited ("NWCL") — share options (continued)

Details of movement of share options granted under the share option scheme adopted by NWCL on 26 November 2002 (the "NWCL 2002 Share Option Scheme") during the six months ended 31 December 2009 are as follows:

Share options granted to directors of the Company

Name	Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31 December 2009	Exercise price per share (before adjustment) ⁽⁴⁾ HK\$	Exercise price per share (after adjustment) ⁽⁴⁾ HK\$
			Balance as at 1 July 2009	Granted during the period	Adjusted during the period ⁽⁴⁾	Exercised during the period			
Dr. Cheng Kar-Shun, Henry	7 January 2008	(1)	2,000,000	—	238,806	—	2,238,806	6.972	6.228
	29 December 2008	(3)	1,600,000	—	191,045	—	1,791,045	1.500	1.340
Mr. Cheng Kar-Shing, Peter	7 January 2008	(1)	800,000	—	95,522	—	895,522	6.972	6.228
	29 December 2008	(3)	650,000	—	77,612	—	727,612	1.500	1.340
Mr. Leung Chi-Kin, Stewart	7 January 2008	(1)	200,000	—	23,882	—	223,882	6.972	6.228
	29 December 2008	(3)	150,000	—	17,910	(40,000) ⁽⁵⁾	127,910	1.500	1.340
Mr. Chow Kwai-Cheung	7 January 2008	(1)	200,000	—	23,882	—	223,882	6.972	6.228
	29 December 2008	(3)	150,000	—	17,910	—	167,910	1.500	1.340
Mr. Lee Luen-Wai, John	7 January 2008	(1)	300,000	—	35,821	—	335,821	6.972	6.228
	29 December 2008	(3)	300,000	—	35,821	(83,600) ⁽⁶⁾	252,221	1.500	1.340
Mr. Cheng Chi-Kong, Adrian	25 July 2006	(2)	331,600	—	39,594	—	371,194	2.865	2.559
	7 January 2008	(1)	1,500,000	—	179,104	—	1,679,104	6.972	6.228
	29 December 2008	(3)	1,200,000	—	143,284	—	1,343,284	1.500	1.340
			9,381,600	—	1,120,193	(123,600)	10,378,193		

Notes:

- (1) Divided into 3 tranches exercisable from 8 February 2008, 8 February 2009 and 8 February 2010, respectively to 7 February 2011.
- (2) Divided into 5 tranches exercisable from 26 August 2006, 26 August 2007, 26 August 2008, 26 August 2009 and 26 August 2010 respectively to 25 August 2011.
- (3) Divided into 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
- (4) NWCL announced rights issue on 9 October 2009 which became unconditional on 16 November 2009. Accordingly, adjustments were made to the number of outstanding share options and the exercise price in accordance with the NWCL 2002 Share Option Scheme on 17 November 2009.
- (5) The exercise date was 19 November 2009. On the trading date immediately before the exercise date, the closing price per share was HK\$3.05.
- (6) The exercise date was 11 December 2009. On the trading date immediately before the exercise date, the closing price per share was HK\$3.05.
- (7) The cash consideration paid by each of the above directors for each grant of share options is HK\$10.0.

Other Information

Directors' Interests in Securities (continued)

(B) Long position in underlying shares — share options (continued)

(2) Long position in underlying shares of New World China Land Limited ("NWCL") — share options (continued)

Share options granted to other eligible participants

Date of grant	Number of share options ⁽¹⁾						Balance as at 31 December 2009	Exercise price per share (before adjustment) ⁽⁶⁾ HK\$	Exercise price per share (after adjustment) ⁽⁶⁾ HK\$
	Balance as at 1 July 2009	Granted during the period ⁽⁵⁾	Exercised during the period (before adjustment) ⁽⁷⁾	Adjusted during the period ⁽⁶⁾	Exercised during the period (after adjustment) ⁽⁷⁾	Lapsed during the period			
4 November 2004 to 1 December 2004	50,000	—	(50,000)	—	—	—	2,484	—	
22 December 2004 to 18 January 2005	49,800	—	(49,800)	—	—	—	2,689	—	
13 July 2005 to 9 August 2005	150,000	—	(90,400)	7,116	—	66,716	2,300	2,055	
7 November 2005 to 2 December 2005	10,400	—	—	1,241	—	11,641	2,620	2,341	
28 March 2006 to 24 April 2006	1,979,600	—	—	236,370	—	2,215,970	3,915	3,497	
28 June 2006 to 26 July 2006	58,000	—	—	6,925	—	64,925	2,865	2,559	
17 October 2006 to 13 November 2006	99,600	—	—	11,892	—	111,492	3,340	2,984	
28 December 2006 to 24 January 2007	846,800	—	—	101,110	—	947,910	4,712	4,209	
19 March 2007 to 13 April 2007	735,200	—	—	87,785	—	822,985	4,500	4,020	
14 June 2007 to 11 July 2007	1,491,600	—	—	178,101	—	1,669,701	6,710	5,994	
17 October 2007 to 13 November 2007	1,460,800	—	—	174,423	—	1,635,223	8,070	7,209	
28 December 2007 to 24 January 2008	870,000	—	—	103,880	—	973,880	6,972	6,228	
28 December 2007 to 24 January 2008	7,760,000 ⁽²⁾	—	—	926,565	—	8,686,565	6,972	6,228	
22 April 2008 to 19 May 2008	868,800	—	—	69,110	—	(290,000)	647,910	5,260	4,699
31 July 2008 to 27 August 2008	907,600	—	—	108,370	—	1,015,970	3,662	3,271	
12 November 2008 to 9 December 2008	1,048,000	—	—	125,134	(120,400)	1,052,734	1,682	1,503	
2 December 2008 to 29 December 2008	1,324,200 ⁽³⁾	—	(356,800)	115,510	—	1,082,910	1,500	1,340	
2 December 2008 to 29 December 2008	10,896,000 ⁽⁴⁾	—	(118,000)	1,276,776	(259,866)	(85,000)	11,709,910	1,500	1,340
2 December 2008 to 29 December 2008	2,151,200	—	(32,400)	252,991	(30,000)	—	2,341,791	1,500	1,340
3 February 2009 to 2 March 2009	816,800	—	—	97,528	—	—	914,328	1,980	1,769
26 June 2009 to 23 July 2009	834,000	2,395,800	—	355,988	—	(337,952)	3,247,836	4,550	4,065
19 November 2009 to 16 December 2009	—	3,470,000	—	—	—	—	3,470,000	—	3,068
	34,408,400	5,865,800	(697,400)	4,236,815	(410,266)	(712,952)	42,690,397		

Other Information

Directors' Interests in Securities *(continued)*

(B) Long position in underlying shares — share options *(continued)*

(2) Long position in underlying shares of New World China Land Limited (“NWCL”) — share options *(continued)*

Share options granted to other eligible participants (continued)

Notes:

- (1) *The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in notes 2, 3 and 4.*
- (2) *The share options are exercisable within three years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is about 33.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.*
- (3) *The share options are exercisable within two years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 50.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.*
- (4) *The share options are exercisable within four years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 25.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.*
- (5) *The closing prices per share immediately before 26 June 2009 and 19 November 2009, the dates of offer to grant, were HK\$4.39 and HK\$3.05 respectively.*
- (6) *NWCL announced rights issue on 9 October 2009 which became unconditional on 16 November 2009. Accordingly, adjustments were made to the number of outstanding share options and the exercise price in accordance with the NWCL 2002 Share Option Scheme on 17 November 2009.*
- (7) *The weighted average closing price of the shares immediately before the date on which share options were exercised (both before and after the date of adjustment) was HK\$3.34.*
- (8) *The cash consideration paid by each eligible participant for each grant of share option is HK\$10.0.*

The fair values of the share options granted during the period with exercise prices per share of HK\$4.550 (adjusted to HK\$4.065) and HK\$3.068 are estimated at HK\$1.9 and HK\$1.2 respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 1.54% to 2.1% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 56%, assuming dividend yield of 1.5% and an expected option life of five years.

The Binomial pricing model requires input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

Other Information

Directors' Interests in Securities (continued)

(B) Long position in underlying shares — share options (continued)

(3) Long position in underlying shares of NWS Holdings Limited — share options

Share options granted to directors of the Company

Name	Date of grant	Exercisable period (Note)	Number of share options			Balance as at 31 December 2009	Exercise price per share HK\$
			Balance as at 1 July 2009	Granted during the period	Exercised during the period		
Dr. Cheng Kar-Shun, Henry	21 August 2007	(1)	3,001,277	—	—	3,001,277	16.193

Notes:

- (1) 40.0% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60.0% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) The cash consideration paid by the above director for the grant of share options is HK\$10.0.

Share options granted to other eligible participants

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31 December 2009	Exercise price per share HK\$
		Balance as at 1 July 2009	Granted during the period	Exercised during the period	Lapsed during the period		
21 August 2007	(1)	26,107,082	—	—	(210,113)	25,896,969	16.193
28 January 2008	(1)	700,295	—	—	—	700,295	20.591
		26,807,377	—	—	(210,113)	26,597,264	

Notes:

- (1) 40.0% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60.0% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

Other Information

Directors' Interests in Securities (continued)

(B) Long position in underlying shares — share options (continued)

(4) Long position in underlying shares of New World Department Store China Limited — share options

Share options granted to directors of the Company

Name	Date of grant	Exercisable period (Note)	Number of share options			Balance as at 31 December 2009	Exercise price per share HK\$
			Balance as at 1 July 2009	Granted during the period	Exercised during the period		
Dr. Cheng Kar-Shun, Henry	27 November 2007	(1)	1,000,000	—	—	1,000,000	8.66
Mr. Cheng Chi-Kong, Adrian	27 November 2007	(1)	500,000	—	—	500,000	8.66
			1,500,000	—	—	1,500,000	

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) The cash consideration paid by each of the above directors for the grant of share options is HK\$1.0.

Share options granted to other eligible participants

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31 December 2009	Exercise price per share HK\$
		Balance as at 1 July 2009	Granted during the period	Exercised during the period	Lapsed during the period		
27 November 2007	(1)	17,270,000	—	—	(1,176,000)	16,094,000	8.66
25 March 2008	(2)	3,965,000	—	—	(377,000)	3,588,000	8.44
		21,235,000	—	—	(1,553,000)	19,682,000	

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) Divided into 5 tranches exercisable from 25 March 2009, 25 March 2010, 25 March 2011, 25 March 2012 and 25 March 2013 respectively to 24 March 2014, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (3) The cash consideration paid by each eligible participant for each grant of share options is HK\$1.0.

Other Information

Directors' Interests in Securities (continued)

(B) Long position in underlying shares — share options (continued)

(5) Long position in underlying shares of Taifook Securities Group Limited ("Taifook Securities") — share options

Share options granted to directors of the Company

During the period from 1 July 2009 up to 20 December 2009 (i.e. the date immediately preceding the effective date of cessation of Taifook Securities as a subsidiary of the Group), no share options were granted to directors of the Company under the share option scheme of Taifook Securities.

Share options granted to other eligible participants

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 20 December 2009 ⁽²⁾	Exercise price per share HK\$
		Balance as at 1 July 2009	Granted during the period	Exercised during the period	Lapsed during the period		
1 December 2007	(1)	26,692,988	—	—	(2,643,383)	24,049,605	5.875

Notes:

(1) From 1 June 2008 to 31 May 2016.

(2) The date immediately preceding the effective date of cessation of Taifook Securities as a subsidiary of the Group.

(3) The cash consideration paid by each eligible participant for the grant of share options is HK\$1.0.

(C) Long position in underlying shares — debentures

New World China Land Finance Limited ("NWCLF")

Name	Amount of debentures in RMB issued by NWCLF				Total	Approximate % to the total amount of debentures in issue as at 31 December 2009
	Personal interests	Family interests	Corporate interests			
Mr. Cheng Chi-Kong, Adrian	—	—	2,000,000 ^(Note)		2,000,000	0.08

Note: These debentures are convertible into 296,910 shares of HK\$0.1 each of New World China Land Limited, representing 0.01% of its issued share capital as at 31 December 2009, for the period from 26 June 2007 to 26 May 2012, which are beneficially held by a company wholly-owned by Mr. Cheng Chi-Kong, Adrian.

Other Information

Directors' Interests in Securities (continued)

(C) Long position in underlying shares — debentures (continued)

Sherson Limited ("Sherson")

Name	Amount of debentures in HK\$ issued by Sherson			Total	Approximate % to the total amount of debentures in issue as at 31 December 2009
	Personal interests	Family interests	Corporate interests		
Dr. Cheng Yu-Tung	10,000,000 ^(Note)	—	—	10,000,000	0.17

Note: These debentures are convertible into 373,357 shares of HK\$1.0 each of the Company, representing 0.01% of its issued share capital as at 31 December 2009, during the period from 16 July 2007 to 25 May 2014.

Save as disclosed above, as at 31 December 2009, none of the directors, chief executive or any of their associates had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Securities

As at 31 December 2009, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares

Name	Number of shares held			Approximate % of shareholding
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") ⁽¹⁾	—	1,493,343,751	1,493,343,751	38.61
Centennial Success Limited ("Centennial") ⁽²⁾	—	1,493,343,751	1,493,343,751	38.61
Chow Tai Fook Enterprises Limited ("CTF") ⁽³⁾	1,349,335,829	144,007,922	1,493,343,751	38.61

Notes:

- (1) CYTFH holds 51.0% direct interest in Centennial and is accordingly deemed to have an interest in the shares deemed to be interested by Centennial.
- (2) Centennial holds 100.0% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.
- (3) CTF together with its subsidiaries.

Save as disclosed above, no other person was recorded in the register kept pursuant to Section 336 of the SFO as having an interest in 10.0% or more of the issued share capital of the Company as at 31 December 2009.

Other Information

Other Persons' Interests in Securities

As at 31 December 2009, the interests or short positions of persons (other than directors or chief executive or substantial shareholders (as defined in the Listing Rules) of the Company) in the shares and underlying shares of the Company as recorded in the register as required to be kept under Section 336 of the SFO were as follows:

Long positions in shares and underlying shares of the Company

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding
JPMorgan Chase & Co.	Beneficial owner	20,504,491	226,363,856 ⁽¹⁾	5.85
	Investment manager	15,309,489		
	Custodian corporation/ approved lending agent	190,549,876		

Short positions in shares and underlying shares of the Company

Name	Capacity	Number of shares/ underlying shares held	Total	Approximate % of shareholding
JPMorgan Chase & Co.	Beneficial owner	8,568,822	8,568,822 ⁽²⁾	0.22

Notes:

- (1) The interests included aggregate interests in 12,115,997 underlying shares through its holding of certain listed physically settled derivatives (9,318,997 underlying shares), and unlisted physically settled derivatives (2,797,000 underlying shares). It also included 190,549,876 shares in the lending pool.
- (2) The interests included aggregate interests in 1,860,733 underlying shares through its holding of certain listed cash settled derivatives (35,000 underlying shares) and unlisted physically settled derivatives (1,825,733 underlying shares).

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2009.

Corporate Information

Board of Directors

Executive Directors

Dato' Dr. Cheng Yu-Tung (*Chairman*)
 Dr. Cheng Kar-Shun, Henry (*Managing Director*)
 Dr. Sin Wai-Kin, David
 Mr. Liang Chong-Hou, David
 Mr. Leung Chi-Kin, Stewart
 Mr. Cheng Chi-Kong, Adrian

Non-Executive Directors

Mr. Cheng Kar-Shing, Peter
 Mr. Chow Kwai-Cheung
 Mr. Liang Cheung-Biu, Thomas
 Ms. Ki Man-Fung, Leonie *JP*

Independent Non-Executive Directors

Mr. Yeung Ping-Leung, Howard
 Dr. Cha Mou-Sing, Payson *JP*
 Mr. Cha Mou-Zing, Victor
(alternate director to Dr. Cha Mou-Sing, Payson)
 Mr. Ho Hau-Hay, Hamilton
 Mr. Lee Luen-Wai, John *JP*

Company Secretary

Mr. Leung Chi-Kin, Stewart

Joint Auditors

PricewaterhouseCoopers
 H.C. Watt & Company Limited

Solicitors

Woo, Kwan, Lee & Lo
 Kao, Lee & Yip
 Vincent T.K. Cheung, Yap & Co
 Yung, Yu, Yuen & Company

Share Registrar and Transfer Office

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Principal Bankers

Bank of China
 Bank of Communications
 Bank of East Asia
 China Merchants Bank
 Citibank N.A.
 DBS Bank
 Hang Seng Bank
 Industrial and Commercial Bank of China (Asia) Ltd.
 Nanyang Commercial Bank
 Sumitomo Mitsui Banking Corporation
 Standard Chartered Bank
 The Hongkong and Shanghai Banking Corporation
 The Bank of Tokyo-Mitsubishi UFJ

Stock Code

Hong Kong Stock Exchange 0017
 Reuters 0017HK
 Bloomberg 17HK

Information For Investors

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New World Development Company Limited takes every practicable measure to conserve resources and minimize waste.

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