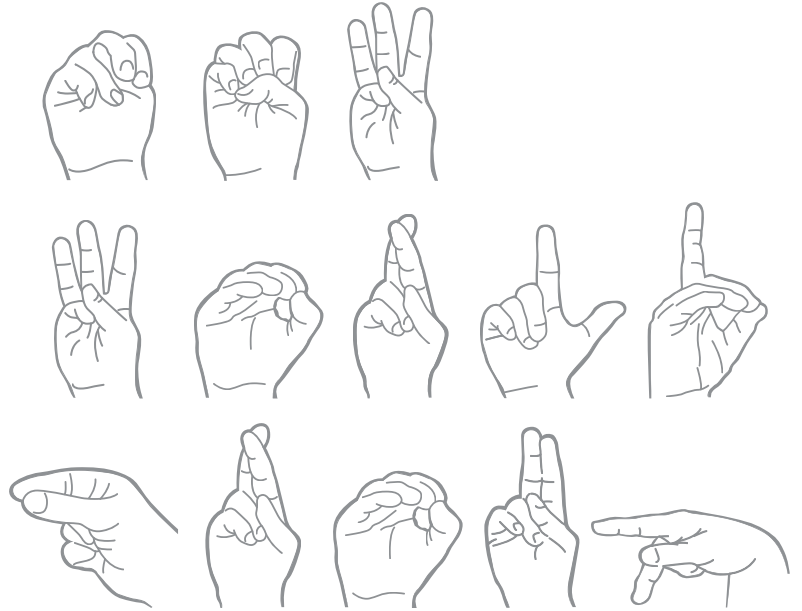




New World Development Company Limited

(Stock Code: 0017)



Interim Report

2010/2011

**NEW
WORLD
GROUP**

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Financial Highlights

	Unaudited		Change %
	Six months ended 31 December		
	2010 HK\$m	2009 HK\$m (Restated)	
Revenues	15,076.1	12,116.8	24.4
Total segment results <i>(Note)</i>	5,427.4	3,725.7	45.7
Other gains, net	610.7	2,446.9	(75.0)
Change in fair value of investment properties	1,974.3	2,369.1	(16.7)
Profit attributable to shareholders	4,353.3	5,735.0	(24.1)
Underlying profit	2,347.3	1,805.0	30.0

	As at		Change %
	31 December		
	2010 HK\$m	As at 30 June 2010 HK\$m (Restated)	
Cash and bank balances	20,612.2	23,608.7	(12.7)
Net debt	31,646.2	27,113.5	16.7
Total equity	121,056.6	114,886.3	5.4
Net gearing ratio (%)	26.1	23.6	2.5

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

Chairman's Statement

Dear Shareholders,

The Chinese writing system has been created in such a way as to inscribe meanings, making a word self-explanatory when we observe it. The word “本”, which means “tree roots”, was created by the addition of a horizontal stroke underneath the word “木” (wood). The word “末”, which means “the tips of a tree”, was created by the addition of a horizontal stroke above the character “木”. The form of a tree above the ground is the projection of the development of its tree roots. Blossoming tips of a tree rely always on strong and solid tree roots.

Those aiming too high would blindly expect the unlimited prolongation of the tips of the tree and hardly care about the adequacy of the roots in supporting the growth of the tree, neglecting the fact that “the tip of a tree” develops from the “roots”. Strong tips which are not supported by strong roots will lead to the weakening and eventually the death of the tree.

Since its establishment 41 years ago, New World Group would not have been successful for almost half a century without the joint efforts devoted by its employees. Whilst capital and timing are undoubtedly important, our people are the roots of our Group, firmly grasping the territory of our business empire. Be it Hong Kong's stock market crash in 1973, the crisis of confidence in 1984 over the return of sovereignty of Hong Kong, the financial crisis in 1997, the spread of SARS in 2003, and the outbreak of the subprime mortgage crisis in the United States in 2007, New World Group has been in no fear of such chaotic environments under the wheel of time, and has established a solid foundation step by step towards the future. With the devotion of the people within New World Group, our business has been expanding over the years and growing in scope, extending the tips of our tree to every corner of various Mainland provinces and regions overseas.

“One must grow with proper nourishment, yet one must wither without any nourishment.”, said Chinese philosopher Mencius. With sufficient nutrients, one could grow strong and healthy, and otherwise it dies. Such metaphor means only by working hard and upgrading constantly can one grow strong. So is an enterprise. Along the current of the business world, hardly can a business survive if it does not improve.

To ensure our Group can follow our own track regardless of ups and downs, talents training has long been our important development blueprint. Devoted to staff training, New World Group has established the training system “The New World University” to provide a series of training programmes, seminars and workshops. With the training catering specific needs from various staff, competitiveness of staff in all grades can be heightened and their potentials be further developed, at the same time promoting staff cohesion. To further express our attentiveness to staff, the Group is aligning and enhancing staff benefits, sharing with them our fruitful results. At the same time, through management trainee programmes in Hong Kong and in the Mainland, we are actively recruiting new hires with foresight and leadership talents to fuel the Group with new thoughts and new momentum.

Only by holding a strong belief, being prepared from time to time, seizing opportunities and changing strategies accordingly can we jump over the hurdles ahead, and join hand in hand with the country, the society and our staff to build a better future and create a better new world for the people.

Dr. Cheng Yu-Tung

Chairman

Hong Kong, 28 February 2011

Managing Director's Report

BUSINESS REVIEW

For the six months ended 31 December 2010, NWD recorded a total revenue of HK\$15,076.1 million and profit attributable to shareholders amounted to HK\$4,353.3 million. Contributions from recurrent operations including property development, infrastructure, hotel operations and department stores achieved satisfactory growth during the period under review. If stripping out the net other gains and changes in fair value of investment properties, the Group's underlying profits amounted to HK\$2,347.3 million, an increase of 30% compared to the same period of last year.

Hong Kong Property Development

The economic rebound, low interest rate, ample liquidity and tight market supply have led to a robust growth in residential property transaction volume and price starting from early 2010. According to the figures released by The Land Registry, the number of sale and purchase agreements of residential units for 2010 reached 135,778 units, up 18% year-on-year.

Nevertheless, as the risk of inflation is heightening against the backdrop of strong global liquidity plus the stimulus effect from QEII of US in early November 2010, a series of tightening measures, including additional stamp duty and lowered loan-to-value ratio, were introduced by the Hong Kong SAR Government and the Hong Kong Monetary Authority on 19 November 2010, to ease property speculation and minimize the default risk in property mortgage. A short-term market consolidation was experienced right after the measures. According to a Midland Realty's research on 35 housing estates, secondary transaction volume dropped 59.8% the week after the introduction of the new measures. Similar effect was also shown in the Centa-City Leading Index.

Notwithstanding the above, signs of stabilization have been observed in the market towards the end of 2010 as secondary transaction has gradually recovered and secondary prices are picking up modestly. The recovery in sales momentum reinforces the confidence of both demand and supply towards the primary market, which has re-opened the windows for upcoming new launches.

During the period under review, the Group's effective share of Hong Kong property sales proceeds amounted to approximately HK\$2 billion. The contributions were mainly from the sales of Emerald Green (翹翠峰) in Yuen Long.

Low interest rate environment and tight future supply are expected to sustain the steady development of residential market. The Group is going to launch five new projects with 4,599 units to the market. The majority are located in the urban prime area. Meanwhile, the Group still has over 140 units of inventory available for sale as at December 2010, which includes the remaining 40% of the residential area of The Masterpiece (名鑄), the Group's luxury trophy project in Tsim Sha Tsui.

New projects in pipeline	No. of units
9-12 Chun Fai Terrace, Tai Hang (大坑春暉臺9-12號)	66
Che Kung Temple Station Project, Sha Tin (沙田車公廟站項目)	981
Phase 1 of Lok Wo Sha Project, Ma On Shan (馬鞍山落禾沙項目第一期)	919
Tai Tong Road Project, Yuen Long (元朗大棠路項目)	2,582
Phase 1 of Tong Yan San Tsuen, Yuen Long (元朗唐人新村第一期)	51
Total	4,599

Meanwhile, the Group has a total of over 20 million sq ft of agricultural land reserve pending conversion.

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,094,500	12,695,000
Sha Tin/Tai Po	2,122,000	2,122,000
Fanling	2,260,000	2,260,000
Sai Kung	1,984,035	1,430,660
Tuen Mun	120,000	120,000
Total	20,580,535	18,627,660

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

One private acquisition was completed during the period under review. In October 2010, the Group has paid approximately HK\$1,865 million to acquire a 40% stake in Kai Yuen Lane residential project (繼園里住宅項目). The project is situated in the prime location in North Point, commanding spectacular views of Victoria Harbour and the verdant landscape of Braemar Hill. It covers a total site area of 72,000 sq ft with total gross floor area ("GFA") of approximately 576,000 sq ft.

The Group currently has a landbank over 8.7 million sq ft total GFA for immediate development. Over 50% of the ready landbank is in the urban area.

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	695,104
Kowloon	4,112,313
New Territories (excluding areas pending agricultural land conversion)	3,900,781
Total	8,708,198

Hong Kong Property Investment

The vibrant economy and improving market sentiment have resulted in positive office space take up, due to the increasing corporate expansion and new establishment since the second quarter of 2010. Active leasing activities of grade A offices in prime commercial districts have driven down the overall vacancy. With tight supply situation, rental rate of grade A offices in Central has observed an upward trend starting from the second half of 2010.

The remarkable growth in tourist arrivals and strengthened local consumption confidence have boosted the Hong Kong retail market starting from early 2010. According to the figures released by The Census and Statistics Department, the value of total retail sales in 2010 increased by 18.3% year-on-year to HK\$324.9 billion. The high consumption from Mainland China visitors is the key driver for rental growth and the demand for retail premises in tourist-related clusters is expected to be sustainable.

During the period under review, the Group's gross rental income in Hong Kong amounted to HK\$536.6 million, a decrease of 8.7% to the same period of last year. The decrease was mainly due to the closure of New World Centre in Tsim Sha Tsui for redevelopment in 2010. All other major projects in the Group's investment portfolio attained satisfactory occupancy.

K11 Art Mall that operated since December 2009 has achieved satisfactory record in both sales volume and patronage in the first year riding on the buoyant economic condition. The current average patronage has exceeded 300,000 per week, representing a 32% year-on-year growth. K11 Art Mall's sales volume in December 2010 has achieved more than double as compared with the same period last year, soared over 80% from June 2010, and it represented a 25% growth when compared with October 2010 which was the high spending season for Mainland customers. Meanwhile, some key tenants have even recorded an average of double sales volume growth.

New World Centre, the Group's landmark building standing on the tip of Kowloon at the waterfront, was closed for redevelopment after 32 years of operation in 2010. The existing buildings will be demolished and redeveloped in phases.

To strengthen the Hong Kong investment property portfolio, the Group has entered into an agreement in purchasing the remaining 50% interest in the 470,000 sq ft GFA Discovery Park Shopping Mall and its 1,000 car parking spaces in December 2010.

Hotel Operations

Hong Kong tourism industries experienced a strong rebound in 2010, mainly due to the steady recovery of the global economy and the appreciation of Renminbi against Hong Kong dollar. A remarkable growth in visitor arrivals was recorded since the beginning of 2010. Travellers from Mainland China, as well as long-haul markets have been growing at outstanding rates. According to the figures released by The Hong Kong Tourism Board, total visitor arrivals to Hong Kong have increased by 22% year-on-year to the all time high 36 million in 2010.

Increases in business and vacation travellers to Hong Kong have continuously stimulated the demand in local hospitality services, which led to a growth in the Group's hotel occupancies and significant improvement in average room rates since the end of the second quarter of 2010. During the period under review, the two new hotels launched in 2009, namely Hyatt Regency Hong Kong, Tsim Sha Tsui and Hyatt Regency Hong Kong, Sha Tin, achieved satisfactory performances with over 83% in occupancy and the average room rate increased over 24% year-on-year.

In July 2010, New World Hotels launched fresh corporate identity as New World Hospitality to oversee the expansion of the dynamic New World Hotels and pentahotels' brands, with the goal of becoming recognized as a distinctive hospitality icon within the region and internationally.

In January 2011, New World Hospitality assumed management of the pentahotel Beijing (previously known as Courtyard by Marriott Beijing). Furthermore, the disposal of New World Hotel, Xian was completed during the period under review. Currently, 10 hotels of the Group are managed by New World Hospitality.

As part of its commitment to provide excellent products and services to the guests, Renaissance Harbour View Hotel in Hong Kong has commenced renovation in phases during the period under review.

New World China Land Limited ("NWCL")

In 1HFY2011, NWCL recorded a net profit of HK\$1,508.4 million, representing a 60.4% year-on-year increase. The improvement in operating results from sale of property and hotel operation, as well as the appreciation of Renminbi during the period under review, were the key factors contributed to the significant growth.

During the period under review, NWCL recorded sales volume reached 627,835 sq m, a 20% year-on-year increase with gross sale proceeds up 49% to approximately RMB5.27 billion. The contributions to property sales were mainly from Shenyang New World Garden and Guangzhou New World Oriental Garden. Moreover, the continuous improvement in overall gross profit margin had also achieved in 1HFY2011, with 15 percentage points growth year-on-year to 37%.

In 1HFY2011, NWCL has completed five property development projects in Shenyang, Shanghai, Guangzhou and Guiyang, with a total GFA of 754,970 sq m, representing a 143% increase year-on-year.

NWCL rental operation recorded a drop in contribution, which was mainly due to the reduction of rental rate upon renewal of tenancy at Beijing New World Centre shopping mall and decrease in rentable area of service apartment and office space at Beijing New World Centre upon sales. The pre-mature operating results of newly opened Wuhan K11 Gourmet Tower and Beijing Baoding Centre shopping mall also adversely affected the performance in rental operations.

NWS Holdings Limited ("NWSH")

NWSH achieved a profit attributable to shareholders of HK\$2,391.2 million for 1HFY2011, an increase of 3.7% year-on-year.

Infrastructure

Average traffic flow of Guangzhou City Northern Ring Road jumped 51% in the current period, after the partial closure of the expressway for its major repair and maintenance works carried out from July 2009 to November 2009 in the prior period. Average daily traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Shenzhen-Huizhou Roadway and Expressway grew by 11% and 37% respectively, as compared to the same period of last year. Phase two of Guangzhou-Zhaoqing Expressway was completed in September 2010. Meanwhile, the new road project Guangzhou Dongxin Expressway has commenced operation in December 2010.

Apart from the increased fuel costs, performance of Zhujiang Power Plants was further affected by a drop in combined electricity sales of 14% as a result of lower demand during the Asian Games period. Electricity sales of Chengdu Jintang Power Plant reported a 20% growth in the current period. Contribution from Guangzhou Fuel Company rose significantly on the strength of the booming coal market during the current period. Electricity sales of Macau Power registered a stable growth of 2%. The concession rights of Macau Power were renewed successfully in November 2010 for 15 years.

Contribution from water projects in Mainland China continued to serve as the growth engine for the infrastructure segment. Sales volume of Tanggu Water Plant, Changshu Water Plant and Chongqing Water Plants increased by 9%, 6% and 9% respectively. Water sales revenue was also benefited from the tariff hike of several water plants in 2010. The contribution from Chongqing Water Group also saw satisfactory growth during the current period, mainly due to the accelerated development pace in Chongqing.

The throughput of Xiamen New World Xiangyu Terminals Co., Ltd increased by 6% to 397,000 TEUs due to improvement in trade activities. However, the average tariff dropped during the current period as market competition intensified in Xiamen. In Hong Kong, occupancy rate at ATL Logistics Centre ("ATL") dropped from 97% to 95% while average rental also fell by 2% during the current period. Nevertheless, benefiting from the higher storage income generated from cargo volume pick-up in 2010 and cost savings initiatives, ATL managed to maintain its contribution during the current period.

China United International Rail Containers Co., Ltd. ("CUIRC") is developing strongly as more new terminals have come on stream. A total of nine rail terminals in Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan, Xian and Shanghai (to be injected into the JV by the Ministry of Railways) are operational. An aggregate throughput of 595,000 TEUs was recorded in the current period, increasing from 110,000 TEUs in the last period during which only Kunming terminal was operational. Overall, CUIRC has reached almost breakeven position in the current period. All 18 rail container terminals are scheduled to be completed by end of 2012.

Service

Following the disposal of its facility services businesses, the Facilities Management division now comprises mainly the Hong Kong Convention and Exhibition Centre and Free Duty. The negative impact resulting from the loss of profit contributions from the disposed facility services businesses was fully compensated by the outstanding performance of duty free business.

Despite the negative impact on sales created by the new cigarette entry restriction for all arrival passengers, Free Duty's tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong is expected to continue to achieve outstanding results. Passenger traffic volume through Lo Wu, Lok Ma Chau and Hung Hom reached 123 million during 2010, representing an increase of 8% over the previous year. The increased throughput, coupled with the increase in individual traveller's spending on duty-free goods, contributed to the significant growth in this business. Meanwhile, 618 events were held at the Hong Kong Convention and Exhibition Centre with total patronage in excess of 4.8 million during the current period. Most recurrent international trade exhibitions reflected growth in both gross exhibition space and overall attendance.

The contribution from construction business recorded a 57% decrease year-on-year, due to the provision of job costs for projects in Hong Kong and overseas. As at 31 December 2010, the gross value of contracts on hand for the construction business was approximately HK\$18.6 billion.

Strategic investments business, previously known as financial services, recorded a 16% increase in contribution during the period under review. Tricor achieved a steady growth in its corporate services and investor services businesses during the current period. It obtained about 38% of the total share of new listings from July 2010 to December 2010 in Hong Kong. The shareholding in Haitong International Securities Group Limited (previously known as Taifook Securities) dropped from approximately 61.86% to 8.97% after the disposal of 373,434,720 shares to Hai Tong (HK) Financial Holdings Limited in December 2009, resulting in a significant drop in profit contribution.

NWSH acquired an approximate 43.34% interest in Newton Resources Ltd ("Newton") during the current period. NWSH's interest in Newton was increased to approximately 55.02% in January 2011 and will further increase to 60% upon the completion of further acquisition. NWSH intends to hold the interest in Newton as a long-term investment and may develop natural resources as one of the NWSH's core businesses in the future.

New World Department Store China Limited ("NWDS")

In 1HFY2011, NWDS recorded a total revenue of HK\$1,283.9 million, an increase of 29.9% compared to the same period of last year. Profit attributable to shareholders was HK\$294.5 million, representing an increase of 8.3% year-on-year.

Commission income from concessionaire sales was the major type of income, accounting for 68.4% of total revenue. Proceeds from direct sales and rental income accounted for 20.3% and 7.5%, respectively. Management fees accounted for 3.8%. The Northern China Region contributed the most to the NWDS's revenue during the period under review, accounting for 31.7% of total revenue, followed by the Eastern China Region and Central China Region, which accounted for 26.9% and 25.2% of total revenue respectively.

During the period under review, NWDS has opened Beijing Qianzi Store in Beijing Shunyi District with GFA approximately 40,000 sq m. To tie in with future business development, NWDS acquired the operating right of Beijing Store and Chengdu Store in August 2010 and October 2010 respectively, converting the stores from a managed store to a self-owned store. Moreover, three post-interim operating right acquisitions of Changsha Trendy Plaza, Beijing Trendy Store and Chongqing Store in January 2011, will further consolidate NWDS development in the respective regions.

As at 31 December 2010, the business network of NWDS comprised a total of 28 self-owned stores and eight managed stores, with a total floor area of approximately 1,224,420 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.

Telecommunications

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 has improved NWT's time-to-market by responding faster to the dynamically changing business needs. NW iMedia has extended the service to mobile advertising area. SMS broadcast platform and iPhone application development have been launched.

In 1HFY2011, NWT had signed International Telecom Service Agreements with additional 51 preferred partners, making a total number of global partners to 400. These new partners provide opportunities for NWT to extend its wholesale business reach to new destinations. Meanwhile, in response to the growth of market demand, NWT expanded its Internet Data Centre in January 2011. The expansion will bring in an additional floor area of over 7,500 sq ft.

During the period under review, revenue performance of CSL New World Mobility growing by 24.3% compared to the prior period. This includes 7% growth in service revenue and 110% growth in hardware revenue. Operating expenses excluding depreciation and amortization grew by 45.7% as a result of higher handset related costs associated with increased smart-phone penetration and the expansion of our customer base, and a one-off adjustment due to a favourable dispute settlement included in the prior corresponding half that resulted in a lower expense base. EBITDA declined by 26.0% due to the one-off adjustment in the first half of the prior year mentioned above.

New World Strategic Investment Limited ("NWSI")

NWSI continues to identify investment projects with development potential in various areas. Capturing the opportunities arising from the strong growth in renewable energy, in 2009, NWSI invested in Hua Feng Wind Power Holdings Limited ("Hua Feng") which is a leading company in the wind energy industry in China. Hua Feng is principally engaged in the design, development, manufacturing and distribution of rotor blades for MW-class wind turbines. Its customers include reputable wind turbines manufacturers in the world. With rising concern over energy shortages, environmental threat posed by global warming and emissions of greenhouse gases, there has been growing pressure in the power generation industry for improved energy savings and emission reductions. This has translated into vast growth potential for Hua Feng in the renewable power generation industry.

ShiFang Holding Limited ("ShiFang", Hong Kong stock code: 1831), one of NWSI's investments, was successfully listed on the Main Board of the Stock Exchange of Hong Kong on 3 December 2010. ShiFang is an integrated media solution provider serving advertisers from a diversified spectrum of consumer industries through its cross-province network of newspapers, television and radio broadcasting stations in fast-growing second-tier and third-tier cities of China. Amid the robust growth of China consumer market and the ongoing reform of the PRC press and publication industry, it is believed that ShiFang will continuously enjoy incredible business growth in the future.

New World China Enterprises Projects Limited ("NWCEP")

NWCEP acts as project manager for a China focused private equity fund, namely New World Liberty China Ventures Limited. The total accumulated investment amount of NWCEP is about US\$163 million for over 20 projects.

New World TMT Limited ("NWTMT")

To capitalize on the China policies in supporting the development of TMT sectors and accelerating the growth of seven strategic emerging industries, NWTMT will continue to grasp the opportunities in the TMT areas and focus on profit generating services and applications in the Greater China TMT arena. NWTMT will continue to leverage on its expertise in the TMT arena to expand the portfolio scope including the expansion of IT outsourcing and system integration services.

Outlook

The latest round of tightening measures implemented by the Hong Kong SAR Government was intended to ease property speculation and minimize the default risk in property mortgage. The measures had triggered a short-term market consolidation. A volume contraction in secondary transactions was experienced immediately. Nevertheless, the recent gradual recovery in secondary sales reinforces the market confidence towards the upcoming new launches. Low interest rate, strong liquidity and in particular tight future supply are expected to sustain the concrete market demand. Our competitive projects, mostly at prime locations, in the pipeline will be gradually launched to satisfy the market demand. On the backdrop, the risk of the potential counter inflation policies by US and Central governments may create ripples to the property market.

Hong Kong office and retail rental market demonstrates a strong rebound in recent months. Vibrant economy has stimulated the office leasing demand in prime areas, which in turn fuels the up-tick of rental rents. The outstanding Hong Kong private consumption expenditure figures associated with the spectacular 30.5% year-on-year growth in total tourism expenditure in 2010 are undoubtedly enhancing the growth momentum in retail rental market, especially in those tourist-related clusters. Riding on the global economic rebound and the significant increase in visitor arrivals, steady development in Hong Kong hotel occupancies and average room rates are widely expected. Travellers from Mainland China are definitely the key catalyst for future growth.

A number of austerity measures on the Mainland property market have been rolled out by the Central Government since April 2010 for curbing speculation and thus stabilizing property prices and market development. It is expected by the market that the Central Government will further fine-tune those austerity measures in order to consolidate and enhance the positive result of austerity and effectively manage inflation. It is expected that adjustment in policies will continue in due regard to the situation of the Mainland China and the global economic development, with a view to ensuring stable development of the market.

For the domestic property market, urban redevelopment projects have created strong ample demand for property housing in second and third tier cities, where property prices are at a healthy level on the whole and which we consider to have more potential. NWCL's pioneered geographic diversification to enter cities such as Changsha, Chengdu and Guiyang, in several big moves back in FY2006, spreading out the NWCL's presence across cities of various tiers in the Mainland China. These new projects were first launched in 2009 and have contributed increasing profit since then.

For first-tier cities, the austerity policies play the role of adjustment in leading the property market back to a more rational position and responding to the vast demand for self-occupied housing units from the market. Some products with practical layout design and catering to the needs of the market have created ample room for development under the influence of the policies. In parallel to the development of high-end projects, NWCL will continue to adhere to the notion of diversified property development and continue to launch quality products suiting the general public. By such dual development, we will be able to satisfy the requirements of home purchasers in terms of area and functionality.

Market expects China to maintain a double digit growth in GDP in 2011 and Hong Kong will likewise continue to perform well in most business sectors. NWSH will take note of this trend and capitalize on its strong connection with the Mainland economy to further develop its businesses in Mainland China. At the same time, it will make every effort to enhance its operational efficiency in order to capture the uptrend in the exhibition and retail sectors in Hong Kong.

The proposal of The Twelfth Five-year plan indicated that China will concentrate on stimulation of demands for consumption so as to expand the domestic demand in the next five years, further releasing the spending potential of urban residents. Such maneuvers create a favourable atmosphere for the development of domestic retail industry. Hence, NWDS is optimistic for future development of the department store sector and will continue to stick to our 'Multiple Presences in a Single City' and 'Radiation City' strategies to expand the business gradually by opening two to three new self-owned stores, contributing about 100,000–120,000 sq m GFA in total each year as well as acquiring two to three stores from existing managed stores and/or other potential projects from third party.

During the period under review, the rebranding programme of NWDS is in full swing, both the traffic flow and same-store-sales growth in the current period of rebranded stores showed improvement. The same-store-sales growth was significantly surged to 11.9% as compared to 2.7% of the same period of last year, reflecting positive effect from rebranding programme towards uplifting the edge of store. NWDS will keep an eye on the development trend and consumption pattern of China's retail market, then to formulate suitable strategy for the time being, so as to strive for a more stable and sustainable business growth in long run.

To increase synergy of the Group companies, NWCL, NWDS, New World Hospitality of New World Group together with Chow Tai Fook Jewellery Company Limited, our affiliate company, have presented joint VIP membership programme in Mainland China, which allows sharing of VIP privileges among various parties while enhancing loyalty of our VIP customers. In September 2010, the "Perfect Wedding • Perfect Life" campaign was first launched in Wuhan and it is one of the successive activities of the joint VIP membership programme. Since September 2010, a series of related activities have been held in Shenyang, Anshan, Wuhan, Changsha, Chengdu, Guangzhou and Shunde under the campaign.

Dr. Cheng Kar-Shun, Henry

Managing Director

Hong Kong, 28 February 2011

Condensed Consolidated Income Statement – Unaudited

	Note	For the six months ended	
		31 December	
		2010	2009
		HK\$m	HK\$m
			(Restated)
Revenues	2	15,076.1	12,116.8
Cost of sales		(9,131.7)	(7,986.9)
Gross profit		5,944.4	4,129.9
Other income		29.8	12.6
Other gains, net		610.7	2,446.9
Selling and marketing expenses		(358.1)	(339.4)
Administrative expenses		(780.5)	(1,130.9)
Other operating expenses		(1,535.2)	(1,301.3)
Changes in fair value of investment properties		1,974.3	2,369.1
Operating profit	3	5,885.4	6,186.9
Financing income		207.2	319.0
Financing costs		(417.7)	(465.9)
		5,674.9	6,040.0
Share of results of			
Jointly controlled entities		1,331.1	1,460.9
Associated companies		448.8	560.2
Profit before taxation		7,454.8	8,061.1
Taxation	4	(1,403.1)	(636.1)
Profit for the period		6,051.7	7,425.0
Attributable to:			
Shareholders of the Company		4,353.3	5,735.0
Non-controlling interests		1,698.4	1,690.0
		6,051.7	7,425.0
Dividend		396.9	390.1
Earnings per share (HK\$)	5		
Basic		1.10	1.48
Diluted		1.10	1.47

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	For the six months ended	
	31 December	
	2010	2009
	HK\$m	HK\$m
		(Restated)
Profit for the period	6,051.7	7,425.0
Other comprehensive income		
Fair value changes on available-for-sale financial assets	619.8	463.1
– deferred tax arising on fair value changes	(21.3)	(25.7)
Impairment loss on available-for-sale financial assets	(6.6)	–
Revaluation of property upon reclassification from property, plant and equipment to investment properties	2.4	–
– deferred tax thereof	(0.6)	–
Release of reserve upon disposal of assets held for sale	(156.6)	–
Release of reserve upon disposal of available-for-sale financial assets	(229.9)	(91.1)
– reversal of deferred tax thereof	–	19.1
Release of exchange reserve upon disposal of subsidiaries	(10.0)	–
Share of other comprehensive income of jointly controlled entities	2.7	60.2
Cash flow hedges	53.5	–
Translation differences	735.1	(8.8)
Other comprehensive income for the period	988.5	416.8
Total comprehensive income for the period	7,040.2	7,841.8
Attributable to:		
Shareholders of the Company	5,057.7	6,181.2
Non-controlling interests	1,982.5	1,660.6
	7,040.2	7,841.8

Condensed Consolidated Statement of Financial Position – Unaudited

	Note	As at 31 December 2010 HK\$m	As at 30 June 2010 HK\$m (Restated)
ASSETS			
Non-current assets			
Investment properties		44,468.3	41,083.0
Property, plant and equipment		9,259.0	9,015.9
Land use rights		2,709.9	2,646.1
Intangible concession rights	7	761.1	774.0
Intangible assets	8	1,626.5	1,490.1
Interests in jointly controlled entities		32,300.5	30,723.1
Interests in associated companies		11,222.1	10,018.9
Available-for-sale financial assets		6,577.8	6,167.2
Held-to-maturity investments		281.7	281.9
Financial assets at fair value through profit or loss		229.2	270.8
Derivative financial instruments		113.0	172.1
Properties for development		16,642.1	15,668.2
Deferred tax assets		716.7	650.8
Other non-current assets		701.8	1,294.3
		127,609.7	120,256.4
Current assets			
Properties under development		23,435.8	25,409.0
Properties held for sale		13,774.3	11,058.9
Inventories		487.9	409.2
Debtors and prepayments	9	18,642.1	16,815.2
Financial assets at fair value through profit or loss		170.3	55.3
Restricted bank balances		124.7	91.0
Cash and bank balances		20,478.2	23,508.6
		77,113.3	77,347.2
Non-current assets classified as assets held for sale	10	1,520.0	2,376.5
		78,633.3	79,723.7
Total assets		206,243.0	199,980.1

Condensed Consolidated Statement of Financial Position – Unaudited (Continued)

	Note	As at 31 December 2010 HK\$m	As at 30 June 2010 HK\$m (Restated)
EQUITY			
Share capital	11	3,968.9	3,918.0
Reserves		89,697.5	84,377.5
Proposed final dividend		–	1,097.0
Interim dividend		396.9	–
Shareholders' funds		94,063.3	89,392.5
Non-controlling interests		26,993.3	25,493.8
Total equity		121,056.6	114,886.3
LIABILITIES			
Non-current liabilities			
Long-term borrowings	12	37,047.4	39,083.3
Deferred tax liabilities		4,897.1	4,493.0
Derivative financial instruments		441.0	308.0
Other non-current liabilities		491.2	402.6
		42,876.7	44,286.9
Current liabilities			
Creditors and accrued charges	13	22,102.6	23,960.9
Current portion of long-term borrowings	12	8,447.2	5,194.5
Short-term borrowings	12	8,298.1	8,041.5
Current tax payable		2,286.9	2,315.6
		41,134.8	39,512.5
Liabilities directly associated with assets held for sale	10	1,174.9	1,294.4
		42,309.7	40,806.9
Total liabilities		85,186.4	85,093.8
Total equity and liabilities		206,243.0	199,980.1
Net current assets		36,323.6	38,916.8
Total assets less current liabilities		163,933.3	159,173.2

Condensed Consolidated Cash Flow Statement – Unaudited

	Six months Ended	
	31 December	
	2010	2009
	HK\$m	HK\$m
Net cash (used in)/generated from operating activities	(1,715.2)	9,862.2
Net cash (used in)/generated from investing activities	(2,721.7)	3,137.8
Net cash generated from/(used in) financing activities	1,996.2	(1,725.1)
(Decrease)/increase in cash and cash equivalents	(2,440.7)	11,274.9
Cash and cash equivalents at beginning of the period	22,805.8	13,309.8
Effect of foreign exchange rate changes	113.1	(24.9)
Cash and cash equivalents at end of the period	20,478.2	24,559.8
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	20,478.2	24,559.8

Condensed Consolidated Statement of Changes in Equity – Unaudited

	Share capital HK\$m	Share premium HK\$m	Retained profits HK\$m	Other reserves HK\$m	Shareholders' funds HK\$m	Non-controlling interests HK\$m	Total equity HK\$m
For the six months ended							
31 December 2010							
At 1 July 2010, as previously reported	3,918.0	29,608.6	43,430.2	9,394.2	86,351.0	25,338.5	111,689.5
Prior year adjustments in respect of changes in accounting policies	-	-	3,041.5	-	3,041.5	155.3	3,196.8
At 1 July 2010, as restated	3,918.0	29,608.6	46,471.7	9,394.2	89,392.5	25,493.8	114,886.3
Comprehensive income							
Profit for the period	-	-	4,353.3	-	4,353.3	1,698.4	6,051.7
Other comprehensive income							
Change in fair value of available-for-sale financial assets, net of taxation	-	-	-	577.2	577.2	21.3	598.5
Disposal of assets held for sale	-	-	-	(155.3)	(155.3)	(1.3)	(156.6)
Impairment of available-for-sale financial assets	-	-	-	(6.6)	(6.6)	-	(6.6)
Disposal of available-for-sale financial assets	-	-	-	(223.3)	(223.3)	(6.6)	(229.9)
Disposal of subsidiaries	-	-	-	(10.0)	(10.0)	-	(10.0)
Transfer of owner occupied portion of properties to investment properties, net of taxation	-	-	-	1.8	1.8	-	1.8
Share of changes in other reserves of a jointly controlled entity	-	-	-	1.5	1.5	1.2	2.7
Cash flow hedges	-	-	-	31.4	31.4	22.1	53.5
Translation differences	-	-	-	487.7	487.7	247.4	735.1
Other comprehensive income for the period	-	-	-	704.4	704.4	284.1	988.5
Total comprehensive income for the period	-	-	4,353.3	704.4	5,057.7	1,982.5	7,040.2
Transactions with owners							
Contributions by and distributions to owners							
Dividend paid	-	-	(1,097.0)	-	(1,097.0)	(449.8)	(1,546.8)
Issue of new shares as scrip dividends	50.9	689.6	-	-	740.5	-	740.5
Employees' share-based payments	-	-	-	9.8	9.8	2.3	12.1
Share option lapsed	-	-	2.2	(2.2)	-	-	-
Redemption of convertible bonds	-	-	0.8	(1.1)	(0.3)	-	(0.3)
Transfer of reserves	-	-	(32.7)	32.7	-	-	-
	50.9	689.6	(1,126.7)	39.2	(347.0)	(447.5)	(794.5)
Change in ownership interests in subsidiaries							
Acquisition of additional interests in subsidiaries	-	-	(41.8)	-	(41.8)	(90.6)	(132.4)
Deemed disposal of interests in subsidiaries	-	-	1.9	-	1.9	55.1	57.0
	-	-	(39.9)	-	(39.9)	(35.5)	(75.4)
Total transactions with owners	50.9	689.6	(1,166.6)	39.2	(386.9)	(483.0)	(869.9)
At 31 December 2010	3,968.9	30,298.2	49,658.4	10,137.8	94,063.3	26,993.3	121,056.6

Condensed Consolidated Statement of Changes in Equity – Unaudited (Continued)

	Share capital HK\$m	Share premium HK\$m	Retained profits HK\$m	Other reserves HK\$m	Shareholders' funds HK\$m	Non-controlling interests HK\$m	Total equity HK\$m
For the six months ended							
31 December 2009							
At 1 July 2009, as previously reported	3,867.3	28,938.8	32,863.4	8,742.8	74,412.3	23,070.7	97,483.0
Prior year adjustments in respect of changes in accounting policies	–	–	2,255.5	–	2,255.5	133.6	2,389.1
At 1 July 2009, as restated	3,867.3	28,938.8	35,118.9	8,742.8	76,667.8	23,204.3	99,872.1
Comprehensive income							
Profit for the period	–	–	5,735.0	–	5,735.0	1,690.0	7,425.0
Other comprehensive income							
Change in fair value of available-for-sale financial assets, net of taxation	–	–	–	551.2	551.2	(113.8)	437.4
Release of reserve upon disposal of available-for-sale financial assets, net of taxation	–	–	–	(91.1)	(91.1)	19.1	(72.0)
Share of other comprehensive income of jointly controlled entities	–	–	–	(11.5)	(11.5)	71.7	60.2
Translation differences	–	–	–	(2.4)	(2.4)	(6.4)	(8.8)
Other comprehensive income for the period	–	–	–	446.2	446.2	(29.4)	416.8
Total comprehensive income for the period	–	–	5,735.0	446.2	6,181.2	1,660.6	7,841.8
Transactions with owners							
Contributions by and distributions to owners							
Dividend paid	–	–	(812.1)	–	(812.1)	(135.9)	(948.0)
Contributions from non-controlling shareholders	–	–	–	–	–	1,365.7	1,365.7
Employees' share-based payments	–	–	–	(24.4)	(24.4)	(9.1)	(33.5)
Share option lapsed	–	–	2.0	(2.0)	–	–	–
Redemption of convertible bonds	–	–	1.2	(6.1)	(4.9)	–	(4.9)
Transfer of reserves	–	–	(12.6)	12.6	–	–	–
	–	–	(821.5)	(19.9)	(841.4)	1,220.7	379.3
Change in ownership interests in subsidiaries							
Acquisition of subsidiaries	–	–	–	10.0	10.0	4.3	14.3
Disposal of subsidiaries	–	–	–	(10.3)	(10.3)	(847.5)	(857.8)
	–	–	–	(0.3)	(0.3)	(843.2)	(843.5)
Total transactions with owners	–	–	(821.5)	(20.2)	(841.7)	377.5	(464.2)
At 31 December 2009, as restated	3,867.3	28,938.8	40,032.4	9,168.8	82,007.3	25,242.4	107,249.7

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 on The Stock Exchange of Hong Kong Limited (“the Hong Kong Stock Exchange”) (the “Listing Rules”). The interim financial statements should be read in conjunction with the June 2010 annual financial statements.

The accounting policies used in the preparation of these interim financial statements are consistent with those set out in the annual report for the year ended 30 June 2010 except for the adoption of the amendments to standards and interpretations, which are further explained below.

For the year ended 30 June 2010, the Group early adopted HKAS 32 Amendment “Classification of Rights Issues”. For the six months ended 31 December 2010, the Group has adopted the following amendments to standards and interpretations which are mandatory for the financial year ending 30 June 2011:

HKFRSs Amendments	Improvements to HKFRSs 2009
HKFRS 1 Amendment	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
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
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

In addition, the Group has early adopted HKAS 12 Amendment “Deferred Tax: Recovery of Underlying Assets” which is effective for the financial year beginning on 1 July 2012.

The adoption of HKAS 17 Amendment (as included in Improvements to HKFRSs 2009), HK – Int 5 and HKAS 12 Amendment has resulted in a change in the accounting policies and has been applied retrospectively. The adoption of other amendments and interpretations does not have any significant effect on the results and financial position of the Group. The details of the changes are set out below.

HKAS 17 Amendment	Classification of Leases of Land and Buildings
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The improvements to HKFRSs 2009 include an amendment to HKAS 17 “Leases”, which deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under “Leasehold land and land use rights”, and amortised over the lease term.

The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 July 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease. Such land interest of the Group that is held for own use is accounted for as “Property, plant and equipment” and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.

HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
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HK – Int 5 is a clarification of an existing standard, HKAS 1 “Presentation of Financial Statements”. This interpretation requires that loans subject to loan agreements containing a clause which gives the lenders the unconditional right to demand repayment at any time should be classified as current liabilities, irrespective of the probability that the lenders will invoke the clause.

The Group has reassessed the classification of borrowings according to HK – Int 5 and certain bank borrowings have been reclassified as current liabilities.

1. Basis of preparation and accounting policies (Continued)

HKAS 12 Amendment

Deferred Tax: Recovery of Underlying Assets

The amendment introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Prior to the amendment, deferred taxation on investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of investment properties through use.

The Group has reassessed the measurement of deferred taxation by applying the rebuttable presumption that the carrying amount of investment property will be recovered through sale, or rebutting this presumption, where appropriate.

The effects of the changes in the accounting policies following the adoption of HKAS 12 Amendment on the condensed consolidated income statement are as follows:

	For the six months ended 31 December 2010 HKAS 12 Amendment HK\$m	For the six months ended 31 December 2009 HKAS 12 Amendment HK\$m
Increase in profit for the period		
Share of results of jointly controlled entities	13.6	17.0
Share of results of associated companies	22.6	20.0
Profit before taxation	36.2	37.0
Taxation	254.1	357.1
Profit for the period	290.3	394.1
Attributable to:		
Shareholders of the Company	272.4	388.9
Non-controlling interests	17.9	5.2
	290.3	394.1
Earnings per share (HK\$)		
Basic	0.07	0.10
Diluted	0.07	0.10

1. Basis of preparation and accounting policies (Continued)

The effects of the changes in the accounting policies following the adoption of the relevant amendments to standards and interpretations stated above on the condensed consolidated statement of financial position are as follows:

	As at 31 December 2010				As at 30 June 2010			
	HKAS 17 Amendment	HK-Int 5	HKAS 12 Amendment	Total	HKAS 17 Amendment	HK-Int 5	HKAS 12 Amendment	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Increase/(decrease) in:								
Property, plant and equipment	1,861.4	-	-	1,861.4	1,882.6	-	-	1,882.6
Land use rights	(1,861.4)	-	-	(1,861.4)	(1,882.6)	-	-	(1,882.6)
Interests in jointly controlled entities	-	-	44.9	44.9	-	-	31.3	31.3
Interests in associated companies	-	-	333.2	333.2	-	-	310.6	310.6
Deferred tax assets	-	-	30.7	30.7	-	-	28.3	28.3
Total assets	-	-	408.8	408.8	-	-	370.2	370.2
Reserves	-	-	3,313.9	3,313.9	-	-	3,041.5	3,041.5
Non-controlling interests	-	-	173.2	173.2	-	-	155.3	155.3
Total equity	-	-	3,487.1	3,487.1	-	-	3,196.8	3,196.8
Long-term borrowings	-	(5,073.9)	-	(5,073.9)	-	(5,630.9)	-	(5,630.9)
Deferred tax liabilities	-	-	(3,078.3)	(3,078.3)	-	-	(2,826.6)	(2,826.6)
Current portion of long-term borrowings	-	(5,073.9)	(3,078.3)	(8,152.2)	-	(5,630.9)	(2,826.6)	(8,457.5)
Short-term borrowings	-	(1,415.0)	-	(1,415.0)	-	(428.8)	-	(428.8)
Total liabilities	-	-	(3,078.3)	(3,078.3)	-	-	(2,826.6)	(2,826.6)
Total equity and liabilities	-	-	408.8	408.8	-	-	370.2	370.2

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 July 2011 or later periods of which the Group has not early adopted:

Effective for the year ending 30 June 2012 or after

HKFRSs Amendments	Improvements to HKFRSs 2010
HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendment	Disclosure – Transfers of Financial Assets
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.

2. Revenues and segment information

Revenues (representing turnover) recognised during the period are as follows:

	For the six months ended	
	31 December	
	2010	2009
	HK\$m	HK\$m
Revenues		
Property sales	7,505.9	2,755.7
Rental	766.3	790.9
Contracting	1,873.1	2,692.5
Provision of services	1,596.3	2,709.7
Infrastructure operations	143.9	124.8
Hotel operations	1,368.8	1,230.1
Department store operations	1,360.2	1,335.8
Telecommunication services	354.5	374.4
Others	107.1	102.9
Total	15,076.1	12,116.8

The Executive Committee of the Company, being the chief operating decision-maker, determines and reviews the Group's internal reporting in order to assess performance and allocate resources. The operating segments are determined based on the afore-mentioned internal reporting. The Executive Committee considers the business from product and service perspective, which comprises property development, property investment, service, infrastructure, hotel operations, department stores, telecommunications and others (including media and technology businesses) segments.

The Executive Committee assesses the performance of the operating segments based on each segment's operating profit. The measurement of segment operating profit excludes the effects of changes in fair value of investment properties, unallocated corporate expenses and non-recurring events. In addition, financing income and costs are not allocated to segments.

Sales between segments are carried out in accordance with terms agreed by the parties involved.

2. Revenues and segment information (Continued)

	Property development HK\$m	Property investment HK\$m	Service HK\$m	Infra- structure HK\$m	Hotel operations HK\$m	Department stores HK\$m	Telecom- munications HK\$m	Others HK\$m	Con- solidated HK\$m
For the six months ended									
31 December 2010									
Total revenues	7,505.9	851.8	4,716.5	143.9	1,368.8	1,360.2	385.4	107.1	16,439.6
Inter – segment	-	(85.5)	(1,247.1)	-	-	-	(30.9)	-	(1,363.5)
Revenues – external	7,505.9	766.3	3,469.4	143.9	1,368.8	1,360.2	354.5	107.1	15,076.1
Segment results	2,196.0	492.5	431.0	47.3	228.0	287.6	(14.6)	(20.3)	3,647.5
Other gains, net									610.7
Changes in fair value of investment properties									1,974.3
Unallocated corporate expenses									(347.1)
Operating profit									5,885.4
Financing income									207.2
Financing costs									(417.7)
									5,674.9
Share of results of									
Jointly controlled entities	4.7	190.4	15.1	1,162.9	2.7	-	-	(44.7)	1,331.1
Associated companies	11.3	179.0	172.8	23.9	0.1	-	41.3	20.4	448.8
Profit before taxation									7,454.8
Taxation									(1,403.1)
Profit for the period									6,051.7
As at 31 December 2010									
Segment assets	66,616.8	45,114.1	8,211.1	2,579.6	5,801.7	5,637.7	594.1	6,732.7	141,287.8
Interests in jointly controlled entities	4,544.1	9,052.7	1,966.0	15,052.4	1,254.1	-	-	431.2	32,300.5
Interests in associated companies	1,178.0	2,537.4	4,982.7	351.0	119.7	-	2,009.9	43.4	11,222.1
Unallocated assets									21,432.6
Total assets									206,243.0
Segment liabilities	10,974.1	1,101.0	4,847.2	137.8	1,431.1	3,846.2	184.9	1,246.4	23,768.7
Unallocated liabilities									61,417.7
Total liabilities									85,186.4
For the six months ended									
31 December 2010									
Additions to non-current assets (Note a)	1,883.2	1,215.9	44.8	-	5.6	475.5	49.3	1.9	3,676.2
Depreciation and amortisation	11.4	14.6	53.4	35.4	173.6	135.6	23.9	8.5	456.4
Impairment charge and provision	225.6	-	-	-	-	-	-	5.2	230.8

2. Revenues and segment information (Continued)

	Property development HK\$m	Property investment HK\$m	Service HK\$m	Infra- structure HK\$m	Hotel operations HK\$m	Department stores HK\$m	Telecom- munications HK\$m	Others HK\$m	Con- solidated HK\$m
For the six months ended									
31 December 2009 (Restated)									
Total revenues	2,755.7	853.4	6,250.4	124.8	1,230.1	1,335.8	404.2	102.9	13,057.3
Inter-segment	-	(62.5)	(848.2)	-	-	-	(29.8)	-	(940.5)
Revenues - external	2,755.7	790.9	5,402.2	124.8	1,230.1	1,335.8	374.4	102.9	12,116.8
Segment results	236.4	515.2	626.3	(6.6)	113.0	282.5	(11.7)	(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	364.5	298.0	115.4	673.9	6.9	-	-	2.2	1,460.9
Associated companies	7.6	163.2	290.8	14.2	(3.7)	(0.2)	82.7	5.6	560.2
Profit before taxation									8,061.1
Taxation									(636.1)
Profit for the period									7,425.0
As at 30 June 2010 (Restated)									
Segment assets	64,699.8	40,222.6	9,620.8	880.9	5,785.9	5,396.1	1,244.2	6,965.3	134,815.6
Interests in jointly controlled entities	4,920.6	8,167.3	2,180.7	13,651.5	1,398.4	-	-	404.6	30,723.1
Interests in associated companies	1,026.3	2,540.1	3,820.6	309.3	120.4	-	2,146.8	55.4	10,018.9
Unallocated assets									24,422.5
Total assets									199,980.1
Segment liabilities	14,521.2	945.9	5,398.1	151.4	1,236.8	2,290.7	166.4	947.4	25,657.9
Unallocated liabilities									59,435.9
Total liabilities									85,093.8
For the six months ended									
31 December 2009									
Additions to non-current assets (Note a)	1,290.9	1,156.0	100.4	18.2	69.5	99.1	98.1	20.1	2,852.3
Depreciation and amortisation	50.1	16.7	63.5	34.0	156.7	93.4	23.3	11.7	449.4
Impairment charge and provision	51.9	13.8	30.5	-	2.0	-	-	39.9	138.1

Note a: Additions to non-current assets represent additions to non-current assets other than financial instruments (including interests in jointly controlled entities and interests in associated companies), deferred tax assets and retirement benefit assets.

2. Revenues and segment information (Continued)

	Revenues For the six months ended 31 December 2010 HK\$m	Non-current assets (Note b) As at 31 December 2010 HK\$m
Hong Kong	7,354.9	40,835.5
Mainland China	7,660.7	33,135.1
Macau and others	60.5	767.2
	15,076.1	74,737.8
	For the six months ended 31 December 2009 HK\$m	As at 30 June 2010 HK\$m
Hong Kong	6,429.7	40,583.1
Mainland China	5,145.4	29,397.3
Macau and others	541.7	696.9
	12,116.8	70,677.3

The Group's revenues and non-current assets attributable 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 Macau and others.

Note b: Non-current assets represent non-current assets other than financial instruments (including interests in jointly controlled entities and interests in associated companies), deferred tax assets and retirement benefit assets.

3. Operating profit

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

	For the six months ended	
	31 December	
	2010	2009
	HK\$m	HK\$m
Other investment income	29.8	12.6
Gain on remeasuring previously held interests of jointly controlled entities at fair value upon further acquisition as subsidiaries	–	513.3
Excess of fair value of net assets acquired over the cost of acquisition of interests in subsidiaries	–	483.7
Gain on fair value of financial assets at fair value through profit or loss	–	253.5
Net profit on disposal of		
Non-current assets classified as assets held for sale	289.0	20.6
Available-for-sale financial assets	485.4	225.1
Subsidiaries	24.8	936.7
Gain on remeasuring non-controlling interests retained at fair value after disposal of partial interest in a subsidiary	–	105.8
Cost of inventories sold	(5,384.9)	(3,762.3)
Depreciation and amortisation	(456.4)	(449.4)
Impairment charge on assets	(230.8)	(138.1)

4. Taxation

	For the six months ended	
	31 December	
	2010	2009
	HK\$m	HK\$m
		(Restated)
Current taxation		
Hong Kong profits tax	426.1	291.8
Mainland China and overseas taxation	483.6	269.7
Mainland China land appreciation tax	345.7	76.2
Deferred taxation	147.7	(1.6)
	1,403.1	636.1

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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, jointly controlled entities and associated companies operate. These rates range from 9% to 25% (2009: 9% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2009: 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 results of jointly controlled entities and associated companies is stated after deducting share of taxation of jointly controlled entities and associated companies of HK\$283.2 million and HK\$30.1 million (2009 Restated: HK\$351.5 million and HK\$46.7 million) respectively.

5. Earnings per share

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

	For the six months ended	
	31 December	
	2010	2009
	HK\$m	HK\$m
		(Restated)
Profit attributable to shareholders of the Company	4,353.3	5,735.0
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	-	-
Adjustment on the effect of dilution in the results of subsidiaries	(9.0)	(33.0)
Profit for calculating diluted earnings per share	4,344.3	5,702.0
	Number of shares (million)	
	2010	2009
Weighted average number of shares for calculating basic earnings per share	3,940.2	3,867.3
Effect of dilutive potential ordinary shares upon the conversion of convertible bonds and exercise of share options	-	-
Weighted average number of shares for calculating diluted earnings per share	3,940.2	3,867.3

The earnings per share for the six months ended 31 December 2009 have been adjusted to reflect the effect of bonus issue of shares of NWS Holdings Limited ("NWSH") in December 2010.

Diluted earnings per share for the six months ended 31 December 2010 and 2009 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 2010, the Group has acquired investment properties, property, plant and equipment, land use rights and intangible assets of HK\$1,797.2 million (2009 : HK\$1,561.4 million). The Group has disposed of investment properties, land use rights, and property, plant and equipment of net book value of HK\$113.0 million (2009 : HK\$185.4 million).

7. Intangible concession rights

	HK\$m
Net book value as at 1 July 2010	774.0
Translation differences	21.1
Amortisation	(34.0)
Net book value as at 31 December 2010	761.1

8 Intangible assets

	Goodwill HK\$m	Operating right HK\$m	Total HK\$m
Net book value as at 1 July 2010	961.7	528.4	1,490.1
Translation differences	6.3	–	6.3
Acquisition of subsidiaries	145.9	–	145.9
Disposal	–	(0.2)	(0.2)
Amortisation	–	(15.6)	(15.6)
Net book value as at 31 December 2010	1,113.9	512.6	1,626.5

9. Trade debtors

Aging analysis of trade debtors is as follows:

	As at 31 December 2010 HK\$m	As at 30 June 2010 HK\$m
Current to 30 days	1,073.1	992.9
31 to 60 days	217.8	142.8
Over 60 days	390.9	460.1
	1,681.8	1,595.8

The Group has different credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Sales 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.

10. Assets held for sale/liabilities directly associated with assets held for sale

On 11 June 2010, the Company's subsidiary, NWSH entered into agreements in respect of the disposal of certain non-core businesses under a management buyout arrangement, subject to certain conditions precedent. The disposal is divided into two tranches and the first tranche was completed on 27 July 2010 and a gain of HK\$186.6 million was taken up by NWSH during the current period. Assets and liabilities of the second tranche of the disposed businesses were reclassified as assets held for sale and liabilities directly associated with assets held for sale.

11. Share capital

	As at 31 December 2010		As at 30 June 2010	
	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	3,918.0	3,918.0	3,867.3	3,867.3
Issued as scrip dividends (<i>Note a</i>)	50.9	50.9	50.7	50.7
Balance at end of the period	3,968.9	3,968.9	3,918.0	3,918.0

Note:

a. *Scrip dividends*

During the period, 50,906,168 new shares were issued at HK\$14.5464 per share for the settlement of 2010 final scrip dividend.

b. *Share option scheme*

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. 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 at 31 December 2010 amounted to 131,468,183 and the number of share options lapsed amounted to 376,158 and there was an adjustment of increase of 3,857 due to the issue of scrip dividends for the six months ended 31 December 2010.

12. Borrowings

	As at 31 December 2010 HK\$m	As at 30 June 2010 HK\$m (Restated)
Long-term borrowings		
Secured bank loans	16,551.6	14,047.0
Unsecured bank loans	16,275.8	17,742.7
Convertible bonds	6,649.7	6,469.4
Fixed rate bonds	5,836.7	5,841.6
Loans from non-controlling shareholders	180.8	177.1
	45,494.6	44,277.8
Current portion of long-term borrowings	(8,447.2)	(5,194.5)
	37,047.4	39,083.3
Short-term borrowings		
Secured bank loans	4,875.3	5,013.9
Unsecured bank loans	1,919.9	1,461.5
Other unsecured loans	149.4	146.1
Loans from non-controlling shareholders	1,353.5	1,420.0
	8,298.1	8,041.5
Current portion of long-term borrowings	8,447.2	5,194.5
	16,745.3	13,236.0
Total borrowings	53,792.7	52,319.3

13. Trade creditors

Aging analysis of trade creditors is as follows:

	As at 31 December 2010 HK\$m	As at 30 June 2010 HK\$m
Current to 30 days	6,679.5	5,325.6
31 to 60 days	901.2	549.9
Over 60 days	1,118.8	1,261.8
	8,699.5	7,137.3

14. Commitments

	As at 31 December 2010 HK\$m	As at 30 June 2010 HK\$m
<hr/>		
Contracted but not provided for		
Property, plant and equipment	1,337.0	316.9
Investment properties under development	1,093.4	1,173.1
Jointly controlled entities and associated companies	2,294.9	1,115.1
Listed investment	–	39.2
Capital contribution for development projects	–	83.2
	4,725.3	2,727.5
<hr/>		
Authorised but not contracted for		
Property, plant and equipment	596.4	1,097.6
Investment properties under development	100.4	213.4
Capital contributions for		
A proposed investment	–	975.8
Proposed development projects	108.0	108.0
	804.8	2,394.8
<hr/>		
The Group's share of capital commitments of the jointly controlled entities not included above are as follows:		
Contracted but not provided for	585.1	603.8
Authorised but not contracted for	838.8	391.9
	1,423.9	995.7
<hr/>		

15. Contingent liabilities and financial guarantee contracts

	As at 31 December 2010 HK\$m	As at 30 June 2010 HK\$m
<i>a.</i> The Group's financial guarantee contracts are as follows:		
Mortgage facilities for certain purchasers of properties	1,686.9	1,654.7
Guarantees for credit facilities granted to		
Jointly controlled entities	8,125.6	7,025.1
Associated companies	346.9	125.0
Investee companies included under available-for-sale financial assets	112.6	111.7
Indemnity to non-wholly owned subsidiaries for PRC tax liabilities	1,996.1	2,047.4
	12,268.1	10,963.9
<i>b.</i> 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	2.6	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.

16. Business combination*a. Acquisition of Chengdu New World Department Store Co., Ltd.*

In October 2010, the Group, through New World Department Store China Limited ("NWDS"), acquired the entire equity interest from independent third parties, including all interest and rights, of Chengdu New World Department Store Co., Ltd., a limited liability company incorporated in the PRC, for an aggregate consideration of RMB2.0 million (equivalent to approximately HK\$2.3 million).

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

	HK\$m
Property, plant and equipment	39.3
Deferred tax assets	22.4
Inventories	2.1
Debtors and prepayments	18.0
Cash and bank balances	19.6
Creditors and accrued charges	(174.4)
Total identifiable net liabilities	(73.0)
Goodwill	75.3
	2.3

16. Business combination (Continued)*a. Acquisition of Chengdu New World Department Store Co., Ltd. (Continued)*

Goodwill can be attributable to the anticipated profitability of the acquired business. The acquired business contributed revenues of HK\$24.4 million and profit of HK\$6.6 million to the Group for the period from the date of completion of the acquisition to 31 December 2010. If the acquisition had occurred on 1 July 2010, the Group's revenue would have been increased by HK\$17.4 million; profit for the period would have been decreased by HK\$1.6 million. These amounts have been calculated using the Group's accounting policies.

b. Acquisition of Changsha New World Trendy Plaza Co., Ltd.

On 31 December 2010, the Group, through NWDS, acquired the entire equity interest from independent third parties, including all interest and rights, of Changsha New World Trendy Plaza Co., Ltd., a limited liability company incorporated in the PRC, for an aggregate consideration of RMB10.0 million (equivalent to approximately HK\$11.8 million).

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

	HK\$m
Property, plant and equipment	33.2
Deferred tax assets	17.1
Inventories	1.3
Debtors and prepayments	27.6
Cash and bank balances	27.1
Creditors and accrued charges	(165.1)
Total identifiable net liabilities	(58.8)
Goodwill	70.6
	11.8

Goodwill can be attributable to the anticipated profitability of the acquired business. The acquired business did not contribute any revenues or net profit to the Group for the period from 1 July 2010 to 31 December 2010. If the acquisition had occurred on 1 July 2010, the Group's revenue would have been increased by HK\$29.8 million; profit for the period would have been decreased by HK\$2.9 million. These amounts have been calculated using the Group's accounting policies.

17. Related party transactions

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

	For the six months ended	
	31 December	
	2010	2009
	HK\$m	HK\$m
Transactions with affiliated companies		
Interest income	65.4	94.1
Provision of contracting work service	30.3	953.9
Transactions with other related parties		
Rental income	45.8	40.9
Accounts payable	115.7	77.7

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

On 11 June 2010, the Group entered into agreements with a company of which Mr. Doo Wai-Hoi, William and Mr. Wong Kwok-Kin, Andrew owned 90% and 10% beneficial interest respectively, to dispose of certain of its non-core businesses. Mr. Doo Wai-Hoi, William and Mr. Wong Kwok-Kin, Andrew were a non-executive director and an executive director of NWSH respectively as at the date of execution of the said agreements. A gain of HK\$186.6 million on the first tranche of the disposal was recognised in the current period by NWSH. Details are set out in note 10.

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).

18. Event after the reporting period

On 28 December 2010, NWDS entered into a sale and purchase agreement with an independent third party, whereby NWDS agreed to dispose of 100% of equity interest in Luxland Limited, a wholly-owned subsidiary of NWDS, for an aggregate consideration of RMB385.0 million. As at 31 December 2010, the completion of the transaction is subject to the fulfillment of certain precedent conditions.

19. Comparative figures

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

Liquidity and Capital Resources

Net Debt

	As at 31 December 2010 HK\$m	As at 30 June 2010 HK\$m
Consolidated net debt	31,646.2	27,113.5
NWSH (stock code: 0659)	(429.5)	(267.3)
NWCL (stock code: 0917)	10,277.8	8,696.1
NWDS – cash and bank balances (stock code: 0825)	(4,286.3)	(3,596.7)
Net debt (exclude listed subsidiaries)	26,084.2	22,281.4

The Group's debts were primarily denominated in Hong Kong dollar and Renminbi. In respect of the Group's operations in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging of Renminbi contributed to those projects. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings were mainly arranged on a floating rate basis. The Group used interest rate swaps and derivative instruments to hedge part of the Group's underlying interest rate exposure. As at 31 December 2010, the Group had outstanding floating-to-fixed interest rate swap contracts and derivative instruments in the aggregate amount of HK\$5,100.0 million and US\$830.0 million (equivalent to approximately HK\$6,457.4 million).

As at 31 December 2010, the Group's cash and bank balances stood at HK\$20,612.2 million and the consolidated net debt amounted to HK\$31,646.2 million (30 June 2010: HK\$23,608.7 million and HK\$27,113.5 million). The net debt to equity ratio was 26.14%, an increase of 2.54% as compared with 30 June 2010.

As at 31 December 2010, the Group's long-term bank loans, fixed rate bonds and convertible bonds amounted to HK\$45,313.8 million. Short-term bank and other loans as at 31 December 2010 were HK\$6,944.6 million. The maturity of long-term bank loans, fixed rate bonds and convertible bonds as at 31 December 2010 is as follows:

	HK\$m
Within one year	8,447.2
In the second year	10,903.8
In the third to fifth year	17,829.0
After the fifth year	8,133.8
	45,313.8

As at 31 December 2010, HK\$33,627.7 million (30 June 2010: HK\$31,770.3 million) of the Group's assets were pledged as securities for certain banking facilities of the Group.

Equity of the Group as at 31 December 2010 increased to HK\$121,056.6 million against HK\$114,886.3 million (as restated) as at 30 June 2010.

Other Information

Disclosure Pursuant to Rules 13.20 and 13.22 of the Listing Rules

At 31 December 2010, 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 2010 HK\$m	As at 30 June 2010 HK\$m
Amounts due by Affiliated Companies	11,739.2	12,456.8
Guarantees given for Affiliated Companies in respect of banking and other credit facilities	8,472.5	7,150.1
Commitments to capital injections and loan contributions	2,663.1	1,516.3
	22,874.8	21,123.2

- a. The financial assistance, in aggregate exceeded 8% of the Group's total assets as at 31 December 2010.
- b. The advances were unsecured and are interest free except for an aggregate amount of HK\$3,801.9 million (30 June 2010: HK\$4,207.4 million) which carried interest ranging from 0.6% above HIBOR to 10.0 % per annum (30 June 2010 : 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 statement of financial position of those Affiliated Companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2010 were presented as follows:

	Combined statement of financial position HK\$m	Group's attributable interests HK\$m
Non-current assets	70,710.6	32,216.5
Current assets	32,907.4	16,577.8
Current liabilities	(22,610.5)	(10,977.3)
Total assets less current liabilities	81,007.5	37,817.0
Non-current liabilities	(36,938.4)	(14,878.4)
Net assets	44,069.1	22,938.6

The combined statement of financial position of the Affiliated Companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant statement of financial position classification, as at 31 December 2010.

Interim Dividend

The Board has declared an interim dividend for the financial year ending 30 June 2011 in scrip form equivalent to HK\$0.10 per share with a cash option to shareholders registered on 28 March 2011.

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 14 April 2011.

Book Close Dates

Book close dates (both days inclusive) : 22 March 2011 to 28 March 2011

Latest time to lodge transfer with Share Registrar : 4:00 p.m. on 21 March 2011

Address of Share Registrar : Tricor Tengis Limited,
26/F., Tesbury Centre,
28 Queen's Road East,
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 2010. 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 2010.

Review of Interim Results

The Company's unaudited interim results for the six months ended 31 December 2010 have not been reviewed by external auditors, but have been reviewed by the Audit Committee of the Company.

Code on Corporate Governance Practices

The Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 31 December 2010 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 45,000 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 2010.

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 2010 Annual Report are set out below:

1. Mr. Cheng Kar-Shing, Peter was admitted as an Associate Member of The Hong Kong Institute of Arbitrators on 30 August 2010.
2. Mr. Leung Chi-Kin, Stewart was re-designated from an executive director to a non-executive director and was appointed principal adviser of the Company on 1 January 2011. Mr. Leung also resigned as the company secretary and ceased to be an authorized representative of the Company on 1 January 2011.
3. Mr. Lee Luen-Wai, John was appointed as a non-executive director of Asia Now Resources Corporation, a listed public company in Canada, on 12 November 2010.

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 always cares 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 several 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.

Employees and Remuneration Policies

The Group has approximately 45,000 employees as at 31 December 2010 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 2010, 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	57,128	–	–	57,128	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
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

Directors' Interests in Securities (continued)

(A) Long position in shares (continued)

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Spouse interests	Corporate interests		
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	13,768,798	–	12,000,000 ⁽⁴⁾	25,768,798	0.78
Dr. Sin Wai-Kin, David	4,921	46	25,493,617 ⁽⁶⁾	25,498,584	0.77
Mr. Liang Chong-Hou, David	246	–	–	246	0.00
Mr. Cheng Kar-Shing, Peter	332,790	–	4,912,751 ⁽⁷⁾	5,245,541	0.16
Mr. Leung Chi-Kin, Stewart	3,000,000	–	–	3,000,000	0.09
Mr. Chow Kwai-Cheung	13,586	–	–	13,586	0.00
Ms. Ki Man-Fung, Leonie	15,000	–	–	15,000	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.

Directors' Interests in Securities (continued)**(B) Long position in underlying shares – share options**

During the six months ended 31 December 2010, 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				Adjusted during the period ⁽³⁾	Balance as at 31 December 2010	Exercise price per share ⁽³⁾ HK\$
			Balance as at 1 July 2010	Granted during the period	Exercised during the period				
Dr. Cheng Yu-Tung	19 March 2007	(1)	36,710,652	–	–	1,086	36,711,738	17.653	
Dr. Cheng Kar-Shun, Henry	19 March 2007	(1)	36,710,652	–	–	1,086	36,711,738	17.653	
Dr. Sin Wai-Kin, David	19 March 2007	(1)	301,731	–	–	8	301,739	17.653	
Mr. Liang Chong-Hou, David	19 March 2007	(1)	301,731	–	–	8	301,739	17.653	
Mr. Yeung Ping-Leung, Howard	19 March 2007	(1)	301,731	–	–	8	301,739	17.653	
Dr. Cha Mou-Sing, Payson	19 March 2007	(1)	301,731	–	–	8	301,739	17.653	
Mr. Cheng Kar-Shing, Peter	19 March 2007	(1)	201,153	–	–	5	201,158	17.653	
		(2)	1,206,925	–	–	35	1,206,960	17.653	
Mr. Leung Chi-Kin, Stewart	19 March 2007	(1)	35,704,880	–	–	1,056	35,705,936	17.653	
Mr. Chow Kwai-Cheung	19 March 2007	(2)	1,206,925	–	–	35	1,206,960	17.653	
Mr. Ho Hau-Hay, Hamilton	19 March 2007	(1)	201,153	–	–	5	201,158	17.653	
Mr. Lee Luen-Wai, John	19 March 2007	(1)	301,731	–	–	8	301,739	17.653	
Mr. Liang Cheung-Biu, Thomas	19 March 2007	(1)	201,153	–	–	5	201,158	17.653	
Mr. Cheng Chi-Kong, Adrian	19 March 2007	(2)	502,885	–	–	14	502,899	17.653	
Ms. Ki Man-Fung, Leonie	19 March 2007	(2)	1,005,770	–	–	29	1,005,799	17.653	
			115,160,803	–	–	3,396	115,164,199		

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 Company declared final dividend for the year ended 30 June 2010 in scrip form (with cash option) during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.654 to HK\$17.653 on 28 December 2010.

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

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 2010	Exercise price per share ⁽²⁾ HK\$
		Balance as at 1 July 2010	Granted during the period	Exercised during the period	Adjusted during the period ⁽²⁾	Lapsed during the period		
19 March 2007	(1)	16,679,681	–	–	461	(376,158)	16,303,984	17.653

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 Company declared final dividend for the year ended 30 June 2010 in scrip form (with cash option) during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.654 to HK\$17.653 on 28 December 2010.

(3) 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 ("2000 Share Option Scheme") adopted by NWCL on 18 December 2000 (which was terminated on 26 November 2002) during the six months ended 31 December 2010. The 2000 Share Option Scheme expired on 18 December 2010.

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 during the six months ended 31 December 2010 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 2010	Exercise price per share HK\$
			Balance as at 1 July 2010	Granted during the period	Exercised during the period		
Dr. Cheng Kar-Shun, Henry	7 January 2008	(1)	2,238,806	–	–	2,238,806	6.228
	29 December 2008	(3)	1,791,045	–	–	1,791,045	1.340
Mr. Cheng Kar-Shing, Peter	7 January 2008	(1)	895,522	–	–	895,522	6.228
	29 December 2008	(3)	727,612	–	–	727,612	1.340
Mr. Leung Chi-Kin, Stewart	7 January 2008	(1)	223,882	–	–	223,882	6.228
	29 December 2008	(3)	127,910	–	–	127,910	1.340
Mr. Chow Kwai-Cheung	7 January 2008	(1)	223,882	–	–	223,882	6.228
	29 December 2008	(3)	167,910	–	–	167,910	1.340
Mr. Lee Luen-Wai, John	7 January 2008	(1)	335,821	–	–	335,821	6.228
	29 December 2008	(3)	252,221	–	–	252,221	1.340
Mr. Cheng Chi-Kong, Adrian	25 July 2006	(2)	371,194	–	–	371,194	2.559
	7 January 2008	(1)	1,679,104	–	–	1,679,104	6.228
	29 December 2008	(3)	1,343,284	–	–	1,343,284	1.340
			10,378,193	–	–	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) The cash consideration paid by each of the above directors for each grant of share options is HK\$10.0.

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 2010	Exercise price per share HK\$
	Balance as at 1 July 2010	Granted during the period ⁽⁵⁾	Exercised during the period ⁽⁶⁾	Lapsed during the period		
7 November 2005 to 2 December 2005	11,641	–	(11,641)	–	–	2.341
28 March 2006 to 24 April 2006	2,078,507	–	–	–	2,078,507	3.497
28 June 2006 to 26 July 2006	64,925	–	–	–	64,925	2.559
17 October 2006 to 13 November 2006	111,492	–	–	–	111,492	2.984
28 December 2006 to 24 January 2007	759,850	–	–	–	759,850	4.209
19 March 2007 to 13 April 2007	822,985	–	–	–	822,985	4.020
14 June 2007 to 11 July 2007	1,669,701	–	–	–	1,669,701	5.994
17 October 2007 to 13 November 2007	1,635,223	–	–	–	1,635,223	7.209
28 December 2007 to 24 January 2008	973,880	–	–	(147,761)	826,119	6.228
28 December 2007 to 24 January 2008	8,686,565 ⁽²⁾	–	–	–	8,686,565	6.228
22 April 2008 to 19 May 2008	647,910	–	–	–	647,910	4.699
31 July 2008 to 27 August 2008	260,597	–	–	–	260,597	3.271
12 November 2008 to 9 December 2008	981,534	–	(120,000)	(168,328)	693,206	1.503
2 December 2008 to 29 December 2008	960,597 ⁽³⁾	–	(329,702)	–	630,895	1.340
2 December 2008 to 29 December 2008	10,850,124 ⁽⁴⁾	–	(825,694)	(161,425)	9,863,005	1.340
2 December 2008 to 29 December 2008	2,309,391	–	(332,000)	–	1,977,391	1.340
3 February 2009 to 2 March 2009	831,528	–	(98,000)	–	733,528	1.769

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)

Date of grant	Number of share options ⁽¹⁾				Balance as at 31 December 2010	Exercise price per share HK\$
	Balance as at 1 July 2010	Granted during the period ⁽⁵⁾	Exercised during the period ⁽⁶⁾	Lapsed during the period		
26 June 2009 to 23 July 2009	3,247,836	–	–	–	3,247,836	4.065
19 November 2009 to 16 December 2009	3,470,000	–	(100,000)	(400,000)	2,970,000	3.068
12 January 2010 to 2 February 2010	5,212,400	–	–	(154,000)	5,058,400	2.990
18 May 2010 to 14 June 2010	1,479,600	–	(98,000)	–	1,381,600	2.350
31 May 2010 to 25 June 2010	1,000,000	–	(112,000)	–	888,000	2.440
10 November 2010 to 7 December 2010	–	4,654,400	–	–	4,654,400	3.130
	48,066,286	4,654,400	(2,027,037)	(1,031,514)	49,662,135	

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 10 November 2010, the date of offer to grant, were HK\$3.18.
- (6) The weighted average closing price of the shares immediately before the date on which share options were exercised was HK\$2.96.
- (7) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

The fair value of the share options granted during the period with exercise price per share of HK\$3.13 is estimated at HK\$1.24 using the Binomial pricing model. Value is estimated based on the risk-free rate at 1.1% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 55.2%, assuming dividend yield of 1.63% 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.

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)	Balance as at 1 July 2010	Number of share options			Balance as at 31 December 2010	Exercise price per share ⁽²⁾ HK\$
				Granted during the period	Exercised during the period	Adjusted during the period ⁽²⁾		
Dr. Cheng Kar-Shun, Henry	21 August 2007	(1)	3,026,828	–	–	1,518,408	4,545,236	10.692

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) NWSH declared bonus issue of shares and final dividend for the year ended 30 June 2010 in scrip form (with cash option) during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$16.055 to HK\$10.692 on 29 December 2010.
- (3) 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)	Balance as at 1 July 2010	Number of share options				Balance as at 31 December 2010	Exercise price per share ⁽²⁾ HK\$
			Granted during the period	Exercised during the period	Adjusted during the period ⁽²⁾	Lapsed during the period		
21 August 2007	(1)	23,711,059	–	(3,356,594) ⁽³⁾	9,551,780	(1,313,657)	28,592,588	10.692
28 January 2008	(1)	706,253	–	–	354,287	–	1,060,540	13.596
		24,417,312	–	(3,356,594)	9,906,067	(1,313,657)	29,653,128	

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) NWSH declared bonus issue of shares and final dividend for the year ended 30 June 2010 in scrip form (with cash option) during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options granted on 21 August 2007 was adjusted from HK\$16.055 to HK\$10.692 on 29 December 2010 and the exercise price per share of the share options granted on 28 January 2008 was adjusted from HK\$20.417 to HK\$13.596 on 29 December 2010.
- (3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$18.562.
- (4) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

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	Number of share options					Exercise price per share HK\$
		Exercisable period (Note)	Balance as at 1 July 2010	Granted during the period	Exercised during the period	Balance as at 31 December 2010	
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					Exercise Price per share HK\$
		Balance as at 1 July 2010	Granted during the period	Exercised during the period	Lapsed during the period	Balance as at 31 December 2010	
27 November 2007	(1)	15,499,000	–	–	(171,000)	15,328,000	8.66
25 March 2008	(2)	3,524,000	–	–	–	3,524,000	8.44
		19,023,000	–	–	(171,000)	18,852,000	

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.

Directors' Interests in Securities (continued)**(C) Long position in underlying shares – debentures****Fita International Limited ("Fita")**

Name	Amount of debentures in USD issued by Fita			Total	Approximate % to the total amount of debentures in issue as at 31 December 2010
	Personal interests	Family interests	Corporate interests		
Mr. Lee Luen-Wai, John	1,000,000	1,000,000	–	2,000,000	0.27

Save as disclosed above, as at 31 December 2010, 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 2010, 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⁾	–	1,597,397,025	1,597,397,025	40.25
Centennial Success Limited ("Centennial") ⁽²⁾	–	1,597,397,025	1,597,397,025	40.25
Chow Tai Fook Enterprises Limited ("CTF") ⁽³⁾	1,447,594,743	149,802,282	1,597,397,025	40.25

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, 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 2010.

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. Cheng Chi-Kong, Adrian
Mr. Cheng Chi-Heng

Non-Executive Directors

Mr. Cheng Kar-Shing, Peter
Mr. Leung Chi-Kin, Stewart
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. Wong Man-Hoi

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

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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

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Reuters 0017HK
Bloomberg 17HK

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