



New World Development Company Limited

(Stock Code: 0017)



**DEPARTMENT
STORE**

SERVICE

INFRASTRUCTURE

PROPERTY



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Financial Highlights

	Unaudited		Change %
	Six months ended 31 December		
	2011 HK\$m	2010 HK\$m	
Revenues	19,103.1	15,076.1	26.7
Total segment results ⁽¹⁾	7,159.8	5,427.4	31.9
Other gains, net	1,584.7	610.7	159.5
Change in fair value of investment properties	1,852.3	1,974.3	(6.2)
Profit attributable to shareholders	5,223.8	4,353.3	20.0
Underlying profit	2,825.6	2,297.8	23.0

	As at	As at
	31 December	30 June
	2011 HK\$m	2011 HK\$m
Cash and bank balances	30,286.5	24,092.8
Net debt ⁽²⁾	48,497.7	34,992.4
Total equity	152,140.6	134,368.6
Net gearing ratio (%) ⁽³⁾	31.9	26.0

(1) Include share of results of jointly controlled entities and associated companies

(2) The aggregate of bank loans, other loans, fixed rate bonds and convertible bonds less cash and bank balances

(3) Net debt divided by total equity

TO OUR SHAREHOLDERS,

Quoting from Chapter 23 of Tao Te Ching, "Even Heaven and Earth cannot last long, how can man?" The philosophy of the ancient master pointed out that nothing in this world is eternal, and the mystery of the universe is that it changes endlessly. The heaven and earth are ever-changing, so do man and things. The same applies to one's behaviour and attitude. Instead of following the same path and insisting on that same opinion, survival of the fittest is rather to adapt to the environment, change naturally through passage of time and move towards and follow the nature, thereby achieving "Man takes his law from the Earth; the Earth takes its law from Heaven; Heaven takes its law from the Tao; the law of the Tao is its being what it is", the state of continuity and vitality.

Since its establishment almost half a century ago, New World Group has been working hand in hand with its staff members in a flexible and practical manner to build the nation, serve the community and grow together. Under the wheel of time, New World Group moves with the time and adopts appropriate strategies leveraging upon its extensive experience and flexible and innovative ideas. With property development business as its core, New World Group launches perfect products, offers excellent services and further establishes a solid foundation with a view to maximising benefits for our shareholders and building a harmonious society for the people.

Capitalising fully on various resources and opportunities, the Group grows together with the society and develops continually and steadily as time goes by. A series of closely linked and intensified reformation, covering from team work to development flow, product quality to brand image and staff training to talent recruitment, have been implemented by the Group to enable smooth management flow, efficient team cooperation and continual enhancement of the New World brand.

It is a matter of one's point of view whether the changing community and the sophisticated evolution nowadays are opportunities or challenges. Our success depends on our ability to adapt to the law of nature in a humble and patient manner and with a clear mind, and grasp opportunities in an orderly way when they arise. Going forward, the Group will get ready to actively overcome challenges ahead, and joins hand in hand with the country, the society and our staff to create a better new world.

I am writing this statement, for the very last time, in the capacity of Chairman of the Group. Turning over a new chapter of my life, I am going to step out of my office and enjoy my retirement life from tomorrow onwards. Quoting the words of a Chinese poetry, "She sent him, by his messenger, a sentence reminding him of vows which had been known only to their two hearts." Throughout the past 42 years, I have been working together with staff members hand in hand for the Group. It is not easy to put into words our loads of memories. Saying goodbye to our excellent staff members and colleagues, I would like to express my sincere gratitude to all of them for their dedicated work, which has contributed to the continuous growth as well as the proven success of the Group. Riding on its success, going forward, I hope that the Group will capitalise on its team spirit and synergies, in a bid to create quality and superior products, services and brand image, and further its success and core value achieved through efforts and diligence over the past years with a pragmatic attitude, an open mindset and a broad vision.

Finally, I thank you for your support in the past years and please extend your support to New World Group.

Dr. Cheng Yu-Tung

Chairman

Hong Kong, 29 February 2012

Managing Director's Report

Business review

During the first half of FY2012, the Group recorded a consolidated turnover of HK\$19,103.1 million and profit attributable to shareholders of the Company amounted to HK\$5,223.8 million. The Group's underlying profits amounted to HK\$2,825.6 million.

Hong Kong Property Development

In order to mitigate property speculation and ensure steady and healthy development of the property market, tightening measures, including Special Stamp Duty and reduction of loan-to-value ratio, were introduced by the Hong Kong SAR Government and the Hong Kong Monetary Authority at the end of 2010. Market consolidation was experienced in the residential property sector since the rolling out of polices over a year ago. Meanwhile, adverse effects of the European sovereign debt crisis has gradually revealed. The banks of Mainland China have raised interest rate to curb the overheated economy. The banks in Hong Kong have tightened residential mortgage lending and other unfavourable factors have resulted in the soft sentiment in the Hong Kong residential property market. According to the figures released by The Land Registry, the number of transactions of primary and secondary residential units in 2011 amounted to 84,462 units with total transaction amount of HK\$442.5 billion, down 38% and 21% year-on-year, respectively.

Notwithstanding the above, favourable factors have been observed in the market towards 2012. As US Federal Reserve pledged to hold interest rate low until late 2014 upon its meeting in January 2012, Hong Kong's low interest rate environment is anticipated to be sustainable. To prevent the domestic economy from being dampened by the European sovereign debt crisis, the Central Government has adopted a slightly relaxed monetary policy since early 2012. Such measures have stimulated the residential mortgage business of banks in Hong Kong with a number of major banks were said to offer privileged mortgage rates to home buyers. All these factors together have rejuvenated the Hong Kong property market. In fact, primary and secondary transactions have gradually recovered recently. The recovery in sales momentum has reinforced the confidence towards the future market.

The Masterpiece (名鑄), the luxury project re-launched in August 2011, has received satisfactory market response, with 57 residential units sold during the period under review. As at 31 December 2011, 46 residential units were still available for sale. The units are mainly upper floor and large-sized seaview residential units commanding spectacular views of Victoria Harbour.

After reviewing the asset portfolio, the Group sold certain of its non-core assets, including shops and car parks in residential properties developed by the Group, during the period. The Group's effective share of revenues amounted to approximately HK\$300.0 million.

Low interest rate environment and tight future supply are expected to be conducive to the healthy development of residential market. Chatham Gate, a residential project owned 10% by the Group, has been launched in January 2012. In addition, based on market condition, the Group is going to launch six new residential projects with attributable interests in 2,016 residential units in 2012.

In the launching pipeline	No. of units	No. of attributable units
The Signature, Chun Fai Terrace, Tai Hang (大坑春暉臺春暉8號)	66	46
Che Kung Temple Station Project, Sha Tin (沙田車公廟站項目)	981	981
Tuen Mun Heung Sze Wui Road Project, Tuen Mun (屯門鄉事會路項目)	100	100
Tai Tong Road Project, Yuen Long (元朗大棠路項目)	2,582	541
Phase 1 of Lok Wo Sha Project, Ma On Shan (馬鞍山落禾沙項目第一期)	928	297
Phase 1B of Tong Yan San Tsuen Project, Yuen Long (元朗唐人新村項目第一期B)	51	51
Total	4,708	2,016

Recognising land as an important factor for developers, the Group has been actively pursuing to replenish its landbank in Hong Kong. Various means, which include public auction, old building redevelopment, private acquisition and tendering for development projects offered by the Urban Renewal Authority, the MTRC and the government as well as agricultural land conversion are being considered, so as to provide the Group with a steady pipeline of land supply in the coming years.

During the period under review, the Group has made significant progress regarding agricultural land conversion. The Group had entered into an agricultural land conversion agreement with the government for the residential land of Tai Po Tsai Project in Sai Kung in July 2011. The project is situated in the luxurious location at Clear Water Bay Road. The total land premium was HK\$6,640.3 million. It covers a total site area of 719,000 sq ft with total GFA of approximately 1,080,000 sq ft. The process of the above land conversion had been completed.

The Group continued to pursue old building redevelopment in urban areas. In February 2012, the Group has increased 35% interest in the residential project situated at 1–15 New Eastern Terrace & 5–11 Dragon Road, Tin Hau, increasing its attributable interest from 50% to 85%. The Group's attributable GFA in this project increased to 337,064 sq ft.

The Group currently has a landbank of over 9.60 million sq ft total attributable GFA for immediate development. In particular, over 50% is in the urban area. The Group's effective share of GFA for residential property development amounted to over 6.20 million sq ft. Meanwhile, the Group has a total of over 18.6 million sq ft of agricultural land reserve pending conversion, ranking it one of the developers with the largest agricultural land reserve in Hong Kong.

Landbank by location

Attributable GFA (sq ft)

Hong Kong Island	729,919
Kowloon	4,260,686
New Territories (excluding areas pending agricultural land conversion)	4,614,146
Total	9,604,751

Agricultural landbank by location

Total land area (sq ft) Attributable land area (sq ft)

Yuen Long	14,288,500	12,913,500
Fanling	2,590,000	2,386,000
Sha Tin/Tai Po	2,162,000	2,162,000
Sai Kung	1,265,000	1,100,000
Tuen Mun	120,000	120,000
Total	20,425,500	18,681,500

Hong Kong Property Investment

During the first half of 2011, Hong Kong grade A offices in prime commercial districts continued to depict strong demand and rental rate growth. Since the third quarter of 2011, however, adverse external economic environment and stock market turbulence had resulted not only in the decrease in the number of newly incorporated companies, but also brought challenges to the operations of financial related institutions. As such, these institutions adopted a more prudent attitude towards leasing area and rental rate upon renewal of tenancy. Adjustments were already seen in the vacancy and rental rate of grade A offices in Central. Fortunately, new supply of grade A offices in Central will remain limited in the coming years. The market expects an increase of only 2 million sq ft of office space in Central in the next decade. Given the unique strategic location of Central and the relatively active business activities of Hong Kong based China financial institutions due to the steady economic growth in Mainland China, the grade A office market in Central will continue its positive momentum in the long run.

Total visitor arrivals to Hong Kong had recorded satisfactory growth in 2011 as consumption demand of visitors were boosted by the persistently strong exchange rates of most major currencies against the Hong Kong dollar. According to the statistics of The Hong Kong Tourism Board, the total tourism expenditure associated to inbound tourism had increased 20% year-on-year to a total of over HK\$250 billion in 2011. Of which, major drivers were the high consumption power of Mainland China visitors. Retail hot spots such as Tsim Sha Tsui, Central and Causeway Bay are particularly attractive to visitors from Mainland China. Given the high pedestrian flow, many well-known local and international retail brands are actively setting up their retail strongholds in such prime areas and planning to expand their business or open flagship stores in Hong Kong, which have resulted in the surge in rental rate and occupancy of stores.

During the period under review, the Group's gross rental income in Hong Kong amounted to HK\$658.0 million, an increase of 22.6% to the same period of last year. All major projects in the Group's investment portfolio attained satisfactory occupancy. In particular, the office at New World Tower and Manning House, located in the core commercial hub of Central, were almost fully leased at satisfactory rental rates. Benefited from high visitors flow and their strong consumption power, K11 in Tsim Sha Tsui and Pearl City in Causeway Bay had made increasing contributions to the property investment segment.

To strengthen the profit contribution of Hong Kong investment property portfolio, the Group has actively considered and planned to gradually enhance the quality of its investment properties and services in recent years in order to achieve higher return on assets.

For the Group's Discovery Park Shopping Mall located at the centre of Tsuen Wan, the Group had completed acquisition of the remaining 50% interest in its shopping mall and car parking spaces in 2011. International renowned consultants have been engaged to prepare revamp proposals. Renovation in phases will be undertaken in the coming years in response to the rising consumption demand both within the district and from Mainland China tourists.

Hotel Operations

Hong Kong's tourism industry was overcast by the European sovereign debt crisis and the fragile economy of United States in 2011. Yet, the satisfactory economic performances observed in Mainland China and other emerging markets encouraged more visitors from these regions to Hong Kong. Besides, great opportunities were brought to Hong Kong's tourism and hotel industries given the persistently strong exchange rates of most major currencies against the Hong Kong dollar.

Following the trend in 2010, visitor arrivals to Hong Kong have increased by 16% year-on-year to a record high of 41.9 million in 2011. In particular, visitors from Mainland China have increased by 24% year-on-year to 28.1 million, representing 67% of the total visitor arrivals to Hong Kong for the year and, among which, nearly half were overnight visitors. Remarkable performance of the tourism industry of Hong Kong has continuously stimulated the demand in local hospitality services. The average occupancies of grade A hotels as a whole has again reached a record high of 85% in 2011, with average room rates increased by over 13% year-on-year.

During the period under review, the Group's four major hotel projects in Hong Kong, namely, Grand Hyatt Hong Kong, Hyatt Regency Hong Kong, Tsim Sha Tsui, Hyatt Regency Hong Kong, Sha Tin and Renaissance Harbour View Hotel in Hong Kong, recorded significant growth in average occupancies and average room rates, respectively, reflecting their strong business performances. In particular, Hyatt Regency Hong Kong, Sha Tin and Hyatt Regency Hong Kong, Tsim Sha Tsui, both opened in 2009, achieved outstanding performances of 88% of average occupancies during the period and over 20% growth in average room rates year-on-year.

Currently, the Group has a total of 18 hotels located in Hong Kong, Mainland China and Southeast Asia, providing 8,390 guest suites. Amongst which, 10 hotels are managed by New World Hospitality.

New World China Land Limited ("NWCL")

During the first half of FY2012, NWCL recorded a net profit of HK\$1,803.7 million, representing a year-on-year increase of 19.6%. The improvement in operating results from sale of property, as well as the increase in changes in fair value of investment properties, were the key factors contributing to the growth.

Given the significant decrease in volume of newly completed properties by 75.5% year-on-year to 184,650 sq m with only three completed property development projects in Guangzhou and Zhaoqing, and the growing impacts from austerity measures introduced by the Central Government on the property sector, NWCL recorded sales volume of 262,779 sq m, a 58.1% decrease year-on-year with gross sale proceeds of approximately RMB5.0 billion during the period under review.

However, the overall gross profit margin of sale of property during the period was driven by the sale of Guangzhou Central Park-view, a high-end property project and the sale of commercial properties which produced higher gross profit margin. The negative impacts brought by the decrease in sales volume was mitigated by an increase of 20 percentage points in gross profit margin to 57%.

NWCL rental operation recorded a drop of 5.2% in contribution to HK\$202.6 million during the period under review, which was mainly attributable to the decrease in leasable area from Shanghai Hong Kong New World Tower resulted from the overhaul renovation of its shopping arcade during the period under review.

NWS Holdings Limited ("NWSH")

NWSH achieved a profit attributable to shareholders of HK\$3,423.1 million for first half of FY2012, representing an increase of 43.2% as compared to first half of FY2011. As a result of the listing of Newton Resources Limited ("Newton Resources") on 4 July 2011 on the Main Board of the Hong Kong Stock Exchange, NWSH's effective interest decreased from approximately 60% to 48%. Newton Resources ceased to be a subsidiary of NWSH immediately upon listing and a dilution gain on deemed disposal of approximately HK\$1.8 billion was recorded.

Infrastructure

In the Pearl River Delta region, the combined effects of the repair and maintenance works of a competing expressway during the period and the traffic restrictions during the Asian Games period in the corresponding period last year, have resulted in a growth of 15% in average daily traffic flow for Guangzhou City Northern Ring Road. Average daily traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Shenzhen-Huizhou Expressway grew by 8% and 7% respectively, when compared with the same period last year. Completion of Phase two of Guangzhou-Zhaoqing Expressway in September 2010 had enhanced the project's competitiveness in the Pearl River Delta region. The project reported a traffic growth of 18% during the period. In addition, the newly acquired Hangzhou Ring Road project also made substantial contributions to the road business during the period. Upon completion of the fourth stage of acquisition in January 2012, NWSH holds a 95% effective interest in the project.

Surging coal prices has continued to put the profitability of power supply companies under pressure during the period. Zhujiang Power Plants recorded an 8% decline in electricity sales as it underwent system upgrade and overhaul works during the period. Chengdu Jintang Power Plant registered an increment of 6% in electricity sales as compared to the same period last year. Upward adjustment to on-grid electricity tariffs in December 2011 is expected to mitigate the impact of fuel costs on power plants of NWSH in Mainland China. Besides, sales revenue of Guangzhou Fuel Company continued to increase by 25%. Its contribution, however, was under pressure during the period due to the decrease in gross profit margin and increase in finance costs of one of its coal mine investment projects in Mainland China. Macau Power reported a decline in contribution during the period as a result of reduction in permitted return from 12% to 9.5% per annum upon renewal of its concession rights in November 2010.

As regards water business, sales volume of Chongqing Water Plant increased by 10% during the period. Volume of waste water treatment of SCIP Water Treatment Plants and Chongqing Tangjiatuo Waste Water Plant also increased by 10% and 8% respectively. Tax refund for Shanghai SCIP Water Treatment Plants, which have been listed as a High-tech Enterprise Project, also enhanced its contribution during the period. Water sales volume in Macau Water Plant registered a growth of 6% as compared to the same period last year. Moreover, the new Chongqing CCIP Water Treatment Plants commenced operations in September 2011.

In Hong Kong, average occupancy rate of ATL Logistics Centre increased from 95% to 98% with average rental rate rose by 2% during the period. The newly completed NWS Kwai Chung Logistics Centre provides a total rentable area of approximately 920,000 sq ft and is expected to generate stable cash flow to NWSH in the near term.

The eight operating rail terminals of China United International Rail Containers Co., Ltd. recorded a satisfactory throughput growth of 27% to 757,000 TEUs during the period. Such growth was mainly attributable to the increase in business volume for Kunming and Chongqing terminals and the full-period effect of operations of several terminals. Phase one terminals in Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan and Xian formed a network covering both coastal ports and inland regions in Central China. Remaining terminals in phase two development are currently under planning, design and construction preparation.

Service

As regards facilities management, its business continued to benefit from the growth of exhibition industry. During the period, 631 events were held at Hong Kong Exhibition and Convention Centre with total patronage of approximately 3.9 million. In addition, benefiting from strong patronage of affluent travellers from Mainland China, Free Duty's tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong registered significant growth.

During the period, the contribution from construction business recorded a growth of 30% as compared to the same period last year. As at 31 December 2011, the gross value of contracts on hand for the construction business was approximately HK\$21.1 billion. NWSH's transport business contribution recorded a 15% year-on-year increase. This was attributed to the gain on the disposal of the Macau ferry business.

Tricor recorded a steady growth in its corporate services and investor services businesses during the period. It captured about 43% of the total share of new listings in Hong Kong during the period. Its business operations in Hong Kong, Singapore and Mainland China contributed to 78% of the total profit during the period.

As at 4 July 2011, the Company and NWSH jointly announced that the spin-off of Newton Resources was completed and dealings of Newton Resources' shares on the Main Board of the Hong Kong Stock Exchange commenced on the same day. NWSH's effective interest in Newton Resources decreased from approximately 60% to 48%. Newton Resources ceased to be a subsidiary of NWSH upon listing. As at 31 December 2011, investment in Newton Resources is classified as investment in associated companies.

New World Department Store China Limited (“NWDS”)

During the first half of FY2012, NWDS recorded total revenue of HK\$1,705.9 million, an increase of 32.9% compared to the same period of last year. Net profit was HK\$330.0 million, representing an increase of 12.1% year-on-year. If excluding other gains and the changes in fair value of investment properties, the net profit for the period increased 7.9% year-on-year.

Commission income from concessionaire sales was the major income contributor, accounting for 70.1% of the total revenue. Proceeds from direct sales and rental income accounted for 18.5% and 10.5% respectively of the total revenue. The remaining 0.9% was derived from management fees.

Regional-wise, Northern Region contributed the most to NWDS' revenue, amounting to 46.9% of total revenue, followed by the Central Western Region and the South Eastern Region, which accounted for 29.2% and 23.9% of the total revenue respectively.

Facing adverse impact from the European sovereign debt crisis on China economy, NWDS has established counter measures in advance, seizing the opportunity endowed by initiatives by the Central Government to boost the overall economy with domestic demands, strategically conducting business expansion in different regions. During the period under review, NWDS successfully acquired the property and operating rights of “Channel One” shopping mall in Putuo District, Shanghai in November 2011. NWDS also converted Lanzhou New World Department Store from a managed store to a self-owned store in the same month to strengthen its development edge in North Western China. In addition, NWDS made its business presence in Mianyang City in December 2011, opening Mianyang New World Department Store positioned as a “one-stop shopping” living gallery.

As of 31 December 2011, NWDS operated and managed a total of 39 stores in Mainland China with total GFA 1,353,670 sq m. In particular, 35 were self-owned stores with total GFA close to 1.2 million sq m whilst four were managed stores with total GFA over 150,000 sq m. The total GFA of self-owned stores showed an increase of 28.5% when compared with the same period over last year.

Telecommunications

In response to the growth of market demand, NWT is planning to further expand its Internet Data Centre with an additional floor area of over 15,000 sq ft to be provided.

During the period under review, revenue performance of CSL New World Mobility (“CSLNWM”) grew by 12.0% driven by strong additions of new customers from the introduction of new device bundles and competitive mobile plans. Mobile customers increased 167,000 to 3.2 million. Operating expenses, excluding depreciation and amortisation, grew by 4.0%, with margin improvement in both cost of sales and cost of services keeping the increase below that of revenue.

Meanwhile, EBITDA contribution of CSLNWM improved by 48.2% due to the impact of the new device bundle rate plans supplemented by cost control measures exercised over operating expenses. Capital expenditure decreased by 16.1%, mainly due to the high spending last year to complete the development of the long term evolution network.

Outlook

2011 was a challenging year for the global economy. The European sovereign debt crisis threatened the global economy as whole, developed economies including the US lacked growth momentum and social unrest in the Middle East affected the stability in oil supply across the world. Given the above situations, Hong Kong's economy faced a difficult external environment. The China economy witnessed a steady growth. The GDP in Hong Kong grew by 5.0% year-on-year in 2011. Nonetheless, the pace of economic growth has slowed down since the second quarter of 2011. Due to the uncertainties about the European sovereign debt crisis, the impact of fiscal tightening of developed economies and the resulting reduction in export volume of both Mainland China and Hong Kong. The Hong Kong Census and Statistics Department predicts that economic growth of Hong Kong will slow down in 2012 with an annual GDP growth of only 1% to 3%.

The property market of Hong Kong was, to a certain extent, affected by the various uncertainties in the external economic environment. Hong Kong grade A office market was among the hardest hit. There was a gradual fall in both office demand and expenditure from international financial institutions and adjustment in rental rates. Fortunately, with the stable economic growth in Mainland China and Hong Kong as an important gateway to the world economy and pursuing internationalisation, Mainland financial institutions prefer to set up their headquarters and branches in Hong Kong. Absorption of grade A office space in prime locations is anticipated to be benefited with a neutralising and balancing effect from such new demand.

Although the Hong Kong residential property market was adversely affected by the European sovereign debt crisis since the end of last year, mortgage business of local banks was boosted by the recent Central Government's easing monetary policy. Primary and secondary residential property markets regained momentum with satisfactory sales recorded for new projects located at prime locations and gradual recovery in property transactions. As US Federal Reserve recently pledged to hold interest rate low, Hong Kong's low interest rate environment is anticipated to be sustainable, auguring well for property market development. Meanwhile, concrete demand for new purchases and upgrades were boosted by the significant increase in employment rate and personal income level, as well as the continual rise in newly married and newborn population in Hong Kong in the recent years. As such, stable demand in the short run is expected to provide further support to the residential property market.

For Hong Kong retail market, large number of visitors from Mainland China and buoyant local consumption demand created inexhaustible momentum for the retail industry of Hong Kong. Retail sales of Hong Kong exceeded HK\$450.7 billion in 2011, representing a growth of 24.9% year-on-year. Notable year-on-year increases were recorded across a wide range of retail outlets. Robust retail market boosted the demand for retail space in prime locations from international and local brands. Recently, rental rates for ground shops in Queen's Road Central in Central and Canton Road in Tsim Sha Tsui hit record highs, demonstrating the vigorous demand at present. Though the Hong Kong Tourism Board has reduced the estimated number of visitor arrivals for 2012 with regard to the market environment, it is generally expected that Hong Kong's retail property market will continue its growth momentum with the support of visitors from Mainland China.

Hong Kong's hotel industry experienced an unprecedented growth in 2011. New highs in occupancy and average room rate have in general exceeded those before the financial crisis in 2008. Visitor arrivals from Mainland China and emerging markets are anticipated to keep growing and provide a strong support to the development of Hong Kong's hotel industry as a whole; whilst long haul business travellers from Europe and US are expected to decrease as multinational enterprises may have rationalisation in headcounts and travelling expenses for multinational meetings as the economic conditions of their countries deteriorate. Those grade A hotels targeting business travellers as its major customers may therefore face the pressure of business downturn.

For Mainland property market, in response to domestic and international market variations, a number of austerity measures have been rolled out by the Central Government in 2011 for tightening market liquidity and curbing speculation and thus alleviating the inflation brought by the possibly overheating economy. In particular, the Central Government sought to achieve the objective of "Housing for All" by furthering austerity measures on property markets in certain cities and continuously investing in the development of public rental housing. Such policies have taken initial effects given the current situation of effective suppression on speculative housing demand in certain first tier cities with overheated investment, overall healthy, orderly and steady development of the property market and gradual satisfaction of inelastic demand and housing demand of the underprivileged.

To cope with the ever-changing environment, the Central Government and local governments are expected to adjust austerity measures from time to time. With a view to ensuring stable market development, local governments are currently reviewing work plans for the year and formulating reasonable growth targets for property prices according to actual situations of their local economy. For the Mainland property market, greater development potential were seen in second and third tier cities, where property prices are at relatively healthy level, economic development is rapid, room for population growth is ample and urban redevelopment projects have created strong inelastic demand for housing. NWCL will continue to adhere to the notion of diversified property development and continue to launch high-end and quality products suiting the general public. By such dual development, it will be able to satisfy the requirements of home buyers in the market.

Notwithstanding the uncertainties affecting the future economic growth of Mainland China and Hong Kong, It is believed that NWSH's existing defensive and diversified asset investment portfolio will continue to generate steady profit and growth. NWSH will establish close relationships with local partners, and identify and acquire quality infrastructure projects. To consolidate its investment portfolio for infrastructure projects, NWSH acquired Hangzhou Ring Road during the period, marking an important milestone in the implementation of such strategy. In addition, benefiting from strong patronage of affluent travellers from Mainland China, Free Duty's retail business continued to register significant growth. Regarding it as an important part of its business development planning and being about to renew the contract, NWSH will actively identify and consider opportunities for establishing other Free Duty's retail business in Hong Kong and overseas.

Department Stores will be benefited by steady growth in China domestic consumption. In response to the ever-changing market situation, NWDS continues to adopt effective operational and marketing strategies, including the on-going national rebranding program, reinforced merchandise mix strategy and enhanced VIP program. In the meantime, NWDS will carry on with the expansion strategy, targeting to add self-owned stores with total GFA of about 1 million sq m in the next 5 years, amounting to about 10% to 20% gross floor spaces increase per annum. NWDS will continuously deploy the two major expansion strategies of 'multiple presences within a single city' and 'radiation city', stick to the plan of expanding Shenyang Jiangqiao Road Branch Store, realize the operation of Shenyang Nanjing Street Branch Store Phase II, as well as enter into four cities including Yancheng, Xian, Hengyang and Yantai in FY2012 to FY2014, further increasing the number of self-owned stores and extending the retail network.

Dr. Cheng Kar-Shun, Henry

Managing Director

Hong Kong, 29 February 2012

Condensed Consolidated Income Statement - Unaudited

For the six months ended
31 December

	Note	2011 HK\$m	2010 HK\$m
Revenues	2	19,103.1	15,076.1
Cost of sales		(10,317.1)	(9,131.7)
Gross profit		8,786.0	5,944.4
Other income		35.4	29.8
Other gains, net		1,584.7	610.7
Selling and marketing expenses		(428.5)	(358.1)
Administrative and other operating expenses		(3,016.6)	(2,315.7)
Changes in fair value of investment properties		1,852.3	1,974.3
Operating profit	3	8,813.3	5,885.4
Financing income		231.8	207.2
Financing costs		(639.5)	(417.7)
Share of results of		8,405.6	5,674.9
Jointly controlled entities		948.3	1,331.1
Associated companies		512.3	448.8
Profit before taxation		9,866.2	7,454.8
Taxation	4	(2,123.0)	(1,403.1)
Profit for the period		7,743.2	6,051.7
Attributable to:			
Shareholders of the Company		5,223.8	4,353.3
Non-controlling interests		2,519.4	1,698.4
		7,743.2	6,051.7
Dividend		610.2	396.9
Earnings per share (HK\$)	5		(Adjusted)
Basic		1.11	1.00
Diluted		1.11	0.99

Condensed Consolidated Statement of Comprehensive Income - Unaudited

	For the six months ended	
	31 December	
	2011	2010
	HK\$m	HK\$m
Profit for the period	7,743.2	6,051.7
Other comprehensive income		
Fair value changes on available-for-sale financial assets	(974.7)	619.8
– deferred tax arising from fair value changes thereof	58.4	(21.3)
Release of investment revaluation reserve deficit to the income statement upon impairment of available-for-sale financial assets	225.0	–
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	(0.5)	(156.6)
Release of reserve upon disposal of available-for-sale financial assets	(17.8)	(229.9)
– reversal of deferred tax thereof	0.8	–
Release of exchange reserve upon disposal of subsidiaries	–	(10.0)
Share of other comprehensive (loss)/income of jointly controlled entities and associated companies	(680.9)	2.7
Cash flow hedges	(66.6)	53.5
Translation differences	500.2	735.1
Other comprehensive (loss)/income for the period	(956.1)	988.5
Total comprehensive income for the period	6,787.1	7,040.2
Attributable to:		
Shareholders of the Company	4,125.6	5,057.7
Non-controlling interests	2,661.5	1,982.5
	6,787.1	7,040.2

Condensed Consolidated Statement of Financial Position - Unaudited

	Note	As at 31 December 2011 HK\$m	As at 30 June 2011 HK\$m
ASSETS			
Non-current assets			
Investment properties		56,480.0	53,265.0
Property, plant and equipment		10,554.5	10,373.1
Land use rights		2,392.0	2,407.1
Intangible concession rights	7	16,952.1	763.5
Intangible assets	8	4,133.2	1,754.7
Interests in jointly controlled entities		39,949.1	40,352.2
Interests in associated companies	10	15,681.0	10,533.6
Available-for-sale financial assets		5,286.1	6,229.5
Held-to-maturity investments		37.9	281.5
Financial assets at fair value through profit or loss		1,071.4	1,006.3
Derivative financial instruments		294.1	119.8
Properties for development		26,534.3	17,293.0
Deferred tax assets		705.3	697.8
Other non-current assets		431.0	808.3
		180,502.0	145,885.4
Current assets			
Properties under development		32,742.0	27,714.3
Properties held for sale		9,922.6	10,654.1
Inventories		611.4	540.8
Debtors and prepayments	9	15,975.2	16,955.2
Financial assets at fair value through profit or loss		1.5	1.4
Restricted bank balances		964.2	121.2
Cash and bank balances		29,322.3	23,971.6
		89,539.2	79,958.6
Assets held for sale/non-current assets classified as assets held for sale	11	156.3	3,271.4
		89,695.5	83,230.0
Total assets		270,197.5	229,115.4

**Condensed Consolidated Statement of
Financial Position - Unaudited (continued)**

	Note	As at 31 December 2011 HK\$m	As at 30 June 2011 HK\$m
EQUITY			
Share capital	12	6,102.1	3,990.1
Reserves		112,031.0	98,673.1
Proposed final dividend		–	1,117.2
Interim dividend		610.2	–
Shareholders' funds		118,743.3	103,780.4
Non-controlling interests		33,397.3	30,588.2
Total equity		152,140.6	134,368.6
LIABILITIES			
Non-current liabilities			
Long-term borrowings	13	56,437.3	38,849.9
Deferred tax liabilities		7,235.9	4,624.8
Derivative financial instruments		1,427.3	756.8
Other non-current liabilities		732.3	650.7
		65,832.8	44,882.2
Current liabilities			
Creditors and accrued charges	14	23,597.0	23,756.0
Current portion of long-term borrowings	13	16,344.4	13,023.1
Short-term borrowings	13	8,162.2	8,735.7
Current tax payable		4,120.5	3,748.8
Liabilities directly associated with assets held for sale	11	52,224.1	49,263.6
		–	601.0
		52,224.1	49,864.6
Total liabilities		118,056.9	94,746.8
Total equity and liabilities		270,197.5	229,115.4
Net current assets		37,471.4	33,365.4
Total assets less current liabilities		217,973.4	179,250.8

Condensed Consolidated Cash Flow Statement - Unaudited

	Six months ended	
	31 December	
	2011	2010
	HK\$m	HK\$m
Net cash used in operating activities	(9,239.0)	(1,715.2)
Net cash used in investing activities	(10,898.0)	(2,721.7)
Net cash from financing activities	25,928.0	1,996.2
Increase /(decrease) in cash and cash equivalents	5,791.0	(2,440.7)
Cash and cash equivalents at beginning of the period	22,964.7	22,805.8
Effect of foreign exchange rate changes	200.2	113.1
Cash and cash equivalents at end of the period	28,955.9	20,478.2
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	28,955.9	20,478.2

Condensed Consolidated Statement of Changes in Equity - Unaudited

For the six months ended 31 December 2011	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
At 1 July 2011	3,990.1	30,556.7	53,960.2	15,273.4	103,780.4	30,588.2	134,368.6
Comprehensive income							
Profit for the period	-	-	5,223.8	-	5,223.8	2,519.4	7,743.2
Other comprehensive income							
Change in fair value of available-for-sale financial assets, net of taxation	-	-	-	(788.7)	(788.7)	(127.6)	(916.3)
Release of investment revaluation deficit to the income statement upon impairment of available-for-sale financial assets	-	-	-	146.8	146.8	78.2	225.0
Disposal of assets held for sale	-	-	-	(0.3)	(0.3)	(0.2)	(0.5)
Disposal of available-for-sale financial assets, net of taxation	-	-	-	(13.0)	(13.0)	(4.0)	(17.0)
Share of other comprehensive (loss)/income of jointly controlled entities and associated companies	-	-	-	(751.2)	(751.2)	70.3	(680.9)
Cash flow hedges	-	-	-	(40.2)	(40.2)	(26.4)	(66.6)
Translation differences	-	-	-	348.4	348.4	151.8	500.2
Other comprehensive (loss)/income for the period	-	-	-	(1,098.2)	(1,098.2)	142.1	(956.1)
Total comprehensive income/(loss) for the period	-	-	5,223.8	(1,098.2)	4,125.6	2,661.5	6,787.1
Transactions with owners							
Contributions by and distributions to owners							
Dividend paid	-	-	(1,117.2)	-	(1,117.2)	(572.0)	(1,689.2)
Contributions from non-controlling shareholders	-	-	-	-	-	1,182.2	1,182.2
Issue of new shares as scrip dividends	116.9	616.1	-	-	733.0	-	733.0
Issue of rights shares	1,995.1	9,161.0	-	-	11,156.1	-	11,156.1
Employees' share-based payments	-	-	-	6.7	6.7	2.9	9.6
Transfer of reserves	-	-	(26.6)	26.6	-	-	-
	2,112.0	9,777.1	(1,143.8)	33.3	10,778.6	613.1	11,391.7
Change in ownership interests in subsidiaries							
Acquisition of additional interests in subsidiaries	-	-	47.3	-	47.3	432.1	479.4
Deemed disposal of interests in subsidiaries	-	-	(34.5)	-	(34.5)	48.6	14.1
Derecognition of non-controlling interests	-	-	-	45.9	45.9	(946.2)	(900.3)
	-	-	12.8	45.9	58.7	(465.5)	(406.8)
Total transactions with owners	2,112.0	9,777.1	(1,131.0)	79.2	10,837.3	147.6	10,984.9
As at 31 December 2011	6,102.1	40,333.8	58,053.0	14,254.4	118,743.3	33,397.3	152,140.6

**Condensed Consolidated Statement of
Changes in Equity - Unaudited (continued)**

For the six months ended 31 December 2010	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
At 1 July 2010	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)
As 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

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 30 June 2011 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 2011 except for the adoption of the amendments to standards and interpretations, which are further explained below.

a. Adoption of new or revised accounting standards

The Group has adopted the following revised standard, amendments to standards and interpretations which are relevant to the Group’s operations and are mandatory for the financial year ending 30 June 2012:

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
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement

The adoption of these revised standard, amendments to standards and interpretations has no material effect on the results and financial position of the Group.

b. Standards, amendments and interpretation which are not yet effective

The following new or revised standards, amendments and interpretation are mandatory for accounting periods beginning on or after 1 July 2012 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2013

HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income
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Effective for the year ending 30 June 2014 or after

HKFRS 7 Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

2. Revenues and segment information

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

	For the six months ended	
	31 December	
	2011	2010
	HK\$m	HK\$m
Revenues		
Property sales	7,759.3	7,505.9
Rental	951.7	766.3
Contracting	1,842.6	1,873.1
Provision of services	3,699.3	1,596.3
Infrastructure operations	838.2	143.9
Hotel operations	1,809.6	1,368.8
Department store operations	1,678.7	1,360.2
Telecommunication services	364.6	354.5
Others	159.1	107.1
Total	19,103.1	15,076.1

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	Total HK\$m
For the six months ended 31 December 2011									
Total revenues	7,759.3	1,042.8	6,347.9	838.2	1,809.6	1,678.7	393.2	159.1	20,028.8
Inter-segment	-	(91.1)	(806.0)	-	-	-	(28.6)	-	(925.7)
Revenues – external	7,759.3	951.7	5,541.9	838.2	1,809.6	1,678.7	364.6	159.1	19,103.1
Segment results	3,246.5	520.7	817.2	454.7	330.9	369.3	1.3	(41.4)	5,699.2
Other gains, net									1,584.7
Changes in fair value of investment properties									1,852.3
Unallocated corporate expenses									(322.9)
Operating profit									8,813.3
Financing income									231.8
Financing costs									(639.5)
									8,405.6
Share of results of									
Jointly controlled entities	3.5	269.4	(113.5)	787.4	(1.0)	-	-	2.5	948.3
Associated companies	12.5	133.9	228.5	50.0	(2.7)	-	80.3	9.8	512.3
Profit before taxation									9,866.2
Taxation									(2,123.0)
Profit for the period									7,743.2
As at 31 December 2011									
Segment assets	74,939.9	58,351.4	7,420.9	18,428.5	10,148.0	6,050.0	948.4	6,994.4	183,281.5
Interests in jointly controlled entities	8,159.0	9,624.1	2,038.2	17,277.3	1,294.2	-	-	1,556.3	39,949.1
Interests in associated companies	466.8	3,804.3	7,266.3	1,576.6	110.9	-	2,252.2	203.9	15,681.0
Unallocated assets									31,285.9
Total assets									270,197.5
Segment liabilities	11,499.1	1,339.1	3,155.9	1,635.8	620.0	4,984.3	289.5	805.6	24,329.3
Unallocated liabilities									93,727.6
Total liabilities									118,056.9
For the six months ended 31 December 2011									
Additions to non-current assets (Note a)	9,924.0	2,530.0	218.3	16,220.7	2,116.6	188.2	50.1	10.3	31,258.2
Depreciation and amortisation	28.5	12.8	60.4	220.9	203.4	175.1	19.4	9.3	729.8
Impairment charge and provision	0.6	-	-	-	-	-	-	244.6	245.2

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	Total 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 30 June 2011									
Segment assets	67,784.6	52,315.8	12,618.1	1,425.4	6,657.0	5,865.9	626.6	6,025.8	153,319.2
Interests in jointly controlled entities	6,587.4	9,329.2	3,633.9	17,170.7	1,284.4	-	-	2,346.6	40,352.2
Interests in associated companies	979.2	2,963.3	3,406.9	802.5	113.9	-	2,164.4	103.4	10,533.6
Unallocated assets									24,910.4
Total assets									229,115.4
Segment liabilities	13,961.3	1,380.1	3,991.7	278.1	576.4	3,569.6	261.0	989.5	25,007.7
Unallocated liabilities									69,739.1
Total liabilities									94,746.8
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

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

2. Revenues and segment information (continued)

	Revenues Six months ended 31 December 2011 HK\$m	Non-current assets (Note b) As at 31 December 2011 HK\$m
Hong Kong	9,127.5	57,899.1
Mainland China	9,849.5	58,801.0
Macau and others	126.1	346.0
	19,103.1	117,046.1

	Six months ended 31 December 2010 HK\$m	As at 30 June 2011 HK\$m
Hong Kong	7,354.9	50,273.6
Mainland China	7,660.7	34,886.4
Macau and others	60.5	696.4
	15,076.1	85,856.4

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 (financial instruments include 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	
	2011	2010
	HK\$m	HK\$m
Other investment income	35.4	29.8
Gain on deemed disposal of interest in a subsidiary	1,842.7	–
Net profit on disposal of		
Non-current assets classified as assets held for sale	–	289.0
Available-for-sale financial assets	6.4	485.4
Subsidiaries	18.2	24.8
Net loss on fair value of financial assets at fair value through profit or loss	(506.1)	(59.5)
Cost of inventories sold	(5,214.0)	(5,384.9)
Depreciation and amortisation	(729.8)	(456.4)
Impairment charge on assets	(245.2)	(230.8)

4. Taxation

	For the six months ended	
	31 December	
	2011	2010
	HK\$m	HK\$m
Current taxation		
Hong Kong profits tax	325.1	426.1
Mainland China and overseas taxation	592.0	483.6
Mainland China land appreciation tax	1,140.5	345.7
Deferred taxation	65.4	147.7
	2,123.0	1,403.1

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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% (2010: 9% to 25%).

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2010: 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\$364.1 million and HK\$23.0 million (2010: HK\$283.2 million and HK\$30.1 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	
	2011	2010
	HK\$m	HK\$m
		(Adjusted)
Profit attributable to shareholders of the Company	5,223.8	4,353.3
Dilution effect of results of dilutive shares of subsidiaries	(0.1)	(49.2)
Profit for calculating diluted earnings per share	5,223.7	4,304.1

	For the six months ended 31 December	
	2011	2010
	Number of shares (million)	Number of shares (million)
		(Adjusted)
Weighted average number of shares for calculating basic and diluted earnings per share	4,701.1	4,346.0

The earnings per share for the six months ended 31 December 2010 have been adjusted to reflect the effect of rights issue of the Company and New World China Land Limited ("NWCL"), a subsidiary of the Group, during the period.

Diluted earnings per share for the six months ended 31 December 2011 and 31 December 2010 did not assume the conversion of convertible bonds and the exercise of share options outstanding during the respective periods since their conversion and exercise would have an anti-dilutive effect.

6. Capital expenditure

For the six months ended 31 December 2011, the Group has acquired investment properties, property, plant and equipment, intangible concession right and intangible assets of HK\$21,229.3 million (2010: HK\$1,797.2 million). The Group has disposed of investment properties and property, plant and equipment of net book value of HK\$1,012.7 million (2010: HK\$113.0 million).

7. Intangible concession rights

	HK\$m
Net book value as at 1 July 2011	763.5
Acquisition of subsidiaries	16,197.7
Translation differences	207.3
Addition	0.9
Amortisation	(217.3)
Net book value as at 31 December 2011	16,952.1

8. Intangible assets

	Goodwill HK\$m	Operating right HK\$m	Trademark and hotel management contracts HK\$m	Total HK\$m
Net book value as at 1 July 2011	1,257.7	497.0	–	1,754.7
Translation differences	37.1	–	–	37.1
Acquisition of subsidiaries	747.8	–	1,626.7	2,374.5
Amortisation	–	(15.6)	(17.5)	(33.1)
Net book value as at 31 December 2011	2,042.6	481.4	1,609.2	4,133.2

9. Trade debtors

Aging analysis of trade debtors is as follows:

	As at 31 December 2011 HK\$m	As at 30 June 2011 HK\$m
Current to 30 days	1,433.1	1,914.1
31 to 60 days	194.3	78.0
Over 60 days	785.7	591.2
	2,413.1	2,583.3

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 services are settled in accordance with the terms of respective contracts.

10. Interests in associated companies

As at 30 June 2011, NWS Holdings Limited ("NWSH"), a subsidiary of the Group, had an effective interest of approximately 60% in Newton Resources Ltd ("Newton Resources"), a subsidiary of NWSH and classified as assets held for sale/liabilities directly associated with assets held for sale as the Hong Kong Stock Exchange had approved the separate listing of Newton Resources on the Main Board in May 2011. On 4 July 2011, the spin-off of Newton Resources had completed and dealings of Newton Resources' shares on the Main Board of the Hong Kong Stock Exchange commenced on the same day. Upon the listing, NWSH's effective interest in Newton Resources decreased to 48%. Newton Resources therefore ceased to be a subsidiary and became an associated company of the Group. As a result, a gain of HK\$1,842.7 million on the deemed disposal of interests was recorded in the consolidated income statement for the six months ended 31 December 2011.

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

Assets held for sale/non-current assets classified as assets held for sale

	At 31 December 2011 HK\$m	At 30 June 2011 HK\$m
Listed securities at market value		
Equity securities listed in Hong Kong	13.3	13.3
Equity securities listed in Mainland China	46.9	57.0
Unlisted equity securities	96.1	18.5
Assets of Newton Resources reclassified as held for sale	–	3,175.5
Property, plant and equipment and land use rights	–	7.1
	156.3	3,271.4

Liabilities directly associated with assets held for sale

	At 31 December 2011 HK\$m	At 30 June 2011 HK\$m
Liabilities of Newton Resources reclassified as held for sale	–	601.0

12. Share capital

	As at 31 December 2011		As at 30 June 2011	
	Number of shares (million)	HK\$m	Number 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				
At beginning of the period	3,990.1	3,990.1	3,918.0	3,918.0
Issue of new shares as scrip dividends (Note a)	116.9	116.9	72.1	72.1
Issue of rights shares (Note b)	1,995.1	1,995.1	–	–
At end of the period	6,102.1	6,102.1	3,990.1	3,990.1

Notes:

- a. *Issue of new shares as scrip dividends*
During the period, 116,867,035 new shares were issued at HK\$6.2719 per share for the settlement of 2011 final scrip dividend.
- b. *Issue of rights shares*
During the period, 1,995,062,501 new shares of HK\$1.00 each were issued and allotted under the rights issue at the subscription price of HK\$5.68 each on the basis of one rights share for every two shares held by the shareholders on 28 October 2011.
- c. *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 numbers 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 2011 amounted to 143,143,633 and the number of share options lapsed amounted to 653,816 and there was an adjustment of increase of 13,375,949 due to the issue of scrip dividends and rights issue for the six months ended 31 December 2011.

13. Borrowings

	As at 31 December 2011 HK\$m	As at 30 June 2011 HK\$m
Long-term borrowings		
Secured bank loans	29,645.4	16,656.5
Unsecured bank loans	27,074.5	22,378.9
Convertible bonds	7,046.2	6,856.9
Fixed rate bonds	8,036.8	5,838.9
Loans from non-controlling shareholders	978.8	141.8
	72,781.7	51,873.0
Current portion of long-term borrowings	(16,344.4)	(13,023.1)
	56,437.3	38,849.9
Short-term borrowings		
Secured bank loans	1,132.9	4,507.1
Unsecured bank loans	5,691.9	2,692.3
Other unsecured loans	156.5	154.6
Loans from non-controlling shareholders	1,180.9	1,381.7
	8,162.2	8,735.7
Current portion of long-term borrowings	16,344.4	13,023.1
	24,506.6	21,758.8
Total borrowings	80,943.9	60,608.7

14. Trade creditors

Aging analysis of trade creditors is as follows:

	As at 31 December 2011 HK\$m	As at 30 June 2011 HK\$m
Current to 30 days	5,396.7	6,808.6
31 to 60 days	1,246.1	644.0
Over 60 days	1,257.3	1,089.1
	7,900.1	8,541.7

15. Commitments

	As at 31 December 2011 HK\$m	As at 30 June 2011 HK\$m
Contracted but not provided for		
Property, plant and equipment	1,558.8	704.3
Investment properties under development	1,256.7	626.6
Subsidiary	–	1,911.8
Jointly controlled entities and associated companies	1,071.3	1,345.7
Equity securities, listed shares	75.3	77.8
Capital contribution for development projects	–	14.0
	3,962.1	4,680.2
Authorised but not contracted for		
Property, plant and equipment	807.3	163.4
Capital contribution for a proposed investment	–	60.0
	807.3	223.4
The Group's share of capital commitments of the jointly controlled entities not included above are as follows:		
Contracted but not provided for	930.8	786.5
Authorised but not contracted for	281.0	525.8
	1,211.8	1,312.3

16. Contingent liabilities and financial guarantee contracts

	As at 31 December 2011 HK\$m	As at 30 June 2011 HK\$m
The Group's financial guarantee contracts are as follows:		
Mortgage facilities for certain purchasers of properties	1,308.3	1,714.9
Guarantees for credit facilities granted to		
Jointly controlled entities	7,268.5	7,627.6
Associated companies	127.2	125.0
Investee companies included under available-for-sale financial assets	111.7	148.5
Indemnity to non-wholly owned subsidiaries for		
Mainland China tax liabilities	1,923.6	1,984.0
	10,739.3	11,600.0
The Group's share of contingent liabilities of jointly controlled entities not included above are as follows:		
Share of contingent liabilities of jointly controlled entities	20.3	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 involved 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.

17. Business combination

a. Acquisition of Hangzhou Ring Road

As at 31 December 2011, Moscan Development Limited (“Moscan”), an indirect wholly-owned subsidiary of NWSH, had acquired 100% equity interest in both Widefaith Group Limited (“Widefaith”) and Chinese Future Corporation (“CFC”), which together representing a 95% effective interest in a project company (“the Project Company”) operating Hangzhou Ring Road in Zhejiang Province in the PRC at a total consideration of US\$1,073.0 million (equivalent to approximately HK\$8,358.0 million), in which HK\$1,588.9 million was paid as deposit as at 30 June 2011, HK\$5,715.6 million was paid during the period ended 31 December 2011 and HK\$1,053.5 million remained payable as at 31 December 2011. The transaction was completed by four phases as follows:

- i. Phase 1: In June 2011, Moscan entered into a sale and purchase agreement to acquire an approximately 22.68% equity interest in CFC, representing an approximately 21.55% effective interest in the Project Company at a consideration of US\$226.9 million (equivalent to approximately HK\$1,765.4 million). As at 30 June 2011, NWSH paid a deposit of approximately HK\$1,588.9 million. This acquisition was completed on 5 July 2011 and CFC became a then jointly controlled entity of the Group.
- ii. Phase 2: In July 2011, Moscan acquired a 25% equity interest in Widefaith, representing an approximately 12.11% effective interest in the Project Company, at a consideration of US\$145.2 million (equivalent to approximately HK\$1,131.3 million).
- iii. Phase 3: In September 2011, Moscan further acquired an approximately 26.32% equity interest in CFC, representing an approximately 25% effective interest in the Project Company at a consideration of approximately US\$283.8 million (equivalent to approximately HK\$2,213.9 million) and a contingent payment of approximately US\$1.6 million (equivalent to approximately HK\$12.9 million). Upon completion of this acquisition, Moscan then held an approximately 61.75% effective interest in CFC, which represented approximately 58.66% effective interest in the Project Company, and CFC became a subsidiary of NWSH and hence a subsidiary of the Group. Details of net assets acquired are stated in note 17(a)(v) below.
- iv. Phase 4: In November 2011, Moscan entered into a sale and purchase agreement to further acquire a 75% equity interest in Widefaith, representing an approximately 36.34% effective interest in the Project Company, at a consideration of approximately US\$415.5 million (equivalent to approximately HK\$3,234.5 million). All the conditions precedent to this sales and purchase agreement had been fulfilled on 28 December 2011 and the completion took place on 6 January 2012. Since that, NWSH owns 100% of the equity interest in both Widefaith and CFC, which together represent a 95% effective interest in the Project Company.

17. Business combination (continued)

- a. Acquisition of Hangzhou Ring Road (continued)
- v. Details of net assets acquired are as follows:

	HK\$m
Purchase consideration – shown below	2,226.8
Fair value of net assets acquired – shown below	(2,226.8)

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

	HK\$m
Property, plant and equipment	17.0
Intangible concession right	16,197.7
Interests in associated companies	10.9
Debtors and prepayments	83.1
Restricted bank balances	571.3
Cash and bank balances	676.5
Creditors and accrued charges	(593.1)
Current tax payable	(148.0)
Borrowings	(5,589.1)
Non-controlling interests	(3,778.7)
Deferred tax liabilities	(2,286.4)
	5,161.2
Interest held by the Group as a jointly controlled entity	(2,934.4)
Net assets acquired	2,226.8
Represented by:	
Cash paid	2,213.9
Creditors and accrued charges	12.9
Total purchase consideration	2,226.8
Purchase consideration settled in cash	(2,213.9)
Cash and cash equivalents in subsidiaries acquired	495.8
Net cash outflow on acquisition	(1,718.1)

The Group recognised the non-controlling interests of CFC at fair value.

The acquired business contributed revenues of HK\$689.4 million and net profit of HK\$239.1 million to NWSH for the period from 17 September 2011 (date of acquisition) to 31 December 2011. If the acquisition had occurred on 1 July 2011, consolidated revenues and consolidated profit of NWSH for the six months ended 31 December 2011 would have been increased by HK\$344.3 million and HK\$78.0 million respectively.

17. Business combination (continued)

b. Acquisition of Rosewood Hotels and Resorts, L.L.C.

In July 2011, NWCL acquired 100% interest in Rosewood Hotels and Resorts, L.L.C. ("Rosewood") and the intellectual property rights of the "Carlyle", a hotel brand, for a consideration of HK\$2,049.3 million. The acquisition was completed on 29 July 2011 and Rosewood became a wholly-owned subsidiary of NWCL.

Details of net assets acquired and goodwill are as follows:

	HK\$m
Purchase consideration – cash paid	2,049.3
Fair value of net assets acquired – shown below	(1,726.1)
Goodwill	323.2

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

	HK\$m
Property, plant and equipment	10.7
Debtors and prepayments	76.1
Available-for-sale financial assets	23.3
Intangible assets – trademark and hotel management contracts	1,626.7
Cash and bank balances	99.1
Creditors and accrued charges	(109.8)
Net assets acquired	1,726.1
Purchase consideration settled in cash	(2,049.3)
Cash and cash equivalents in a subsidiary acquired	99.1
Net cash outflow on acquisition	(1,950.2)

The acquired business contributed revenues of HK\$151.6 million and incurred net loss of HK\$15.4 million to NWCL for the period from 29 July 2011 (date of acquisition) to 31 December 2011. If the acquisition had occurred on 1 July 2011, consolidated revenues and consolidated profit of NWCL for the six months ended 31 December 2011 would have been increased by HK\$21.0 million and decreased by HK\$5.5 million respectively.

Goodwill can be attributable to the anticipated profitability of the acquired business.

17. Business combination (continued)

c. Acquisition of Lanzhou New World Department Store Co., Ltd.

In November 2011, New World Department Stores China Limited ("NWDS"), a subsidiary of the Group, acquired the entire equity interest from independent third parties, including all interest and rights, of Lanzhou New World Department Store Co., Ltd., a limited liability company incorporated in the People's Republic of China ("PRC"), for an aggregate consideration of RMB3.5 million (equivalent to approximately HK\$4.3 million).

Details of net liabilities assumed and goodwill are as follows:

	HK\$m
Purchase consideration – cash paid	4.3
Fair value of net liabilities assumed – shown below	118.0
Goodwill	122.3

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

	HK\$m
Property, plant and equipment	28.4
Inventories	5.8
Debtors and prepayments	15.7
Deferred tax assets	21.3
Cash and bank balances	42.9
Creditors and accrued charges	(232.1)
Net liabilities assumed	(118.0)
Purchase consideration settled in cash	(4.3)
Cash and cash equivalents in a subsidiary acquired	42.9
Net cash inflow on acquisition	38.6

The acquired business contributed revenues of HK\$64.8 million and net profit of HK\$3.7 million to NWDS for the period from 1 November 2011 (date of acquisition) to 31 December 2011. If the acquisition had occurred on 1 July 2011, consolidated revenues and consolidated profit of NWDS for the six months ended 31 December 2011 would have been increased by HK\$37.8 million and HK\$2.7 million respectively.

Goodwill can be attributable to the anticipated profitability of the acquired business.

17. Business combination (continued)

d. Acquisition of Moral High Limited

In November 2011, NWDS acquired the entire equity interest from independent third parties, including all interest and rights, of Moral High Limited ("MHL"), a limited liability company incorporated in Samoa and its wholly-owned subsidiary, Peak Moral Commercial Development (Shanghai) Co., Ltd ("PHL"), a limited liability company incorporated in the PRC, for a gross consideration of RMB1,460.0 million (equivalent to approximately HK\$1,792.6 million) less outstanding bank borrowings of RMB580.0 million (equivalent to approximately HK\$712.1 million) and an adjustment amount to the net liabilities of MHL and PHL as at the date of acquisition. The net consideration was equivalent to approximately HK\$1,059.1 million.

The principal activities of MHL is investment holding and PHL is property holding and the operation of a retail business in Shanghai.

Details of net assets acquired and goodwill are as follows:

	HK\$m
Purchase consideration – cash paid	1,059.1
Fair value of net assets acquired – shown below	(756.8)
Goodwill	302.3

As at 31 December 2011, NWDS had not finalised the fair value assessments for net assets acquired from the acquisition. The relevant fair value of net assets acquired stated was on a provisional basis. The carrying amounts of the assets and liabilities of the acquired business as at the date of acquisition approximate their fair values and are as follows:

	HK\$m
Investment property	1,792.6
Debtors and prepayments	10.4
Cash and bank balances	13.7
Creditors and accrued charges	(55.8)
Borrowings	(712.1)
Deferred tax liabilities	(292.0)
Net assets acquired	756.8
Purchase consideration settled in cash	(1,059.1)
Cash and cash equivalents in subsidiaries acquired	13.7
Net cash outflow on acquisition	(1,045.4)

The acquired business contributed revenues of HK\$10.9 million and net profit of HK\$1.2 million to NWDS for the period from 18 November 2011 (date of acquisition) to 31 December 2011. If the acquisition had occurred on 1 July 2011, the consolidated revenues and consolidated profit of NWDS would have been increased by HK\$42.4 million and decreased by HK\$12.6 million respectively.

Goodwill can be attributable to the anticipated profitability of the acquired business.

18. Related party transactions

In addition to those already disclosed in this interim report, the following is a summary of a 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	
	2011	2010
	HK\$m	HK\$m
Transactions with jointly controlled entities and associated companies		
Interest income	67.7	65.4
Provision of contracting work services	433.6	30.3
Trademark fee and hotel management service income	123.6	46.2
Transactions with other related parties		
Rental income	51.4	45.8
Accounts payable	64.4	115.7

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

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

Liquidity and Capital Resources

Net Debt

	As at 31 December 2011 HK\$m	As at 30 June 2011 HK\$m
Consolidated net debt	48,497.7	34,992.4
NWSH (stock code: 0659)	11,851.0	2,161.5
NWCL (stock code: 0917)	9,712.4	8,459.6
NWDS – net of cash and bank balances (stock code: 0825)	(3,248.0)	(4,153.0)
Net debt (exclude listed subsidiaries)	30,182.3	28,524.3

The Group's debts were primarily denominated in Hong Kong dollar, United States 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 2011, the Group had outstanding floating-to-fixed interest rate swap contracts and derivative instruments in the aggregate amount of HK\$5,800.0 million and US\$600.0 million (equivalent to approximately HK\$4,680.0 million) respectively.

As at 31 December 2011, the Group's cash and bank balances stood at HK\$30,286.5 million and the consolidated net debt amounted to HK\$48,497.7 million (30 June 2011: HK\$24,092.8 million and HK\$34,992.4 million). The net debt to equity ratio was 31.88%; there was an increase of 5.84% as compared to 30 June 2011.

The Group has completed the following significant acquisitions during the period under review:

	HK\$m
Tai Po Tsai project, Sai Kung	6,640
Channel 1調頻壹, Shanghai	1,793
Hangzhou Ring Road, Hangzhou	5,716
Rosewood Hotels and Resorts	2,049
Total	16,198

During the period under review, the Company raised approximately HK\$11,332.0 million, before expenses, by way of a rights issue of 1,995,062,501 rights shares on the basis of one rights share for every two shares of the Company at the subscription price of HK\$5.68 per rights share ("NWD Rights Issue").

The Group used approximately HK\$2,962.5 million of the NWD Rights Issue proceeds to subscribe for the NWCL rights shares. The directors currently intend to use the remaining net proceeds for the funding of the development costs of the Group's property projects and as general working capital for the Group.

During the period under review, NWCL also raised approximately HK\$4,293.1 million, before expenses, by way of a rights issue of 2,881,306,455 rights shares on the basis of one rights share for every two shares of NWCL at subscription price of HK\$1.49 per rights share ("NWCL Rights Issue").

The directors of NWCL currently intend to apply the net proceeds from the NWCL Rights Issue to meet future funding requirements for NWCL's property development and property related investment in the PRC and as general working capital of the NWCL.

The proceeds from the NWD Rights Issue and the NWCL Rights Issue have strengthened the capital base and the financial position of both the Company and NWCL so as to facilitate the carrying out of their plans to develop their land bank.

As at 31 December 2011, the Group's long-term bank loans, fixed rate bonds and convertible bonds amounted to HK\$71,802.9 million. Short-term bank and other loans as at 31 December 2011 were HK\$6,981.3 million. The maturity of long-term bank loans, fixed rate bonds and convertible bonds as at 31 December 2011 is as follows:

	HK\$m
Within one year	16,344.4
In the second year	11,703.4
In the third to fifth year	33,259.1
After the fifth year	10,496.0
	71,802.9

Equity of the Group as at 31 December 2011 increased to HK\$152,140.6 million against HK\$134,368.6 million as at 30 June 2011.

Other Information

Disclosure Pursuant to Rules 13.20 and 13.22 of the Listing Rules

At 31 December 2011, 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 2011 HK\$m	As at 30 June 2011 HK\$m
Amounts due by Affiliated Companies	15,253.9	12,722.2
Guarantees given for Affiliated Companies in respect of banking and other credit facilities	7,270.7	7,752.6
Commitments to capital injections and loan contributions	1,378.5	1,461.3
	23,903.1	21,936.1

- a. The financial assistance in aggregate exceeded 8% of the Group’s total assets as at 31 December 2011.
- b. The advances were unsecured and are interest free except for an aggregate amount of HK\$4,985.6 million (30 June 2011: HK\$3,526.6 million) which carried interest ranging from 0.875% above HIBOR to 21.65% per annum (30 June 2011: 0.6% above HIBOR to 10.0% per annum). These 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 2011 were presented as follows:

	Combined statement of financial position HK\$m	The Group’s attributable interests HK\$m
Non-current assets	68,872.6	33,631.5
Current assets	37,974.9	20,316.2
Current liabilities	(26,464.2)	(13,058.6)
Total assets less current liabilities	80,383.3	40,889.1
Non-current liabilities	(37,048.1)	(18,407.9)
Net assets	43,335.2	22,481.2

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 classification of the statement of financial position, as at 31 December 2011.

Interim Dividend

The Board has declared an interim dividend for the financial year ending 30 June 2012 in scrip form equivalent to HK\$0.10 per share with a cash option to shareholders registered on 26 March 2012.

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 13 April 2012. It is expected that certificates for the scrip shares and dividend warrants will be posted to shareholders on or before 17 May 2012.

Book Close Dates

Book close dates (both days inclusive)	:	20 March 2012 to 26 March 2012
Latest time to lodge transfer with Share Registrar	:	4:30pm on Monday, 19 March 2012
Address of Share Registrar	:	Tricor Tengis Limited 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Purchase, Sale or Redemption of Listed Securities

The Company has not redeemed any of its listed securities during the six months ended 31 December 2011. 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 2011.

Review of Interim Results

The Company's unaudited interim results for the six months ended 31 December 2011 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 2011 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 2011.

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 2011 Annual Report are set out below:

1. Dato' Dr. Cheng Yu-Tung was appointed as the honorary chairman and non-executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong, on 26 July 2011. He also acts as a director of Cheng Yu Tung Family (Holdings II) Limited and Chow Tai Fook Capital Limited, both became substantial shareholders of the Company during the period.
2. Dr. Cheng Kar-Shun, Henry was appointed as the chairman and executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong, on 26 July 2011. He also acts as a director of Cheng Yu Tung Family (Holdings II) Limited and Chow Tai Fook Capital Limited, both became substantial shareholders of the Company during the period. Dr. Cheng was also appointed a member of the remuneration committee of the Company on 18 January 2012.
3. Mr. Cheng Kar-Shing, Peter acts as a director of Cheng Yu Tung Family (Holdings II) Limited and Chow Tai Fook Capital Limited, both became substantial shareholders of the Company during the period. He was also appointed as the chairman of Chow Tai Fook Charity Foundation and was admitted as an Arbitrator of Huizhou Arbitration Commission.
4. Mr. Leung Chi-Kin, Stewart resigned as a non-executive director and the principal adviser of the Company as well as a non-executive director of New World China Land Limited, a listed public company in Hong Kong, on 1 January 2012.
5. Mr. Lee Luen-Wai, John was appointed as a member of the Appeal Boards Panel (Education) on 1 January 2012. Mr. Lee resigned as a non-executive director of Export and Industry Bank, Inc., a listed company in the Republic of Philippines, on 13 December 2011.
6. Mr. Cheng Chi-Kong, Adrian was appointed as an executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong, on 26 July 2011. He was also appointed as vice-chairman of the Youth Federation of the Central State-owned Enterprises in August 2011.
7. Mr. Cheng Chi-Heng was appointed as an executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong, on 26 July 2011.
8. Dato' Dr. Cheng Yu-Tung, Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Mr. Cheng Chi-Kong, Adrian and Mr. Cheng Chi-Heng are directors of Centennial Success Limited (a substantial shareholder of the Company) which changed its name to Chow Tai Fook (Holding) Limited with effect from 17 August 2011.

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, recognising their outstanding performance in implementing corporate social services.

Employees and Remuneration Policies

The Group has approximately 45,000 employees as at 31 December 2011 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 2011, 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	-	450,000	-	450,000	0.01
Dr. Sin Wai-Kin, David	7,090,930	70,647	-	7,161,577	0.12
Mr. Leung Chi-Kin, Stewart	201,807	-	-	201,807	0.00
Mr. Chow Kwai-Cheung	90,057	-	-	90,057	0.00
Mr. Ho Hau-Hay, Hamilton	-	-	658,765 ⁽¹⁾	658,765	0.01
Mr. Liang Cheung-Biu, Thomas	7,822	-	-	7,822	0.00
Ms. Ki Man-Fung, Leonie	90,000	-	-	90,000	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	28,125,000	4,387,500	117,610,200 ⁽⁴⁾	150,122,700	1.74
Mr. Leung Chi-Kin, Stewart	875,934	-	-	875,934	0.01
Mr. Chow Kwai-Cheung	126	-	-	126	0.00
Mr. Lee Luen-Wai, John	299,400	-	-	299,400	0.00
Mr. Cheng Chi-Kong, Adrian	371,194	-	-	371,194	0.00
Ms. Ki Man-Fung, Leonie	45,000	-	-	45,000	0.00
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
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	0.74
Dr. Sin Wai-Kin, David	4,921	46	25,493,617 ⁽⁵⁾	25,498,584	0.74
Mr. Liang Chong-Hou, David	246	–	–	246	0.00
Mr. Cheng Kar-Shing, Peter	343,750	–	5,074,520 ⁽⁶⁾	5,418,270	0.16
Mr. Leung Chi-Kin, Stewart	2,500,000	–	–	2,500,000	0.07
Mr. Chow Kwai-Cheung	14,480	–	–	14,480	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 ⁽⁷⁾	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	–	–	500 ⁽⁸⁾	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 jointly-owned by Dr. Sin Wai-Kin, David and his spouse.
- (6) These shares are beneficially-owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.
- (7) These shares are held by a company of which Mr. Cheng Kar-Shing, Peter has an indirect interest of 49.58%.
- (8) 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 2011, 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				Exercise price per share ⁽³⁾ HK\$	
			Balance as at 1 July 2011	Granted during the period	Exercised during the period	Adjusted during the period ⁽⁴⁾		Balance as at 31 December 2011
Dr. Cheng Yu-Tung	19 March 2007	(1)	36,714,392	–	–	3,784,390	40,498,782	16.003
Dr. Cheng Kar-Shun, Henry	19 March 2007	(1)	36,714,392	–	–	3,784,390	40,498,782	16.003
Dr. Sin Wai-Kin, David	19 March 2007	(1)	301,760	–	–	31,103	332,863	16.003
Mr. Liang Chong-Hou, David	19 March 2007	(1)	301,760	–	–	31,103	332,863	16.003
Mr. Yeung Ping-Leung, Howard	19 March 2007	(1)	301,760	–	–	31,103	332,863	16.003
Dr. Cha Mou-Sing, Payson	19 March 2007	(1)	301,760	–	–	31,103	332,863	16.003
Mr. Cheng Kar-Shing, Peter	19 March 2007	(1)	201,172	–	–	20,735	221,907	16.003
		(2)	1,207,047	–	–	124,417	1,331,464	16.003
Mr. Leung Chi-Kin, Stewart	19 March 2007	(1)	35,708,517	–	–	3,680,708	39,389,225	16.003
Mr. Chow Kwai-Cheung	19 March 2007	(2)	1,207,047	–	–	124,417	1,331,464	16.003
Mr. Ho Hau-Hay, Hamilton	19 March 2007	(1)	201,172	–	–	20,735	221,907	16.003
Mr. Lee Luen-Wai, John	19 March 2007	(1)	301,760	–	–	31,103	332,863	16.003
Mr. Liang Cheung-Biu, Thomas	19 March 2007	(1)	201,172	–	–	20,735	221,907	16.003
Mr. Cheng Chi-Kong, Adrian	19 March 2007	(2)	502,935	–	–	51,840	554,775	16.003
Ms. Ki Man-Fung, Leonie	19 March 2007	(2)	1,005,871	–	–	103,680	1,109,551	16.003
			115,172,517	–	–	11,871,562	127,044,079	

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 2011 in scrip form (with cash option) during the period and announced rights issue on 18 October 2011 which became unconditional on 25 November 2011. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.652 to HK\$16.004 on 28 November 2011, and further to HK\$16.003 on 30 December 2011.

(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 2011	Exercise price per share ⁽²⁾ HK\$
		Balance as at 1 July 2011	Granted during the period	Exercised during the period	Adjusted during the period ⁽²⁾	Lapsed during the period		
		19 March 2007	(1)	15,248,983	-	-		

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 2011 in scrip form (with cash option) during the period and announced rights issue on 18 October 2011 which became unconditional on 25 November 2011. Accordingly, adjustments were made to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.652 to HK\$16.004 on 28 November 2011, and further to HK\$16.003 on 30 December 2011.

(3) The cash consideration paid by each 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

NWCL adopted a new share option scheme (“NWCL 2011 Share Option Scheme”) on 22 November 2011. No share option has been granted under the NWCL 2011 Share Option Scheme since its adoption.

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)

The share option scheme adopted by NWCL on 26 November 2002 (“NWCL 2002 Share Option Scheme”) was terminated on 22 November 2011. Share options granted under the NWCL 2002 Share Option Scheme prior to its termination shall continue to be valid and exercisable in accordance with the terms of the NWCL 2002 Share Option Scheme. Details of movement of share options granted under the NWCL 2002 Share Option Scheme during the six months ended 31 December 2011 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 2011	Exercise price per share (before adjustment) ⁽⁴⁾ HK\$	Exercise price per share (after adjustment) ⁽⁴⁾ HK\$
			Balance as at 1 July 2011	Adjusted during the period ⁽⁴⁾	Exercised during the period			
Dr. Cheng Kar-Shun, Henry	29 December 2008	(1)	1,791,045	69,781	–	1,860,826	1.340	1.290
	18 January 2011	(2)	2,000,000	77,922	–	2,077,922	3.154	3.036
Mr. Cheng Kar-Shing, Peter	29 December 2008	(1)	727,612	28,349	–	755,961	1.340	1.290
	18 January 2011	(2)	800,000	31,169	–	831,169	3.154	3.036
Mr. Leung Chi-Kin, Stewart	29 December 2008	(1)	127,910	1,635	(85,934) ⁽⁶⁾	43,611	1.340	1.290
	18 January 2011	(2)	200,000	7,792	–	207,792	3.154	3.036
Mr. Chow Kwai-Cheung	29 December 2008	(1)	167,910	6,542	–	174,452	1.340	1.290
	18 January 2011	(2)	200,000	7,792	–	207,792	3.154	3.036
Mr. Lee Luen-Wai, John	29 December 2008	(1)	252,221	9,827	(174,000) ⁽⁶⁾	88,048	1.340	1.290
	18 January 2011	(2)	300,000	11,688	–	311,688	3.154	3.036
Mr. Cheng Chi-Kong, Adrian	29 December 2008	(3)	337,284	13,141	–	350,425	1.340	1.290
	18 January 2011	(2)	1,500,000	58,442	–	1,558,442	3.154	3.036
			8,403,982	324,080	(259,934)	8,468,128		

Notes:

- (1) Divided into 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
- (2) Divided into 5 tranches exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015, respectively to 18 February 2016.
- (3) Divided into 2 tranches exercisable from 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
- (4) NWCL announced rights issue on 18 October 2011 which became unconditional on 22 December 2011. Accordingly, adjustments were made to the number of outstanding share options and the exercise price in accordance with the NWCL 2002 Share Option Scheme on 23 December 2011.
- (5) The exercise date was 8 December 2011. On the trading date immediately before the exercise date, the closing price per share was HK\$1.65.
- (6) The exercise date was 29 December 2011. On the trading date immediately before the exercise date, the closing price per share was HK\$1.58.
- (7) 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 2011	Exercise price per share (before adjustment) ⁽⁴⁾ HK\$	Exercise price per share (after adjustment) ⁽⁴⁾ HK\$
	Balance as at 1 July 2011	Granted during the period ⁽³⁾	Exercised during the period (before adjustment) ⁽⁵⁾	Adjusted during the period ⁽⁴⁾	Exercised during the period (after adjustment) ⁽⁵⁾	Lapsed during the period			
28 June 2006 to 26 July 2006	64,925	-	(64,000)	-	-	(925)	-	2.559	N/A
17 October 2006 to 13 November 2006	111,492	-	-	-	-	(111,492)	-	2.984	N/A
28 December 2006 to 24 January 2007	759,850	-	-	29,604	-	-	789,454	4.209	4.051
19 March 2007 to 13 April 2007	822,985	-	-	32,064	-	-	855,049	4.020	3.869
14 June 2007 to 11 July 2007	1,669,701	-	-	43,386	-	(556,119)	1,156,968	5.994	5.769
17 October 2007 to 13 November 2007	1,635,223	-	-	36,600	-	(695,821)	976,002	7.209	6.939
28 December 2007 to 24 January 2008	826,119	-	-	32,186	-	-	858,305	6.228	5.994
22 April 2008 to 19 May 2008	647,910	-	-	18,020	-	(185,373)	480,557	4.699	4.523
31 July 2008 to 27 August 2008	260,597	-	-	8,338	-	(46,566)	222,369	3.271	3.148
12 November 2008 to 9 December 2008	693,206	-	-	27,008	-	-	720,214	1.503	1.447
2 December 2008 to 29 December 2008	8,702,749 ⁽²⁾	-	(102,000)	467,561	(449,945)	(50,882)	8,567,483	1.340	1.290
2 December 2008 to 29 December 2008	1,894,704	-	-	73,819	-	-	1,968,523	1.340	1.290
3 February 2009 to 2 March 2009	685,528	-	(54,000)	24,604	-	-	656,132	1.769	1.703
26 June 2009 to 23 July 2009	3,013,208	-	-	117,397	-	-	3,130,605	4.065	3.913
19 November 2009 to 16 December 2009	2,970,000	-	-	86,493	-	(750,000)	2,306,493	3.068	2.953
12 January 2010 to 2 February 2010	4,561,600	-	-	154,488	-	(596,400)	4,119,688	2.900	2.878
18 May 2010 to 14 June 2010	1,144,000	-	-	33,818	-	(276,000)	901,818	2.350	2.262
31 May 2010 to 25 June 2010	888,000	-	-	34,597	-	-	922,597	2.440	2.349
10 November 2010 to 7 December 2010	4,350,400	-	-	152,290	-	(441,600)	4,061,090	3.130	3.013
18 January 2011 to 14 February 2011	9,019,400	-	-	218,937	-	-	9,238,337	3.154	3.036
3 May 2011 to 30 May 2011	1,348,400	-	-	52,535	-	-	1,400,935	2.860	2.753
26 July 2011 to 22 August 2011	-	1,572,400	-	61,262	-	-	1,633,662	2.810	2.705
	46,069,997	1,572,400	(220,000)	1,705,007	(449,945)	(3,711,178)	44,966,281		

Directors' Interests in Securities (continued)

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

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

Share options granted to other eligible participants (continued)

Notes:

- (1) The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in note 2.
- (2) 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.
- (3) The closing price per share immediately before 26 July 2011, the date of offer to grant, was HK\$2.790.
- (4) NWCL announced rights issue on 18 October 2011 which became unconditional on 22 December 2011. Accordingly, adjustments were made to the number of outstanding share options and the exercise price in accordance with the NWCL 2002 Share Option Scheme on 23 December 2011.
- (5) The weighted average closing price of the shares immediately before the dates on which share options were exercised (both before and after the date of adjustment) was HK\$1.82.
- (6) 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\$2.810 (adjusted to HK\$2.705) is estimated at HK\$1.07 using the Binomial pricing model. Value is estimated based on the risk-free rate at 1.23% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 52.49% assuming dividend yield of 1.91% 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.

(3) Long position in underlying shares of NWS Holdings Limited (“NWSH”) – share options

NWSH adopted a new share option scheme (“NWSH 2011 Share Option Scheme”) on 21 November 2011. No share option has been granted under the NWSH 2011 Share Option Scheme since its adoption.

The share option scheme adopted by NWSH on 6 December 2001 (the “NWSH 2001 Share Option Scheme”), certain rules of which were amended on 12 March 2003 and 24 November 2006, expired on 6 December 2011. Share options granted under the NWSH 2001 Share Option Scheme prior to its expiry shall continue to be valid and exercisable in accordance with the terms of the NWSH 2001 Share Option Scheme. Details of movement of share options granted under the NWSH 2001 Share Option Scheme during the six months ended 31 December 2011 are as follows:

Share options granted to directors of the Company

Name	Date of grant	Exercisable period (Note)	Number of share options				Exercise price per share ⁽²⁾ HK\$	
			Balance as at 1 July 2011	Granted during the period	Exercised during the period	Adjusted during the period ⁽²⁾		Balance as at 31 December 2011
Dr. Cheng Kar-Shun, Henry	21 August 2007	(1)	4,553,871	-	-	9,107	4,562,978	10.650

Directors' Interests in Securities (continued)

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

(3) Long position in underlying shares of NWS Holdings Limited (“NWSH”) – share options (continued)

Share options granted to directors of the Company (continued)

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 final dividend for the year ended 30 June 2011 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\$10.672 to HK\$10.650 on 29 December 2011.
- (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)	Number of share options					Balance as at 31 December 2011	Exercise price per share ⁽²⁾ HK\$
		Balance as at 1 July 2011	Granted during the period	Exercised during the period	Adjusted during the period ⁽²⁾	Lapsed during the period		
21 August 2007	(1)	26,942,364	-	(1,321,843) ⁽³⁾	49,410	(902,478)	24,767,453	10.650
28 January 2008	(1)	1,062,551	-	-	2,122	-	1,064,673	13.542
		28,004,915	-	(1,321,843)	51,532	(902,478)	25,832,126	

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 final dividend for the year ended 30 June 2011 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\$10.672 to HK\$10.650 on 29 December 2011 and the exercise price per share of the share options granted on 28 January 2008 was adjusted from HK\$13.750 to HK\$13.542 on 29 December 2011.
- (3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$11.503.
- (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	Exercisable period (Note)	Number of share options			Balance as at 31 December 2011	Exercise price per share HK\$
			Balance as at 1 July 2011	Granted during the period	Exercised during the period		
Dr. Cheng Kar-Shun, Henry	27 November 2007	(1)	1,000,000	-	-	1,000,000	8.66
Mr. Cheng Chi-Kong, Adrian	27 November 2007	(1)	500,000	-	-	500,000	8.66
			1,500,000	-	-	1,500,000	

Notes:

(1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.

(2) The cash consideration paid by each of the above directors for the grant of share options is HK\$1.0.

Share options granted to other eligible participants

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 31 December 2011	Exercise price per share HK\$
		Balance as at 1 July 2011	Granted during the period	Exercised during the period	Lapsed during the period		
27 November 2007	(1)	14,969,000	-	-	(1,224,000)	13,745,000	8.66
25 March 2008	(2)	3,524,000	-	-	(444,000)	3,080,000	8.44
		18,493,000	-	-	(1,668,000)	16,825,000	

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)

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

(5) Long position in underlying shares of Newton Resources Ltd (“Newton Resources”) – share options

Newton Resources, once a subsidiary of the Group during the six months ended 31 December 2011, adopted two share option schemes, one conditional share option scheme on 9 April 2010 (the “Newton Scheme”) and one unconditional share option scheme on 25 January 2011 (the “Newton Pre-IPO Scheme”). Upon listing of shares of Newton Resources on the Hong Kong Stock Exchange on 4 July 2011, Newton Resources ceased to be a subsidiary of the Company.

No share option was granted under the Newton Scheme since its adoption. The Newton Pre-IPO Scheme expired on 23 February 2011. Share options granted under the Newton Pre-IPO Scheme prior to its expiry shall continue to be valid and exercisable in accordance with the terms of the Newton Pre-IPO Scheme. During the period from 1 July 2011 to 3 July 2011 (the “Covered Period”), details of the movement of share options granted under the Newton Pre-IPO Scheme are as follows:

Date of grant	Exercisable period (Note)	Number of share options				Balance as at 3 July 2011	Exercise price per share HK\$
		Balance as at 1 July 2011	Granted during the Covered Period	Exercised during the Covered Period	Lapsed during the Covered Period		
28 January 2011	(1)	133,300,000 ⁽²⁾	-	-	-	133,300,000	1.75

Notes:

- (1) 40.0% of the share options are exercisable from 4 July 2012 to 6 July 2015 while the remaining 60.0% of the share options are divided into 2 equal tranches exercisable from 4 July 2013 and 4 July 2014 respectively to 6 July 2015.
- (2) Share options were granted based on the issued share capital of Newton Resources upon listing of Newton Resources' shares on the Hong Kong Stock Exchange since 4 July 2011.
- (3) The cash consideration paid by each eligible participant for each grant of share options is HK\$1.0.

(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 2011
	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 2011, 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 2011, 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⁾	–	2,424,476,329	2,424,476,329	39.73
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") ⁽²⁾	–	2,424,476,329	2,424,476,329	39.73
Chow Tai Fook Capital Limited ("CTFC") ⁽³⁾	–	2,424,476,329	2,424,476,329	39.73
Chow Tai Fook (Holding) Limited (formerly known as Centennial Success Limited) ("CTFHL") ⁽⁴⁾	–	2,424,476,329	2,424,476,329	39.73
Chow Tai Fook Enterprises Limited ("CTF") ⁽⁵⁾	2,198,067,824	226,408,505	2,424,476,329	39.73

Notes:

- (1) CYTFH holds approximately 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (2) CYTFH-II holds approximately 40.23% direct interest in CTFC and is accordingly deemed to have an interest in the shares deemed to be interested by CTFC.
- (3) CTFC holds approximately 74.07% direct interest in CTFHL and is accordingly deemed to have an interest in the shares deemed to be interested by CTFHL.
- (4) CTFHL holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.
- (5) 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 2011.

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. 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

Share Registrar and Transfer Office

Tricor Tengis Limited
26/F., Tesbury Centre,
28 Queen's Road East,
Wanchai,
Hong Kong

Registered Office

30/F., New World Tower,
18 Queen's Road Central, Hong Kong
Tel: (852) 2523 1056
Fax: (852) 2810 4673

Principal Bankers

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

Stock Code

Hong Kong Stock Exchange 0017
Reuters 0017HK
Bloomberg 17HK

Information for Investors

For more information about the Group,
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Website

www.nwd.com.hk

Re-organisation of Board of Directors

The Board has announced the following changes in directorships of the Company with effect from 1 March 2012:

1. Dato' Dr. Cheng Yu-Tung has retired as chairman and executive director;
2. Dr. Cheng Kar-Shun, Henry has been re-designated from managing director to chairman and executive director;
3. Mr. Cheng Chi-Kong, Adrian, an executive director, has taken up additional position as joint general manager;
4. Mr. Chen Guanzhan has been appointed as executive director and joint general manager;
5. Dr. Sin Wai-Kin, David has retired as executive director;
6. Mr. Chow Kwai-Cheung has resigned as non-executive director;
7. Miss Cheng Chi-Man, Sonia has been appointed as executive director;
8. Ms. Ki Man-Fung, Leonie has been re-designated from non-executive director to executive director;
9. Mr. Liang Chong-Hou, David has been re-designated from executive director to non-executive director; and
10. Mr. Liang Cheung-Biu, Thomas has been re-designated from non-executive director to independent non-executive director.

Profile of the New Directors

Mr. Chen Guanzhan

(Aged 52)

Mr. Chen joined the Company as general manager on 1 January 2011. He also acts as director of certain subsidiaries of the Group. Mr. Chen was an executive director of Yuexiu Transport Infrastructure Limited (formerly known as GZI Transport Limited), a listed public company in Hong Kong, up to his resignation on 3 November 2009. Mr. Chen holds a Bachelor of Science Degree from Sun Yat-Sen University in Guangzhou and a Master of Science Degree in Environmental Chemical Engineering from South China University of Technology in Guangzhou. He had also been a visiting scholar to the California State University, Northridge in U.S.A. where he studied Public Administration. Mr. Chen had previously taught at South China University of Technology, and held certificates as university lecturer, senior engineer, and held offices in various departments of the Guangzhou Municipal People's Government. Mr. Chen has extensive experience in administration management, corporate management and capital management with a strong theoretical and practical foundation.

Miss Cheng Chi-Man, Sonia

(Aged 31)

Miss Cheng is currently the chief executive officer of New World Hospitality and oversees the hotel division as well as the project management division of the Group. She is also an executive director of New World China Land Limited, a listed public company in Hong Kong, and a director of certain subsidiaries of the Group. Before joining the Group in 2008, Miss Cheng had worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Miss Cheng holds a Bachelor of Arts Degree in Applied Mathematics with concentration in Economics from Harvard University in U.S.A.. Miss Cheng is the granddaughter of Dato' Dr. Cheng Yu-Tung, the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Mr. Cheng Chi-Kong, Adrian, the niece of Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.



New World Development Company Limited

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

