



New World China Land Limited

(Stock Code: 0917)

Annual Report 2007





New World New Living **brings new vision of urban living**

Our vision is based on our relentless pursuit of new concept in urban living. We provide quality housing and comfortable living environment to different families, contribute to the creation of a modern Chinese society in which people of different walks of life can live in harmony.

Missions

Transforming city vistas

We have dedicated ourselves in rejuvenating old city neighbourhood through comprehensive redevelopment plans. As a living embodiment of China's cosmopolitan life, these mixed-use redevelopments have been undertaken to rejuvenate the old city into vibrant communities characterised by eclectic urban housing, ample public space, shopping, entertainment and leisure facilities.

Spurring business opportunities

We have developed large-scale multi-purpose commercial complexes, all well-recognised city landmarks that generate new business opportunities and breathe new life into throbbing hearts of Chinese metropolitans.

Creating modern communities

We pride ourselves on having created large scale self-contained communities that nurture family living and promote a healthy cultural and social life.

Refining living lifestyle

Our resort-style residential properties bring together exotic tropical landscape and mood-inspiring architecture. In addition to redefining aesthetic standards and envisioning a new way of living, we enable owners and residents to experience for themselves the exquisite and sensual lifestyle enjoyed by home buyers around the world.

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BRAND VALUES AND ESSENCE

Unsurpassed Quality and Long Term Value

No matter what products or services we are offering, "Quality" is always at our heart. Our continuous adherence to excellent quality has won long term reliable reputation in the market. We choose the best locations in town to develop world-class properties with quality property management services. Our determination in providing the best contributes to preservation of asset value in the long run.

Comprehensive Property Development

We develop wide ranges and types of properties to cater for varying demands on sizes and functions from different market segments. Our dedicated professionalism and wide embracing experiences in project planning and execution have enable us to handle the stringent demand of multi-product lines with ease.

Building City and Corporate Citizenship

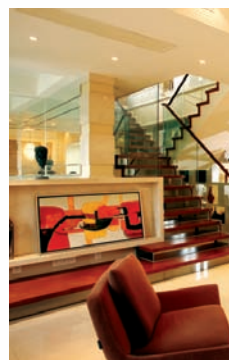
We value corporate citizenship and are actively involved in continuous development of the local community. We commit ourselves to long term urban redevelopment projects, and participate enthusiastically in national and local charity programmes. Our act of good corporate citizenship has inspired the locals in joining us to create a more harmonious society.

Localised Hong Kong Brand

As a Hong Kong based and well recognised brand, we fully apply our advanced and wide embracing experience in Hong Kong to property development in Mainland China, while at the same time develop projects that meet the needs of the city. We value local concepts, we understand market operation and culture through extensive staff localisation, and as a result, we become an integral part of the local community.

Reliability and Reputation

With over 30 years of property development experience and 20 years of investment experience in Mainland China, we are undoubtedly a mature and reliable developer with outstanding reputation in complying with local market rules and government regulations.





Property portfolio by type		sq.m.
Development projects		24,369,737
Investment properties under development		73,951
Completed investment properties		1,592,329
Hotel properties under development		87,655
Completed hotel properties		155,101
Total		26,278,773

Property portfolio by location		sq.m.
Beijing		1,980,541
Tianjin		379,296
Shenyang		2,878,965
Dalian		279,861
Shanghai		824,544
Wuhan		2,725,866
Chengdu		3,416,055
Changsha		1,292,941
Guiyang		3,561,850
Guangzhou		3,480,586
Pearl River Delta		2,112,333
Haikou		2,767,758
Other regions		578,177
Total		26,278,773

Property portfolio by usage		sq.m.
Residential		18,397,651
Commercial		2,734,316
Office		827,214
Hotel		391,802
Carpark		3,927,790
Total		26,278,773





To Our Shareholders,

The Group has recorded a profit of HK\$1,191 million in FY2007, up 61% year-on-year. The significant increase in profit for the year was attributable to the improved performance achieved by all three major operations of the Group, namely property sales, rental operation and hotel operation.

In the first half of 2007, China recorded a 11.5% GDP growth compared to same period last year. In particular, the fixed assets investment in middle and Western part of Mainland China were RMB1,111.1 billion and RMB1,009.4 billion, up 35.6% and 30.2% year-on-year respectively.

With the economic boom in Mainland China, listing as a capital-raising activity for future development is becoming a trend for enterprises. In recent years, property developers in Mainland China have been surging to be listed on the Hong Kong Stock Exchange. NWCL has been listed in Hong Kong as early as 1999. And, NWCL has become one of the major developers in the mainland since then, creating modern communities and refining living lifestyle.

For a property developer, landbank is the most important asset and also the blueprint of its future development. In this regard, developers in Hong Kong and Mainland China are actively expanding their landbanks in different cities in Mainland China, thus contributing to the record-breaking land auction prices. High land prices inevitably bring negative effect to the profit margins of enterprises. NWCL has been continuously looking for suitable land parcels ever since its investment in China during the 1980s. As a Hong Kong developer with the largest land bank in China, NWCL can be immune from the impact of high land prices.

In 2006, the Group acquired several new projects located in mid-western Mainland China. The decision was based on our positive view on the property market in that region. Firstly, the lower land costs in these secondary cities will translate into better margins. Secondly, the rapid development of the mid-western cities, under the strong support from the central government, means a higher growth potential. In FY2008, the first phase of the projects located in Chengdu, Changsha and Guiyang will be completed and start the contribution to the Group.

Branding is to create a response from a target audience based on cumulative impressions and positive reinforcement. Branding is no longer a fashion gimmick. It is also an important selection criterion for home buyers. New World China Land is now well-recognised by the local home buyers. NWCL has been four years in a row awarded "Top10 National Real Estate Developers Brand Value", recognising 'New World China Land' as a name for guaranteed quality. The Group has planned to carry out a series of branding strategy, reinforcing market recognition to NWCL while at the same time, strive to deliver quality products, satisfying ever-increasing market demand.

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

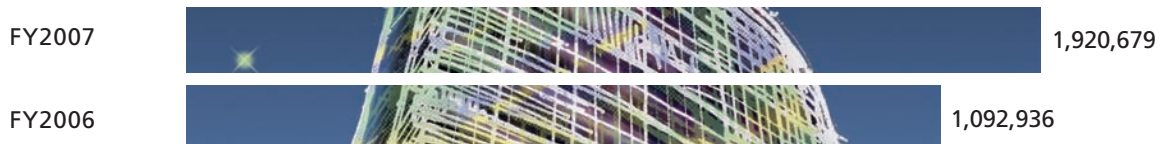
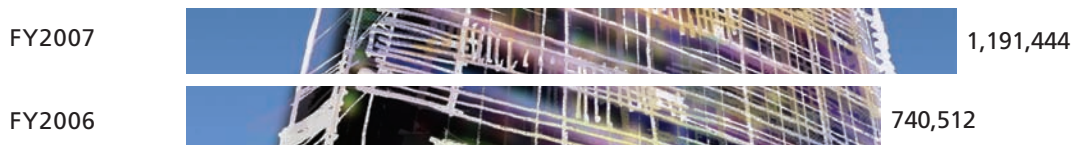
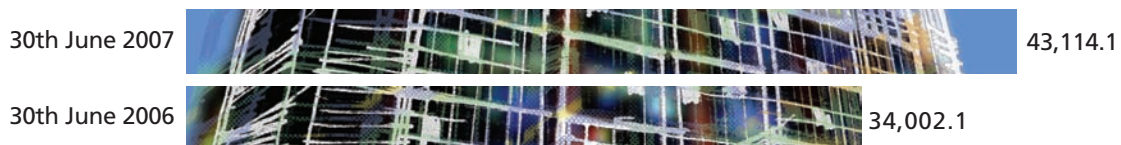
Hong Kong, 11th October 2007

KEY FINANCIAL DATA

	FY2007	FY2006
Operating Result (HK\$'000)		
Revenue		
Company and subsidiaries	2,474,238	1,691,320
Share of associated companies and jointly controlled entities (note 1)	2,916,382	2,699,615
	5,390,620	4,390,935
Representing:		
Sale of properties	4,248,248	3,519,213
Rental income	713,009	563,541
Income from hotel operations	319,761	248,276
Property management services fees income	75,992	57,182
Project management fee income	33,610	2,723
	5,390,620	4,390,935
Gross profit (HK\$'000)		
Company and subsidiaries	847,194	529,145
Share of associated companies and jointly controlled entities (note 2)	1,073,485	563,791
	1,920,679	1,092,936
Profit attributable to equity holders of the Company (HK\$'000)		
	1,191,444	740,512
Earnings per share (HK cents)		
Basic	31.12	19.50
Diluted	31.07	19.48
Dividend per share (HK cents)		
Interim	2.00	—
Final	6.00	4.00
Full-year	8.00	4.00
	As at	As at
	30th June	30th June
	2007	2006
Financial Position (HK\$ million)		
Cash and bank balances	6,396.1	2,851.9
Total assets	43,114.1	34,002.1
Total liabilities	15,642.5	9,790.5
Capital and reserves attributable to the Company's equity holders	26,229.9	24,035.0
Financial Ratios		
Current ratio (times)	2.95	2.75
Net debt to equity ratio	17.7%	12.8%

Note 1: It represents attributable share of turnover of associated companies and jointly controlled entities to the Group.

Note 2: It represents attributable share of gross profit of associated companies and jointly controlled entities to the Group.

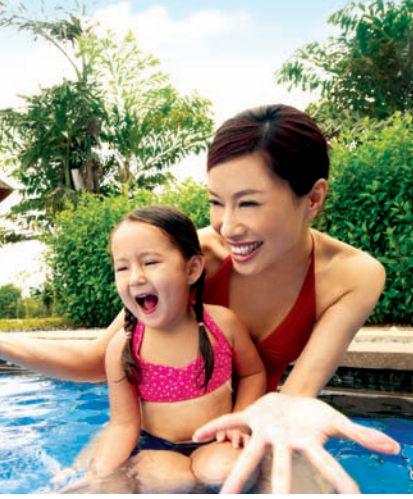
Revenue (note 1) (HK\$'000)**Gross profit** (note 2) (HK\$'000)**Profit attributable to equity holders of the Company** (HK\$'000)**Total assets** (HK\$ million)**Capital and reserves attributable to the Company's equity holders** (HK\$ million)**Cash and bank balances** (HK\$ million)

Note 1: It represents revenue of the Company and subsidiaries plus share of revenue of associated companies and jointly controlled entities attributable to the Group as tabulated on page 6.

Note 2: It represents gross profit of the Company and subsidiaries plus share of gross profit of associated companies and jointly controlled entities attributable to the Group as tabulated on page 6.

NEW LIVING





Chinese people always regards their home as the epicentre of all family activities. We cherish the quality times spending together in the family house. It is the quintessence of Chinese living, the sense of belonging and cultural roots, even in the modern sense....

BEIJING



Beijing Chongwen District New World commercial hub

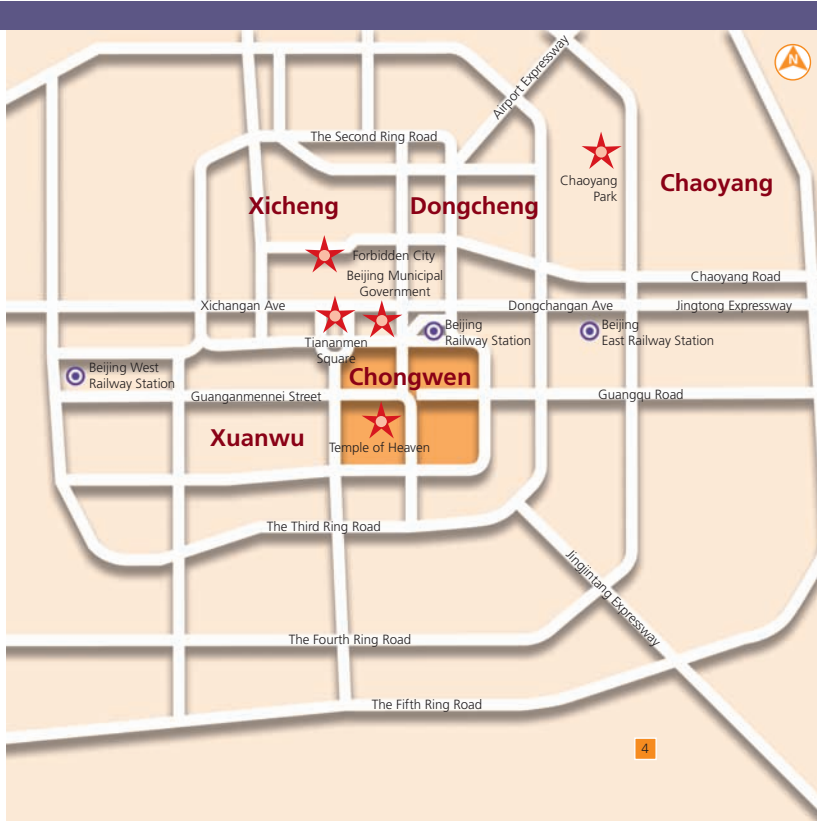
Area	16,410 km ²
Location	Beijing



HIGHLIGHTS

“ As the highly anticipated 2008 Beijing Olympic Games approaches the final year mark, the major venues for the Games such as National Aquatics Center (“Water Cube”), and National Stadium are all close to completion. At the same time, major transportation developments are currently in progress. The key project is the building of the Beijing Capital International Airport Terminal 3 which is due to complete in December 2007 and under test-run in February 2008. The new

terminal will be connected to the CBD Dongzhimen Beijing Subway Terminal via a brand new airport light-rail line with a travel time of only about 18 minutes. Beijing Subway Line No. 5 has opened after the National Day Holiday Week in 2007. This much anticipated new line with a total of 23 stations vastly shorten the travelling time between Asian Game Village vicinity in the north and densely populated hub like Chongwen District in the south.

”



-  Railway Station
-  Beijing Xin Kang Garden

The entire city is also cooperating together to help improve air quality and provide a better environment for the 2008 Olympic Games. Several pilot programmes are already trial tested during the past summer, including the implementation of rotating car usage within the metropolitan area. Beijing is also going after other worldwide pursue besides Olympic.

The past year has seen the price for residential property increasing sharply in the capital. Property price of Chongwen District benefited vastly from the opening of Subway Line No. 5, with its Ciqikou Station located right underneath the Group's projects in the area. The Group's mainstay high-end residential project Beijing Xin Yi Garden Phase II achieved a 55% surge in unit price in merely a year's time. Beijing New View Garden Phase III, on the other hand, is the perfect answer to the country's call for residential project with smaller sized unit. Averaging only 65 sq.m. for each apartment, nearly 90% of the unit has been sold since the beginning of 2007. The Group has also launched a miniature second phase of Beijing Xin Yu Garden just across the street from Beijing New View Garden. With a mixture of residential units, offices and shops, over 95% of the 238 apartments units were snapped up within two months after its launch in the second half of 2006.

More aggressive marketing strategy has worked out exceptionally well for Taihua Apartment of New World Centre Phase II. Over 120 service apartment units have been disposed to multinational clientele.

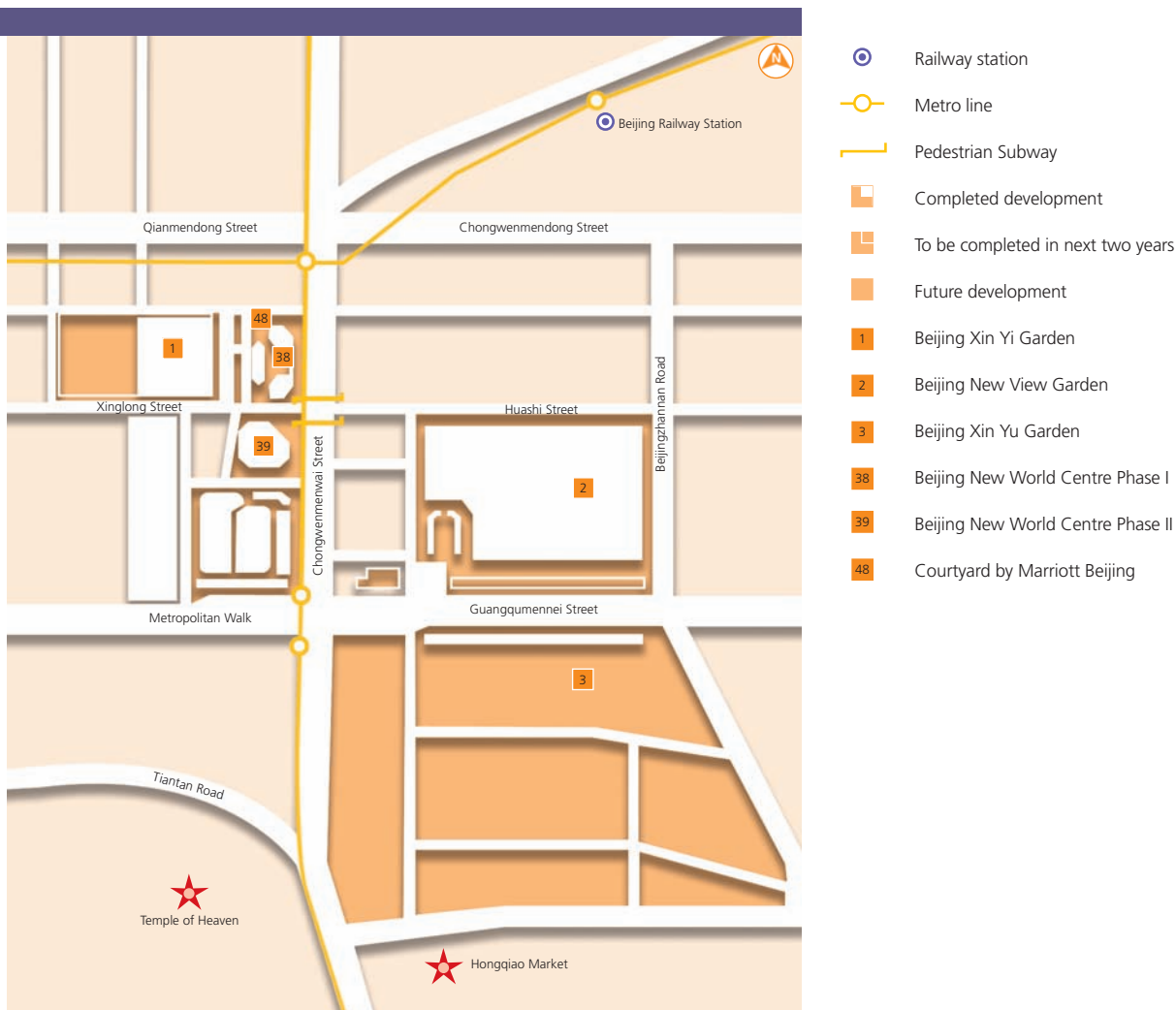


Beijing Xin Yu Garden



Beijing New View Garden

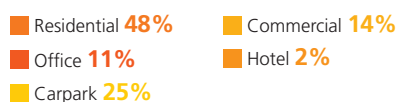
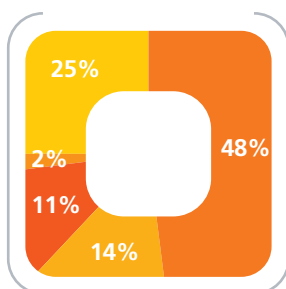
BEIJING



Beijing — completion schedule			sq.m.
FY2007	Beijing Xin Yi Garden Phase II	Residential, Commercial, Carpark	62,393
	Beijing New View Garden Phase III	Residential, Commercial, Carpark	35,400
	Beijing Xin Yu Garden Phase II	Residential, Commercial, Office, Carpark	46,391
	Beijing Xin Kang Garden Phase III	Commercial	2,594
Total			146,778
FY2008	Beijing Xin Yi Garden Phase II	Residential	49,030
	Beijing Xin Kang Garden Phase III	Residential	6,822
Total			55,852
FY2009	Beijing Liang Guang Road Block 6	Residential	31,000
Total			31,000

Beijing – development properties for sale

Total GFA 1,487,641 sq.m.



PROPERTY PORTFOLIO

There are four major property projects under development with total GFA of 1,487,641 sq.m.. A saleable GFA of 122,308 sq.m. was completed during the year, including 101,003 sq.m. of residential space, 9,137 sq.m. of commercial space and 12,168 sq.m. of office space. We expect to build 55,852 sq.m. GFA in FY2008 and 31,000 sq.m. GFA in FY2009.

INVESTMENT PROPERTIES

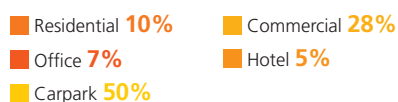
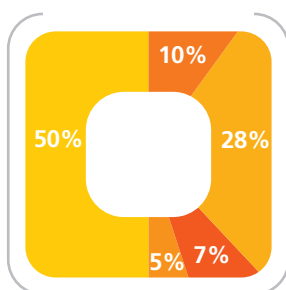
There are nine completed investment properties with a total GFA of 492,900 sq.m..

Both shopping and office space of Beijing New World Centre in the bustling Chongwen District were leased satisfactorily and its occupancy recorded a steady year-on-year growth.

Courtyard by Marriott Beijing in Chongwen District recorded a satisfactory occupancy rate during the year.

Beijing – completed investment properties

Total GFA 492,900 sq.m.



Beijing Xin Yi Garden



TIANJIN



Tianjin New World Plaza

Area | 11,760 km²
Location | Tianjin

HIGHLIGHTS

“ The “2005–2020 Tianjin Municipality Master Plan” approved last year by the State Council has proven to be a catalyst for the city’s fast paced changes. 19 different functional districts have been laid down as the fundamental town planning framework for Tianjin’s future development. Hai River and its surrounding vicinity of financial, hi-tech and commercial development

will be further strengthened to become the core economic activity hub of Tianjin. The Tianjin Subway Line No. 1 has begun trial operation last year while Lines No. 2 and No. 9 are on the pipeline. The nicknamed “Water Drop” Tianjin Olympic Centre was opened in August 2006, a new landmark to showcase the city’s uprising. ”



- Bridge
- Metro line
- Completed development
- To be completed in next two years
- Future development
- Tianjin Xin Chun Hua Yuan
- Tianjin Nanshi project
- Tianjin New World Plaza

Tianjin — completion schedule

			sq.m.
FY2007	Tianjin Xin Chun Hua Yuan Phase III	Residential, Commercial	39,852
	Total		39,852

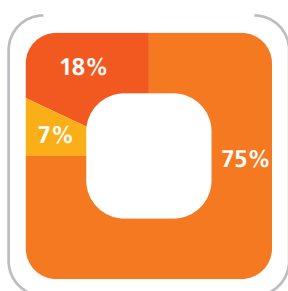


Tianjin New World Garden

All 394 residential units of Tianjin Xin Chun Hua Yuan Phase III were launched in FY2007 with overwhelming market response, benefited from the opening of Tianjin Subway Line No.1 just around the block. Plans for Phase IV is underway to capture the strong demand for smaller sized apartments by the city's working and middle classes alike.

Tianjin – development properties for sale

Total GFA 261,793 sq.m.



Residential **75%** Commercial **7%**
Carpark **18%**

PROPERTY PORTFOLIO

There are two major property projects under development with total GFA of 261,793 sq.m.. A saleable GFA of 39,852 sq.m. was completed during the year, including 39,177 sq.m. of residential space and 675 sq.m. of commercial space.

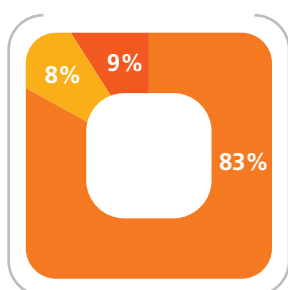
INVESTMENT PROPERTIES

There are two completed investment properties with a total GFA of 117,503 sq.m..

Tianjin New World Plaza consists of 91,562 sq.m. of lettable area, while the overall occupancy rate was recorded at 88%.

Tianjin – completed investment properties

Total GFA 117,503 sq.m.



Commercial **83%** Office **8%**
Carpark **9%**

Tianjin Xin Chun Hua Yuan



JINAN



Jinan Sunshine Garden West District perspective

Area | 8,154 km²
Location | Shandong Province

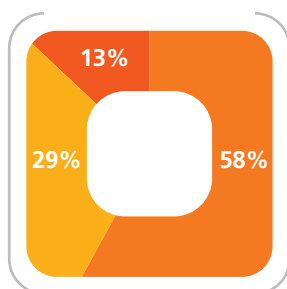
HIGHLIGHTS

“ Jinan GDP managed to reach RMB218.5 billion dollars in 2006, a 15.4% increase from last year. The hosting of the Eleventh National Game has did more than pulling the economy, the city has already poured in another RMB15 billion dollars in the first half of this year in urban basic infrastructure improvement and construction. Under the new Shandong Peninsular City Group Master Plan (2006–2020) announced

in July 2007, eight cities surrounding Jinan will form a city group in which Jinan and Qingdao acting as twin centres. This city group will become the central economic region of the lower reaches of Yellow River. With a total population of over 42 million and a combined 2006 GDP of RMB1,448 billion dollars, this City Group has already surpassed the combined total GDP of Beijing-Tianjin-Tangshan region. ”

Jinan – development properties for sale

Total GFA 517,370 sq.m.



■ Residential **58%**
 ■ Commercial **29%**
■ Carpark **13%**

The Group's urban redevelopment community project Jinan Sunshine Garden launched a new phase of apartment units in July 2007. Jinan Sunshine Garden "West District" comprised of about 900 units of low-rise, mid-rise and high-rise apartments in 12 blocks. The high quality and pricing strategy of the project has made Jinan Sunshine Garden the representing residential development in Huaiyin District of Jinan.

PROPERTY PORTFOLIO

In Jinan, the Group has two major property projects under development with a total GFA of 517,370 sq.m.. We expect to build 158,901 sq.m. GFA in FY2008 and 157,122 sq.m. GFA in FY2009.

Jinan — completion schedule			sq.m.
FY2008	Jinan Sunshine Garden Phase II	Residential, Commercial, Carpark	158,901
	Total		158,901
FY2009	Jinan Sunshine Garden Phase III	Residential	157,122
	Total		157,122



Jinan Sunshine Garden

NEW WAY TO WORK





We feel completely at home in our new office. The facilities and services are simply superb and up to international standard, just as those in international financial centres like London or New York. It makes our work day a whole lot easier and downright more efficient....

SHANGHAI



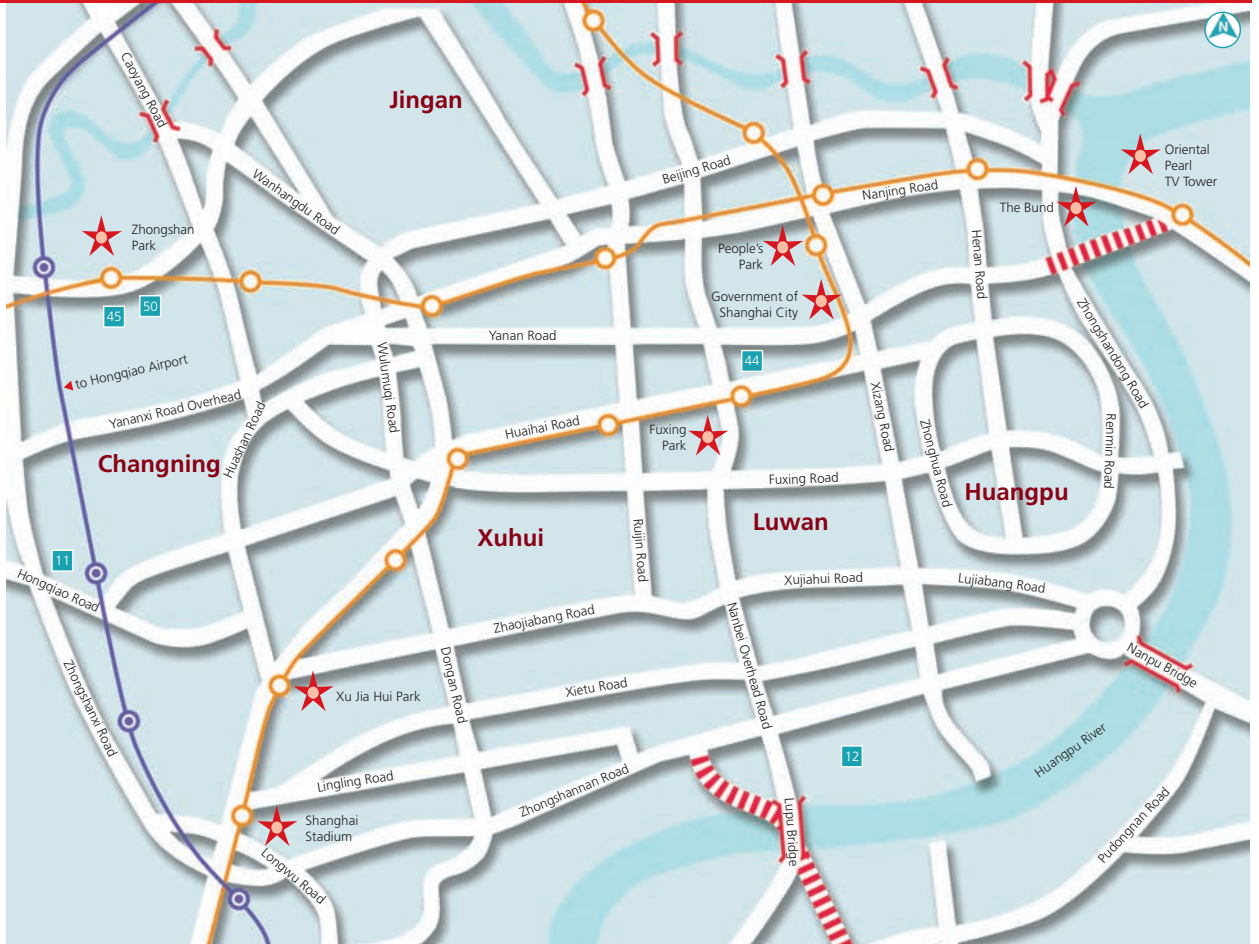
Shanghai Hong Kong New World Tower

Area | 6,340 km²
Location | Shanghai

HIGHLIGHTS

“ Over the past few years, Shanghai has established itself to be one of the top cities in the world. As the host of World Expo 2010, Shanghai is expecting more foreign travellers and investors, sharing with the capital as the nation’s cultural, economic, and commercial powerhouse. Express air service

between Beijing and Shanghai has become a reality during the summer of 2007. Passenger with ticket on hand could board any one of the every half hour flights from any airlines, effectively shortened the travelling time between the two cities. ”



Light rail transit

Metro line

Bridge

Tunnel

11 Shanghai Zhongshan Square

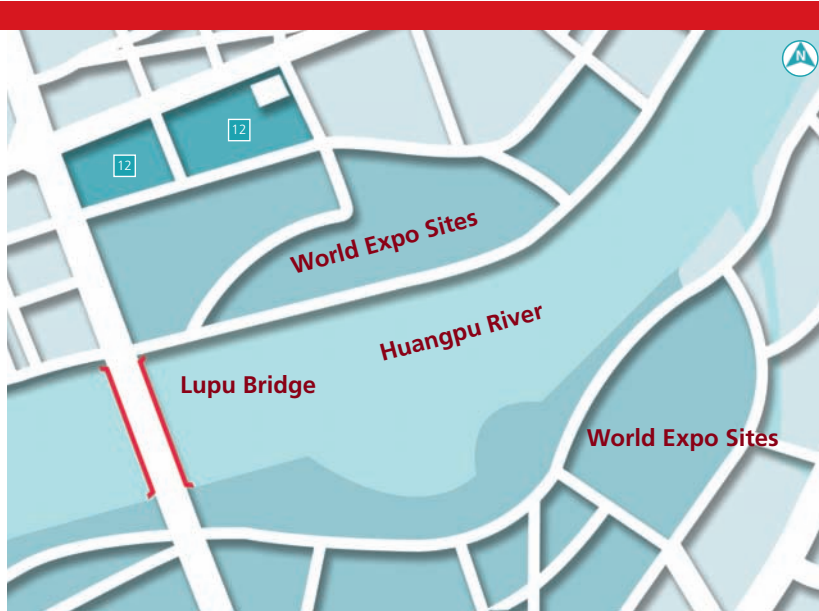
12 Shanghai Hong Kong New World Garden

44 Shanghai Hong Kong New World Tower

45 Shanghai Ramada Plaza

50 New World Mayfair Hotel Shanghai






SHANGHAI



The twin Hongqiao Airport and Pudong International Airport of the city will be connected via the extension of Subway Line No. 2 in the near future. Hongqiao Airport which deals with domestic flights only is presently undergoing the greatest expansion in its history. When finished by 2010, Hongqiao will be connected to the new Hongqiao Comprehensive Transportation hub nearby and will become the second largest passenger and logistic centre for Shanghai in the west in addition to Pudong Airport in the east.

Shanghai is the bona fide head of the Yangtze River Delta. Another significant enhancement is the impending completion of the world's longest "ocean-crossing bridge", Hangzhou Bay Bridge in 2008. The bridge is a six-lane highway bridge with an overall length of 36 km, connecting Shanghai and Ningbo, the industrial city in Zhejiang Province. By drastically reducing the travel distance from about 400 km to 120 km, the bridge helps accelerate the flow of goods as well as the economic growth of the Yangtze River Delta.

The site foundation work of Shanghai Hong Kong New World Garden has started during FY2007 and is going full steam at the moment. The hotel portion of the project is earmarked to be completed in-sync with the Shanghai World Expo adjacent to the project. The Group has also commenced the Shanghai Zhongshan Square Phase III construction which includes two office towers.

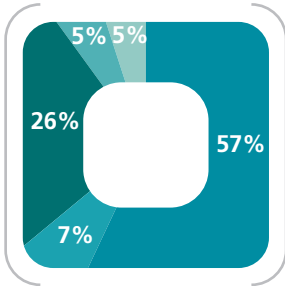
-  Bridge
-  Completed development
-  Future development
-  World Expo Sites
-  Shanghai Hong Kong New World Garden



Shanghai Belvedere Service Apartment

Shanghai – development properties for sale

Total GFA 575,300 sq.m.



- Residential **57%**
- Office **26%**
- Commercial **7%**
- Hotel **5%**
- Carpark **5%**

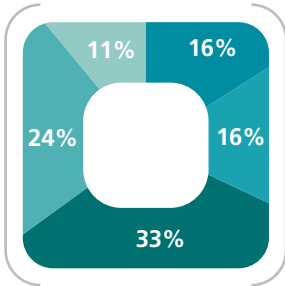
PROPERTY PORTFOLIO

There are two major property projects under development with total GFA of 575,300 sq.m..

Shanghai Zhongshan Square Phase III and the remaining phases of Shanghai Hong Kong New World Garden are under development. The latter will comprise a large scale development complex of residential, commercial, office and hotel buildings.

Shanghai – completed investment properties

Total GFA 249,244 sq.m.



- Residential **16%**
- Office **33%**
- Commercial **16%**
- Hotel **24%**
- Carpark **11%**

INVESTMENT PROPERTIES

There are three completed investment properties with total GFA of 249,244 sq.m..

Although Shanghai Pudong District will witness a surge in Grade A office building in the next two years, the traditional CBD of Shanghai, Huaihai Road Central westward of Huangpu River, will remain the most sought after address for local and foreign firms. The Group's flagship investment property, Shanghai Hong Kong New World Tower was 92% occupied by the end of FY2007. Unit average rental rate has seen a growth compared to the same time last year.

New World Mayfair Hotel Shanghai, the largest 4-star hotel in Shanghai with over 860 guest rooms recorded a significant growth in both occupancy and room rate compared to same period last year.



Shanghai Hong Kong New World Garden perspective

DALIAN



Dalian New World Tower perspective

Area | 12,574 km²
Location | Liaoning Province

HIGHLIGHTS

“ Dalian continuously attracts global Fortune 500 companies to establish foothold in the city. The latest of these 84 enterprises include chip giant Intel which began building its first chipset plant in the Mainland in September 2007. The US\$2.5 billion plant is located in the Dalian Economic and Technological Development Zone and will go into production in 2010. The

50 sq km zone has already attracted over 2,000 foreign companies in six industry groups including petrochemicals, communication equipment, equipment manufacturing, food processing, new materials, and medical products. ”

Dalian – development property for sale

Total GFA 106,589 sq.m.



Residential 100%

The interconnected Friendship Square, Zhongshan Square and Renmin Road formed the CBD district of Dalian. The Group’s two projects in the city, Dalian New World Plaza and Dalian New World Tower are both strategically located within this strip. The twin Manhattan towers of Dalian New World Plaza are already the landmark in Friendship Square, while Dalian New World Department Stores on the commercial podium of Dalian New World Plaza has become the main shopping facility in the area.

The construction of the hotel block of Dalian New World Tower is progressing smoothly. The hotel will be managed and operated by New World Hotel Management Limited, a much revered hotel management brand name in the industry.

Dalian — completion schedule			sq.m.
FY2009	Dalian New World Tower	Residential	24,555
Total			24,555

Hotel lobby perspective inside Dalian New World Tower



DALIAN

PROPERTY PORTFOLIO

There is one property development project, Dalian New World Tower, consists of 106,589 sq.m. of saleable GFA. We expect to build 24,555 sq.m. in FY2009

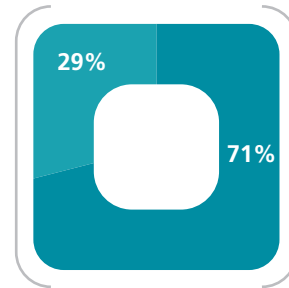
INVESTMENT PROPERTIES

Dalian New World Plaza consists of 69,196 sq.m. of commercial space, of which around 32,000 sq.m. was leased by Dalian New World Department Store.

The hotel portion of Dalian New World Tower will enable the Group to enter into hospitality business in Dalian.

Dalian – completed investment property

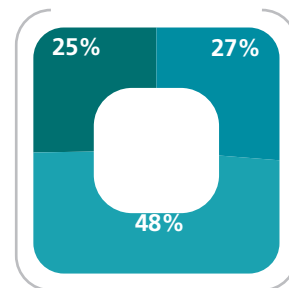
Total GFA 69,196 sq.m.



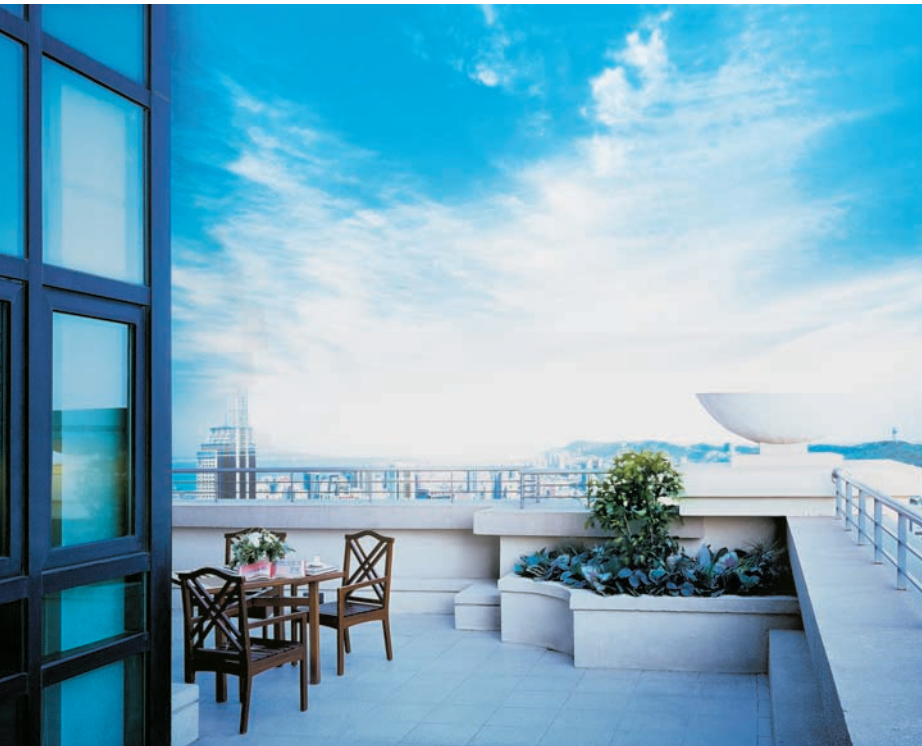
Commercial 71% Carpark 29%

Dalian – investment property under development

Total GFA 104,076 sq.m.



Commercial 27% Hotel 48% Carpark 25%



Dalian Manhattan Tower

SHENYANG



Shenyang New World International Convention and Exhibition Centre perspective

Area

13,000 km²

Location

Liaoning Province

HIGHLIGHTS








Facing the strategic opportunity of revitalizing the old northeastern industrial base, Shenyang has strengthened support for its advantageous industries. The aviation industrial zone, which is under construction, will play a leading role in the development of the civil aviation industry of Shenyang. BMW, together with its joint venture partner Brilliance China Auto, established the second production base to assemble the 3 and 5 Series sedans in Shenyang Tiexi New District in March 2007,

representing another important input into the equipment manufacturing industry in Shenyang. Shenyang Subway Line No.1 of RMB9.5 billion dollars is the first metro in the three Northeastern provinces and is anticipated to be test-operated in 2010. The construction of Shenyang Subway Line No. 2 in 2006, has become the major traffic corridor connecting the northern and southern part of the city which is divided by the city's Hun River.



SHENYANG



-  Bridge
-  Completed development
-  To be completed in next two years
-  Future development
-  Shenyang New World Garden

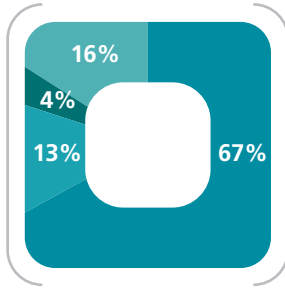
Shenyang — completion schedule			sq.m.
FY2008	Shenyang New World Garden Phase ID	Residential, Commercial, Carpark	168,551
Total			168,551



Shenyang New World Garden Riverridge Heights perspective

Shenyang – development properties for sale

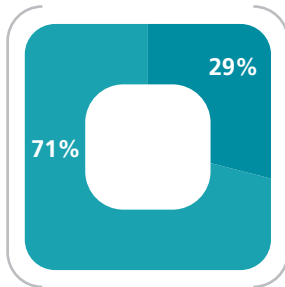
Total GFA 2,830,454 sq.m.



■ Residential **67%** ■ Commercial **13%**
 ■ Office **4%** ■ Carpark **16%**

Shenyang – completed investment properties

Total GFA 48,511 sq.m.



■ Commercial **29%** ■ Hotel **71%**



Shenyang New World Hotel

Shenyang New World Garden is one of the Group's largest comprehensive community development. The Riverridge Heights is the latest residential offerings of Shenyang New World Garden with a total of 14 blocks of 20 to 24 storeyed apartment buildings providing a total of about 140,000 sq.m. of residential space. Over 95% of the units has been swiftly absorbed by the market within a few months after its launch in the first quarter of 2007. Located closer to the edge of the city's only waterway Hun River, most of the apartments enjoy full southern view of the river and the municipal parkland in front.

The Group has also begun planning a major facility inside the Shenyang New World Garden site. The Shenyang New World International Convention and Exhibition Centre ground-broke in December 2006 and will comprise of a convention and exhibition centre, hotel, office, shopping mall and service apartment with a total GFA of about 700,000 sq.m..

PROPERTY PORTFOLIO

There is one property project under development with 2,830,454 sq.m.. We expect to build 168,551 sq.m. GFA in FY2008.

INVESTMENT PROPERTIES

New World Hotel Shenyang has just been re-opened in September 2006 after renovation. It can further enhance the contribution from the Group's hotel operation.

NEW CULTURE AND ENTERTAINMENT





This is my best choice of rendezvous during the day. Shopping, groceries and other daily activities all could be conveniently conducted in this community commercial centre. I usually run into some of my friends and neighbours and we have a pleasant afternoon having tea and chat together...

WUHAN



Wuhan New World Centre









Area	8,494 km ²
Location	Hubei Province

HIGHLIGHTS

“The Rise of the Central Region” was a national strategic development concept first raised by the Central Government in 2004. Wuhan, used to be called the “Oriental Chicago”, has grabbed the opportunity to become once again the economic engine of the central region. Within the 100 km radius of Wuhan now forms a “1+8 Wuhan Metropolitan

Circle”. This economic circle of nine cities realized a total GDP of RMB457.8 billion dollars in 2006, representing 65.6% of the provincial total. This circle of cities will further enjoy an one hour travelling distance following the municipal government’s stepped up effort to build the four ring roads within the city and its network of 13 connecting highways. ”



-  Railway station
-  Bridge
-  Embankment
-  Wuhan Menghu Garden
-  Wuhan Changqing Garden
-  Wuhan Xin Hua Garden
-  Wuhan New World Centre
-  Wuhan New World Trade Tower

Wuhan — completion schedule

			sq.m.
FY2007	Wuhan Menghu Garden Phase III	Residential	26,446
	Wuhan Changqing Garden Phase VIB	Residential, Commercial	74,279
	Wuhan New World Centre Phase I	Residential, Commercial, Office, Carpark	235,791
Total			336,516
FY2008	Wuhan Changqing Garden Phase VIB & VII	Residential, Commercial, Carpark	218,913
	Wuhan Xin Hua Garden Phase IV	Residential, Commercial, Carpark	63,843
	Wuhan New World Centre Phase II	Hotel	37,432
Total			320,188
FY2009	Wuhan Menghu Garden Phase IIIA	Residential	35,076
	Wuhan Changqing Garden Phase VII	Residential	167,096
	Wuhan Xin Hua Garden Phase IV	Residential, Commercial, Carpark	60,196
	Wuhan New World Centre Phase II	Commercial, Carpark	20,098
Total			282,466

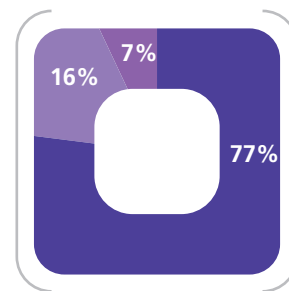


Wuhan New World Trade Tower

Wuhan Changqing Garden has always been the favorite residence of choice among the first time homebuyers. To satisfy this strong market demand, the Group launched Phase VIB of 830 residential units in August 2006 and have been completely sold. New product is also being introduced to this predominantly low-rise residential community. A new phase of mid-rise apartment made its first appearance in Wuhan Changqing Garden in August 2007 with tremendous success. 90% of the 300 plus apartment units was sold within the first day of sale.

Wuhan – development properties for sale

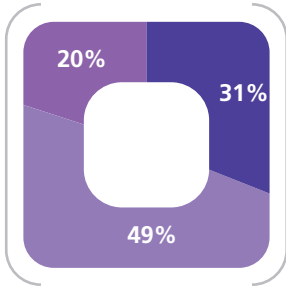
Total GFA 2,284,498 sq.m.



■ Residential **77%** ■ Commercial **16%**
 ■ Carpark **7%**

Wuhan – completed investment properties

Total GFA 383,838 sq.m.



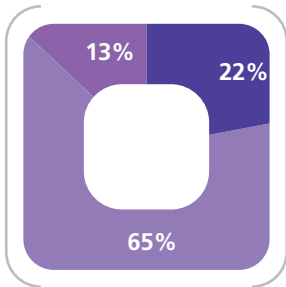
■ Commercial **31%** ■ Office **49%**
 ■ Carpark **20%**



Wuhan Changqing Garden

Wuhan – investment property under development

Total GFA 57,530 sq.m.



■ Commercial **22%** ■ Hotel **65%**
 ■ Carpark **13%**

PROPERTY PORTFOLIO

There are three major property projects under development with total GFA of 2,284,498 sq.m.. A total saleable GFA of 192,510 sq.m. was completed during the year, including 171,067 sq.m. of residential space, 9,001 sq.m. of commercial space and 12,442 sq.m. of office space. We expect to build 320,188 sq.m. GFA in FY2008 and 282,466 sq.m. GFA in FY2009.

INVESTMENT PROPERTIES

There are four completed investment property projects and one investment property under development. During the year under review, the first phase of Wuhan New World Centre was completed. Its commercial and office portion further enhance the Group’s rental operation.

Wuhan New World Centre • Regal Heights



CHANGSHA



Changsha La Ville New World perspective

Area | 11,800 km²
Location | Hunan Province

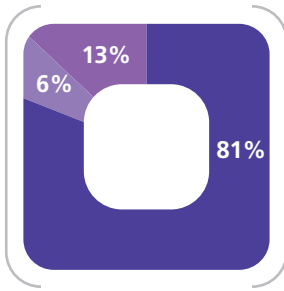
HIGHLIGHTS

“ Pan-Pearl River Delta (“PPRD”) region, or “9+2 cooperation”, is the regional economic cooperation framework which includes Guangdong, Hainan, Guangxi, Yunnan, Guizhou, Sichuan, Hunan, Jiangxi, Fujian, and the two special administrative regions of Hong Kong and Macau. The PPRD region contributes to 31.7% of the nation’s

gross domestic product. Hunan and its provincial capital of Changsha is preparing itself for this strategic alliance by developing the city’s south eastern area of Yuhua District, seeking to forge closer economic ties with neighboring cities of Zhuzhou and Xiangtan to the south to form the Changsha-Zhuzhou-Xiangtan city group. ”

Changsha – development property for sale

Total GFA 1,292,941 sq.m.



■ Residential **81%** ■ Commercial **6%**
 ■ Carpark **13%**

Major infrastructure development such as the Wuhan-Guangzhou section of the new Beijing with Shenzhen passenger railway had already started in 2005 and is expected to complete in 2008. Passing through Changsha in Yuhua District, it will shorten the travelling time between Changsha and Guangzhou to about three hours. Yuhua District is developing the New Changsha Station as an all-in-one transportation hub to accommodate the trans-provincial railway, city subway and light rail, and bus stations. Serving not only the north-south Beijing-Shenzhen line but also the east-west Shanghai-Kunming line, Changsha is where both of these new high speed passenger lines meet and the New Changsha Station is planned to serve 24 million passengers in the year of 2018.

The Group’s first venture into the city, Changsha La Ville New World, is a comprehensive community development in the prime location of Yuhua District. Just off the city’s main traffic artery of Second Ring Road, the project calls for a planning design focusing on water theme and plenty of lifestyle and daily amenities. Preparation for the launching of the first phase of residential apartment is underway and the market responded very positively during the 2007 summer pre-launch promotion event.

PROPERTY PORTFOLIO

There is one major property project under development with GFA of 1,292,941 sq.m.. We expect to build 58,816 sq.m. GFA in FY2008 and 156,000 sq.m. GFA in FY2009.

Changsha — completion schedule			sq.m.
FY2008	Changsha La Ville New World Phase I	Residential, Commercial	58,816
	Total		58,816
FY2009	Changsha La Ville New World Phase I	Residential	156,000
	Total		156,000

GUIYANG



Guiyang Sunny Town perspective

Area	8,034 km ²
Location	Guizhou Province

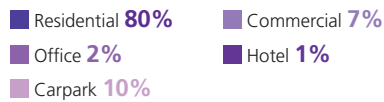
HIGHLIGHTS

“ The provincial capital of Guizhou, Guiyang is widely known as the “City of Forest” and is going through major economic development as the city’s infrastructure system is greatly improving. Construction for a new railway line connecting Guiyang with Guangzhou will begin by the end of 2007 and will complete in five years. This railway will significantly decrease

the travelling time between the two cities from 18 hours to just three hours. At the same time, a new highway connecting the two cities is also under construction and to be launched in 2010. These new transportation systems will vastly enhance link between Guizhou Province with Guangzhou and the Pearl River Delta. ”

Guiyang – development property for sale

Total GFA 3,561,850 sq.m.



The Group's mega community development in the Jinyang New District of Guiyang, Sunny Town, set a record in the Group's development history by launching its first phase of residential units in July 2007, only a year's time since the site was acquired. The first phase comprising of more than 1,000 units of mid-rise and high-rise apartments and were quickly taken up by the enthusiastic buyers. A fleet of 20 buses of the project is also a pioneer in the city, greatly enhancing the connection between the project with other parts of the city.

PROPERTY PORTFOLIO

There is one major property development project with GFA of 3,561,850 sq.m.. We expect to build 161,264 sq.m. GFA in FY2008 and 213,249 sq.m. GFA in FY2009.

Guiyang — completion schedule			sq.m.
FY2008	Guiyang Sunny Town Phase I	Residential, Commercial, Carpark	161,264
	Total		161,264
FY2009	Guiyang Sunny Town Phase II	Residential	213,249
	Total		213,249

CHENGDU



Chengdu New World Riverside perspective

Area	12,390 km ²
Location	Sichuan Province

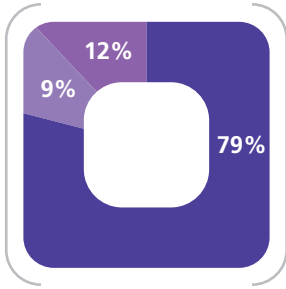
HIGHLIGHTS

“ Chengdu is set to embark on the fast track of growth when in June 2007 the National Development and Reform Commission announced that permission is granted for Chengdu and its neighbouring city of Chongqing to jointly establish the “New Experimental Zones for Urban-rural Comprehensive Reform”. The “New Special Zones” are being set up to conceive policies and start pilot projects to close the gap between urban and rural areas. Both cities acted on the opportunity by initiating the Chengyu Economic Zone (CEZ),

in order to win the central government's consent to list the CEZ as a State-level key development zone and receive more support in infrastructure investment and industrial transfer. The economic zone will become the biggest city cluster in western China and is set to become another economic engine for the western region. Officials from both cities believe that the combined region could contribute 10% of the national GDP in five to 10 years. ”

Chengdu – development property for sale

Total GFA 3,416,055 sq.m.



■ Residential **79%** ■ Commercial **9%**
 ■ Carpark **12%**

The “Chengyu Economic Zone” has a population of 80 million including 14 cities of Sichuan and 23 districts and counties of Chongqing. An express railway line between Chongqing and Chengdu is being planned and when finished in 2010, will shorten the travelling time between the two cities to one and a half hours.

On the local level, Chengdu definitely draws the attention of national and overseas real estate investors and developers as they hurried to get into the market over the past year. The Group’s largest residential community project, Chengdu New World Riverside is strategically situated along the city’s main north-south traffic thoroughfare of Renmin Road South Extension in the township of Huayang. Being part of the Larger South Chengdu, Huayang had already been planned by the municipal authority in 2004 as the the city’s second centre. The past three years had seen the completion of the extension road, building of the subway and relocation of the municipal government to Huayang. There is also a reserved section dedicated for the relocation of Chengdu’s existing embassies. The Chengdu Subway Line No. 1, which also run along Renmin Road, has planned the terminal station at the northern end of Chengdu New World Riverside. With a total GFA of over 3.4 million sq.m., Chengdu New World Riverside is planning to make its first foray into the market in the first half of 2008.

PROPERTY PORTFOLIO

There is one major property project under development with GFA of 3,416,055 sq.m.. We expect to build 43,652 sq.m. GFA of residential space in FY2008 and 125,158 sq.m. in FY2009.

Chengdu — completion schedule			sq.m.
FY2008	Chengdu New World Riverside Phase I	Residential	43,652
	Total		43,652
FY2009	Chengdu New World Riverside Phase I	Residential	125,158
	Total		125,158

NEW STYLE OF LEISURE





You can't imagine the fun the kids are having when they harvest the vegetables they planted by their own. I used to think weekend golfing is mundane activity for my husband, surprisingly there are a lot more going on than I expected. The spa treatment I get under the palm tree is just amazing. Weekend will never be the same again....

GUANGZHOU



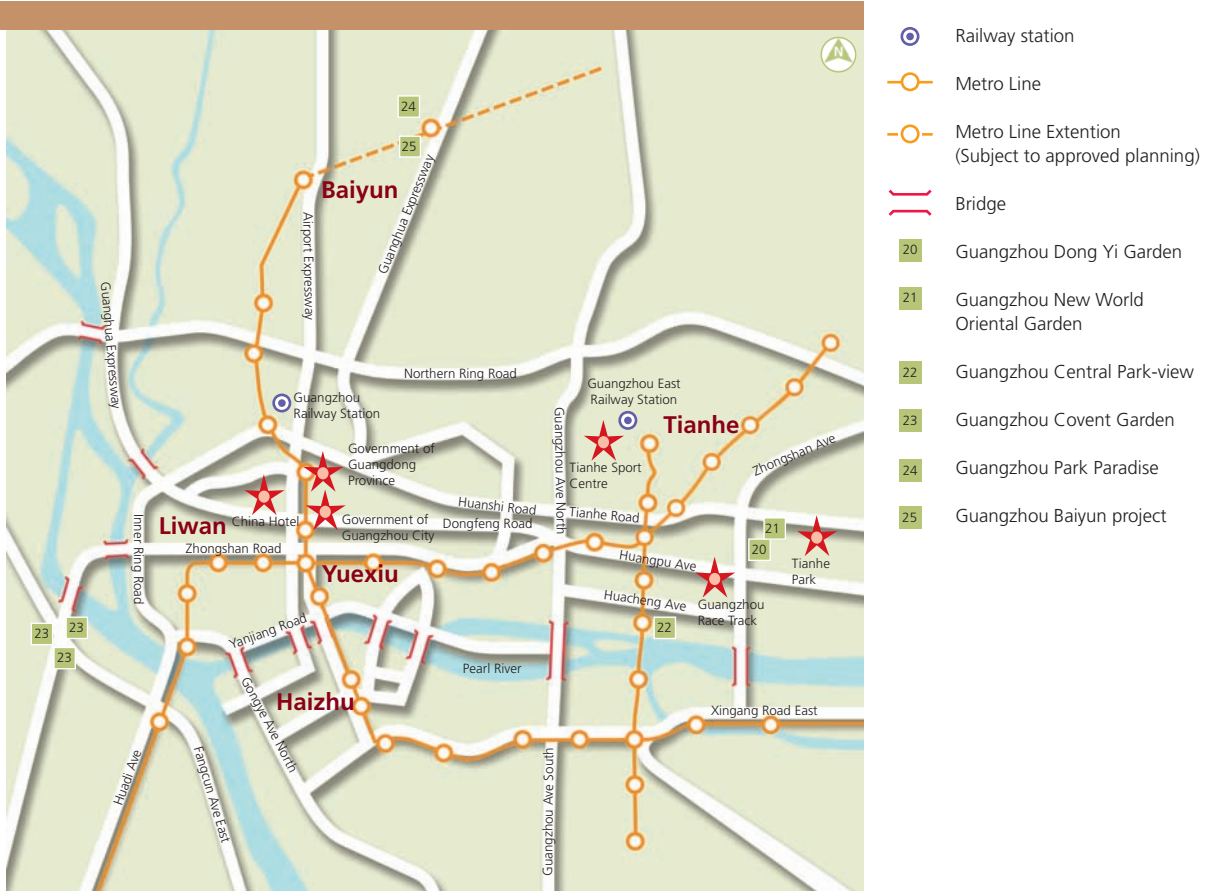
Guangzhou Central Park-view

Area | 7,434 km²
Location | Guangdong Province

HIGHLIGHTS

“ Benefiting from the hosting of 2010 Asian Games and rapid growth in finance, logistics and exhibition services, Guangzhou continues to top the country and province by maintaining the highest average growth during the year. The municipal government expects the GDP per capita could reach ten thousand US

dollars by 2010. Guangzhou in the future will be further strengthened by new high-tech industries of electronic communication and biotechnology concentrated in the region formed by Guangzhou Science City, Tianhe Software Park and Nansha IT Development Park. ”



Guangzhou — completion schedule

			sq.m.
FY2007	Guangzhou Dong Yi Garden Phase IV	Residential, Commercial, Carpark	90,236
	Guangzhou Park Paradise Phase IID2	Residential, Commercial, Carpark	55,419
	Guangzhou Xintang New World Garden Phase IVA	Residential	20,082
	Guangzhou Concord New World Garden Phase II	Residential, Commercial, Carpark	44,336
Total			210,073
FY2008	Guangzhou Park Paradise Phase IID2	Residential, Commercial, Carpark	89,220
	Guangzhou Xintang New World Garden Phase IV	Commercial	14,922
Total			104,142
FY2009	Guangzhou New World Oriental Garden Phase II	Residential	11,717
	Guangzhou Covent Garden	Residential	28,151
	Guangzhou Park Paradise Phase IID	Residential	66,381
	Guangzhou Xintang New World Garden Phase V	Residential	67,410
Total			173,659

GUANGZHOU

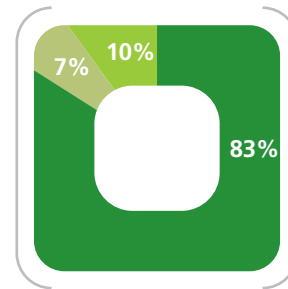
Construction of the new Baiyun International Airport, FedEx Asia Pacific Transshipment Hub and Nansha Port Phase Two Deepwater Terminal is speeding up. The fact that Guangzhou has succeeded in bringing in Maersk Line, the leader in international shipping and logistics, to construct and operate Nansha Port Phase Two Terminal Project this year also proves the government's strength in accelerating development. Jinshazhou in Baiyun District is the most important western corridor of Guangzhou. Its well developed transport infrastructure has become a major catalyst for the further merging and development of the Guangzhou-Foshan metropolitan area. Guangzhou Opera House and Guangzhou TV & Sightseeing Tower, the two new landmarks of Guangzhou in the future, have begun to take shape.

The Group's flagship luxurious residential project Guangzhou Central Park-view in Pearl River New City of Tianhe District launched reserved "Sky Villas" apartment units to the market earlier in the year, which has been the focus of the market. Average selling price surged 85% in merely a year's time. Guangzhou Central Park-view has becoming a handful of international community which boasts a substantial mix of senior executives of foreign firms, embassy staffs and overseas Chinese.

The old town of Guangzhou Liwan District already merged with Fangcun District a few years ago to form the New Liwan District, an area with great potential. The Group launched a residential phase "Liyi Garden" in the large scale community development Guangzhou Covent Garden in the district in August 2007. There are about 300 high-rise apartment units with surrounding scenic landscaping. The Guangzhou Subway Line No. 5 will have a direct exit point in Covent Garden when operational in 2009.

Guangzhou – development properties for sale

Total GFA 3,194,962 sq.m.



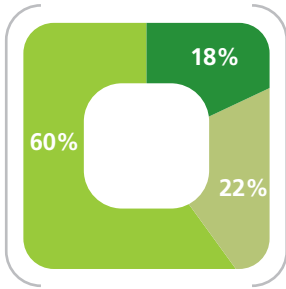
Residential **83%** Commercial **7%**
Carpark **10%**



Guangzhou Park Paradise

Guangzhou – completed investment properties

Total GFA 285,624 sq.m.



■ Residential 18% ■ Commercial 22%
 ■ Carpark 60%

The first offering of Guangzhou New World Oriental Garden Phase II in Tianhe District comprised of only 48 duplex or triplex residential units. These large sized residential units are a rare find in the core city district and only discerned purchaser would learn to appreciate these gems. Over 40% of units has been gone since launching in April this year.

The extension of Guangzhou Subway Line No. 2 to Baiyun District has been approved by the State Development and Reform Committee, which is considered to be a major milestone in the development of Baiyun District and especially advantageous to the Group’s Guangzhou Park Paradise in the district. Park Paradise launched Phase IID in May this year. Drawing a flock of purchasers queuing up outside the sales office overnight, all 200 residential units have been sold.

Xintang Township in Guangzhou has been benefited by the city’s development strategy to push eastward. The Group’s long time project in the district Guangzhou Xintang New World Garden launched Phase VIB during May of 2007. All the residential units are accommodated in six storey low-rise apartment buildings, the overall low density and ample clearance among buildings make them very attractive to buyers and all units have been sold.

PROPERTY PORTFOLIO

There are seven major property projects under development with total GFA of 3,194,962 sq.m.. A total saleable GFA of 183,097 sq.m. of residential space was completed during the year. We expect to build 104,142 sq.m. GFA in FY2008 and 173,659 sq.m. GFA in FY2009.

INVESTMENT PROPERTIES

There are six completed investment property projects with GFA of 285,624 sq.m. of commercial area.

Commercial area of Guangzhou New World Oriental Garden Phase I recorded full tenancy during the year under review.



Guangzhou New World Oriental Garden

PEARL RIVER DELTA



Huizhou Changhuyuan

Area

28,919 km²

Location

Guangdong Province

HIGHLIGHTS

“ Pearl River Delta Region accounts for only 49% of the Guangdong Province population but contributes to 82% of the provincial GDP. The further integration of the Greater Pearl River Delta Region including the Special Administration Region of Hong Kong and Macau has progressed swiftly during the period under review. Various infrastructure improvement

and long term industry planning is making a headway start. Pearl River Delta is preparing to make the shift from traditional garments, footwear and electronics products towards high-tech value-added industry and service sectors such as communications equipment, telecoms switches and routers, and automobiles. ”



- Railway
- Highway
- Guangzhou Xintang New World Garden
- Shenzhen Xilihu Development
- Shenzhen New World Yi Shan Garden
- Shunde New World Centre
- Huiyang Palm Island Resort
- Zhaoqing New World Garden
- Zhuhai New World Riviera Garden
- Foshan Country Club
- Huizhou Changhuyuan
- Courtyard by Marriott Shunde

Pearl River Delta — completion schedule			sq.m.
FY2007	Huiyang Palm Island Resort Phase V	Residential	27,912
	Total		27,912
FY2008	Zhuhai New World Riviera Garden Phase III	Residential, Commercial	81,836
	Total		81,836
FY2009	Shenzhen New World Yi Shan Garden Phase III	Residential	5,124
	Huizhou Changhuyuan Phase IIB	Residential	59,960
	Total		65,084



Shenzhen New World Yi Shan Garden

The Guangzhou-Shenzhen No. 4 Railway Line was completed and put into operation in April 2007. The high speed train service improved traveling time to within one hour and there is train service every 10 to 20 minutes. In September 2007, the Guangzhou Shenzhen Coastal Highway project has been started. The 89-kilometre 16-lane highway will connect Guangzhou, Dongguan and Shenzhen all the way to Hong Kong. When completed in 2010, it will provide the much needed alleviation to the existing Guangzhou Shenzhen Highway along the Eastern Pearl River Delta corridor.

PEARL RIVER DELTA

Phase IIA of Shenzhen New World Yi Shan Garden has been completely sold during the year under review. Average price has seen a 60% increase in a year's time. Planning for Phase III high-rise apartment is in its final stage.

Phase IIA of Huizhou Changhuyuan has also been completely sold during the year under review. Foundation work for another new phase is scheduled to commence in the near future.

Huiyang Palm Island Resort's exclusive waterfront duplex villas and apartments, Jujube Trail Phase II has enjoyed tremendous success during the year under review. Over 80% of the luxurious villas and apartments have been sold as at end of September 2007, buyers are mainly from Shenzhen. Jujube Trail is also a price leader in the local market with average price for the villa and apartment reaching a staggering RMB25,000 per sq.m. and RMB17,000 per sq m. Work for another new phase of residential development in the central district is scheduled to begin in the first half of the year 2008.

Zuhai New World Riviera Garden Phase III opened for sale in December 2006. All 812 low-rise apartment units are surrounded by lush landscaping work by a Canadian designer. Over 60% of units have been sold during the period under review.

Shunde New World Centre entered a new development stage by commencing the work for Phase III in September 2007. Comprising three 29-storey apartment towers with a total GFA of about 60,000 sq.m. Phase III will further strengthen the Group's reputation as the premier developer in this prosperous district in the City of Foshan.

PROPERTY PORTFOLIO

There are eight major property projects under development with total GFA of 2,031,320 sq.m.. A total saleable GFA of 27,912 sq.m. of residential space was completed during the year. We expect to build 81,836 sq.m. GFA in FY2008 and 65,084 sq.m. GFA in FY2009.

INVESTMENT PROPERTIES

There are three completed investment property projects with total GFA of 81,013 sq.m..

Pearl River Delta – development properties for sale

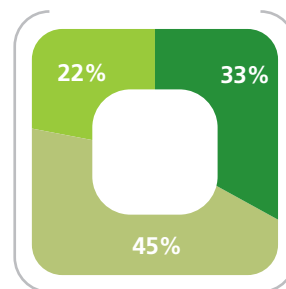
Total GFA 2,031,320 sq.m.



■ Residential **91%** ■ Commercial **3%**
 ■ Hotel **1%** ■ Carpark **5%**

Pearl River Delta – completed investment properties

Total GFA 81,013 sq.m.



■ Commercial **33%** ■ Hotel **45%**
 ■ Carpark **22%**



Huiyang Palm Island Resort

HAIKOU



Haikou Meilisha Project perspective

Area | 2,304 km²
Location | Hainan Province

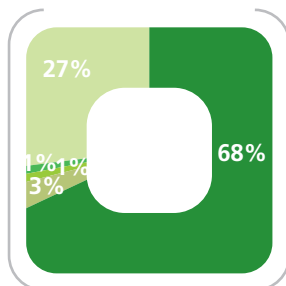
HIGHLIGHTS

“ Haikou has embarked on building the biggest infrastructure project ever in Hainan Province in September 2007. The 308 kilometers Hainan Eastern Railway will cost RMB19.22 billion dollars and is scheduled

to be completed by 2011. The railway will connect all the cities along the eastern coastline all the way to Sanya and will cut down the travelling time between Haikou and Sanya to only 90 minutes. ”

Haikou – development properties for sale

Total GFA 2,767,758 sq.m.



Residential **68%** Commercial **3%**
 Office **1%** Hotel **1%**
 Carpark **27%**

Haikou New World Garden launched its Phase II low-rise apartment units in different batches throughout the year under review. The sales process has been quite steady with over 60% of apartment units being sold. The Group's mega leisure-residential-sightseeing landmark project Meilisha is just a bridge away from the Haikou's business district. First phase of foundation work, including massive land reclamation work has already started.

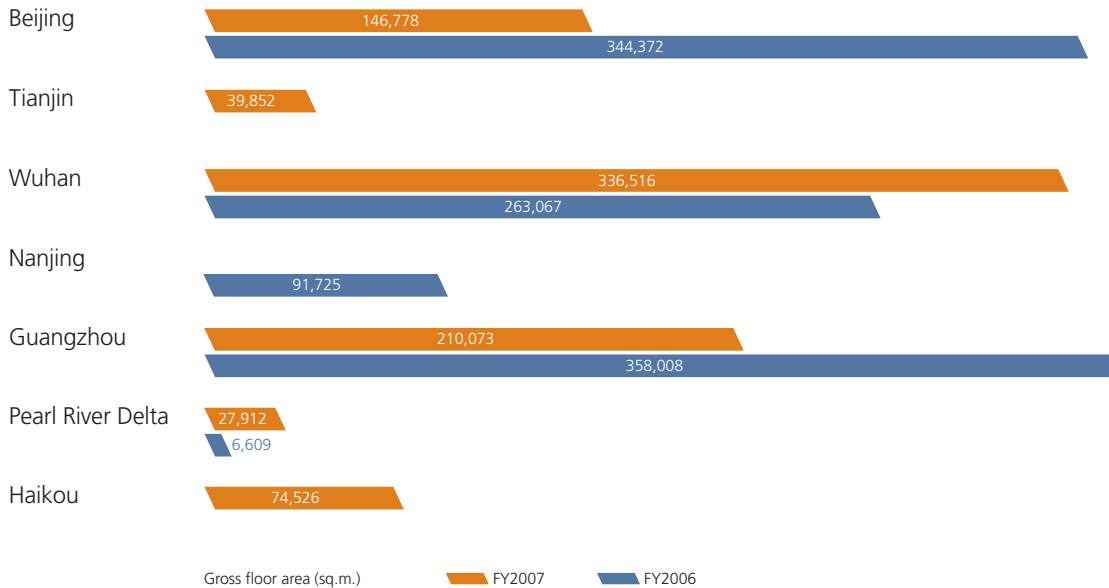
PROPERTY PORTFOLIO

There are two major property projects under development with total GFA of 2,767,758 sq.m.. A total saleable GFA of 74,526 sq.m. of residential space was completed during the year.

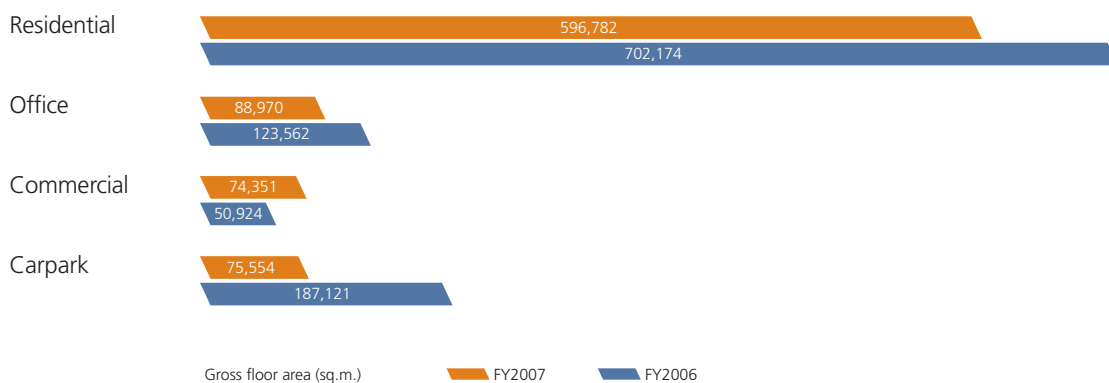
Haikou — completion schedule

			sq.m.
FY2007	Haikou New World Garden Phase II	Residential	74,526
	Total		74,526

Completion of gross floor area by location



Completion of gross floor area by usage



REVIEW OF FY2007 RESULTS

The Group has recorded a profit of HK\$1,191 million in FY2007, up 61% year-on-year. The significant increase in profit for the year was attributable to the improved performance achieved by all three major operations of the Group, namely property sales, rental operation and hotel operation. The attributable operating profit ("AOP") before provisions, finance costs and increase in fair value of investment properties amounted to HK\$1,234 million, representing an increase of over 134% over that of FY2006.

Earnings per share were HK\$0.31, representing an increase of 60% from FY2006.

Analysis of Attributable operating profit ("AOP")		
	FY2007 HK\$'000	FY2006 HK\$'000
Property sales	885,667	259,626
Rental operation	334,726	249,596
Hotel operation	24,734	23,298
Property management services	(6,191)	(2,111)
Others	(4,743)	(2,027)
AOP before provisions and finance costs	1,234,193	528,382
Net increase in fair value of investment properties, net of deferred taxation	446,030	373,199
Provisions	(639)	(7,018)
Provisions written back	–	47,569
Land appreciation tax	(238,462)	(34,773)
Tax indemnity from the ultimate holding company	188,424	34,773
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries and jointly controlled entities	3,880	135,513
Impairment of goodwill	(37,682)	(26,955)
Finance costs — project loans	(342,804)	(157,246)
AOP	1,252,940	893,444
Finance costs — corporate loans	(126,649)	(91,280)
Corporate administrative expenses	(145,057)	(111,481)
Net foreign exchange gains / (losses)	161,239	(62,015)
Bank and other interest income	48,971	111,844
Profit attributable to equity holders of the Company	1,191,444	740,512

Property sales and Rental operation

In FY2007, property sales operation has achieved a marked increase in AOP to HK\$885.7 million or an increase of 241% over last financial year. The Group has completed 640,205 sq.m. gross floor area ("GFA") of development projects in five regions: Beijing, Tianjin, Wuhan, Guangzhou and Pearl River Delta.

Development property projects completed in FY2007	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Yi Garden Phase II (北京新怡家園二期)	R, C	54,411	70%
Beijing New View Garden Phase III (北京新景家園三期)	R, C	31,252	70%
Beijing Xin Yu Garden Phase II (北京新裕家園二期)	R, C, O	36,645	70%
Tianjin Xin Chun Hua Yuan Phase III (天津新春花苑三期)	R, C	39,852	60%
Wuhan New World Centre Phase I (武漢新世界中心一期)	R, O	91,785	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	26,446	70%
Wuhan Changqing Garden Phase VIB (武漢常青花園六期B)	R, C	74,279	60%
Guangzhou Dong Yi Garden Phase IV (廣州東逸花園四期)	R	77,261	100%
Guangzhou Park Paradise Phase IID2 (廣州嶺南新世界家園二期D2)	R	41,418	60%
Guangzhou Concord New World Garden Phase II (廣州協和•新世界二期)	R, C, P	44,336	40%
Guangzhou Xintang New World Garden Phase IVA (廣州新塘新世界花園四期A)	R	20,082	63%
Huiyang Palm Island Resort Phase V (惠陽棕櫚島Resort五期)	R	27,912	59%
Haikou New World Garden Phase II (海口新世界花園二期)	R	74,526	60%
Total		640,205	

R: Residential
C: Commercial
O: Office
P: Carpark
H: Hotel

During the year under review, 653,949 sq.m. GFA were sold to generate approximately RMB5.2 billion gross sales proceeds. Around 78% of the development properties completed during FY2007 were sold.

Though the sales volume was slightly decreased compared to FY2006, the average gross margin and the average selling price of the sold units were improved substantially. The robust growth in selling prices is prominent for our projects in Beijing, Wuhan and Guangzhou. During the year under review, average gross margin of development projects achieved over 33% and average selling price of the sold units was nearly RMB8,000 per sq.m..

With the increase in gross margin from property sale, the Group's exposure to land appreciation tax ("LAT") has inevitably increased. During the year under review, the Group's attributable amount of LAT amounted to HK\$238 million, of which tax indemnity amounting to HK\$188 million was effected under a deed of tax indemnity entered into between New World Development Company Ltd, the ultimate holding company and the Group.

The Group's investment properties portfolio has been increased by 195,452 sq.m. GFA in FY2007, mainly from the completion of Wuhan New World Centre shopping arcade and office tower as well as car parks at various projects.

Benefited from the continuing improvement in rental performance of both office and commercial properties of our investment portfolio with increasing occupancy rates and unit rental rate, the Group has achieved an AOP from rental operation of HK\$335 million or an increase of 34% as compared to that of FY2006. The improved performance was particularly prominent for Beijing New World Centre shopping arcade, Shanghai Hong Kong New World Tower, Wuhan New World Trade Tower I and Shanghai Belvedere Apartment. Moreover, the newly completed property, Wuhan New World Centre has started to provide the contribution to the Group's rental operation.

Investment properties completed in FY2007	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Yu Garden Phase II (北京新裕家園二期)	P	9,746	70%
Beijing New View Garden Phase III (北京新景家園三期)	P	4,148	70%
Beijing Xin Yi Garden Phase II (北京新怡家園二期)	P	7,982	70%
Beijing Xin Kang Garden Phase III (北京新康家園三期)	C	2,594	70%
Wuhan New World Centre Phase I (武漢新世界中心一期)	C,O,P	144,006	100%
Guangzhou Dong Yi Garden Phase IV (廣州東逸花園四期)	C, P	12,975	100%
Guangzhou Park Paradise Phase IID2 (廣州嶺南新世界家園二期 D2)	C,P	14,001	60%
Total		195,452	

The Group plans to complete around 1 million sq.m. GFA of properties in FY2008.

Properties to be completed in FY2008	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Kang Garden Phase III (北京新康家園三期)	R	6,822	70%
Beijing Xin Yi Garden Phase II (北京新怡家園二期)	R	49,030	70%
Jinan Sunshine Garden Phase II (濟南陽光花園二期)	R, C, P	158,901	73%
Shenyang New World Garden Phase ID (瀋陽新世界花園一期 D)	R, C, P	168,551	90%
Wuhan New World Centre Phase II (武漢新世界中心二期)	H	37,432	60%
Wuhan Changqing Garden Phase VIB (武漢常青花園六期 B)	R, C, P	169,340	60%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R	49,573	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	R, C, P	63,843	60%
Chengdu New World Riverside Phase I (成都河畔新世界一期)	R	43,652	30%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R, C	58,816	45%
Guangzhou Park Paradise Phase IID2 (廣州嶺南新世界家園二期 D2)	R, C, P	89,220	60%
Guangzhou Xintang New World Garden Phase IV (廣州新塘新世界花園四期)	C	14,922	63%
Guiyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C, P	161,264	50%
Zhuhai New World Riviera Garden Phase III (珠海新世界海濱花園三期)	R, C	81,836	100%
Total		1,153,202	

Hotel operation

Our hotel portfolio currently comprises four hotels providing 1,790 guest rooms. During the year under review, hotel operation registered an AOP of HK\$24.7 million, on the back of improved average room rate and occupancy rate, particularly for New World Mayfair Hotel Shanghai. With the re-opening of Shenyang New World Hotel in September 2006, it is anticipated that the AOP of hotel operation will be further improved.

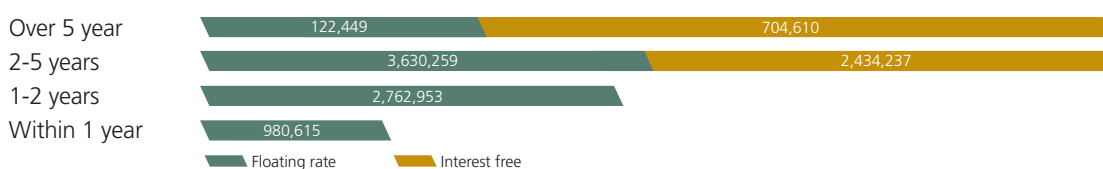
Two hotels in Wuhan and Dalian are under construction during the year under review. Upon completion of these hotels, they will further enhance the Group's hotel portfolio. The opening of the hotel at Wuhan New World Centre is scheduled before the end of 2007.

Hotel portfolio	Number of rooms
Courtyard by Marriot Beijing (北京萬怡酒店)	293
New World Mayfair Hotel Shanghai (上海巴黎春天大酒店)	860
New World Hotel Shenyang (瀋陽新世界酒店)	261
Courtyard by Marriot Shunde (順德新世界萬怡酒店)	376
	1,790

Source of borrowings



Interest rate and maturity profile (HK\$'000)



Currency profile of borrowings



Nature of debt



LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2007, the Group's cash and bank deposits amounted to HK\$6,396 million (30th June 2006: HK\$2,852 million). The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$4,869 million (30th June 2006: HK\$3,098 million), translating into a gearing ratio of 17.7% (30th June 2006: 12.8%). The gearing ratio is calculated on the basis of net debts over total equity. The increase in net debt was mainly due to increase in financing requirement to kick off the development of certain property development projects, namely Haikou Meilisha and Guiyang Sunny Town.

The Group's borrowings from banks and fellow subsidiaries and liabilities of convertible bonds as at 30th June 2007 totaling HK\$10,417 million (30th June 2006: HK\$5,950 million) of which 18.6% were secured by way of charges over assets and 81.4% were unsecured.

The maturity profile of the Group's borrowings from banks and fellow subsidiaries and liabilities of convertible bonds is set out as follows:

	30th June 2007 HK\$'million	30th June 2006 HK\$'million
Repayable:		
Within one year	1,467	1,283
Between one and two years	2,763	859
Between two to five years	6,065	3,664
Over five years	122	144
	10,417	5,950

In June 2007, New World China Land Finance Limited, a subsidiary of the Company issued Renminbi denominated USD settled zero coupon guaranteed convertible bonds in the aggregate amount of RMB2,800 million, which are convertible into fully paid shares with par value of HK\$0.1 each of the Company.

The bonds, guaranteed by the Company, are convertible into shares of the Company at a conversion price of HK\$8.044 per share at any time on and after 26th June 2007 up to 26th May 2012, with Renminbi principal amount of the bond translated into Hong Kong dollar at a fixed rate of HK\$1 = RMB0.9848, subject to adjustments according to the terms governing the convertible bonds.

The net proceeds from the bonds are intended for financing the development costs of a property project in Beijing and for general working capital.

As at 30th June 2007, the Group's committed unutilised bank loan facilities amounted to HK\$1,288 million (30th June 2006: HK\$1,003 million).

Capital expenditure commitments

The capital expenditure commitments of the Group as at 30th June 2007 were HK\$149,591,000 (30th June 2006: HK\$781,459,000) of which HK\$41,591,000 (30th June 2006: HK\$673,459,000) were contracted but not provided for in the financial statements and HK\$108,000,000 (30th June 2006: HK\$108,000,000) were authorised but not contracted for. The Group did not have any share of capital commitments of jointly controlled entities (30th June 2006: Nil). The source of funding for capital commitments are internally generated resources and bank loan facilities.

Foreign Currency Exposure

The Group has net Renminbi ("RMB") exposure in the form of net monetary and non-monetary assets held and investment in PRC entities. As majority of the Group's net assets are denominated in RMB, the appreciation of RMB has a positive impact on the Group with an appreciation of net asset value by HK\$697.8 million.

Treasury Policies

The Group will continue to control financial risk in a conservative approach to safeguard the interest of shareholders. The Group's borrowings are principally arranged on floating rate basis. Should market conditions require, the Group will consider appropriate foreign exchange and interest rate hedging products to protect the Group's exposures.

During the year under review, the Group has not used any interest rate swaps or foreign currency derivatives products to hedge its exposure to interest rate risk and currency risk.

CONTINGENT LIABILITIES

As at 30th June 2007, the Group has contingent liabilities of approximately HK\$2,535,903,000 (30th June 2006: HK\$1,279,322,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The increase in contingent liabilities was due to the continuing financing requirements of certain projects of the Group.

As at 30th June 2007, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group amounting to HK\$398,402,000 (30th June 2006: HK\$407,066,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 30th June 2007, the Group's property, plant and equipment, investment properties, land use rights, properties under development, completed properties held for sale and bank deposits of HK\$510,541,000 (30th June 2006: HK\$534,049,000), HK\$1,853,135,000 (30th June 2006: HK\$1,651,688,000), HK\$146,646,000 (30th June 2006: HK\$139,900,000), HK\$117,802,000 (30th June 2006: HK\$53,577,000), HK\$112,228,000 (30th June 2006: Nil) and HK\$464,303,000 (30th June 2006: HK\$489,671,000) respectively have been pledged as securities for short term and long term loans.

EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2007, the Group has 3,860 full-time employees. Total staff related costs incurred during the year under review were HK\$203 million (2006: HK\$142 million), of which retirement benefits was included. Remuneration of the employee is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employee based on individual performance.

MAJOR ACQUISITION OR DISPOSAL

There was no major acquisition or disposal undertaken by the Group during the year under review.

Corporate governance is the cornerstone of the Company to achieve sustainable development and maintain high standard of business ethics. The Board is committed to maintaining high standard of corporate governance practices based on the principles of fairness, transparency, accountability and responsibility for protection of shareholders' interests.

The Company has complied throughout the year with the Code on Corporate Governance Practices ("the Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except as mentioned in the paragraphs headed "Chairman and Managing Director" and "Model Code for Securities Transactions by Employees".

(A) DIRECTORS AND BOARD PRACTICES

Composition and responsibilities

The Company is headed by the Board which currently comprises thirteen directors, including nine executive directors, one non-executive director and three independent non-executive directors. Their names, biographical details and relationship, if any, are set out on pages 66 to 69 of this annual report.

The Board, led by the Chairman, is responsible for oversight of the management, businesses, strategic directions and financial performance of the Group and is positioned to approve the interim and annual financial statements, annual budgets, business plans and other significant operational matters. The running of the day-to-day businesses of the Company is delegated by the Board to the management who is working under the leadership and supervision of the Managing Director and the Executive Committee. Management is responsible for the operational aspects of the businesses of the Group.

Chairman and Managing Director

Dr. Cheng Kar-shun, Henry is the Chairman and Managing Director of the Company. In his dual capacity as Chairman and Managing Director, Dr. Cheng Kar-shun, Henry is responsible for effective running of the Board and formulating business strategies. He also provides leadership for effective running of the Company's business and implementing the policies devised by the Board.

The Code provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Board believes that Dr. Cheng Kar-shun, Henry, in his dual capacity as the Chairman and Managing Director, will provide strong and consistent leadership for the development of the Group.

Independent non-executive directors

Independent non-executive directors ("INED") have a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. In particular, they bring an impartial view to bear on issues of the Company's strategy, performance and control.

During the year, the Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of sufficient number of INED and is having INED with relevant professional qualifications or accounting or relating financial management expertise. An annual confirmation of independence was received from each of the INED pursuant to Rule 3.13 of the Listing Rules and the Company considers each of the INED to be independent.

Appointment and re-election

Directors are appointed based on their merit and experiences relevant to the business of the Group. An induction will be given to newly appointed director to provide information regarding the businesses and operation of the Company as well as his/her responsibilities under the statutes, rules and regulations.

In accordance with the Company's articles of association, all directors are subject to retirement by rotation at least once every three years and each newly appointed director is subject to re-election by the shareholders at the first general meeting after his/her appointment. The names of directors who are eligible for re-election will be stated in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars.

The Code provides that non-executive director should be appointed for a specific term, subject to re-election. In this regard, the Company entered into service contracts with the non-executive directors of the Company whereby they are appointed for an initial term of three years commencing from 1st January 2006 subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's articles of association.

Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Five full board meetings were convened in the year under review. The attendance of individual directors at these board meetings is set out in the following table:-

	Number of board meetings attended/held
Executive directors	
Dr. Cheng Kar-shun, Henry (<i>Chairman</i>)	5/5
Mr. Doo Wai-hoi, William (<i>Vice-Chairman</i>)	4/5
Mr. Cheng Kar-shing, Peter	4/5
Mr. Cheng Chi-kong, Adrian*	1/5
Mr. Leung Chi-kin, Stewart	4/5
Mr. Chow Kwai-cheung	1/5
Mr. Chow Yu-chun, Alexander	5/5
Mr. Fong Shing-kwong, Michael	2/5
Ms. Ngan Man-ying, Lynda	5/5
Non-executive director	
Mr. Fu Sze-shing	0/5
Independent non-executive directors	
Mr. Cheng Wai-chee, Christopher	5/5
Mr. Tien Pei-chun, James	5/5
Mr. Lee Luen-wai, John	5/5

* appointed on 16th March 2007

All directors are supplied with relevant materials relating to the matters brought before the meetings at least 3 days before the meetings. They have separate access to the senior management and the Company Secretary at all time to obtain timely information relating to the company and may seek independent professional advices at the Company's expense. All directors have the opportunity to include matters in the agenda for board meetings. Reasonable notices of board meetings are given to the directors and board procedures are compliant with the relevant rules and regulations. All minutes of board meetings are kept by the Company Secretary and are open for inspection by the directors.

Board committees

The Board has set up three committees, namely, the Executive Committee, the Audit Committee and the Remuneration Committee.

Executive committee

The Executive Committee serves as an executive arm of the Board in implementing the policies laid down by the Board and handling the day-to-day businesses of the Company. They are responsible for overseeing the management of the Company, considering issues regarding finance, investments, merger and acquisition, corporate governance and corporate communication matters. Members of the Executive Committee include Dr. Cheng Kar-shun, Henry as Chairman, Messrs. Doo Wai-hoi, William, Cheng Kar-shing, Peter, Cheng Chi-kong, Adrian, Chow Yu-chun, Alexander, and Ms. Ngan Man-ying, Lynda as members. Meetings of the Executive Committee are held frequently as and when required.

Audit committee

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues. Their written terms of reference are in line with the Code provision and are available on the Company's website.

Members of the audit committee comprise Mr. Cheng Wai-chee, Christopher as Chairman, Messrs. Tien Pei-chun, James and Lee Luen-wai, John, the INED, as members.

The Audit Committee met two times during the fiscal year. During the meetings, the Audit Committee has reviewed the audit plans, internal control procedures and financial reporting system. They have also considered the interim and final results of the Group for the fiscal year as well as the audit report prepared by the external auditors relating to accounting issues and major findings in course of audit. Full minutes of the meetings are kept and sent to all members of the Committee.

The attendance of individual member of the Audit Committee at the meetings is set out in the following table:

Members of Audit Committee	Number of meetings attended/held
Mr. Cheng Wai-chee, Christopher	2/2
Mr. Tien Pei-chun, James	2/2
Mr. Lee Luen-wai, John	2/2

Remuneration committee

The Remuneration Committee is responsible for making recommendations to the board on the Company's policy and structure for all remuneration of the directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy. Their written terms of reference are in line with the Code provision and are available on the Company's website.

Members of the Remuneration Committee comprise Mr. Cheng Wai-chee, Christopher as Chairman, Messrs. Tien Pei-chun, James, Lee Luen-wai, John and Chow Yu-chun, Alexander as members.

No meeting was held by the Remuneration Committee during the year, however, the members have reviewed the remuneration policy of the Company and made recommendation to the Board regarding the amount of directors' fees for the fiscal year by reference to the directors' duties and responsibilities with the Company, prevailing market situation and the Company's performance.

Remuneration

In recognition of their services with the Company, directors are paid directors' fees annually with the approval of the shareholders of the Company. Monthly salaries are also paid to directors commensurable with their duties in the Group. To provide an opportunity for the directors to participate in the equity of the Company as well as to motivate them to optimize their performance, executive directors have been granted share options to subscribe for shares of the Company under the share option schemes of the Company. In addition, all directors are covered by appropriate insurance on directors' liabilities from their risk exposure arising from the management of the Group.

Model code for securities transactions by directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has confirmed with the directors that they have complied with the standard set out in the Model Code during the year under review.

Model code for securities transactions by employees

The Code provision A.5.4 provides that there should be written guidelines on no less exacting terms than the Model Code for the relevant employees in respect of their dealing in the securities of the Company.

The Company has not established guidelines for employees as required under the Code provision, instead, the relevant provisions for insider dealing as set out in the Securities and Futures Ordinance have been included in the in-house "Human Resources & Administration Manual" so that the employees are reminded of their obligation under the Ordinance.

(B) FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted together with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants and appropriate accounting policies have been used and applied consistently.

The Board aims to present a clear, balanced and understandable assessment of the Group's performance in the annual and interim report to the shareholders, announcements and other financial disclosure. The annual and interim results are announced in timely manner within the limits of 4 months and 3 months respectively after the end of the relevant periods.

The reporting responsibilities of PricewaterhouseCoopers, the Company's external auditors, are stated in the Auditors' Report on pages 103 and 104 of this annual report.

Internal control system

The Board is responsible for internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance of applicable laws, rules and regulations. The procedures provide reasonable assurance against material errors, losses or fraud. The key procedures involved are as follows:

- (1) A defined organisational structure has been set up with clear line of responsibility and authority. Division heads are assigned to the property projects in the PRC on regional basis to oversee and control the operational and financial aspects of the projects. Systems are in place to review, approve, and administer contract works, capital expenditures, sales and rental arrangement of the property projects.
- (2) A comprehensive management accounting system has been adopted to provide financial and operational performance indicators to the management in a timely manner. Proper controls are in place for the recording and verification of financial data to provide accurate and timely accounting and management information.
- (3) The financial results of the property projects are measured against the annual operational and financial targets. Variances against the budgets are analysed and explained to identify area of improvement and appropriate corrective actions to be taken.
- (4) An internal audit department has been established to conduct audits of the Company, its subsidiaries, associated companies and jointly controlled entities. The internal audit department performs risk-based audits to review the effectiveness of the Group's material internal controls so as to provide assurance that key business and operational risks are identified and managed. The work carried out by the internal audit department will ensure the internal controls are in place and functioning as intended. The internal audit department reports to the Board with its findings and makes recommendations to improve the internal control of the Group. The department also sent their reports to the Audit Committee for review and discussion.

During the course of audit performed by the external auditors, they will report on the weaknesses in the Group's internal control and accounting procedures which have come to their notice. Results of their finding and recommendations will be reported back to the Board through the Audit Committee which will monitor the corrective action to be taken.

External auditors' remuneration

Fees for auditing services and non-auditing services amounting to HK\$6,912,000 and HK\$804,000 respectively were provided in the Group's consolidated income statement for the year ended 30th June 2007.

(C) COMMUNICATION WITH SHAREHOLDERS

The Company has established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information relating to the Company's financial results, corporate details, notifiable transactions, property projects and major events are disseminated through publication of interim and annual report, corporate announcements, circulars, press release and newsletters. These publication can also be obtained from the Company's website.

In addition, the Chairman, members of the Board and external auditors will attend the annual general meetings of the Company where the directors will answer questions raised by the shareholders on the performance of the Group. To ensure the general meetings are conducted in a fair and transparent manner, the Chairman has demanded voting by poll on each of the resolutions considered at the general meetings held in the past year and appointed the branch Share Registrars as the scrutineers to count the votes and explain to the shareholders at the meetings the procedures for voting by poll. The poll results were subsequently posted on the Company's website and published in newspapers.

The Company also holds press and analysts conferences at least twice a year following the release of interim and full year results announcements at which the executive directors and senior management of the Group are available to answer questions regarding the performance of the Group. The Group has participated in a number of roadshows and meetings with investors and organised a number of site visits during the fiscal year 2007.



CHAIRMAN AND MANAGING DIRECTOR

Dr. Cheng Kar-shun, Henry GBS (aged 60)

Dr. Cheng became the Chairman and Managing Director of New World China Land Limited in June 1999. He is also the Managing Director of New World Development Company Limited, the Chairman of NWS Holdings Limited, New World Department Store China Limited, Taifook Securities Group Limited and International Entertainment Corporation. He is the Managing Director of New World Hotels (Holdings) Limited and a Director of Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited, Chow Tai Fook Enterprises Limited and HKR International Limited. He also acts as a Non-Executive Director of Lifestyle International Holdings Limited. Dr. Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation and a Committee Member of the Tenth Chinese People's Political Consultative Conference of the People's Republic of China. In 2001, Dr. Cheng was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the brother of Mr. Cheng Kar-shing, Peter, the brother-in-law of Mr. Doo Wai-hoi, William, and the father of Mr. Cheng Chi-kong, Adrian.

VICE-CHAIRMAN

Mr. Doo Wai-hoi, William JP (aged 63)

Mr. Doo was appointed the Vice-Chairman of New World China Land Limited in June 1999. He is currently the Deputy Chairman of NWS Holdings Limited and Taifook Securities Group Limited. He also acts as an Executive Director of Lifestyle International Holdings Limited, a Director of New World Hotels (Holdings) Limited and Fung Seng Diamond Company Limited. Mr. Doo has served as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. In addition, he is a Member of the Executive Committee of the Tenth Chinese People's Political Consultative Conference in Shanghai, and the Convener of the Shanghai Committee in Hong Kong. In June 2005, Mr. Doo was appointed as the Honorary Consul of the Kingdom of Morocco in Hong Kong. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter, and the uncle of Mr. Cheng Chi-kong, Adrian.





EXECUTIVE DIRECTORS

Mr. Cheng Kar-shing, Peter (aged 55)

Mr. Cheng was appointed an Executive Director of New World China Land Limited in June 1999. He is a Director of Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited, Chow Tai Fook Enterprises Limited, New World Development Company Limited, NWS Service Management Limited, New World Hotels (Holdings) Limited, Macao Water Supply Company Limited and Polytown Company Limited. Mr. Cheng is the brother of Dr. Cheng Kar-shun, Henry, the brother-in-law of Mr. Doo Wai-hoi, William, and the uncle of Mr. Cheng Chi-kong, Adrian.

Mr. Cheng Chi-kong, Adrian (aged 27)

Mr. Cheng was appointed an Executive Director of New World China Land Limited in March 2007. He is also an Executive Director of New World Development Company Limited and New World Department Store China Limited, and a director of Centennial Success Limited and Chow Tai Fook Enterprises Limited. Mr. Cheng has worked in a major international bank prior to joining the New World Group in September 2006 and has substantial experience in financial management. Mr. Cheng holds a Bachelor Degree from Harvard University. He is the son of Dr. Cheng Kar-shun, Henry, the nephew of both Mr. Doo Wai-hoi, William and Mr. Cheng Kar-shing, Peter.



Mr. Leung Chi-kin, Stewart (aged 68)

Mr. Leung was appointed an Executive Director of New World China Land Limited in June 1999. He is an Executive Director and the Group General Manager of New World Development Company Limited, a Director of New World Hotel Company Limited and Hip Hing Construction Company Limited. He also acts as the Vice-Chairman of the Executive Committee of The Real Estate Developers Association of Hong Kong.

Mr. Chow Kwai-cheung (aged 65)

Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is currently a Director of New World Development Company Limited and Hip Hing Construction Company Limited. He has over 30 years experience in property development and investment businesses. Mr. Chow joined the New World Group in 1971 and is responsible for the construction and engineering operations of the Company and the New World Group.



Mr. Chow Yu-chun, Alexander (aged 60)

Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is a fellow of the Chartered Association of Certified Accountants (UK) and a CPA of the Hong Kong Institute of Certified Public Accountants and has over 30 years of experience in property development and investment in Hong Kong. Mr. Chow joined the New World Group in 1973 and is responsible for the financial operations of the Company and the New World Group.



Mr. Fong Shing-kwong, Michael (aged 59)

Mr. Fong was appointed an Executive Director of New World China Land Limited in January 2003. He is currently a Director of NWS Service Management Limited, New World Hotels (Holdings) Limited, Kiu Lok Service Management Co. Ltd., Kiu Lok Property Services (China) Ltd. and Urban Property Management Limited. Mr. Fong joined the New World Group in 1978 and was appointed an Executive Director of New World Hotels International Limited from 1983 to 1997. He is responsible for hotel corporate management and project development of the Company and the New World Group. Besides his over 30 years experience in the hospitality industry, Mr. Fong has extensive experience in property development, asset & facility management and investment business in the PRC.

Ms. Ngan Man-ying, Lynda (aged 41)

Ms. Ngan was appointed an Executive Director of New World China Land Limited in January 2006. She is also an Executive Director of New World Department Store China Limited. Ms. Ngan joined the Group in 1999 and is the Financial Controller and a committee member of the Group's Operation Committee responsible for overseeing the Group's financial accounting, treasury management and corporate governance monitoring. Prior to joining the Company, she worked for an international accounting firm in Hong Kong and a tax consulting company in Australia. Ms. Ngan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants of United Kingdom and has over 20 years of experience in auditing, accounting, business advisory and tax consultancy. Ms. Ngan is the Company Secretary of New World China Land Limited.



INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Wai-chee, Christopher GBS OBE JP (aged 59)

Mr. Cheng was appointed as an Independent Non-Executive Director of New World China Land Limited in June 1999. He is currently the chairman of USI Holdings Limited and Winsor Properties Holdings Limited, and also an independent non-executive director of NWS Holdings Limited, PICC Property and Casualty Company Limited, and Kingboard Chemical Holdings Limited. He is also a non-executive director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust) and an independent director of DBS Group Holdings Limited. Mr. Cheng plays an active role in the public services, particularly noteworthy are his efforts in promoting the development of Hong Kong as an international trade, commercial and financial center. He currently serves as a member of the Exchange Fund Advisory Committee of the Government of the Hong Kong Special Administrative Region of the People's Republic of China, and a non-executive director of the Securities and Futures Commission. Mr. Cheng is a former chairman of Hong Kong General Chamber of Commerce. He also has a keen interest in management of public service. He is currently the chairman of Standing Committee on Judicial Salaries and Conditions of Services and a former chairman of the Competition Policy Review Committee. Mr. Cheng is also a Steward of the Hong Kong Jockey Club and a member of the Council of the University of Hong Kong. He is also an independent non-executive director of Temasek Foundation CLG Limited. Mr. Cheng holds a BBA from the University of Notre Dame, Indiana, USA, and an MBA from Columbia University, New York, USA.





Mr. Tien Pei-chun, James (aged 60)

Mr. Tien was appointed an Independent Non-Executive Director of New World China Land Limited in June 1999. He is the Chairman of Manhattan Holdings Ltd., Manhattan Garments (International) Ltd., Manhattan Realty Ltd. and a Director of a number of private companies. A Legislative Councillor since 1988, Mr. Tien is very active in the community and serves on government committees as well as non-government boards in Hong Kong. He is the Chairman of the Hong Kong Tourism Board, the Chairman of the Liberal Party and a Member of the Chinese People's Political Consultative Conference. Apart from the above, Mr. Tien also acts as a Council Member of the Hong Kong Trade Development Council, a General Committee Member of the Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries, a Court Member of the Hong Kong Polytechnic University and a Council Member of The Chinese University of Hong Kong.

Mr. Lee Luen-wai, John JP (aged 58)

Mr. Lee was appointed an Independent Non-Executive Director of New World China Land Limited in December 2004. He is the managing director of Lippo Limited, a director of Lippo China Resources Limited and Hongkong Chinese Limited as well as an independent non-executive director of New World Development Company Limited. Mr. Lee is a qualified accountant and was a partner of one of the leading international accounting firms in Hong Kong. He has extensive experience in corporate finance and capital markets. Mr. Lee serves as a member on a number of Hong Kong Government Boards and Committees including the Hospital Authority, Council of the City University of Hong Kong, Solicitors Disciplinary Tribunal Panel and Non-local Higher and Professional Education Appeal Board. Mr. Lee is also the Chairman of the Queen Elizabeth Hospital Governing Committee.



NON-EXECUTIVE DIRECTOR

Mr. Fu Sze-shing (aged 58)

Mr. Fu was appointed a Non-Executive Director of New World China Land Limited in June 1999. He is a Director of New World TMT Limited, New World Development (China) Limited and a number of companies with investments in the PRC. He has over 20 years' experience in PRC property development and investment businesses.



From left to right

• CHAN Chi-wing, Wingo • WONG See-yuen • LAU Chung-chun, Desmond • PUN Lap-fu, Alex • FAN Chor-kwok, Ambrose
 • LEUNG Wai-kai, William • AU Wai-chuen, Albert • GENG Shu-sen, Kenneth • LAM Siu-fung, Eric • CHEONG Chak-lon, Allan

CHAN Chi-wing, Wingo (aged 45)

Mr. Chan is a Deputy Regional Executive of the Group, looking after the Group's projects in Beijing and Jinan. Mr. Chan has more than 20 years' experience in real estate development sector of Hong Kong and China. Besides an honour degree in Architectural Studies from the University of Hong Kong, Mr. Chan has MBA, LLB (Hon) and LLM degrees. He has also been called to the Bar in England and Wales. Mr. Chan has joined the Group in 1986 and has been working for the Group for more than 15 years.

WONG See-yuen (aged 51)

Mr. Wong is a Regional Executive of the Group who primarily oversees the Group's project in Chengdu. Mr. Wong holds a Bachelor Degree in Construction Management from Pacific Southern University and Master Degree in Business Administration from Seattle International University. Mr. Wong has over 25 years of experience in property management, leasing and project development and management of various projects in Hong Kong. Mr. Wong joined the New World Group in 2001.

LAU Chung-chun, Desmond (aged 60)

Mr. Lau is a Regional Executive of the Group who primarily oversees the Group's projects in Shenyang. Mr. Lau has over 20 years of experience in real estate development in Hong Kong and the PRC. Mr. Lau is a Model Worker of the City of Shenyang, an Honorary Citizen of the City of Shenyang, Committee Member of the 10th, 11th and 12th Chinese People's Political Consultative Conference of Shenyang and Vice-chairman of the Overseas Chinese Congress in Liaoning Province. Mr. Lau joined the Group in 1996.

PUN Lap-fu, Alex (aged 46)

Mr. Pun is Assistant General Manager of the Group. Mr. Pun joined the New World Group in 1984 and has worked as Financial Controller in the hotels under the New World Group. He was then appointed as an Assistant to Managing Director of New World Group in 1994. Mr. Pun is Executive Director of the Group's investment company in Shanghai and a number of companies with real estate investments in the PRC. Mr. Pun is currently the Committee Member of the 12th Chinese People's Political Consultative Conference of Luwan District of Shanghai, Council Member of Shanghai Luwan District Commerce Committee, Council Member of the Overseas Chinese Congress of Luwan and Changning District of Shanghai, Vice-chairman of the Overseas Chinese Congress of Zhaoqing and Founding Vice-chairman of Hong Kong Association of China Business. He is also a registered Real Estate Agent of China and has obtained HKSI Specialist Certificate — Asset Management. Mr. Pun graduated from the Oklahoma City University of the United States with a Master Degree in Business Administration.



FAN Chor-kwok, Ambrose (aged 63)

Mr. Fan is an Assistant General Manager of the Group, whose primary responsibility is to oversee the Group's projects in Wuhan and Changsha. Mr. Fan graduated from the University of Hong Kong with a Bachelor Degree in Architecture and the University of Toronto with a Master Degree in Business Administration. Mr. Fan is a Registered Architect in Hong Kong, Member of The Royal Architectural Institute of Canada and The Hong Kong Institute of Architects. Mr. Fan has more than 35 years of experience in architecture, project management and property development and has held a number of senior positions in international consulting firms, property development companies and financial institutions. Mr. Fan joined the New World Group in 1992, appointed as a Director of New World Project Management Limited in 1993 and appointed as an Assistant General Manager of New World Development (China) Limited in September 1997.

LEUNG Wai-kai, William (aged 52)

Mr. Leung is an Assistant to Managing Director of New World Development Company Limited and an Assistant General Manager of the Group. Mr. Leung graduated from the University of Minnesota with a Bachelor Degree in Architecture and from the Illinois Institute of Technology with a Master Degree in Architecture. Mr. Leung is a Registered Architect in the United States and has worked for architectural firms in both the United States and Hong Kong for nine years before joining the New World Group in 1986. Mr. Leung was also appointed a Director and the General Manager of New World Project Management Limited and has been responsible for the management and development of numerous property projects in Hong Kong, the PRC and Southeast Asia. Mr. Leung has started his career in Mainland China real estate sector since 1993 and was responsible for project planning and construction management of various projects in Beijing, Guangzhou, Dalian, Wuhan and Shenzhen with a total GFA of over 1 million sq. m.

AU Wai-chuen, Albert (aged 60)

Mr. Au is a Regional Executive of the Group who primarily oversees the Group's projects in Beijing and Jinan. Mr. Au has over 30 years of experience in real estate development and finance in Hong Kong and the PRC. Mr. Au is the Committee Member of the 10th Chinese People's Political Consultative Conference of Beijing, Executive Director of China Association of Enterprises with Foreign Investment, Deputy Chairman of Beijing Commercial Chamber For Overseas Chinese, Council Member of Beijing Chinese Overseas Friendship Association and Executive Director of Beijing Association of Enterprises with Overseas Chinese Investment. Mr. Au joined the Group in 1995.

GENG Shu-sen, Kenneth (aged 44)

Mr. Geng is a Regional Executive of the Group who primarily oversees the Group's projects in Guangzhou, Foshan and Guiyang. Mr. Geng holds Bachelor and Master Degrees in Science and is also a certified engineer in both the PRC and Australia. Mr. Geng has over 20 years of experience in real estate development in Hong Kong and the PRC. Mr. Geng is the Committee Member of the 11th Chinese People's Political Consultative Conference of Guangzhou, Vice-chairman of Guangzhou Overseas Friendship Association, Executive Director of Hong Kong Chamber of Commerce in China — Guangdong. Mr. Geng joined the Group in 1999.

LAM Siu-fung, Eric (aged 36)

Mr. Lam is a Regional Executive of the Group who primarily oversees the Group's projects in Zhuhai, Huizhou, Hefei and Haikou. Mr. Lam is a Director of a number of companies with investments in the PRC. Mr. Lam holds Bachelor Degree in Business Administration from Canada. Mr. Lam has over 10 years of experience in real estate development and finance in Hong Kong and the PRC. Mr. Lam joined the Group in 1994. Mr. Lam is the Committee Member of the 10th Chinese People's Political Consultative Conference of Huizhou City, a committee member of the Seventh Chinese People's Political Consultative Conference of Zhuhai City and a Member of the Standing Committee of Zhuhai Youth Federation.

CHEONG Chak-ION, Allan (aged 45)

Mr. Cheong is a Regional Executive of the Group who primarily oversees the Group's projects in Tianjin. Mr. Cheong graduated from the University of London with a Bachelor Degree in Engineering. Mr. Cheong has over 20 years of real estate development experience in Hong Kong and the PRC. Mr. Cheong joined the New World Group in 1994.



As a pioneer in embracing the concept of corporate citizenship, New World China Land has been vigorously participating in and supporting a wide range of corporate citizenship practices and activities, pursuing various charity causes and showing our care for the underprivileged in the local community. By performing our responsibilities as a good corporate citizen, we hope to do our share to make the community a more harmonious place for all to live in.

1 CHARITY CAMPAIGN

NWCL launched the UNICEF Teddy Bear Charity Sale in the Mainland

Since February 2007, the UNICEF Teddy Bear Charity Sale had been carried out by NWCL in the sales centres and front offices of 26 NWCL property projects, including residential estates, offices, shopping malls and hotels, throughout 14 cities in Mainland China. The total amount raised in the half-year activity was RMB0.4 million, all of which has been donated to UNICEF for girls' education in Mainland China.

NWCL enter into long-term corporate partnership with UNICEF once again

NWCL signed a new term of three-years corporate partnership named "Create A Better New World For Children" with UNICEF in Beijing on 10th August 2007. At the same time, a three-month nationwide charity campaign, "Create A Better New World For Children — New Living Drawing Contest", was also launched. The campaign calls for artworks based on the theme "New World New Living" from children, teenagers and adults in 11 cities where NWCL has a presence. All proceeds from the campaign will be contributed to UNICEF as supporting fund of the programme "Child-Friendly Schools" in the deprived regions of Mainland China.





2 COMMUNITY VOLUNTARY WORKS

NWCL corporate volunteer team — “New World Volunteer Alliance”

Ever since the formation of the NWCL corporate volunteer team “New World Volunteer Alliance” in Guangzhou in 2006, more than 100 staffs have jointed as volunteers, devoting over 1,300 service hours. Throughout all these events and activities, staffs from different departments are united and become closer to each other, creating positive impact as a whole. In the past year, “New World Volunteer Alliance” successfully organized more than 10 outreach activities, such as “Guangdong Lianshan Taiping Primary School Education Programme (廣東連山太平小學助學活動)”, “Disaster Relief in Zhangjiang, Guangdong (賑濟廣東湛江災區人民)” and “Folk Music Appreciation for the Blind Children in Guangzhou (廣州失明兒童民樂欣賞活動)”, all of which have gradually make the volunteer team more recognized by the community.

Guangdong Lianshan Taiping Primary School Education Programme (廣東連山太平小學助學活動)

“New World Volunteer Alliance” volunteers visited Lianshan Taiping Primary School in March 2007 in the remote areas of Guangdong to launch an education programme called “Knowledge Fights Poverty (愛心通連山，知識驅貧困)”. Several months later, the team accompanied the same group of children to visit Guangzhou Ocean World and Guangzhou Zoo to acquire general science knowledge.





Disaster Relief in Zhanjiang, Guangdong (賑濟廣東湛江災區人民)

The city of Zhanjiang was hard hit by typhoon and rainstorm in 2007. "New World Volunteer Alliance" swiftly called for donations from all the Guangzhou District staffs to victims in the disaster area. On 17th August 2007, 10 volunteers from the "New World Volunteer Alliance" brought disaster-relief resources totaling approximately RMB300,000 to Zhanjiang to show their support for the victims.

"Music Brings Brightness" — Folk Music Appreciation for the Blind Children in Guangzhou (廣州失明兒童「妙韻送光明」民樂欣賞活動)

"New World Volunteer Alliance" organized the "Music Brings Brightness (妙韻送光明)" activity in mid 2006, in which blind children from Guangzhou School For the Blind were brought to Guangzhou Xinghai Concert Hall to appreciate the folk music and feel the care from the society.





3 DONATIONS FOR EDUCATION

“New World Study Fund” set up in Jinan

NWCL Jinan District signed a formal cooperation agreement with Jinan Charity Association in June 2007, pursuant to which a total amount of not less than RMB1 million will be donated for setting up the “New World Study Fund” to help poor university students for the cause of charitable education in Jinan.

Charity for Education in Guiyang

In February 2007, a group of NWCL Guiyang District staffs, together with three caring ambassadors, drove into the hill for more than 400 km to bring funds raised from promotion activity in Guiyang and numerous books to Chachu Town, Tianzhu County, one of the nation’s most impoverished counties, in southeastern Guizhou. The Group walked for five to six km to visit the children’s homes and deliver the funds and books to them.

4 COMMUNITY RECOGNITION

NWCL was awarded “2006 China Outstanding Real Estate Corporate Citizen”

On 10th January 2007, NWCL was awarded “2006 China Outstanding Real Estate Corporate Citizen” in the first ever “China Outstanding Real Estate Corporate Citizen Promotion” in China. NWCL is the only Hong Kong developer to receive this award among all the property developers. The panel of judges considered that “NWCL has excelled in its relationship with its suppliers in which high level and quality of communication is maintained, and all contracts are being negotiated in an open and fair manner. It has strongly committed in maintaining the highest possible quality in terms of the property itself and providing excellent property management services. Moreover, NWCL maintains stringent supervision over the materials, site management and process control and implements strict quality control to ensure that the property could enjoy a longlasting lifespan. Therefore, NWCL is an outstanding corporate citizen in the property sector.”



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The directors have pleasure in presenting their annual report and financial statements for the year ended 30th June 2007.

GROUP ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries, associated companies and jointly controlled entities are shown in note 43 to the financial statements.

FINANCIAL STATEMENTS

The results of the Group of the year ended 30th June 2007 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 105 to 172.

DIVIDENDS

The directors have resolved to recommend a final dividend of HK\$0.06 per share (2006: HK\$0.04 per share) for the year ended 30th June 2007 to shareholders whose names appear on the register of members of the Company on 27th November 2007. The proposed final dividend will be paid on or about 21st December 2007 subject to approval at the forthcoming annual general meeting of the Company. Together with the interim dividend of HK\$0.02 per share (2006: Nil) paid in May 2007, total dividends for the year ended 30th June 2007 would thus be HK\$0.08 per share (2006: HK\$0.04 per share).

SHARE CAPITAL

Details of the movements in the share capital during the year are set out in note 29 to the financial statements.

RESERVES

Details of the movements in reserves are set out in note 30 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in note 15 to the financial statements.

DONATION

Donation made by the Group during the year amounted to HK\$29,109,000 (2006: HK\$274,000).

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Dr. Cheng Kar-shun, Henry
Mr. Doo Wai-hoi, William
Mr. Cheng Kar-shing, Peter
Mr. Cheng Chi-kong, Adrian (appointed on 16th March 2007)
Mr. Leung Chi-kin, Stewart
Mr. Chow Kwai-cheung
Mr. Chow Yu-chun, Alexander
Mr. Fong Shing-kwong, Michael
Ms. Ngan Man-ying, Lynda
Mr. Fu Sze-shing
Mr. Cheng Wai-chee, Christopher*
Mr. Tien Pei-chun, James*
Mr. Lee Luen-wai, John*

* *Independent non-executive directors*

In accordance with Article 116 of the Company's Articles of Association, Messrs. Cheng Kar-shun, Henry, Chow Kwai-cheung, Fu Sze-shing and Lee Luen-wai, John will retire by rotation at the forthcoming annual general meeting, and being eligible, will offer themselves for re-election. The remaining current directors continue in office.

No director has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the Cayman Islands in respect of the Company's share capital.

DIRECTORS' INTEREST IN CONTRACTS

Save for contracts amongst group companies, no other contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its holding company or fellow subsidiaries is a party, and in which any director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

The Group has entered into the following connected transactions during the year and up to the date of this report:

A. Construction services

On 30th May 2005, a master service agreement was entered into between the Company and New World Development Company Limited ("NWD"), the Company's ultimate holding company, under which the Company agreed to engage the group of NWD to provide construction, engineering and project management services for the property development projects undertaken by the Group in the People's Republic of China ("PRC"), on non-exclusive basis and subject to tender procedures for selection of contractors, for a term of three years ending 30th June 2008.

Pursuant to the master service agreement, the fees payable to the NWD Group for provision of the aforesaid construction services will be determined by reference to the PRC government-prescribed price, failing which, the PRC government-guided prices, failing which, the market price and thereafter will be determined by the relevant parties based on reasonable costs plus reasonable profit margin. Details of the agreement were set out in the announcement of the Company dated 30th May 2005 and in a circular dated 10th June 2005.

The total amount paid to the NWD Group under the master service agreement for the construction, engineering and project management services was HK\$44,566,000 (2006: HK\$77,454,000), HK\$81,307,000 (2006: HK\$75,194,000) and HK\$9,950,000 (2006: HK\$21,298,077), respectively for the year ended 30th June 2007.

B. Tenancy agreements

(1) Office tenancy agreements

On 30th June 2005, a tenancy agreement was entered into between New World Tower Company Limited ("NWT"), a wholly-owned subsidiary of NWD, as landlord, and the Company, as tenant, for the lease of office premises located at 9/F., New World Tower 1, 18 Queen's Road Central, Hong Kong with gross floor area of 9,375 sq. ft. for a term of two years commencing from 1st July 2005 to 30th June 2007 at a monthly rental of HK\$253,125 together with monthly management fees and air-conditioning charges of HK\$32,813 (subject to adjustment by NWT). The total amount paid under the tenancy agreement was HK\$3,544,000 for the year ended 30th June 2007 (2006: HK\$3,432,000).

On the same day, another tenancy agreement was entered into between NWT, as landlord, and the Company, as tenant, for the lease of a portion of 33/F., New World Tower 1, 18 Queen's Road Central, Hong Kong with gross floor area of 1,296 sq. ft. for a term of two years commencing from 1st July 2005 to 30th June 2007 at a monthly rental of HK\$34,992 together with monthly management fees and air-conditioning charges of HK\$4,536 (subject to adjustment by NWT). The total amount paid under the tenancy agreement was HK\$490,000 for the year ended 30th June 2007 (2006: HK\$474,000). Details of the two tenancy agreements were set out in the announcement of the Company dated 30th June 2005.

On 29th June 2007, the Company renewed the leases of the above office premises with NWT for further two years from 1st July 2007 to 30th June 2009. Under the new leases, the office premises at 9/F. would be leased to the Company at a monthly rental of HK\$375,000 with monthly management fees and air-conditioning charges of HK\$42,187.50 (subject to adjustment by NWT), whilst the office premises at 33/F. would be leased to the Company at monthly rental of HK\$51,840 with monthly management fees and air-conditioning charges of HK\$5,832 (subject to adjustment by NWT). Details of the new leases were set out in the announcement of the Company dated 29th June 2007.

CONNECTED TRANSACTIONS *(continued)*

B. Tenancy agreements *(continued)*

(2) *Tianjin tenancy agreement*

On 15th March 2004, a tenancy agreement ("Tianjin Tenancy Agreement") was entered into between New World Anderson (Tianjin) Development Co., Ltd., an indirect wholly-owned subsidiary of the Company, as landlord, and Tianjin Trendy New World Plaza Co., Ltd. ("Tianjin Trendy"), a subsidiary of NWD, as tenant, for lease of the first to fourth floors of Tianjin New World Shopping Centre located in Nankai District, Tianjin, the PRC with an area of 31,800 sq. m. for twenty years from 15th March 2004 to 14th March 2024. Details of the Tianjin Tenancy Agreement were set out in the announcements of the Company dated 15th March 2004 and 3rd November 2006.

The annual rental is the higher of (i) RMB26,375,000 per year from the first year to the tenth year; RMB27,090,000 per year from the eleventh year to the thirteenth year; RMB28,100,000 per year from the fourteenth year to the seventeenth year; RMB30,300,000 per year from the eighteenth year to the twentieth year; and (ii) 5% of the sale revenue of Tianjin Trendy, together with an annual management fee of RMB3,968,700. The rental and management fee received in aggregate amounted to HK\$31,262,000 for the year ended 30th June 2007 (2006: HK\$29,177,000).

(3) *Shenyang tenancy agreement*

On 17th May 2006, a tenancy agreement ("Shenyang Tenancy Agreement") was entered into between Shenyang Trendy Property Company Limited ("Shenyang Trendy"), an indirect wholly-owned subsidiary of the Company, as landlord, and Shenyang New World Department Store Ltd. ("Shenyang Department Store"), a subsidiary of NWD, as tenant, for the lease of a portion of the first to fourth floors of New World Hotel, Shenyang located at 2 Nanjingnan Street, Heping District, Shenyang, Liaoning Province, the PRC, with an area of 13,976 sq. m. for an initial term of three years commencing from 1st May 2006 and is renewable for successive terms of three years upon its expiry. Details of the Shenyang Tenancy Agreement were set out in the announcement of the Company dated 17th May 2006.

The yearly rental, exclusive of any rate, management fee and maintenance charge, is the higher of (i) RMB18,000,000 for the year ended 30th April 2007, increasing at a rate of 3% per annum in the following years; and (ii) 5% of the gross sales revenue earned by Shenyang Department Store in the premises. Total amount received under the Shenyang Tenancy Agreement for the year ended 30th June 2007 was HK\$26,268,000 (2006: HK\$2,885,000).

(4) *Master leasing agreement*

On 1st March 2007, the Company entered into a master leasing agreement with New World Department Stores (Holdings) Limited ("New World Department Stores"), a subsidiary of NWD, whereby the Company through itself and/or its subsidiaries agreed to lease to the group of New World Department Stores, on non-exclusive basis, the premises owned by the Group from time to time, including the premises which had been leased under the Tianjin Tenancy Agreement and the Shenyang Tenancy Agreement (together, the "Existing Leases").

Under the master leasing agreement, the terms of the Existing Leases will remain in full force notwithstanding the master leasing agreement whilst the leases of other premises will be subject to the subsequent agreement of the terms and conditions by the parties thereto in relation to each particular premises. The rental and management fees for each of the premises to be leased to the group of New World Department Stores will be fixed at the price equivalent to the prices offered to independent third parties in ordinary course of business.

An ordinary resolution approving the master leasing agreement was passed by the independent shareholders of the Company by poll at an extraordinary general meeting of the Company duly held on 11th April 2007. The master leasing agreement has an initial term of three years commencing from 11th April 2007 to 10th April 2010, details of which were set out in the announcement of the Company dated 1st March 2007 and in a circular dated 21st March 2007.

There was no rental or management fee received pursuant to the master leasing agreement for the year ended 30th June 2007, except those received under the Existing Leases.

C. Property agency agreement

On 2nd June 2004, Beijing Lingal Real Estates Development Co., Ltd. ("Beijing Lingal"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Kiu Lok Property Services (China) Limited ("Kiu Lok"), an indirect wholly-owned subsidiary of NWS Holdings Limited which is a subsidiary of NWD, for the provision of property agency services by Kiu Lok to Beijing Lingal in connection with the promotion, sale and leasing of properties located in Chateau Regalia Beijing for three years commencing from 2nd June 2004 to 1st June 2007 and will continue for successive terms of one year until terminated by either party by not less than three months' notice. The term of the said property agency agreement was subsequently extended for one year to 1st June 2008 by a supplemental agreement entered into between Beijing Lingal and Kiu Lok on 4th October 2007. Details of the property agency agreement and the supplemental agreement were set out in the Company's announcements dated 2nd June 2004, 11th August 2006 and 4th October 2007.

The agency fee payable to Kiu Lok is calculated at: (a) for the provision of property agency services in connection with the sale of properties at Chateau Regalia Beijing: 2% of the actual selling price of each unit sold; (b) for the provision of property agency services in connection with the leasing of properties at Chateau Regalia Beijing: (i) 8.3333% of the total net rental receivable of each unit leased, subject to the maximum of one month's average net monthly rental ("ANMR"); or (ii) 50% of the ANMR, if the tenant is introduced by sub-agents and commission payable to the sub-agents is not less than 50% of the ANMR; or (iii) the difference between the ANMR and the commission payable to sub-agents, if the tenant is introduced by sub-agents and the commission payable to the sub-agents is less than 50% of the ANMR and (c) in connection with renewal of lease of properties at Chateau Regalia Beijing: 2.5% of the total net rental receivable during the extended term of tenancy, subject to the maximum of 30% of the ANMR receivable by Beijing Lingal in respect of the relevant premises. The fees paid to Kiu Lok under the property agency agreement was HK\$5,076,202 for the year ended 30th June 2007 (2006: HK\$1,981,000).

D. Participation agreement

On 11th September 2006, the Company entered into a participation agreement with NWD and Solar Leader Limited ("Solar Leader"), a wholly-owned subsidiary of NWD, pursuant to which the Company agreed to grant Solar Leader a participating interest, which is 50% of the total interest of the Group, in the property projects undertaken by the subsidiaries of the Group, namely (i) Guiyang New World Real Estate Co., Ltd.; (ii) Beijing Dongfang Huamei Real Estate Development Co., Ltd.; (iii) Chengdu Xinyi Real Estate Development Co., Ltd.; and (iv) Hunan Success New Century Investment Company Limited, of which the Group owned 100%, 75%, 60% and 90% interests, respectively, in consideration for Solar Leader agreeing to share 50% of the costs payable by the Group in connection with the property projects undertaken by the aforesaid project companies in the PRC.

An ordinary resolution approving the participation agreement was passed by the independent shareholders of the Company by poll at an extraordinary general meeting of the Company duly held on 16th October 2006. Details of the agreement was set out in the announcement of the Company dated 11th September 2006 and in a circular dated 29th September 2006.

CONNECTED TRANSACTIONS *(continued)*

E. Formation of joint venture company

On 23rd April 2007, Starlux Enterprise Limited ("Starlux"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with 海南中泓投資有限公司 (Hainan Zhonghong Investments Company Limited) ("Hainan Zhonghong") relating to the formation of a joint venture company with total investment of RMB333,332,000 and registered capital of RMB166,666,000 and is owned by Starlux and Hainan Zhonghong in the proportion of 70% and 30%, respectively. On 19th July 2007, the joint venture company was incorporated under the name of 新世界中泓地產有限公司 (New World Zhong Hong Property Co., Ltd.).

The joint venture company will serve as a vehicle for the Company to engage in the land improvement and development works, and seek for probable acquisition of land use rights, in respect of a parcel of land located in Yuhua District, Changsha City, Hunan Province, the PRC with an area of approximately 280 mu (equivalent to approximately 186,666 square metres).

Hainan Zhonghong is a connected person of the Company by virtue of its being a substantial shareholder of certain subsidiaries of the Company. The entering into of the joint venture agreement constituted a connected transaction of the Company, details of which were set out in the announcement of the Company dated 23rd April 2007.

F. Provision of capital

On 4th July 2007, New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary of the Company, entered into a capital contribution agreement with Grand Partners Group Limited ("Grand Partners") and Stanley Enterprises Limited ("Stanley") in respect of an increase in registered capital of Shanghai Trio Property Development Co., Ltd. ("Shanghai Trio") from US\$54,000,000 to US\$81,000,000. Shanghai Trio is beneficially owned by NWDC, Grand Partners and Stanley as to 47.5%, 50% and 2.5%, respectively. Pursuant to the capital contribution agreement, NWDC, Grand Partners and Stanley agreed to make the capital contribution to Shanghai Trio in the amount of US\$12,825,000, US\$13,500,000 and US\$675,000, respectively in proportion to their beneficial interest in Shanghai Trio.

The capital raised by Shanghai Trio will be utilized to finance the construction of Phase III of Shanghai Zhongshan Square located in Hongqiao Development Zone, Shanghai, the PRC.

By virtue of the interest of Grand Partners and Stanley in Shanghai Trio and the fact that Grand Partners and Stanley are wholly-owned by Mr. Doo Wai-hoi, William, a director of the Company, the provision of capital to Shanghai Trio constituted a connected transaction of the Company. Details of the capital contribution agreement were set out in the announcement of the Company dated 4th July 2007.

G. Acquisition of interests

On 10th October 2007, New World China Land Investments Company Limited ("NWCI"), a wholly-owned subsidiary of the Company, entered into agreements with 深圳瑋鵬實業有限公司 (Shenzhen Weipang Enterprise Co., Ltd.) ("Shenzhen Weipang") whereby NWCI agreed to acquire and Shenzhen Weipang agreed to sell 10% equity interest in each of Shenzhen Topping Real Estate Development Co., Ltd. ("Shenzhen Topping") and Shenzhen Top One Real Estate Development Co., Ltd. ("Shenzhen Top One") for a consideration of RMB12,520,000 and RMB6,480,000, respectively. Upon completion of the registration procedures to effect the transfers, Shenzhen Topping and Shenzhen Top One will become wholly-owned subsidiaries of the Group.

Shenzhen Topping is principally engaged in the development of low density residential villas and apartments in Shenzhen New World Yi Shan Garden located inside the Wutong Shan National Park in Yantian District of Shenzhen, the PRC. The principal asset of Shenzhen Top One includes the holding of land use rights in respect of a vacant site located in Lot No. T403-0267, Xilihu Resort, Nanshan District, Shenzhen, the PRC with a total site area of approximately 57,605 square metres which has been approved for residential development.

At the date of the aforesaid agreements, Shenzhen Weipang was a connected person of the Company by virtue of its interests in Shenzhen Topping and Shenzhen Top One. Accordingly, the acquisitions contemplated in the aforesaid agreements constituted connected transactions of the Company under the Listing Rules, details of which were set out in the announcement of the Company dated 10th October 2007.

H. Other connected transaction

In July 1999, a deed of tax indemnity was entered into between NWD and the Group whereby NWD undertakes to indemnify the Group in respect of, *inter alia*, certain PRC income tax and land appreciation tax payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK\$188,424,000 (2006: HK\$34,773,000) was effected.

I. Annual review of the continuing connected transactions

The independent non-executive directors of the Company had reviewed the continuing connected transactions arising from (i) the master service agreement (paragraph A above); (ii) the office tenancy agreements, the Tianjin Tenancy Agreement, the Shenyang Tenancy Agreement, and the master leasing agreement (paragraph B above); and (iii) the property agency agreement (paragraph C above) for the financial year ended 30th June 2007 and confirmed that the transactions were:

- (a) entered into in the ordinary and usual course of business of the Group;
- (b) conducted on normal commercial terms; and
- (c) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with Rule 14A.38 of the Listing Rules, the Board of Directors engaged the auditors of the Company to perform certain agreed-upon procedures on the continuing connected transactions mentioned above in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported to the Board of Directors of the Company that the transactions:

- (a) had received the approval of the board of directors of the Company;
- (b) were entered into in accordance with the relevant agreements; and
- (c) had not exceeded the caps disclosed in the previous announcements relating to the aforesaid transactions.

Save as disclosed above, a summary of significant related party transactions that do not constitute connected transactions made during the year was disclosed in note 42 to the financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June 2007, the interests of the directors and their associates in shares, registered capital and underlying shares of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2007
	Personal interests	Family interests	Corporate interests		
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	12,500,000	—	52,271,200 (note 1)	64,771,200	1.69
Mr. Doo Wai-hoi, William	8,750,000	—	66,160,000 (note 2)	74,910,000	1.96
Mr. Leung Chi-kin, Stewart	500,000	—	—	500,000	0.01
Mr. Chow Yu-chun, Alexander	6,550,000	—	—	6,550,000	0.17
Mr. Chow Kwai-cheung	650,126	—	—	650,126	0.02
Mr. Fong Shing-kwong, Michael	1,600,000	—	—	1,600,000	0.04
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	300,000	0.01
Mr. Leung Chi-kin, Stewart	32,974	—	—	32,974	0.001
Mr. Chow Kwai-cheung	44,527	—	—	44,527	0.001
Mr. Fong Shing-kwong, Michael	200,000	—	—	200,000	0.01
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	587,000	8,000,000 (note 1)	17,766,199	0.88
Mr. Doo Wai-hoi, William	2,006,566	—	9,130,000 (note 2)	11,136,566	0.55
Mr. Cheng Kar-shing, Peter	184,351	—	2,721,381 (note 3)	2,905,732	0.14
Mr. Leung Chi-kin, Stewart	3,398,161	—	—	3,398,161	0.17
Mr. Chow Kwai-cheung	207,000	—	—	207,000	0.01
Mr. Chow Yu-chun, Alexander	1,913,983	—	—	1,913,983	0.10
Mr. Fong Shing-kwong, Michael	2,310,051	—	—	2,310,051	0.11
Mr. Cheng Wai-chee, Christopher	711,002	—	—	711,002	0.04
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 (note 4)	15,869	27.41

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2007
	Personal interests	Family interests	Corporate interests		
Faith Yard Property Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 (note 2)	1	50.00
Fortune Star Worldwide Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	60 (note 2)	60	60.00
Fung Seng Estate Development (Shanghai) Co., Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	3,000,000 (note 5)	3,000,000	30.00
Grand Make International Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	20 (note 2)	20	20.00
Guangzhou Ronghe Real Estate Co., Ltd.					
(Registered capital in RMB)					
Mr. Fu Sze-shing	—	—	4,666,500 (note 6)	4,666,500	5.00
Mega Choice Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	3,710 (note 1)	3,710	34.61
Master Services Limited					
(Ordinary shares of US\$0.01 each)					
Mr. Leung Chi-kin, Stewart	16,335	—	—	16,335	1.63
Mr. Chow Kwai-cheung	16,335	—	—	16,335	1.63
Mr. Chow Yu-chun, Alexander	16,335	—	—	16,335	1.63

DIRECTORS' INTERESTS IN SECURITIES *(continued)***(A) Long position in shares** *(continued)*

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2007
	Personal interests	Family interests	Corporate interests		
Ramada Property Ltd.					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	250 (note 2)	250	25.00
Shanghai New World Huai Hai Property Development Co., Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	1,085,000 (note 2)	1,085,000	1.00
Shanghai Juyi Real Estate Development Co., Ltd.					
(Registered capital in RMB)					
Mr. Doo Wai-hoi, William	—	—	229,500,000 (note 5)	229,500,000	30.00
Shanghai Trio Property Development Co. Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	28,350,000 (note 7)	28,350,000	52.50
Sun City Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 (note 8)	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 (note 9)	500	50.00
YE Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	37,500	1.50

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2007
	Personal interests	Family interests	Corporate interests		
Zhaoqing New World Property Development Limited (Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	8,250,000 (note 10)	8,250,000	60.00
Zhaoqing New World Property Management Limited (Registered capital in HK\$)					
Mr. Doo Wai-hoi, William	—	—	300,000 (note 10)	300,000	60.00

Notes:

1. These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
2. These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
3. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
4. 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 is deemed to be interested in 45.63% of its issued share capital.
5. These represent the participating interests held by a company wholly-owned by Mr. Doo Wai-hoi, William.
6. The interest is beneficially owned by a company of which Mr. Fu Sze-shing has 50% interest.
7. These include 50% direct interest and 2.5% participating interest in the registered capital of Shanghai Trio Property Development Co. Ltd. being held by companies wholly-owned by Mr. Doo Wai-hoi, William.
8. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
9. Mr. Cheng Kar-shing, Peter is deemed to be interested in the shares of Sun Legend Investments Limited by virtue of his interests in Sun City.
10. Mr. Doo Wai-hoi, William is deemed to be interested in the registered capitals of these companies by virtue of his interest in Fortune Star Worldwide Limited, of which Mr. Doo Wai-hoi, William owns an indirect interest of 60%.

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(B) Long position in underlying shares – share options

(1) *The Company*

Under the share option scheme of the Company adopted on 26th November 2002, share options were granted to the undermentioned directors of the Company which entitle them to subscribe for shares of the Company and accordingly they are regarded as interested in the underlying shares of the Company. Details of the share options granted to them are as follows:

Name of director	Date of grant	Exercisable period	Number of share options			Exercise price per share HK\$
			Balance as at 1st July 2006	Granted during the year	Balance as at 30th June 2007	
Mr. Cheng Chi-kong Adrian (appointed on 16th March 2007)	25th July 2006 (note 1)	26th August 2006 to 25th August 2011 (note 2)	—	552,400	552,400	2.865
Ms. Ngan Man-ying, Lynda	14th July 2005	15th August 2006 to 14th August 2007	100,000	—	100,000	2.300
Total			100,000	552,400	652,400	

Notes:

(1) *The closing price per share immediately before 25th July 2006, the date of grant, was HK\$2.840.*

(2) *The share options are exercisable within five years commencing from one month after the date of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total share options granted together with any unexercised share options carried forward from the previous anniversary year(s).*

During the year, no share options were exercised by the above directors under the share option scheme of the Company. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

(2) *New World Development Company Limited*

Under the share option scheme of the holding company, New World Development Company Limited ("NWD"), the following directors have personal interests in share options to subscribe for shares in NWD and are accordingly regarded as interested in the underlying shares of NWD. Details of the share options of NWD granted to them are as follows:

Name of director	Date of grant	Exercisable period	Number of share options with exercise price of HK\$17.756 per share		
			Granted during the year	Exercised during the year	Balance as at 30th June 2007
Dr. Cheng Kar-shun, Henry	19th March 2007	(note 1)	36,500,000	—	36,500,000
Mr. Cheng Kar-shing, Peter	19th March 2007	(note 1)	200,000	—	200,000
		(note 2)	1,200,000	—	1,200,000
Mr. Cheng Chi-kong, Adrian	19th March 2007	(note 2)	500,000	—	500,000
Mr. Leung Chi-kin, Stewart	19th March 2007	(note 1)	36,500,000	—	36,500,000
Mr. Chow Kwai-cheung	19th March 2007	(note 1)	200,000	—	200,000
		(note 2)	1,200,000	—	1,200,000
Mr. Chow Yu-chun, Alexander	19th March 2007	(note 2)	1,500,000	—	1,500,000
Mr. Fong Shing-kwong, Michael	19th March 2007	(note 2)	1,000,000	(200,000)	800,000
Mr. Fu Sze-shing	19th March 2007	(note 2)	750,000	—	750,000
Mr. Lee Luen-wai, John	19th March 2007	(note 1)	300,000	—	300,000

Notes:

(1) *Exercisable from 19th March 2007 to 18th March 2012.*

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

(3) *The cash consideration paid by each of the directors for grant of the share options is HK\$10.*

(3) *NWS Holdings Limited*

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited ("NWS"), the following directors of the Company have personal interests in share options to subscribe for shares in NWS and are accordingly regarded as interested in the underlying shares of NWS. Details of the share options of NWS granted to them are as follows:

Name of director	Date of grant	Exercisable period	Number of share options as at 30th June 2007	Exercise price per share HK\$
Mr. Leung Chi-kin, Stewart	21st July 2003	(note)	68,820	3.711
Mr. Chow Yu-chun, Alexander	21st July 2003	(note)	134,944	3.711

Note: *Divided into 2 tranches exercisable from 21st July 2004 and 21st July 2005 to 20th July 2008, respectively.*

During the year, no share options were exercised by the above directors under the share option scheme of NWS. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

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

(4) *New World Mobile Holdings Limited*

Under the share option scheme of New World Mobile Holdings Limited (“NWMH”), a fellow subsidiary of the Company during the year, the following directors have personal interests in share options to subscribe for shares in NWMH and are accordingly regarded as interested in the underlying shares of NWMH. Details of the share options of NWMH granted to them are as follows:

Name of director	Date of grant	Exercisable period	Number of share options			Exercise price per Share HK\$
			Balance as at 1st July 2006	Exercised during the year	Balance as at 30th June 2007	
Dr. Cheng Kar-shun, Henry	28 January 2005	(note)	780,000	(780,000)	—	1.26
Mr. Doo Wai-hoi, William	28 January 2005	(note)	300,000	(300,000)	—	1.26
Mr. Chow Yu-chun, Alexander	28 January 2005	(note)	482,000	(482,000)	—	1.26

Note: Exercisable from 28th January 2005 to 31st December 2010.

The cash consideration paid by the director for grant of the share options is HK\$1.00.

Save as disclosed above, as at 30th June 2007, none of the directors, chief executive or any of their associates had or deemed to have any interest or short positions in the shares, registered capital, 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 Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Directors' rights to acquire shares or debentures

Save as disclosed under the section headed “Directors’ interests in securities” above, at no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding company, a party to any arrangement to enable the directors of the Company or chief executives or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following directors are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

Name of director	Name of entity with competing business	Business activity of the entity	Nature of interest of director in the entity
Dr. Cheng Kar-shun, Henry	Hong Kong Jing-guang Development Limited	Hotel operation in Beijing	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
Mr. Doo Wai-hoi, William	New Bei Fang Hotel Ltd.	Property investment	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
Mr. Cheng Kar-shing, Peter	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
Mr. Chow Kwai-cheung	北京市天竺花園別墅發展有限公司	Property development in Beijing	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	廣州金湖住宅發展有限公司	Property development in Guangzhou	Director
	廣州紅丰房地產有限公司	Property development in Guangzhou	Director
	增城永裕房地產有限公司	Property development in Guangzhou	Director

DIRECTORS' INTERESTS IN COMPETING BUSINESS *(continued)*

Name of director	Name of entity with competing business	Business activity of the entity	Nature of interest of director in the entity
Mr. Chow Yu-chun, Alexander	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Guangzhou Metropolitan Properties Co., Ltd.	Property development in Guangzhou	Director
	Guangzhou New World Properties Development Co., Ltd.	Property development in Guangzhou	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	New Bei Fang Hotel Ltd.	Property investment	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
Mr. Fong Shing-kwong, Michael	Beijing Jing Guang Centre Co. Ltd.	Hotel operation in Beijing	Director
	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Wuxi New City Development Co. Ltd.	Hotel operation in Wuxi	Director

Name of director	Name of entity with competing business	Business activity of the entity	Nature of interest of director in the entity
Ms. Ngan Man-ying, Lynda	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director

As the board of directors of the Company is independent from the boards of the aforesaid companies and none of the directors can control the board of the Company, the Group is capable of carrying its businesses independently of, and at arm's length from the businesses of such companies.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30th June 2007, the interests or short positions of substantial shareholders 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:

(1) Interests and short positions of substantial shareholders in the shares of the Company

Name	Number of shares			Percentage to the issued share capital as at 30th June 2007
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (note 1)	—	2,714,858,780	2,714,858,780	70.88
Centennial Success Limited ("CSL") (note 1)	—	2,714,858,780	2,714,858,780	70.88
Chow Tai Fook Enterprises Limited ("CTF") (note 2)	—	2,714,858,780	2,714,858,780	70.88
New World Development Company Limited ("NWD") (note 3)	2,537,632,731	177,226,049	2,714,858,780	70.88

Notes:

1. CYTF holds 51% interest in CSL which in turn holds the entire interests in CTF. Therefore, CYTF and CSL are deemed to have interests in the shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
3. The number of shares held under the corporate interests of NWD includes 113,351,879 shares held by Easywin Enterprises Corporation Limited, its 100% owned subsidiary, 22,508,064 shares held by Great Worth Holdings Limited, its 59% owned subsidiary, and 41,366,106 shares held by High Earnings Holdings Limited, its 56% owned subsidiary.

All the interests stated above represent long position.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES *(continued)*

(2) Interests and short positions of other persons in the shares and underlying shares of the Company

(a) Long positions in the shares of the Company

Name	Capacity	Number of shares	Percentage to the issued share capital as at 30th June 2007
Deutsche Bank Aktiengesellschaft	Beneficial interest	54,933,838	1.43
	Investment manager	12,800	0.00
	Security interest	82,372,579	2.15

(b) Short positions in the shares of the Company

Name	Category	Number of shares	Percentage to the issued share capital as at 30th June 2007
Deutsche Bank Aktiengesellschaft	Beneficial interest	38,760,109	1.01
	Security interest	15,079,600	0.39

(c) Long positions in derivative interests

Name	Category	Number of shares	Percentage to the issued share capital as at 30th June 2007
Deutsche Bank Aktiengesellschaft	Listed and physically settled	77,508,308	2.02
	Unlisted and physically settled	37,870,509	0.99
	Unlisted and cash settled	21,600	0.00

(d) Short positions in derivative interests

Name	Category	Number of shares	Percentage to the issued share capital as at 30th June 2007
Deutsche Bank Aktiengesellschaft	Listed and physically settled	37,870,509	0.99

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 30th June 2007.

SHARE OPTION SCHEMES

On 18th December 2000, the Company adopted a share option scheme ("2000 Share Option Scheme") pursuant to which employees, including directors of the Group, were given opportunity to obtain equity holdings in the Company. The 2000 Share Option Scheme was subsequently terminated at the annual general meeting of the Company held on 26th November 2002 whereby a new share option scheme ("2002 Share Option Scheme") was adopted in compliance with the new requirements of the Listing Rules. Any share options which were granted under the 2000 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2000 Share Option Scheme.

A summary of the 2000 Share Option Scheme and the 2002 Share Option Scheme was set out as follows:

	2000 Share Option Scheme	2002 Share Option Scheme
Purpose of the schemes	As incentive to employees, including executive directors, of the Company or its subsidiaries	To provide an opportunity for the full-time or part-time employees, including directors, of the Group to participate in the equity of the Company as well as to motivate them to optimize their performance
Participants of the schemes	Full-time employees, including any directors, of the Company or its subsidiaries	Full-time or part-time employees, including directors, of the Company or its subsidiaries
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of this annual report	The Company had granted share options representing the rights to subscribe for 65,745,200 shares of the Company under the 2000 Share Option Scheme, together with share options representing 38,158,200 shares by way of adjustment on the number of share options as a result of the Company's issue of rights shares becoming unconditional on 8th April 2005. No further options will be granted under the 2000 Share Option Scheme	The Company had granted share options representing the rights to subscribe for 18,976,400 shares under the 2002 Share Option Scheme up to the date of this report, together with share options representing 6,465,900 shares by way of adjustment on the number of share options as a result of the Company's issue of rights shares becoming unconditional on 8th April 2005. The Company may further grant share options to subscribe for 88,116,529 shares of the Company, representing approximately 2.30% of the total issued share capital of the Company as at the date of this report

SHARE OPTION SCHEMES *(continued)*

	2000 Share Option Scheme	2002 Share Option Scheme
Maximum entitlement of each participant under the schemes	25% of the aggregate number of shares for the time being issued and issuable under the scheme	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by shareholders in general meeting
The period within which the shares must be taken up under an option	At any time during a period to be notified by the Directors, which period not to exceed 5 years commencing on the expiry of 1 month after the date on which the option is accepted and expiring on the last day of the 5-year period	At any time during a period to be notified by the Directors, which period not to exceed 5 years commencing on the expiry of 1 month after the date on which the option is accepted and expiring on a date not later than the last day of the 5-year period
The minimum period for which an option must be held before it can be exercised	1 month	1 month
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$10 is to be paid as consideration for the grant of option within 28 days from the date of offer	HK\$10 is to be paid as consideration for the grant of option within 28 days from the date of offer

	2000 Share Option Scheme	2002 Share Option Scheme
The basis of determining the exercise price	<p>The exercise price shall be determined by the Directors, being the higher of:</p> <p>(a) not less than 80% of the average closing price of shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of offer; or</p> <p>(b) nominal value of a share</p>	<p>The exercise price shall be determined by the Directors, being at least the higher of:</p> <p>(a) the closing price of shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of offer, which must be a business day; and</p> <p>(b) the average closing price of shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer</p>
The remaining life of the schemes	<p>The 2000 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 18th December 2000</p>	<p>The 2002 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 26th November 2002</p>

SHARE OPTION SCHEMES *(continued)*

During the year ended 30th June 2007, movement of share options granted to the directors and employees of the Group under the 2000 Share Option Scheme and the 2002 Share Option Scheme was as follows:

- (A) Movement of share options to directors was disclosed under the heading "Directors' interests in securities" above.
- (B) Movement of share options to employees was as follows:

Under the 2000 Share Option Scheme

Date of grant	Number of share options (note 1)				Exercise price per share HK\$
	Balance as at 1st July 2006	Exercised during the year (note 4)	Lapsed during the year	Outstanding as at 30th June 2007	
29th June 2001 to 26th July 2001	1,277,000	(888,000)	(389,000)	—	2.910
31st August 2001 to 27th September 2001	41,000	(41,000)	—	—	2.170
26th March 2002 to 22nd April 2002	334,000	(333,800)	(200)	—	2.065
Total	1,652,000	(1,262,800)	(389,200)	—	

Under the 2002 Share Option Scheme

Date of grant	Number of share options (note 1)					Exercise price per share HK\$
	Balance as at 1st July 2006	Granted during the year (note 3)	Exercised during the year (note 5)	Lapsed during the year	Outstanding as at 30th June 2007	
3rd January 2003 to 30th January 2003	730,200	—	(501,200)	(104,800)	124,200	1.212
12th May 2003 to 6th June 2003	1,996,900	—	(532,200)	(113,400)	1,351,300	0.912
28th October 2003 to 22nd November 2003	69,000	—	—	—	69,000	1.650
25th March 2004 to 21st April 2004	1,539,200	—	(378,200)	—	1,161,000	2.252
18th June 2004 to 15th July 2004	314,400	—	(104,800)	—	209,600	1.650
4th November 2004 to 1st December 2004	256,800	—	(85,600)	—	171,200	2.484
22nd December 2004 to 18th January 2005	797,600	—	(284,000)	(414,200)	99,400	2.689
13th July 2005 to 9th August 2005	788,000	—	(231,600)	(107,600)	448,800	2.300
13th July 2005 to 9th August 2005	950,000 (note 2)	—	(350,000)	—	600,000	2.300
7th November 2005 to 2nd December 2005	39,200	—	(9,600)	—	29,600	2.620
28th March 2006 to 24th April 2006	3,384,000	—	(498,800)	—	2,885,200	3.915
28th June 2006 to 26th July 2006	—	190,800	(37,600)	—	153,200	2.865
17th October 2006 to 13th November 2006	—	1,134,800	(117,800)	(486,600)	530,400	3.340
28th December 2006 to 24th January 2007	—	1,251,200	(187,600)	—	1,063,600	4.712
19th March 2007 to 13th April 2007	—	744,800	—	—	744,800	4.500
14th June 2007 to 11th July 2007	—	1,408,400	—	—	1,408,400	6.710
Total	10,865,300	4,730,000	(3,319,000)	(1,226,600)	11,049,700	

SHARE OPTION SCHEMES *(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% 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 two years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each year is 50% 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 28th June 2006, 17th October 2006, 28th December 2006, 19th March 2007 and 14th June 2007, the dates of offer to grant, was HK\$2.850, HK\$3.320, HK\$4.740, HK\$4.390 and HK\$6.680, respectively.*
4. *The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2000 Share Option Scheme was HK\$3.517.*
5. *The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme was HK\$5.379.*

The fair values of the share options granted during the year with exercise prices per share of HK\$2.865, HK\$3.340, HK\$4.712, HK\$4.500 and HK\$6.710 are estimated at HK\$1.07, HK\$1.22, HK\$1.60, HK\$1.57 and HK\$2.41 respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 3.68% to 4.78% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of ranging from 0.43 to 0.47, assuming dividend yield ranging from 0% to 1.33% and an expected option life of 5 years.

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

CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES

(A) Advances and guarantees to entities

In accordance with the requirements under rule 13.20 of the Listing Rules, the directors of the Company reported that none of the entities of which the Group made advances and guarantees individually exceeded 8% of the Company's total asset value as at 30th June 2007.

(B) Financial assistance and guarantees to affiliated companies

As at 30th June 2007, the Group had made loans and advances totalling HK\$7,961,595,000 to affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of affiliated companies in the amount of HK\$2,535,903,000. These amounts in aggregate exceed 8% of the Company's total asset value as at 30th June 2007. In accordance with the requirement under rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30th June 2007 are presented below:

	Proforma combined balance sheet HK\$'000	Group's attributable interests HK\$'000
Non-current assets	14,790,537	8,748,527
Current assets	14,446,051	12,978,976
Current liabilities	(8,119,332)	(5,071,219)
Non-current liabilities	(4,908,919)	(2,845,093)
Shareholders' loans and advances	(8,185,635)	(7,961,595)
	8,022,702	5,849,596

(C) Banking facilities with covenants relating to specific performance of the controlling shareholder

In accordance with the requirements under rule 13.21 of the Listing Rules, the directors of the Company reported below details of loan facilities, which exist at any time during the period and include conditions relating to specific performance of the controlling shareholder of the Company.

On 24th March 2005, Beijing Lingal Real Estates Development Co., Ltd. ("Beijing Lingal"), a wholly-owned subsidiary, was granted a 2-year term loan facility of RMB200,000,000 to finance its property project undertaken in the PRC. On 8th June 2006, New World China Land Investments Company Limited, a wholly-owned subsidiary, was granted a 3-year term loan facility of RMB300,000,000 to finance the capital investment in its property projects in the PRC.

On 3rd April 2006, 12th June 2006 and 13th June 2006, the Company was granted loan facilities of up to HK\$300,000,000, HK\$800,000,000 and HK\$300,000,000, respectively for a term of 3 to 4 years, to fund the general corporate funding requirement of the Company and its subsidiaries, including refinancing the Company's existing loans.

Upon the granting of the above loan facilities, the Company undertook to the lenders that New World Development Company Limited would retain an interest of at least 51% in the issued share capital of the Company, or would maintain 51% of the voting rights attached to the issued share capital of the Company throughout the terms of the facilities. Failure to perform the undertaking will constitute an event of default. If the event of default continues and has not been waived by the lenders, the outstanding liability under the loan facilities will become immediately due and payable and the loan facilities will be terminated.

As at 30 June 2007, the loans drawn under the loan facility to Beijing Lingal were fully repaid.

STATEMENT OF PUBLIC FLOAT SUFFICIENCY

Based on the information publicly available to the Company and within the knowledge of the directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITORS

The financial statements have been audited by Messrs. PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 11th October 2007



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

**TO THE SHAREHOLDERS OF
NEW WORLD CHINA LAND LIMITED**

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of New World China Land Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 105 to 172, which comprise the consolidated and company balance sheets as at 30th June 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th June 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 11th October 2007

Consolidated Income Statement

New World China Land Limited Annual Report 2007

For the year ended 30th June 2007

	Note	2007 HK\$'000	2006 HK\$'000
Revenue	6	2,474,238	1,691,320
Cost of sales		(1,627,044)	(1,162,175)
Gross profit		847,194	529,145
Other gains, net	7	703,080	296,478
Changes in fair value of investment properties	16	72,682	348,926
Selling expenses		(103,950)	(80,331)
Administrative expenses		(71,125)	(43,683)
Other operating expenses		(495,658)	(343,846)
Operating profit before finance costs	8	952,223	706,689
Finance costs	9	(230,790)	(187,275)
Share of results of			
Associated companies		141,133	121,921
Jointly controlled entities		452,276	305,349
Profit before taxation		1,314,842	946,684
Taxation charge	12	(132,054)	(190,266)
Profit for the year		1,182,788	756,418
Attributable to:			
Equity holders of the Company		1,191,444	740,512
Minority interests		(8,656)	15,906
		1,182,788	756,418
Dividends	13	306,566	153,116
Earnings per share	14		
Basic		31.12 cents	19.50 cents
Diluted		31.07 cents	19.48 cents

Consolidated Balance Sheet

As at 30th June 2007

	Note	2007 HK\$'000	2006 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	919,864	943,200
Investment properties	16	5,871,951	4,371,152
Land use rights	17	332,521	319,790
Goodwill	18	48,095	73,720
Properties held for development	20	7,852,456	4,243,616
Associated companies	21	1,746,047	1,598,564
Jointly controlled entities	22	10,484,071	10,377,155
Available-for-sale financial assets	23	71,427	—
Cash and bank balances, restricted	24	—	121,041
		27,326,432	22,048,238
Current assets			
Hotel inventories, at cost		833	1,117
Debtors, deposits and other receivables	25	3,870,289	2,905,135
Amounts due from group companies	26	146,544	97,578
Properties under development	27	4,133,351	4,927,245
Completed properties held for sale	28	1,240,554	1,291,986
Cash and bank balances, restricted	24	464,303	368,630
Cash and bank balances, unrestricted	24	5,931,761	2,362,227
		15,787,635	11,953,918
Total assets		43,114,067	34,002,156
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	29	383,036	382,578
Reserves	30	25,616,877	23,499,334
Proposed final dividend	30	229,975	153,103
		26,229,888	24,035,015
Minority interests		1,241,695	176,681
Total equity		27,471,583	24,211,696

	Note	2007 HK\$'000	2006 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	31	9,797,465	4,813,143
Long term payable	32	—	124,279
Deferred tax liabilities	33	502,076	507,152
		10,299,541	5,444,574
Current liabilities			
Creditors and accruals	34	1,630,188	1,342,327
Deposits received on sale of properties		1,052,050	862,040
Amounts due to group companies	26	483,117	328,746
Short term bank loans	35	486,735	371,742
Current portion of long term borrowings	31	980,615	911,341
Current portion of long term payable	32	132,898	77,757
Amounts due to minority shareholders	36	302,284	313,526
Taxes payable	37	275,056	138,407
		5,342,943	4,345,886
Total liabilities		15,642,484	9,790,460
Total equity and liabilities		43,114,067	34,002,156
Net current assets		10,444,692	7,608,032
Total assets less current liabilities		37,771,124	29,656,270

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

Balance Sheet

As at 30th June 2007

	Note	2007 HK\$'000	2006 HK\$'000
ASSETS			
Non-current assets			
Subsidiaries	19	23,250,221	21,418,798
Current assets			
Deposits and other receivables	25	11,283	67,490
Amounts due from group companies	26	99,001	53,606
Cash and bank balances, restricted	24	—	52,062
Cash and bank balances, unrestricted	24	610,010	375,511
		720,294	548,669
Total assets		23,970,515	21,967,467
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	29	383,036	382,578
Reserves	30	19,970,788	20,367,300
Proposed final dividend	30	229,975	153,103
Total equity		20,583,799	20,902,981
LIABILITIES			
Non-current liabilities			
Long term borrowings	31	3,345,279	492,320
Current liabilities			
Creditors and accruals	34	41,437	33,993
Amounts due to group companies	26	—	538,173
		41,437	572,166
Total liabilities		3,386,716	1,064,486
Total equity and liabilities		23,970,515	21,967,467

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

Consolidated Cash Flow Statement

New World China Land Limited Annual Report 2007

For the year ended 30th June 2007

	Note	2007 HK\$'000	2006 HK\$'000
Operating activities			
Net cash used in operations	40(a)	(2,795,597)	(2,179,286)
Tax paid		(72,368)	(83,632)
Net cash used in operating activities		(2,867,965)	(2,262,918)
Investing activities			
Interest received		428,737	121,662
Additions to property, plant and equipment, land use rights and investment properties		(157,463)	(214,706)
Increase in investments in associated companies		(38,926)	(243,348)
Increase in investments in jointly controlled entities		(873,174)	(1,789,883)
Decrease in investments in jointly controlled entities		1,113,940	1,076,695
Decrease in investments in associated companies		75,645	307,541
Acquisition of subsidiaries	40(c)	(48,273)	(469,366)
Acquisition of additional interest in subsidiaries		(7,880)	(19,176)
Disposal of property, plant and equipment		4,566	4,542
Increase in available-for-sale financial assets		(60,852)	—
Net cash generated from/(used in) investing activities		436,320	(1,226,039)
Financing activities			
Interest paid		(305,732)	(138,847)
Increase in long term borrowings		3,106,920	1,012,494
Repayment of long term borrowings		(510,948)	(704,789)
Repayment of long term payable		(77,757)	(84,615)
Net increase/(decrease) in short term bank loans		114,993	(211,771)
Capital contribution from minority shareholders		1,048,135	46,040
Decrease in loans from minority shareholders		(21,552)	(40,148)
Repayment of loans from fellow subsidiary companies		(50,230)	(277,297)
Increase in loans from fellow subsidiary companies		31,000	370,111
Issue of shares		11,156	105,258
Net proceeds from issue of convertible bonds		2,811,124	—
Dividends paid		(229,707)	(113,553)
Decrease in restricted bank balances		25,368	327,964
Net cash generated from financing activities		5,952,770	290,847
Net increase/(decrease) in cash and cash equivalents		3,521,125	(3,198,110)
Cash and cash equivalents at beginning of the year		2,362,227	5,534,354
Exchange differences on cash and cash equivalents		48,409	25,983
Cash and cash equivalents at end of the year		5,931,761	2,362,227

Consolidated Statement of Changes in Equity

For the year ended 30th June 2007

	Attributable to equity holders of the Company			Minority interests	Total equity
	Share capital	Reserves	Shareholders' funds		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st July 2005	376,825	22,745,532	23,122,357	(17,051)	23,105,306
Translation difference	—	117,071	117,071	2,932	120,003
Net income recognised directly in equity	—	117,071	117,071	2,932	120,003
Profit for the year	—	740,512	740,512	15,906	756,418
Total recognised income and expense for the year	—	857,583	857,583	18,838	876,421
Issue of shares	5,753	99,517	105,270	—	105,270
Share issue expenses	—	(12)	(12)	—	(12)
Acquisition of subsidiaries	—	59,170	59,170	107,700	166,870
Capital contribution from minority interests	—	—	—	46,040	46,040
Acquisition of additional interests in subsidiaries	—	—	—	21,262	21,262
Disposal of interest in a subsidiary	—	—	—	(108)	(108)
Share-based payments	—	4,200	4,200	—	4,200
Dividend paid	—	(113,553)	(113,553)	—	(113,553)
	5,753	906,905	912,658	193,732	1,106,390
Balance at 30th June 2006	382,578	23,652,437	24,035,015	176,681	24,211,696
Balance at 1st July 2006	382,578	23,652,437	24,035,015	176,681	24,211,696
Translation difference	—	697,763	697,763	6,451	704,214
Net income recognised directly in equity	—	697,763	697,763	6,451	704,214
Profit for the year	—	1,191,444	1,191,444	(8,656)	1,182,788
Total recognised income and expense for the year	—	1,889,207	1,889,207	(2,205)	1,887,002
Issue of shares	458	10,698	11,156	—	11,156
Capital contribution from minority interests	—	—	—	1,048,135	1,048,135
Acquisition of subsidiaries	—	135,438	135,438	23,964	159,402
Acquisition of additional interests in subsidiaries	—	—	—	(4,880)	(4,880)
Share-based payments	—	6,466	6,466	—	6,466
Issuance of convertible bonds	—	382,313	382,313	—	382,313
Dividends paid	—	(229,707)	(229,707)	—	(229,707)
	458	2,194,415	2,194,873	1,065,014	3,259,887
Balance at 30th June 2007	383,036	25,846,852	26,229,888	1,241,695	27,471,583

1. GENERAL INFORMATION

New World China Land Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in investment and development of property projects in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The address of its principal place of business in Hong Kong is 9/F., New World Tower I, 18 Queen’s Road Central, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

The ultimate holding company is New World Development Company Limited (“NWD”), a company incorporated and listed in Hong Kong.

These financial statements have been approved for issue by the Board of Directors on 11th October 2007.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which are carried at fair value.

(a) The adoption of new or revised HKFRS

For the year ended 30th June 2006, the Group early adopted the amendment to Hong Kong Accounting Standard 21 “The effects of changes in foreign exchange rates — Net investment in a foreign operation”. For the year ended 30th June 2007, the Group has adopted all the remaining new standards, amendments to standards and interpretations that are effective for accounting periods beginning on or after 1st January 2006.

However, the adoption of these new standards did not have any significant effect on the accounting policies or results and financial position of the Group.

(b) Standards, amendments and interpretations which are not yet effective

Certain new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 1st January 2007 or later periods but which the Group has not early adopted, are as follows:

Effective for the year ending 30th June 2008

HKAS 1 Amendment	Presentation of financial statements — capital disclosures
HKFRS 7	Financial instruments: disclosures
HK(IFRIC) – Int 10	Interim financial reporting and impairment
HK(IFRIC) – Int 11	HKFRS 2 — Group and treasury share transactions

2. BASIS OF PREPARATION *(continued)*

(b) Standards, amendments and interpretations which are not yet effective

(continued)

Effective for the year ending 30th June 2009

HK(IFRIC) – Int 12	Service concession arrangements
HK(IFRIC) – Int 13	Customer loyalty programmes
HK(IFRIC) – Int 14	HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction

Effective for the year ending 30th June 2010

HKFRS 8	Operating segments
HKAS 23 (Revised)	Borrowing costs

The Group has already commenced an assessment of the impact of these new standards, amendments and interpretations but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries made up to 30th June, and include the Group's share of the results for the year and undistributed post-acquisition reserves of its associated companies and jointly controlled entities. The results of subsidiaries, associated companies and jointly controlled entities acquired or disposed of during the year are dealt with in the consolidated income statement from the effective dates of acquisition and up to the effective dates of disposal respectively.

(i) *Subsidiaries*

Subsidiaries are companies, including equity and co-operative joint ventures in the PRC, in which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the share of net assets attributable to the Group together with any goodwill carried in the balance sheet.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) *Minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gain and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iii) *Associated companies*

An associated company is a company other than a subsidiary and a jointly controlled entity, in which the interest of the Group is held for the long term and substantial and significant influence is exercised through representatives on the board of directors.

Investment in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. Investments in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition.

The share of post acquisition profits or losses of associated companies is recognised in the income statement, and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(a) Consolidation *(continued)*

(iv) Joint ventures

A jointly controlled entity is a joint venture established as a corporation, partnership or other entity in which the venturers have their respective interests and establish a contractual arrangement among them to define their joint control over the economic activity of the entity.

Interests in jointly controlled entities are stated at cost plus the share of post-acquisition results and reserves and goodwill on acquisition less provision for impairment losses. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities set out as follows:

Equity joint ventures

Equity joint ventures are joint ventures in respect of which the capital contribution ratios of the venturers are defined in the joint venture contracts and the profit sharing ratios of the venturers are in proportion to the capital contribution ratios.

Co-operative joint ventures

Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts. Where the Group is not entitled to share the net assets of a co-operative joint venture at the end of the joint venture period, the cost of investment in such co-operative joint venture is amortised over the joint venture period.

Companies limited by shares

Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entity that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the jointly controlled entity that result from the purchase of assets from the jointly controlled entity until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the attributable share of the net identifiable assets of the acquired subsidiaries, associated companies or jointly controlled entities at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associated companies and jointly controlled entities is included in investments in associated companies and jointly controlled entities respectively. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of all or part of the entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(c) Assets under leases*(i) Finance leases*

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The finance charges are charged to the income statement over the lease periods.

Assets held under finance leases are depreciated on the basis described in note (f)(ii) below.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the lease periods.

(d) Land use rights

The upfront prepayments made for the land use rights are expensed in the income statement on a straight-line basis over the period of the rights or when there is impairment, the impairment is expensed in the income statement. In the course of property development, the amortisation is included as part of the costs of the property under development.

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professionally qualified valuers on an open market value basis as at the balance sheet date. Changes in fair values are recognised in the income statement.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Initial cost includes expenditure that is directly attributable to the acquisition of assets. Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in the income statement during the period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying value of an asset is greater than its estimated recoverable amount.

(i) Assets under construction

All direct and indirect costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(f) Property, plant and equipment *(continued)*

(ii) Depreciation

No depreciation is provided on assets under construction.

Depreciation of other property, plant and equipment is calculated to write off their cost or carrying value less accumulated impairment losses to their residual values over their estimated useful lives or, if shorter, the relevant finance lease periods, using the straight-line method. Estimated useful lives are summarised as follows:

Buildings	20–40 years
Leasehold improvements	5–10 years or over the relevant lease period
Furniture, fixtures and equipment	5 years
Motor vehicles	3 years

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date.

(iii) Gain or loss on disposal

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped as cash generating units for which there are separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

(h) Investments

The Group classifies its investments in the categories of financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. Management determines the classification of its investments at initial recognition depending on the purpose for which the investments are acquired and re-evaluates this designation at every balance sheet date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable and are included in current assets, except for those with maturities of more than twelve months after the balance sheet date, which are classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities of less than twelve months from the balance sheet date, which are classified as current assets.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction cost are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the income statement in the financial period in which they arise. Changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from financial assets. Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the financial asset and other changes in the carrying amount of the financial asset. The translation differences on monetary financial assets are recognised in the income statement; translation differences on non-monetary financial assets are recognised in equity.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active and for unlisted financial assets, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(h) Investments *(continued)*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(i) Properties held for/under development

Properties held for/under development comprise prepayments for land use rights, development expenditure and borrowing costs capitalised. In the course of property development, the amortisation charge of land use rights is included as part of the costs of the property under development.

(j) Completed properties held for sale

Completed properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, the prepaid leasehold land component is stated at cost less accumulated amortisation and impairment losses; the building component is carried at the lower of cost and net realisable value. The amortisation of land use rights is recognised in the income statement. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(k) Hotel inventories

Hotel inventories primarily comprise food, beverages and operating supplies and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(l) Trade and other receivables

Trade and other receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the provision is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited in the income statement.

(m) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with maturities of three months or less from date of investment and bank overdrafts.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(o) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(p) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred taxation arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Taxation rates enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(r) Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(s) Convertible bonds

(i) *Convertible bonds with equity component*

Convertible bonds that can be converted to equity share capital at the option of the holders, where the number of shares that would be issued on conversion and the value of the consideration that would be received do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition, the liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible bond. The remainder of the proceeds is allocated to the conversion option as equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion, redemption or maturity. The equity component is recognised in equity, net of any tax effects.

When the bond is converted, the relevant equity component and the carrying amount of the liability component at the time of conversion are transferred to share capital and share premium for the shares issued. When the bond is redeemed, the relevant equity component is transferred to retained profits.

(ii) *Convertible bonds without equity component*

All other convertible bonds which do not exhibit the characteristics mentioned in (i) above are accounted for as hybrid instruments consisting of an embedded derivative and a host debt contract.

At initial recognition, the embedded derivative of the convertible bonds is accounted for as a derivative financial instrument and is measured at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as a liability under the contract. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability under the contract.

The derivative component is subsequently carried at fair value and changes in fair value are recognised in the income statement. The liability under the contract is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion, redemption or maturity.

When the bond is converted, the carrying amount of the liability under the contract together with the fair value of the relevant derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the bond is redeemed, any difference between the redemption amount and the carrying amounts of both components is recognised in the income statement.

(t) Employee benefits*(i) Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) Share-based compensation

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions.

(u) Foreign currencies*(i) Functional and presentation currency*

Transactions included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Renminbi. The consolidated financial statements are presented in Hong Kong dollars to facilitate analysis of financial information by the holding company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets held at fair value through profit or loss is reported as part of the fair value gain or loss. Translation differences on non-monetary available-for-sale financial assets are included in equity.

(iii) Group companies

The results and financial position of all the entities of the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each balance sheet presented are translated at the exchange rate ruling at the date of that balance sheet;
- (2) income and expenses for each income statement are translated at average exchange rates; and
- (3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(v) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

In accordance with the internal financial reporting of the Group, the Group has determined that business segments be presented as the primary reporting format. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the PRC, which is considered as one geographical location in an economic environment with similar risks and returns.

(w) Revenue recognition

Revenue comprises the fair value of the consideration for the sale of goods and services rendered in the ordinary course of the activities of the Group. Revenue is shown net of sales tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activities have been resolved. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) *Property sales*

Revenue from sale of properties is recognised upon the transfer of risks and rewards of ownership. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

(ii) *Rental income*

Rental income is recognised on a straight line accrual basis over the terms of lease agreements or on a specified basis according to the terms of lease agreements in respect of contingent rental income.

(iii) *Hotel operations income*

Hotel operations income is recognised when the services are rendered.

(iv) *Project management fee income*

Project management fee income is recognised when services are rendered.

(v) *Property management services fee income*

Property management services fee income is recognised when services are rendered.

(vi) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

(x) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders/directors.

(y) Insurance contracts

The Group assesses at each balance sheet date the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the income statement.

The Group regards its financial guarantee contracts in respect of mortgage facilities provided to certain property purchasers and guarantees provided to its related parties as insurance contracts.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

(a) Financial risk management

The Group conducts its operation in the PRC and accordingly is subject to special consideration and risk exposure under an unique political, economic and legal environment. The Group's activities expose it to a variety of financial risks and the Group's overall risk management policy seeks to minimise potential adverse effects on the Group's financial performance. The Group continues to control financial risk in a conservative approach to safeguard the interest of shareholders.

(i) Interest rate risk

The interest rate risk of the Group relates principally to floating rate loans which will be affected by fluctuation of prevailing market interest rates. To mitigate the risk, the Group has maintained fixed and floating rate debts. The Group aims to minimise the level of long term bank borrowings which exposes the Group to high interest rate risk. The Group has not used any derivative instruments to hedge its exposure to interest rate risk.

(ii) Currency risk

The currency risk of the Group is primarily attributable to the net investments in the PRC. The Group seeks to finance these investments by Renminbi borrowings. The Group monitors foreign exchange exposure and will consider to enter into forward foreign exchange contracts to reduce the exposure should the need arises.

(iii) Credit risk

The credit risk of the Group mainly arises from rental receivables and receivables on sale of properties. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies in each of its core businesses.

(iv) Liquidity risk

It is the policy of the Group to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities.

The Group also maintains undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements.

(b) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Estimated discounted cash flows are used to determine fair value for the financial instruments.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying amounts less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, including debtors, deposits and other receivables, cash and cash equivalents, amounts due from/to group companies, trade and other payables and current portion of long term borrowings approximate their fair values due to the short term maturities of these assets and liabilities.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities are as follows:

(a) Valuation of investment properties

The fair value of each investment property is individually determined at each balance sheet by independent valuers based on a market value assessment, on an existing use basis. The valuers have relied on the discounted cash flow analysis and the capitalisation of income approach as their primary methods, supported by the direct comparison method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

(b) Provision for properties held for/under development and for sale

The Group assesses the carrying amounts of properties held for/under development and for sale according to their estimated net realisable value based on the realisability of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(c) Income taxes

The Group is subject to income tax, land appreciation tax and other taxes in the PRC. Significant judgement is required in determining the provision for taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the provision for income and other taxes and deferred tax in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) Share-based payments

The fair value of options granted is estimated by independent professional valuers based on various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options at the date of grant.

(e) Impairment of goodwill

The Group tests annually for impairment of goodwill in accordance with accounting policy as stated in note 3(g). The recoverable amounts of cash-generating units have been determined based on the higher of the fair value less costs to sell and value in use calculation of the underlying assets, mainly properties. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

(f) Financial guarantees

The Group assesses at each balance sheet date the liabilities under insurance contracts, using current estimates of future cash flows.

In respect of the financial guarantee contracts provided to property purchasers, the Group considers the net realisable value of the relevant properties against the outstanding mortgage principal and interest.

6. REVENUE AND SEGMENT INFORMATION

- (a) The Group is principally engaged in investment in and development of property projects in the PRC. Revenue comprises turnover which includes gross proceeds from sale of properties, revenue from rental and hotel operation, property management services fee income and project management fee income.

	2007	2006
	HK\$'000	HK\$'000
Sale of properties	1,852,583	1,231,136
Rental income	310,358	240,174
Income from hotel operation	234,326	189,677
Property management services fee income	43,361	27,610
Project management fee income	33,610	2,723
	2,474,238	1,691,320

- (b) The Group is organised into four main business segments, comprising property sales, rental operation, hotel operation and property management services. There is no other significant identifiable separate business segment. Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties held for/under development, debtors, deposits and other receivables, and completed properties held for sale. They exclude cash and bank balances held at corporate office and prepayment for proposed development projects. Segment liabilities comprise mainly creditors and accruals, and other payable. They exclude bank and other borrowings, taxes payable, other creditors and accruals at corporate office.

Notes to the Financial Statements

6. REVENUE AND SEGMENT INFORMATION *(continued)*(b) *(continued)*

No geographical segment analysis is presented as the majority of the assets and operations of the Group are located in the PRC, which is considered as one geographical location in an economic environment with similar risks and returns.

Year ended 30th June 2007	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues	1,885,622	310,671	234,326	43,619	—	2,474,238
Segment results	702,042	134,988	54,141	13,023	(17,124)	887,070
Bank and other interest income						48,971
Corporate expenses						(145,057)
Net foreign exchange gains						161,239
Operating profit before finance costs						952,223
Finance costs						(230,790)
Share of results of						
Associated companies	1,285	139,655	614	(421)	—	141,133
Jointly controlled entities	108,401	349,487	(3,825)	(435)	(1,352)	452,276
Profit before taxation						1,314,842
Taxation charge						(132,054)
Profit for the year						1,182,788
Capital expenditure	27,351	107,263	17,941	1,550	4,735	158,840
Depreciation and amortisation	25,229	35,059	63,503	792	1,881	126,464
Provision for amounts due from jointly controlled entities	639	—	—	—	—	639
Impairment of goodwill	30,586	—	—	—	7,096	37,682
As at 30th June 2007						
Segment assets	19,229,817	6,794,820	925,356	72,092	12,913	27,034,998
Associated companies and jointly controlled entities	5,361,878	6,489,933	339,561	(6,374)	45,120	12,230,118
Unallocated assets						3,848,951
Total assets						43,114,067
Segment liabilities	3,132,430	259,550	171,431	31,188	9,767	3,604,366
Unallocated liabilities						12,038,118
Total liabilities						15,642,484

Year ended 30th June 2006	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues	1,233,859	256,561	189,677	11,223	—	1,691,320
Segment results	387,705	365,233	17,825	(2,410)	(12)	768,341
Bank and other interest income						111,844
Corporate expenses						(111,481)
Net foreign exchange losses						(62,015)
Operating profit before finance costs						706,689
Finance costs						(187,275)
Share of results of						
Associated companies	(2,198)	122,974	2,082	(937)	—	121,921
Jointly controlled entities	125,673	184,213	(3,240)	731	(2,028)	305,349
Profit before taxation						946,684
Taxation charge						(190,266)
Profit for the year						756,418
Capital expenditure	234,435	209,578	20,373	626	1,026	466,038
Depreciation and amortisation	16,403	36,696	62,955	677	1,551	118,282
Provision for/(write back of provision for) amounts due from jointly controlled entities, associated companies and an investee company	(57,525)	1,653	—	—	—	(55,872)
Provision for properties	2,664	—	—	—	—	2,664
Impairment of goodwill	—	8,629	18,326	—	—	26,955
As at 30th June 2006						
Segment assets	15,157,755	4,877,082	960,077	55,040	6,839	21,056,793
Associated companies and jointly controlled entities	5,836,334	5,783,071	351,587	(7,898)	12,625	11,975,719
Unallocated assets						969,644
Total assets						34,002,156
Segment liabilities	2,403,174	243,467	159,615	30,596	3,193	2,840,045
Unallocated liabilities						6,950,415
Total liabilities						9,790,460

7. OTHER GAINS, NET

	2007 HK\$'000	2006 HK\$'000
Bank and other interest income	383,147	155,345
Tax indemnity from the ultimate holding company (note 12)	188,424	34,773
Net foreign exchange gains/(losses)	165,950	(48,995)
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries and jointly controlled entities	3,880	135,513
Provision for investments in/amounts due by jointly controlled entities	(639)	(4,673)
Write back of provision for amount due from an investee company	—	60,545
Impairment of goodwill	(37,682)	(26,955)
Loss on disposal of a subsidiary	—	(6,411)
Provision for completed properties held for sale	—	(2,664)
	703,080	296,478

8. OPERATING PROFIT BEFORE FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	189,673	119,572
and after charging:		
Cost of properties sold	1,337,511	921,229
Staff costs (note 10)	202,866	141,511
Depreciation of property, plant and equipment	117,822	111,244
Outgoings in respect of investment properties	81,379	45,090
Rental for leased premises	46,303	36,618
Loss on disposal of property, plant and equipment and investment properties	22,789	2,457
Amortisation of land use rights (note)	8,642	7,038
Auditors' remuneration	6,912	5,384

Note: Amortisation of land use rights is stated after deduction of amount capitalised in properties held for development and properties under development of HK\$66,032,000 (2006: HK\$32,911,000) and HK\$23,258,000 (2006: HK\$25,417,000) respectively. There is no amortisation of land use rights for assets under construction during the year (2006: HK\$6,600,000).

There is no contingent rent included in rental income for both years.

	2007 HK\$'000	2006 HK\$'000
The future minimum rental payments receivable under non-cancellable operating leases are as follows:		
Within one year	219,847	154,080
Between two and five years	443,571	336,450
Beyond five years	778,167	779,293
	1,441,585	1,269,823

Generally the Group's operating leases are for terms of two to five years except for six (2006: six) long term leases which are beyond five years.

9. FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Interest on bank borrowings		
– wholly repayable within five years	277,732	139,712
– not wholly repayable within five years	17,504	17,519
Interest on loans from fellow subsidiaries wholly repayable within five years	119,606	118,298
Interest on loans from minority shareholders not wholly repayable within five years	4,590	5,199
Interest on short term borrowings	31,545	9,963
Interest on advances from participating interest	30,342	—
Interest on convertible bonds repayable within five years	5,426	—
	486,745	290,691
Amount capitalised in properties held for/under development and assets under construction	(237,451)	(85,032)
Reimbursement from an associated company	(18,504)	(18,384)
	230,790	187,275

10. STAFF COSTS

	2007 HK\$'000	2006 HK\$'000
Wages, salaries and other benefits	191,687	133,250
Pension costs – defined contribution plans (note)	4,713	4,061
Share-based payments	6,466	4,200
	202,866	141,511

Staff costs include directors' emoluments other than benefit-in-kind from the exercise of share options.

Note: The Group has established a defined contribution retirement scheme under the Occupational Retirement Scheme Ordinance for all employees in Hong Kong since September 1999. The contributions to the scheme are based on a percentage of the employees' salaries ranging from 5% to 10%, depending upon the length of service of the employees. The Group's contributions to the scheme are expensed as incurred and are not forfeited in respect of those employees who leave the scheme prior to vesting fully in the contributions.

With the implementation of the Mandatory Provident Fund ("MPF") Scheme Ordinance on 1st December 2000, the Group established a new MPF Scheme. Except for employees who commenced employment after 1st October 2000, all the existing employees were given an option to select between the existing defined contribution retirement scheme and the MPF Scheme. The employees who commenced employment after 1st October 2000 are required to join the MPF Scheme. The Group's contributions to the MPF scheme are based on fixed percentages of members' salaries, ranging from 5% of MPF relevant income to 10% of the basic salary. Members' mandatory contributions are fixed at 5% of MPF relevant income.

The Group also contributes to retirement plans for its employees in the PRC at a percentage in compliance with the requirements of the respective municipal governments in the PRC.

The assets of all retirement schemes are held separately from those of the Group in independently administered funds. The total pension costs charged to the consolidated income statement for the year amounted to HK\$4,713,000 (2006: HK\$4,061,000).

11. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

(i) Details of the directors' emoluments are as follows:

For the year ended 30th June 2007

Name of director	Fees	Other emoluments	Retirement benefits	Share option benefits (note)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dr. Cheng Kar-shun, Henry	150	—	—	—	150
Mr. Doo Wai-hoi, William	150	1,000	—	—	1,150
Mr. Cheng Kar-shing, Peter	150	—	—	—	150
Mr. Cheng Chi-kong, Adrian	150	211	11	—	372
Mr. Leung Chi-kin, Stewart	150	—	—	—	150
Mr. Chow Kwai-cheung	150	—	—	—	150
Mr. Chow Yu-chun, Alexander	150	—	—	—	150
Mr. Fong Shing-kwong, Michael	150	960	48	—	1,158
Ms. Ngan Man-ying, Lynda	150	2,840	149	—	3,139
Mr. Fu Sze-shing	100	—	—	—	100
Mr. Cheng Wai-chee, Christopher	200	—	—	—	200
Mr. Tien Pei-chun, James	200	—	—	—	200
Mr. Lee Luen-wai, John	200	—	—	—	200
	2,050	5,011	208	—	7,269

For the year ended 30th June 2006

Name of director	Fees	Other emoluments	Retirement benefits	Share option benefits (note)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dr. Cheng Kar-shun, Henry	50	—	—	19,913	19,963
Mr. Doo Wai-hoi, William	50	1,000	—	11,451	12,501
Mr. Cheng Kar-shing, Peter	50	—	—	3,824	3,874
Mr. Leung Chi-kin, Stewart	50	—	—	—	50
Mr. Chow Kwai-cheung	50	—	—	411	461
Mr. Chow Yu-chun, Alexander	50	—	—	8,713	8,763
Mr. Fong Shing-kwong, Michael	50	240	12	1,768	2,070
Ms. Ngan Man-ying, Lynda	50	1,290	69	—	1,409
Mr. Fu Sze-shing	50	—	—	—	50
Mr. Cheng Wai-chee, Christopher	100	—	—	—	100
Mr. Tien Pei-chun, James	100	—	—	—	100
Mr. Lee Luen-wai, John	100	—	—	—	100
	750	2,530	81	46,080	49,441

None of the directors has waived his/her right to receive his/her emoluments (2006: Nil).

Note: Share option benefits represent the aggregate difference between the exercise prices and the market prices of share options exercised at the dates of exercise.

- (ii) The five individuals whose emoluments were the highest in the Group for the year include one (2006: three) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2006: two) individuals during the year are as follows:

	2007 HK\$'000	2006 HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	9,487	3,809
Share option benefits	548	10,830
Contribution to retirement benefit scheme	773	299
	10,808	14,938

11. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION *(continued)*(ii) *(continued)*

The emoluments fall within the following bands:

	Number of individuals	
	2007	2006
HK\$2,000,001 – HK\$2,500,000	1	—
HK\$2,500,001 – HK\$3,000,000	2	—
HK\$3,000,001 – HK\$3,500,000	1	—
HK\$5,000,001 – HK\$5,500,000	—	1
HK\$9,500,001 – HK\$10,000,000	—	1
	4	2

12. TAXATION CHARGE

	2007 HK\$'000	2006 HK\$'000
Current taxation		
PRC enterprise income tax	114,925	97,159
PRC land appreciation tax	117,676	5,363
Deferred taxation		
Origination and reversal of temporary differences	(13,368)	(40,848)
Revaluation of investment properties	17,949	128,592
Effect of change in tax rates	(105,128)	—
	132,054	190,266

Share of taxation of associated companies and jointly controlled entities for the year ended 30th June 2007 of HK\$15,697,000 (2006: HK\$73,565,000) and HK\$137,256,000 (2006: HK\$91,913,000) respectively are included in the consolidated income statement as share of results of associated companies and jointly controlled entities.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the rate of taxation prevailing in the PRC in which the Group operates as follows:

	2007 HK\$'000	2006 HK\$'000
Profit before taxation	1,314,842	946,684
Share of results of		
Associated companies	(141,133)	(121,921)
Jointly controlled entities	(452,276)	(305,349)
	721,433	519,414
Calculated at a taxation rate of 33% (2006: 33%)	238,073	171,407
Income not subject to taxation	(254,875)	(120,338)
Expenses not deductible for taxation purposes	109,173	129,591
Tax losses not recognised	35,075	46,032
Utilisation of previously unrecognised tax losses	(8,515)	(15,886)
Temporary differences not recognised	3,544	(25,903)
Effect of change in tax rates	(108,097)	—
	14,378	184,903
PRC land appreciation tax	117,676	5,363
Taxation charge	132,054	190,266

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year (2006: Nil). PRC income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 33% (2006: 33%). PRC land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

On 16th March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"), pursuant to which the corporate income tax rates for domestic and foreign enterprises are unified at 25% effective from 1st January 2008. As a result, the enterprise income tax rate of the subsidiaries, associated companies and jointly controlled entities operating in the PRC will be changed from 33% to 25% with effect from 1st January 2008. The change in the carrying amount of deferred tax assets and liabilities, as a result of the change in tax rate, has been reflected in the financial statements of the Group. The Group will continue to evaluate the impact of the new CIT Law as the detailed regulations are issued.

In July 1999, a deed of tax indemnity was entered into between NWD, the ultimate holding company, and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC income tax ("IT") and land appreciation tax ("LAT") payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK\$188,424,000 (2006: HK\$34,773,000) was effected.

13. DIVIDENDS

	2007 HK\$'000	2006 HK\$'000
Interim dividend paid of HK\$0.02 (2006: Nil) per share	76,591	—
Final dividend proposed of HK\$0.06 (2006: paid of HK\$0.04) per share	229,975	153,116
	306,566	153,116

At a meeting held on 11th October 2007, the directors recommended a final dividend of HK\$0.06 per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30th June 2008.

14. EARNINGS PER SHARE

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

	2007 HK\$'000	2006 HK\$'000
Profit attributable to equity holders of the Company	1,191,444	740,512
Interest expense on convertible bonds	5,426	—
Profit used to determine diluted earnings per share	1,196,870	740,512

	Number of shares	
	2007	2006
Weighted average number of shares for calculating basic earnings per share	3,828,347,936	3,797,947,714
Effect of dilutive potential shares:		
Share options	4,004,435	3,407,616
Convertible bonds	19,367,567	—
Weighted average number of shares for calculating diluted earnings per share	3,851,719,938	3,801,355,330

15. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Other properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
For the year ended 30th June 2007					
Cost					
At 1st July 2006	782,825	221,084	423,998	41,519	1,469,426
Translation differences	43,296	13,536	23,874	2,979	83,685
Additions	20,354	1,859	15,352	14,192	51,757
Acquisition of subsidiaries	—	—	1,238	140	1,378
Disposals/write off	(4,821)	—	(5,655)	(5,301)	(15,777)
At 30th June 2007	841,654	236,479	458,807	53,529	1,590,469
Accumulated depreciation and impairment					
At 1st July 2006	105,034	118,085	277,315	25,792	526,226
Translation differences	10,913	7,733	15,368	2,110	36,124
Charge for the year	63,087	25,367	24,293	5,075	117,822
Disposals/write off	(2,251)	—	(2,844)	(4,472)	(9,567)
At 30th June 2007	176,783	151,185	314,132	28,505	670,605
Net book value					
At 30th June 2007	664,871	85,294	144,675	25,024	919,864

Notes to the Financial Statements

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Other properties HK\$'000	Leasehold improvements HK\$'000	Group Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Assets under construction HK\$'000	Total HK\$'000
For the year ended 30th June 2006						
Cost						
At 1st July 2005	653,505	222,851	403,965	34,945	499,716	1,814,982
Translation differences	18,451	6,325	11,570	980	14,415	51,741
Additions	28,886	2,472	9,858	7,292	213,817	262,325
Acquisition of subsidiaries	100,166	—	3,385	1,027	—	104,578
Disposals/write off	(35,112)	(10,564)	(4,547)	(2,330)	—	(52,553)
Disposal of a subsidiary	—	—	(233)	(395)	—	(628)
Reclassification	16,929	—	—	—	(727,948)	(711,019)
At 30th June 2006	782,825	221,084	423,998	41,519	—	1,469,426
Accumulated depreciation and impairment						
At 1st July 2005	69,289	97,203	226,174	24,066	—	416,732
Translation differences	2,536	2,754	6,431	607	—	12,328
Charge for the year	35,707	23,557	48,748	3,232	—	111,244
Disposals/write off	(2,498)	(5,429)	(3,832)	(1,758)	—	(13,517)
Disposal of a subsidiary	—	—	(206)	(355)	—	(561)
At 30th June 2006	105,034	118,085	277,315	25,792	—	526,226
Net book value						
At 30th June 2006	677,791	102,999	146,683	15,727	—	943,200

As at 30th June 2007, certain other properties and furniture, fixtures and equipment with the carrying amount of HK\$510,541,000 (2006: HK\$534,049,000) were pledged as securities for the Group's long term borrowings.

16. INVESTMENT PROPERTIES

	Group	
	2007 HK\$'000	2006 HK\$'000
At valuation		
At the beginning of the year	4,371,152	2,886,030
Additions	104,309	285
Disposals	(21,145)	—
Translation differences	266,128	83,886
Transfer from properties under development	1,075,783	139,393
Transfer from completed properties held for sale	3,042	—
Transfer from assets under construction/land use rights	—	912,632
Increase in fair value	72,682	348,926
At the end of the year	5,871,951	4,371,152

The investment properties were revaluated at 30th June 2007 on an open market value basis by Knight Frank Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	2007 HK\$'000	2006 HK\$'000
Leases of over 50 years	74,694	63,510
Leases of between 10 to 50 years	5,797,257	4,307,642
	5,871,951	4,371,152

As at 30th June 2007, certain investment properties with the carrying value of HK\$1,853,135,000 (2006: HK\$1,651,688,000) were pledged as securities for the Group's long term borrowings.

17. LAND USE RIGHTS

	Group	
	2007 HK\$'000	2006 HK\$'000
At the beginning of the year	319,790	416,066
Translation differences	19,119	12,003
Additions	1,397	—
Acquisition of a subsidiary	—	105,450
Amortisation	(7,785)	(5,516)
Capitalised in assets under construction	—	(6,600)
Reclassification	—	(201,613)
At the end of the year	332,521	319,790

17. LAND USE RIGHTS *(continued)*

The Group's interests in land use rights represent prepaid operating lease payments and are held in the PRC under the following leases:

	2007	2006
	HK\$'000	HK\$'000
Leases of over 50 years	5,189	3,694
Leases of between 10 to 50 years	327,332	316,096
	332,521	319,790

As at 30th June 2007, land use rights with the carrying amount of HK\$146,646,000 (2006: HK\$139,900,000) were pledged as securities for the Group's long term borrowings.

18. GOODWILL

	Group	
	2007	2006
	HK\$'000	HK\$'000
At the beginning of the year	73,720	—
Translation differences	1,766	—
Acquisition of subsidiaries	7,096	60,237
Acquisition of additional interest in a subsidiary	3,195	40,438
Impairment	(37,682)	(26,955)
At the end of the year	48,095	73,720

Goodwill is allocated to the Group's cash generating units identified according to business segment. As at 30th June 2007, goodwill of HK\$31,417,000 (2006: HK\$60,237,000), HK\$7,511,000 (2006: HK\$4,316,000) and HK\$9,167,000 (2006: HK\$9,167,000) is allocated to the segments of property sales, rental operation and hotel operation respectively.

The recoverable amount of goodwill is determined based on value-in-use calculations. The key assumptions used in the value-in-use calculations are based on the directors' best estimates of growth rates and discount rates.

19. SUBSIDIARIES

	Company	
	2007 HK\$'000	2006 HK\$'000
Unlisted shares, at cost (2007 and 2006: HK\$10)	—	—
Amounts due by subsidiaries, net of provision	23,250,221	21,418,798
	23,250,221	21,418,798

Details of principal subsidiaries are given in note 43.

20. PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2007 HK\$'000	2006 HK\$'000
Land use rights	4,993,728	1,658,887
Development and incidental costs	2,722,623	2,492,731
Interest capitalised	136,105	91,998
	7,852,456	4,243,616

The analysis of the carrying value of land use rights held in the PRC included in the properties held for development is as follows:

	2007 HK\$'000	2006 HK\$'000
Leases of over 50 years	4,177,906	1,207,374
Leases of between 10 to 50 years	815,822	451,513
	4,993,728	1,658,887

21. ASSOCIATED COMPANIES

	Group	
	2007 HK\$'000	2006 HK\$'000
Group's share of net assets	515,157	330,955
Amounts due by associated companies, net of provision (note (i))	1,477,883	1,452,215
Amounts due to associated companies (note (i))	(246,993)	(184,606)
	1,746,047	1,598,564

Notes:

(i) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms except for an amount receivable of HK\$258,503,000 (2006: HK\$269,231,000) which carries interest at 6.84% (2006: 6.12%) per annum and is repayable by instalments up to 2016.

(ii) The Group's share of revenues, results, assets and liabilities of Group's associated companies are as follows:

	2007 HK\$'000	2006 HK\$'000
Revenues	209,153	179,074
Profit for the year	141,133	121,921
Non-current assets	2,393,776	2,331,959
Current assets	296,001	472,231
Total assets	2,689,777	2,804,190
Non-current liabilities	(1,717,733)	(1,954,240)
Current liabilities	(456,887)	(518,995)
Total liabilities	(2,174,620)	(2,473,235)

(iii) Details of principal associated companies are given in note 43.

22. JOINTLY CONTROLLED ENTITIES

	Group	
	2007 HK\$'000	2006 HK\$'000
Equity joint ventures		
Group's share of net assets	111,807	72,418
Amounts due by jointly controlled entities		
Interest bearing (note (i))	53,944	76,621
Non-interest bearing (note (ii))	60,703	67,537
Amounts due to jointly controlled entities (note (ii))	(48,083)	(45,821)
	178,371	170,755

Co-operative joint ventures		
Cost of investments	4,955,516	4,776,128
Goodwill	12,704	12,704
Share of undistributed post-acquisition results and reserves	16,276	(345,246)
	4,984,496	4,443,586
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (iii))	5,294,043	5,576,028
Non-interest bearing (note (ii))	224,521	348,040
Amounts due to jointly controlled entities (note (ii))	(894,411)	(709,107)
	9,608,649	9,658,547

Companies limited by shares		
Group's share of net assets/(liabilities)	33,577	(31,514)
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (iv))	36,078	122,437
Non-interest bearing (note (ii))	586,173	581,248
Amounts due to jointly controlled entities (note (ii))	(21,469)	(182,010)
	634,359	490,161

Deposits for proposed joint ventures (note (v))	62,692	57,692
	10,484,071	10,377,155

Notes:

- (i) The amount receivable is unsecured, carries interest at 10% (2006: 10%) per annum and has repayment terms as specified in the relevant loan agreements.
- (ii) The amounts receivable and payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.

22. JOINTLY CONTROLLED ENTITIES *(continued)*

Notes: (continued)

- (iii) The amounts receivable are unsecured, carry interest ranging from 1% over London Interbank Offered Rate ("LIBOR") to 10% (2006: 1% over LIBOR to 12%) per annum and have repayment terms as specified in the joint venture contracts.
- (iv) The amounts receivable are unsecured, carry interest at 1.5% above Hong Kong Interbank Offered Rate ("HIBOR") (2006: 1.5% above HIBOR) per annum and have repayment terms as specified in the joint venture contracts.
- (v) The balances represent payments on account of proposed joint ventures for which the agreement is pending the approval from the relevant government authority. Upon the completion of registration of the joint venture company, the relevant amount will be reclassified to joint venture balance.
- (vi) The Group's share of revenues, results, assets and liabilities of Group's jointly controlled entities are as follows:

	2007 HK\$'000	2006 HK\$'000
Revenues	2,707,229	2,520,541
Profit for the year	452,276	305,349
Non-current assets	6,355,002	4,292,176
Current assets	12,715,071	13,539,797
Total assets	19,070,073	17,831,973
Non-current liabilities	(9,333,775)	(9,204,270)
Current liabilities	(4,619,122)	(4,155,917)
Total liabilities	(13,952,897)	(13,360,187)

- (vii) Details of principal jointly controlled entities are given in note 43.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2007 HK\$'000	2006 HK\$'000
Unlisted investments, at fair value	71,427	—

The available-for-sale financial assets are denominated in Renminbi.

24. CASH AND BANK BALANCES

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Restricted balances included under non-current assets	—	121,041	—	—
Restricted balances included under current assets	464,303	368,630	—	52,062
Unrestricted balances	5,931,761	2,362,227	610,010	375,511
	6,396,064	2,851,898	610,010	427,573

The effective interest rate on short-term bank deposits was ranging from 1.62% to 5.22% (2006: 1.38% to 5.08%), these deposits have an average maturity of 3 to 90 days (2006: 3 to 7 days).

Restricted bank balances are funds which are pledged to secure certain short term loans and long term borrowings.

The carrying amount of the cash and bank balances of the Group are denominated in the following currencies:

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong dollar	365,582	291,151	286,684	259,039
Renminbi	2,461,193	1,436,857	—	—
United States dollar	3,569,289	1,123,890	323,326	168,534
	6,396,064	2,851,898	610,010	427,573

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

25. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Trade debtors (note a)	372,585	212,208	—	—
Deposits, prepayments and other receivables (note b)	3,497,704	2,692,927	11,283	67,490
	3,870,289	2,905,135	11,283	67,490

Notes:

- (a) Trade debtors mainly include sales proceed receivables, rental receivables and property management fee receivables. Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sale and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements. Monthly property management fees are payable in advance in accordance with the agreements. The ageing analysis of trade debtors is as follows:

	Group	
	2007 HK\$'000	2006 HK\$'000
0 to 30 days	185,800	74,265
31 to 60 days	77,494	28,318
61 to 90 days	4,423	50,296
Over 90 days	104,868	59,329
	372,585	212,208

The carrying amounts of the trade debtors of the Group are mainly denominated in Renminbi.

- (b) Deposits, prepayments and other receivables include utility and other deposits, interest and other receivables and prepayment for the land cost and proposed development projects. The carrying amounts of deposits, prepayments and other receivables of the Group and the Company are mainly denominated in Renminbi.

26. AMOUNTS DUE FROM/TO GROUP COMPANIES

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Amounts due from group companies (note a)	146,544	97,578	99,001	53,606
Amounts due to group companies (note b)	(483,117)	(328,746)	—	(538,173)
	(336,573)	(231,168)	99,001	(484,567)

Notes:

(a) The amounts due from group companies are unsecured, interest free and repayable within 30 days.

The carrying amounts of amounts due from group companies are denominated in the following currencies:

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong dollar	107,766	—	99,001	53,606
Renminbi	38,778	97,578	—	—
	146,544	97,578	99,001	53,606

(b) The amounts due to group companies are unsecured, interest free and repayable on demand.

The carrying amounts of amounts due to group companies are denominated in the following currencies:

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong dollar	—	(25,454)	—	(538,173)
Renminbi	(483,117)	(303,292)	—	—
	(483,117)	(328,746)	—	(538,173)

27. PROPERTIES UNDER DEVELOPMENT

	Group	
	2007 HK\$'000	2006 HK\$'000
Land use rights	856,583	1,601,155
Development and incidental costs	3,005,189	3,123,878
Interest capitalised	309,590	238,031
	4,171,362	4,963,064
Less: provision	(38,011)	(35,819)
	4,133,351	4,927,245

The analysis of the carrying value of land use rights held in the PRC included in the properties under development is as follows:

	2007 HK\$'000	2006 HK\$'000
Leases of over 50 years	442,661	956,493
Leases of between 10 to 50 years	413,922	644,662
	856,583	1,601,155

Properties under development with an aggregate carrying value of HK\$117,802,000 (2006: HK\$53,577,000) were pledged as securities for the Group's long term borrowings.

28. COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2007 HK\$'000	2006 HK\$'000
Land use rights	78,725	100,278
Development costs	1,104,691	1,132,827
Interest capitalised	57,138	58,881
	1,240,554	1,291,986

The analysis of the carrying value of land use rights held in the PRC included in the completed properties held for sale is as follows:

	2007 HK\$'000	2006 HK\$'000
Leases of over 50 years	75,480	98,522
Leases of between 10 to 50 years	3,245	1,756
	78,725	100,278

As at 30th June 2007, the aggregate carrying value of completed properties held for sale were pledged as securities for long term borrowings amounts to HK\$112,228,000 (2006: Nil).

29. SHARE CAPITAL

	2007 HK\$'000	2006 HK\$'000
Authorised:		
8,000,000,000 shares of HK\$0.1 each	800,000	800,000
Issued and fully paid:		
3,830,365,632 (2006: 3,825,783,832) shares of HK\$0.1 each	383,036	382,578

Details of the movement in the issued and fully paid share capital of the Company are summarised as follows:

	Number of shares of HK\$0.1 each	HK\$'000
At 30th June 2005	3,768,248,832	376,825
Exercise of share options (note (i))	57,535,000	5,753
At 30th June 2006	3,825,783,832	382,578
Exercise of share options (note (i))	4,581,800	458
At 30th June 2007	3,830,365,632	383,036

29. SHARE CAPITAL *(continued)*

Notes:

- (i) Pursuant to the share option schemes adopted on 18th December 2000 and 26th November 2002, the Company may grant options to executive directors and employees of the Company to subscribe for shares in the Company. The movements in the number of share options granted during the year and the balance outstanding at 30th June 2007 are as follows:

Date of offer to grant	Exercise price per share HK\$ (note 1)	Number of share options				At 30th June 2007
		At 1st July 2006	Granted during the year	Exercised during the year	Lapsed during the year	
29th June 2001	2.910	1,277,000	—	(888,000)	(389,000)	—
31st August 2001	2.170	41,000	—	(41,000)	—	—
26th March 2002	2.065	334,000	—	(333,800)	(200)	—
3rd January 2003	1.212	730,200	—	(501,200)	(104,800)	124,200
12th May 2003	0.912	1,996,900	—	(532,200)	(113,400)	1,351,300
28th October 2003	1.650	69,000	—	—	—	69,000
25th March 2004	2.252	1,539,200	—	(378,200)	—	1,161,000
18th June 2004	1.650	314,400	—	(104,800)	—	209,600
4th November 2004	2.484	256,800	—	(85,600)	—	171,200
22nd December 2004	2.689	797,600	—	(284,000)	(414,200)	99,400
13th July 2005	2.300	1,838,000	—	(581,600)	(107,600)	1,148,800
7th November 2005	2.620	39,200	—	(9,600)	—	29,600
28th March 2006	3.915	3,384,000	—	(498,800)	—	2,885,200
28th June 2006	2.865	—	743,200	(37,600)	—	705,600
17th October 2006	3.340	—	1,134,800	(117,800)	(486,600)	530,400
28th December 2006	4.712	—	1,251,200	(187,600)	—	1,063,600
19th March 2007	4.500	—	744,800	—	—	744,800
14th June 2007	6.710	—	1,408,400	—	—	1,408,400
		12,617,300	5,282,400	(4,581,800)	(1,615,800)	11,702,100

Notes:

- (1) Except for the 700,000 share options with exercise price per share of HK\$2.300 which are divided into 2 tranches and exercisable within a period of 2 years commencing on the expiry of one month after the dates on which the options were accepted, all the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.
- (2) Fair value of options and assumptions
The fair value of options granted during the year determined using the Binomial Model was HK\$8,757,000 (2006: HK\$6,917,000). The significant inputs to the model was share price ranging from HK\$2.825 to HK\$6.710 (2006: HK\$2.300 to HK\$3.875) at the grant dates, exercise prices ranging from HK\$2.865 to HK\$6.710 (2006: HK\$2.300 to HK\$3.915), volatility of the share ranging from 43% to 47% (2006: 52% to 53%), expected life of options of 5 years (2006: 2 and 5 years), expected dividend yield ranging from 0% to 1.33% (2006: 0%), risk-free interest rate ranging from 3.68% to 4.78% (2006: 3.18% to 4.50%) and suboptimal exercise factor ranging from 1.55 to 1.74 times (2006: 1.55 times) of the exercise prices (which accounts for the early exercise behaviour of the option holders). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company over the past 5 years.

30. RESERVES

Group

	Contributed surplus HK\$'000	Share premium HK\$'000	Other reserve (note) HK\$'000	Share option reserve HK\$'000	Convertible bonds-equity component HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1st July 2006	14,608,781	7,505,815	108,337	4,718	—	131,297	1,293,489	23,652,437
Profit for the year	—	—	—	—	—	—	1,191,444	1,191,444
Premium on issue of shares	—	10,698	—	—	—	—	—	10,698
Acquisition of subsidiaries	—	—	135,438	—	—	—	—	135,438
Share-based payments	—	—	—	6,466	—	—	—	6,466
Transfer of reserve upon exercise and lapse of share options	—	2,081	—	(2,875)	—	—	794	—
Issuance of convertible bonds	—	—	—	—	382,313	—	—	382,313
Dividends paid	(229,707)	—	—	—	—	—	—	(229,707)
Translation differences	—	—	—	—	—	697,763	—	697,763
As at 30th June 2007 before proposed final dividend	14,379,074	7,518,594	243,775	8,309	382,313	829,060	2,485,727	25,846,852
Representing:								
As at 30th June 2007 after proposed final dividend	14,149,099	7,518,594	243,775	8,309	382,313	829,060	2,485,727	25,616,877
2007 proposed final dividend	229,975	—	—	—	—	—	—	229,975
	14,379,074	7,518,594	243,775	8,309	382,313	829,060	2,485,727	25,846,852
	Contributed surplus HK\$'000	Share premium HK\$'000	Other reserve (note) HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	
As at 1st July 2005	14,722,334	7,404,883	49,369	2,625	14,226	552,095	22,745,532	
Profit for the year	—	—	—	—	—	740,512	740,512	
Premium on issue of shares	—	99,517	—	—	—	—	99,517	
Share issue expenses	—	(12)	—	—	—	—	(12)	
Acquisition of subsidiaries	—	—	58,968	—	—	202	59,170	
Share-based payments	—	—	—	4,200	—	—	4,200	
Transfer of reserve upon exercise and lapse of share options	—	1,427	—	(2,107)	—	680	—	
Dividend paid	(113,553)	—	—	—	—	—	(113,553)	
Translation differences	—	—	—	—	117,071	—	117,071	
As at 30th June 2006 before proposed final dividend	14,608,781	7,505,815	108,337	4,718	131,297	1,293,489	23,652,437	
Representing:								
As at 30th June 2006 after proposed final dividend	14,455,678	7,505,815	108,337	4,718	131,297	1,293,489	23,499,334	
2006 proposed final dividend	153,103	—	—	—	—	—	153,103	
	14,608,781	7,505,815	108,337	4,718	131,297	1,293,489	23,652,437	

Note: Other reserve relates to fair value changes arising from business combinations.

30. RESERVES *(continued)***Company**

	Contributed surplus HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1st July 2006	14,628,942	7,505,815	572,038	4,718	(2,191,110)	20,520,403
Premium on issue of shares	—	10,698	—	—	—	10,698
Loss for the year	—	—	—	—	(1,346,886)	(1,346,886)
Share-based payments	—	—	—	6,466	—	6,466
Transfer of reserve upon exercise and lapse of share options	—	2,081	—	(2,875)	794	—
Dividends paid	(229,707)	—	—	—	—	(229,707)
Translation differences	—	—	1,239,789	—	—	1,239,789
As at 30th June 2007 before proposed final dividend	14,399,235	7,518,594	1,811,827	8,309	(3,537,202)	20,200,763
Representing:						
As at 30th June 2007 after proposed final dividend	14,169,260	7,518,594	1,811,827	8,309	(3,537,202)	19,970,788
2007 proposed final dividend	229,975	—	—	—	—	229,975
	14,399,235	7,518,594	1,811,827	8,309	(3,537,202)	20,200,763
As at 1st July 2005	14,742,495	7,404,883	—	2,625	(1,655,596)	20,494,407
Premium on issue of shares	—	99,517	—	—	—	99,517
Share issue expenses	—	(12)	—	—	—	(12)
Loss for the year	—	—	—	—	(536,194)	(536,194)
Share-based payments	—	—	—	4,200	—	4,200
Transfer of reserve upon exercise and lapse of share options	—	1,427	—	(2,107)	680	—
Dividend paid	(113,553)	—	—	—	—	(113,553)
Translation differences	—	—	572,038	—	—	572,038
As at 30th June 2006 before proposed final dividend	14,628,942	7,505,815	572,038	4,718	(2,191,110)	20,520,403
Representing:						
As at 30th June 2006 after proposed final dividend	14,475,839	7,505,815	572,038	4,718	(2,191,110)	20,367,300
2006 proposed final dividend	153,103	—	—	—	—	153,103
	14,628,942	7,505,815	572,038	4,718	(2,191,110)	20,520,403

The contributed surplus of the Company represents the excess of the consolidated net asset value of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange thereof as a result of a reorganisation that took place in 1999, less distribution in subsequent years.

31. LONG TERM BORROWINGS

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Bank loans (note (i))				
Secured	1,547,906	1,679,603	—	—
Unsecured	3,113,524	958,927	1,394,953	492,320
Loans from fellow subsidiaries (note (ii))	2,834,846	2,939,989	—	—
Loans from minority shareholders (note (iii))	142,957	145,965	—	—
Advances from participating interest (note (iv))	704,610	—	1,950,326	—
Convertible bonds (note (v))	2,434,237	—	—	—
	10,778,080	5,724,484	3,345,279	492,320
Current portion included in current liabilities	(980,615)	(911,341)	—	—
	9,797,465	4,813,143	3,345,279	492,320

Notes:

(i) The bank loans are repayable as follows:

	Group						Company	
	Secured		Unsecured		Total		Unsecured	
	2007 HK\$000	2006 HK\$000	2007 HK\$000	2006 HK\$000	2007 HK\$000	2006 HK\$000	2007 HK\$000	2006 HK\$000
Within one year	239,814	294,317	265,306	24,039	505,120	318,356	—	—
Between one and two years	265,433	239,250	632,653	250,000	898,086	489,250	—	—
Between two and five years	920,210	1,002,134	2,215,565	684,888	3,135,775	1,687,022	1,394,953	492,320
After five years	122,449	143,902	—	—	122,449	143,902	—	—
	1,547,906	1,679,603	3,113,524	958,927	4,661,430	2,638,530	1,394,953	492,320

Included in bank loans of the Group is an amount of HK\$258,503,000 (2006: HK\$269,231,000) which is repayable by instalments up to December 2016 and has been on-lent to an associated company on the same terms of the bank loan (note 21).

(ii) The loans from fellow subsidiaries are repayable as follows:

	Group	
	2007 HK\$'000	2006 HK\$'000
Within one year	475,494	592,985
Between one and two years	1,864,867	370,207
Between two and five years	494,485	1,976,797
	2,834,846	2,939,989

The loans from fellow subsidiaries are unsecured and bear interest ranging from three months HIBOR to 1.35% above London Interbank Offered Rate ("LIBOR") (2006: 0.5% above three months HIBOR to 1% above LIBOR) per annum.

(iii) The loans from minority shareholders are unsecured, bear interest at 5% to 5.85% (2006: 5% to 5.85%) per annum and have repayment terms as specified in the joint venture contracts.

31. LONG TERM BORROWINGS *(continued)*

Notes: (continued)

- (iv) The advances from participating interest of certain property projects are unsecured, interest free, and repayable in accordance with the terms as specified in the agreements entered into between the Group and the participating interest.
- (v) In June 2007, a subsidiary of the Company issued USD settled zero coupon guaranteed convertible bonds in the aggregate amount of RMB2,800,000,000, which are convertible into fully paid shares with par value of HK\$0.1 each of the Company.

The bonds, guaranteed by the Company, are convertible into shares of the Company at a conversion price of HK\$8.044 per share at any time on and after 26th June 2007 up to 26th May 2012, with the Renminbi principal amount of the bond translated into Hong Kong dollar at a fixed rate of HK\$1 = RMB0.9848, subject to adjustments according to the terms governing the convertible bonds. The bonds are redeemable by the issuer at any time on or after 11th June 2010 at the option of the issuer, subject to the terms governing the convertible bonds. Moreover, the bondholders have the option to redeem all or some of the bonds held by them on 11th June 2010 at 102.27% of the principal amount. Unless previously redeemed, converted or purchased and cancelled, the bonds will be redeemed on the maturity date on 11th June 2012 at 103.81% of the principal amount.

Up to 30th June 2007, there was no conversion or redemption of the convertible bonds.

- (vi) The effective interest rates of borrowings are as follows:

	2007			2006		
	Hong Kong dollar	Renminbi	United States dollar	Hong Kong dollar	Renminbi	United States dollar
Bank borrowings	4.99%	6.25%	6.63%	5.14%	5.76%	6.14%
Loans from fellow subsidiaries	4.46%	—	6.38%	4.68%	—	5.95%
Loans from minority shareholders	5.00%	5.78%	—	5.00%	5.78%	—
Advances from participating interest	4.50%	—	—	—	—	—
Convertible bonds	—	4.92%	—	—	—	—

- (vii) The carrying amounts of bank borrowings, loans from fellow subsidiaries, loans from minority shareholders and advances from participating interest approximate their fair values.

The fair value of the liability component at the date of the issuance of the bonds, included in the long term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in the reserve. The fair value of the liability component of the convertible bonds at 30th June 2007, which was calculated using cash flows discounted at a rate of 4.92%, amounted to HK\$2,344,066,000.

- (viii) The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong dollar	4,381,199	2,482,788	1,394,953	492,320
Renminbi	5,283,940	2,011,708	1,950,325	—
United States dollar	1,112,941	1,229,988	—	—
	10,778,080	5,724,484	3,345,278	492,320

- (ix) For the interest-bearing borrowings, except for the loans from minority shareholders of HK\$142,957,000 (2006: HK\$145,965,000) which reprice in more than five years, the rest of the borrowings reprice or mature (whichever is earlier) in one year or less.

32. LONG TERM PAYABLE

Long term payable is repayable as follows:

	Group	
	2007 HK\$'000	2006 HK\$'000
Within one year	132,898	77,757
Between one and two years	—	124,279
	132,898	202,036

The long term payable is denominated in Renminbi and the carrying amount approximates its fair value.

33. DEFERRED TAX LIABILITIES

Deferred taxation is provided in full, using the liability method, on temporary differences using the rate of taxation prevailing in the PRC in which the Group operates.

The movement in deferred tax assets and liabilities during the year is as follows:

Group

Deferred tax assets/(liabilities)

	Accelerated tax depreciation HK\$000	Revaluation of properties HK\$000	Recognition of income from sale of properties HK\$000	Fair value adjustment arising from acquisition HK\$000	Tax losses HK\$000	Provisions HK\$000	Total HK\$000
At 30th June 2005	(127,869)	(140,737)	(80,940)	(83,696)	106,722	14,808	(311,712)
Exchange differences (Charged)/credited to income statement	(3,689)	(4,062)	(2,335)	(2,414)	1,722	427	(10,351)
Acquisition of subsidiaries	—	—	41,560	—	4,285	—	(87,744)
	—	—	—	(97,345)	—	—	(97,345)
At 30th June 2006	(136,555)	(273,391)	(41,715)	(183,455)	112,729	15,235	(507,152)
Exchange differences Credited/(charged) to income statement	(8,361)	(13,383)	(2,554)	(8,257)	5,966	932	(25,657)
Acquisition of a subsidiary	21,228	50,048	13,737	37,131	(21,597)	—	100,547
	—	—	—	(69,814)	—	—	(69,814)
At 30th June 2007	(123,688)	(236,726)	(30,532)	(224,395)	97,098	16,167	(502,076)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of HK\$474,646,000 (2006: HK\$470,587,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2012 (2006: 2011).

34. CREDITORS AND ACCRUALS

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Trade creditors (note a)	930,271	665,901	—	—
Other creditors and accruals (note b)	699,917	676,426	41,437	33,993
	1,630,188	1,342,327	41,437	33,993

Notes:

- (a) The ageing analysis of trade creditors is as follows:

	Group	
	2007 HK\$'000	2006 HK\$'000
0 to 30 days	89,988	257,390
31 to 60 days	9,655	96,282
61 to 90 days	4,463	41,472
Over 90 days	826,165	270,757
	930,271	665,901

The carrying amounts of the trade creditors of the Group are mainly denominated in Renminbi as at 30th June 2007 and 2006.

- (b) Other creditors and accruals included retention payables of construction costs, other payables and various accruals. The carrying amounts of other creditors and accruals of the Group and the Company are mainly denominated in Renminbi and Hong Kong dollar respectively.

35. SHORT TERM BANK LOANS

	Group	
	2007 HK\$'000	2006 HK\$'000
Short-term bank loans		
Secured	384,694	288,462
Unsecured	102,041	83,280
	486,735	371,742

The effective interest rates of the short term bank loans range from 5.02% to 6.83% (2006: 4.70% to 5.02%). Their carrying amounts approximate their fair values.

The short term bank loans are denominated in Renminbi as at 30th June 2007 and 2006.

36. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The amounts due to minority shareholders are unsecured, interest free and repayable on demand. The carrying amounts of the balances are mainly denominated in Renminbi as at 30th June 2007 and 2006 and approximate their fair values.

37. TAXES PAYABLE

	Group	
	2007 HK\$'000	2006 HK\$'000
Income tax payable	29,600	34,178
Withholding tax payable	94,414	86,849
Land appreciation tax payable	113,513	5,788
Other PRC taxes payable	37,529	11,592
	275,056	138,407

38. GUARANTEES

(i) Corporate guarantees for banking facilities

Group

The Group has corporate guarantees of approximately HK\$2,535,903,000 (2006: HK\$1,279,322,000) given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 30th June 2007, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the associated companies and jointly controlled entities was approximately HK\$1,869,522,000 (2006: HK\$918,985,000).

Company

The Company has corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries, jointly controlled entities and associated companies of approximately HK\$2,381,661,000 (2006: HK\$1,785,083,000), HK\$2,013,847,000 (2006: HK\$1,039,629,000) and HK\$522,056,000 (2006: HK\$239,693,000) respectively.

(ii) Guarantees in respect of mortgage facilities

As at 30th June 2007, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the outstanding mortgage loans under these guarantees amounted to HK\$398,402,000 (2006: HK\$407,066,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

(iii) Guarantee in respect of convertible bonds

The Company had provided guarantee in respect of the convertible bonds issued by a subsidiary and the outstanding balance of the convertible bonds amounted to HK\$2,857,143,000 as at 30th June 2007 (2006: Nil).

39. COMMITMENTS

(i) Capital expenditure commitments

(a) The capital expenditure commitments of the Group are as follows:

	Group	
	2007 HK\$'000	2006 HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	108,000	108,000
Contracted but not provided for		
Property, plant and equipment	5,775	7,870
Purchase consideration for proposed development projects	35,816	665,589
	41,591	673,459
	149,591	781,459

(b) The Group did not have any share of capital commitments of the jointly controlled entities (2006: Nil).

(ii) Lease commitments

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
As at 30th June 2007, future aggregate minimum lease payments under non-cancellable operating leases in respect of land and building are as follows:				
The first year	43,751	37,429	5,122	3,906
The second to fifth years	154,876	134,278	5,122	—
After the fifth year	338,428	352,872	—	—
	537,055	524,579	10,244	3,906

40. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit before finance costs to net cash used in operations

	2007 HK\$'000	2006 HK\$'000
Operating profit before finance costs	952,223	706,689
Interest income	(383,147)	(155,345)
Depreciation and amortisation	126,464	118,282
Share-based payments	6,466	4,200
Loss on disposal of property, plant and equipment and investment properties	22,789	2,457
Provision for investments in/amounts due by jointly controlled entities	639	4,673
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries and jointly controlled entities	(3,880)	(135,513)
Tax indemnity from the ultimate holding company	(188,424)	(34,773)
Provision for completed properties held for sale	—	2,664
Impairment of goodwill	37,682	26,955
Loss on disposal of a subsidiary	—	6,411
Write back of provision for amount due from an investee company	—	(60,545)
Increase in fair value of investment properties	(72,682)	(348,926)
Net foreign exchange (gains)/losses	(165,950)	48,995
Operating profit before working capital changes	332,180	186,224
Increase in properties held for/under development and completed properties held for sale	(1,965,199)	(849,713)
Increase in debtors, deposits and other receivables	(1,735,108)	(1,955,399)
Change in balances with group companies	95,871	(202,958)
Increase in deposits received on sale of properties	190,010	474,933
Increase in creditors and accruals	286,649	167,627
Net cash used in operations	(2,795,597)	(2,179,286)

40. NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(continued)***(b) Acquisition of subsidiaries**

	2007 HK\$'000	2006 HK\$'000
Net assets acquired		
Property, plant and equipment	1,378	104,578
Land use rights	—	105,450
Properties held for development	—	1,477,853
Properties under development	350,000	—
Completed properties held for sale	—	25,735
Debtors, deposits and other receivables	13,886	42,109
Cash and bank balances	4,533	46,779
Creditors and accruals	(1,208)	(50,456)
Balances with group companies	(36,556)	(289,395)
Taxes payable	(1,525)	(5,975)
Deferred tax liabilities	(69,814)	(97,345)
Long term bank borrowings	—	(259,615)
Minority interests	(23,964)	(107,700)
	236,730	992,018
Interest originally held by the Group as jointly controlled entities and available-for-sale financial assets	(187,335)	(503,972)
	49,395	488,046
Goodwill	7,096	60,237
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries	(3,685)	(32,138)
	52,806	516,145
Consideration satisfied by cash	52,806	516,145

(c) Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiaries

	2007 HK\$'000	2006 HK\$'000
Cash consideration	(52,806)	(516,145)
Cash and bank balances acquired	4,533	46,779
Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries	(48,273)	(469,366)

(d) Disposal of a subsidiary

	2007 HK\$'000	2006 HK\$'000
Net assets disposed		
Property, plant and equipment	—	67
Properties under development	—	12,257
Debtors, deposits and other receivables	—	324
Amount due to minority shareholder	—	(6,129)
Minority interests	—	(108)
	—	6,411
Loss on disposal of a subsidiary	—	(6,411)
Consideration satisfied by cash	—	—

41. BUSINESS COMBINATIONS

- (a) In June 2007, the Group acquired additional 20% equity interest in Shenzhen Top One Real Estate Development Co., Ltd. ("Shenzhen Top One") which is engaged in property development, for a consideration of HK\$51,402,000. As a result, Shenzhen Top One became a 90%-owned subsidiary of the Group. Details of net assets acquired and the excess of fair value of net assets acquired over cost of acquisition of a subsidiary are as follows:

	2007 HK\$'000
Purchase consideration	51,402
Fair value of net assets acquired	53,194
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	1,792

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK\$'000	Acquirees' carrying amount HK\$'000
Property, plant and equipment	154	154
Properties held for development	350,000	70,744
Debtors, deposits and prepayments	6,555	6,555
Cash and bank balances	328	328
Creditors	(97)	(97)
Deferred tax liabilities	(69,814)	—
Balances with group companies	(21,164)	(21,164)
	265,962	56,520
Minority interests	(26,596)	
Interest originally held by the Group as a jointly controlled entity	(186,172)	
Net assets acquired	53,194	

41. BUSINESS COMBINATIONS *(continued)*(a) *(continued)*

The acquired subsidiary did not contribute any revenue or result for the year since the date of acquisition. If the acquisition had occurred on 1st July 2006, the Group's revenue and profit for the year would have been HK\$2,474,238,000 and HK\$1,181,020,000 respectively.

Since the purchase consideration of the 20% equity interest was determined and agreed in September 2003 whilst the transfer of equity interest was completed in June 2007, the Group has benefited from the appreciation in the fair value of the acquired net assets over the years. Therefore, excess of fair value of net assets acquired over cost of acquisition of interests in a subsidiary was resulted.

(b) The Group acquired 65% equity interest in New World Hotel Management (BVI) Limited and additional 19% equity interest in Beijing New World Property Management Limited for a total consideration of HK\$1,404,000 in November and August 2006 respectively. These entities which are engaged in hotel management and property management respectively, became subsidiaries of the Group, as a result. Details of net liabilities acquired and the goodwill and excess of fair value of net assets acquired over cost of acquisition of a subsidiary are as follows:

	2007 HK\$'000
Purchase consideration	1,404
Fair value of net liabilities acquired	(3,799)
	5,203
Represented by:	
Goodwill	7,096
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	(1,893)
	5,203

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK\$'000	Acquirees' carrying amount HK\$'000
Property, plant and equipment	1,224	1,224
Debtors, deposits and prepayments	7,331	6,705
Cash and bank balances	4,205	4,205
Creditors and accruals	(1,111)	(1,111)
Taxes payable	(1,525)	(1,525)
Balances with group companies	(15,392)	(15,392)
	(5,268)	(5,894)
Minority interests	2,632	
Interest originally held by the Group as a jointly controlled entity	(1,163)	
Net liabilities acquired	(3,799)	

The acquired subsidiaries contributed revenues of approximately HK\$7,186,000 and incurred net loss of approximately HK\$4,952,000 for the year since the respective dates of acquisition. If the acquisition had occurred on 1st July 2006, the Group's revenue would have been HK\$2,481,424,000, and profit for the year would have been HK\$1,177,836,000.

The goodwill can be attributable to the anticipated profitability of the acquired business.

Excess of fair value of net assets acquired over cost of acquisition of interests in a subsidiary was resulted since the acquisition was accomplished by way of the increase in registered capital of a profit making jointly controlled entity originally held by the Group, the Group had wholly taken up increased capital stake while diluting the other shareholders' interests.

42. RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

The following is a summary of significant related party transactions carried out by the Group during the year in the normal course of its business:

	Note	2007 HK\$'000	2006 HK\$'000
Interest expenses on loans from fellow subsidiaries	(a)	119,606	118,298
Rental expense for leased premises to a fellow subsidiary	(b)	4,034	3,906
Rental expense for leased premises to an associated company	(b)	31,000	29,808
Property agency fee paid to a fellow subsidiary	(c)	5,076	1,981
Interest income from jointly controlled entities	(d)	312,307	36,738
Estate management fee income from a fellow subsidiary and jointly controlled entities	(e)	3,649	9,958
Rental income from fellow subsidiaries	(f)	58,130	56,661
Rental income from an associated company	(f)	6,000	5,769

Notes:

- (a) Interest is charged at rates as specified in note 31(ii) on the outstanding balances due to certain fellow subsidiaries.
- (b) The rental is charged at fixed monthly or annual fees in accordance with the terms of the tenancy agreements.
- (c) The property agency fee is charged by the fellow subsidiary in accordance with the terms of the property agency agreement.
- (d) This represents interest income in respect of loan financing provided to jointly controlled entities. These loans are unsecured and carry interest at rates as specified in note 22.
- (e) The estate management fees are charged at fixed amounts to a fellow subsidiary and certain jointly controlled entities as specified in the management contracts.
- (f) The rental income is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.

42. RELATED PARTY TRANSACTIONS *(continued)***(i) Transactions with related parties** *(continued)*

Notes: (continued)

(g) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries for the year amounted to HK\$135,822,000 (2006: HK\$173,946,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.

(h) A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of IT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK\$188,424,000 (2006: HK\$34,773,000) was effected (note 12).

(ii) Key management compensation

	2007 HK\$'000	2006 HK\$'000
Salaries and other short-term employee benefits	23,143	17,519
Pension costs	1,533	1,062
Share option benefits	761	63,672
	25,437	82,253

Key management includes directors, financial controller, regional executives and assistant general managers of the Group.

(iii) Balances with related parties

Balances with associated companies, jointly controlled entities and group companies are disclosed in notes 21, 22 and 26 respectively.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

Details of the principal subsidiaries, associated companies and jointly controlled entities which materially affect the results for the year and/or assets of the Group as at 30th June 2007 are set out below:

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2007	2006	2007	2006	
<i>Subsidiaries</i>						
<i>Incorporated and operating in Hong Kong</i>						
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	78.6%	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Dragon Joy (China) Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Lingal Limited	HK\$2,000 1,800 ordinary shares of HK\$1 each 200 non-voting deferred shares of HK\$1 each	—	—	100%	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
New World Development (China) Limited	HK\$4 2 ordinary shares of HK\$1 each 2 non-voting deferred shares of HK\$1 each	100%	100%	100%	100%	Investment holding
New World Hotel Management Limited	HK\$1 1 ordinary share of HK\$1	—	—	65%	—	Hotel management

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2007	2006	2007	2006	
<i>Subsidiaries (continued)</i>						
<i>Incorporated and operating in Hong Kong (continued)</i>						
Sunny Trend Development Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Trend Island Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Wing Shan International Country Club Co. Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	92.5%	92.5%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Art Bridge Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Banyan Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Conful Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Ever Brisk Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Fu Hong Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Hinto Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Keep Bright Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Lucky Win Development Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Magic Chance Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2007	2006	2007	2006	
New World Anderson Development Company Limited	US\$100 100 shares of US\$1	—	—	100%	100%	Investment holding
New World China Land Finance Limited	US\$1 1 share of US\$1	—	—	100%	—	Financial services
New World Hotel Management (BVI) Limited	US\$1,000 1,000 shares of US\$1 each	—	—	65%	—	Investment holding
Radiant Glow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Sparkling Rainbow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Stand Fame Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Sweet Prospects Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Triumph Hero International Limited	US\$100 100 shares of US\$1	—	—	100%	100%	Investment holding
True Blue Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Twin Glory Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2007	2006	2007	2006	
<i>Subsidiaries (continued)</i>						
<i>Incorporated and operating in the PRC</i>						
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB50,000,000	—	—	75% (note 2)	75%	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	100%	100%	Property development
Changsha Xiangxianghai Housing Development Co., Ltd.	RMB75,000,000	—	—	80%	80%	Property development
Chengdu Xinyi Real Estate Development Co., Ltd.	RMB30,000,000	—	—	60% (note 2)	60%	Property development
Dalian New World Hotel Co., Ltd.	RMB217,000,000	—	—	100%	100%	Hotel investment
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	—	88%	88%	Property investment and development
Dalian New World Tower Co., Ltd.	RMB55,200,000	—	—	100%	100%	Property investment and development
Foshan Country Club Co., Ltd.	US\$52,923,600	—	—	78.6%	78.6%	Golf club operation and property development
Fung Seng Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	—	—	70%	70%	Property development

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2007	2006	2007	2006	
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	—	—	100%	100%	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	—	—	100%	100%	Property development
Guangzhou Xin Sui Tourism Centre Ltd.	HK\$100,000,000	—	—	100%	100%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	90.5%	90.5%	Property investment and development
Guiyang New World Real Estate Co., Ltd.	US\$81,550,000	—	—	100% (note 2)	100%	Property development
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB40,000,000	—	—	100%	100%	Investment holding
Hunan Success New Century Investment Company Limited	RMB250,000,000	—	—	90% (note 2)	—	Property development
Jinan New World Real Estates Limited	US\$9,700,000	—	—	100%	100%	Investment holding
Jinan New World Sunshine Development Ltd.	US\$29,980,000	—	—	73%	73%	Property development
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	—	—	92%	92%	Property development

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2007	2006	2007	2006	
<i>Subsidiaries (continued)</i>						
<i>Incorporated and operating in the PRC (continued)</i>						
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000	—	—	100%	100%	Property investment and development
New World China Land Investments Company Limited	US\$30,000,000	—	—	100%	100%	Investment holding
New World China Land (Haikou) Limited	US\$100,000,000	—	—	100%	100%	Property development
New World Development (Wuhan) Co., Ltd.	US\$16,000,000	—	—	100%	100%	Property investment and development
New World (Shenyang) Property Development Limited	RMB97,720,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 2 Limited	RMB97,720,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 3 Limited	RMB164,600,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 4 Limited	RMB97,720,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 5 Limited	RMB99,320,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 6 Limited	RMB97,720,000	—	—	90%	90%	Property development
Shanghai Juyi Real Estate Development Co., Ltd	RMB641,590,000	—	—	70%	70%	Property development

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2007	2006	2007	2006	
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	—	75%	75%	Property investment and hotel operation
Shenyang New World Hotel Co., Ltd.	RMB201,520,000	—	—	100%	100%	Hotel operation
Shenyang Trendy Property Company Limited	RMB27,880,000	—	—	100%	100%	Property investment
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$182,000,000	—	—	90%	90%	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$60,000,000	—	—	90%	—	Property investment
Tianjin Xin Guang Development Co., Ltd.	US\$4,500,000	—	—	100%	—	Property investment
Wuhan New Eagle Properties Co., Limited	US\$2,830,000	—	—	100%	95%	Property investment
Wuhan Xinhan Development Co., Ltd.	US\$16,000,000	—	—	70%	70%	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	100%	100%	Property development
<i>Associated companies</i>						
<i>Incorporated and operating in Hong Kong</i>						
Global Perfect Development Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	50%	50%	Investment holding
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	—	—	30.6%	30.6%	Investment holding

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2007	2006	2007	2006	
<i>Associated companies</i>						
<i>(continued)</i>						
<i>Incorporated in the British Virgin Islands</i>						
Faith Yard Property Limited	US\$2 2 shares of US\$1 each	—	—	50%	50%	Property investment
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	40%	40%	Investment holding
Grand Make International Limited	US\$100 100 shares of US\$1 each	—	—	45%	45%	Investment holding
<i>Incorporated and operating in the PRC</i>						
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	44.1%	44.1%	Property investment
Zhaoqing New World Property Development Limited	US\$13,750,000	—	—	40%	40%	Property development
<i>Jointly controlled entities</i>						
<i>Incorporated in the British Virgin Islands</i>						
Concord Properties Holding (Guangzhou) Limited	US\$10 10 shares of US\$1 each	—	—	40%	40%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2007	2006	2007	2006	
<i>Incorporated and operating in the PRC</i>						
Beijing Chong Wen-New World Properties Development Co.,	US\$225,400,000	—	—	70%	70%	Property investment and development
Beijing Chong Yu Real Estate Development Co., Ltd	US\$171,840,000	—	—	70%	70%	Property investment and development
Beijing Xin Kang Real Estate Development Co., Ltd	US\$12,000,000	—	—	70%	70%	Property Investment and development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	—	55%	55%	Hotel operation
China New World Electronics Ltd.	US\$57,200,000	—	—	70%	70%	Property Investment and development
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	39%	39%	Golf club and resort operation
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	—	—	59%	59%	Property development
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	—	—	62.5%	60%	Property development
Guangzhou Fong Chuen New World Property Development Co., Ltd	RMB330,000,000	—	—	60%	60%	Property development
Guangzhou Fucheng Property Development Co., Ltd	HK\$80,000,000	—	—	60%	60%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	62.5%	60%	Property development

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2007	2006	2007	2006	
<i>Jointly controlled entities (continued)</i>						
<i>Incorporated and operating in the PRC (continued)</i>						
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	—	60%	60%	Property development
Haikou New World Housing Development Limited	US\$8,000,000	—	—	60%	60%	Property development
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	62.5%	62.5%	Property development
Shanghai Trio Property Development Co., Ltd.	US\$54,000,000	—	—	47.5%	47.5%	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$60,000,000	—	—	—	70%	Property development
Tianjin New World Housing Development Co., Ltd	RMB80,000,000	—	—	60%	60%	Property development
Tianjin New World Properties Development Co., Ltd.	US\$12,000,000	—	—	70%	70%	Property development
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	60%	60%	Property development
Wuhan Wuxin Hotel Co. Ltd.	US\$13,500,000	—	—	60%	60%	Hotel investment

Notes:

1. Represent equity interest in case of companies incorporated outside the PRC or the percentage of equity interest in case of equity joint ventures or profit sharing ratio in accordance with the joint venture contracts in case of co-operative joint ventures in the PRC.
2. Represent equity interest of the Group in these companies, of which Solar Leader Limited ("Solar Leader"), a wholly-owned subsidiary of NWD, has a participating interest, representing 50% of the total interest of the Group in these companies, pursuant to a participation agreement dated 11th September 2006 entered into between the Company and Solar Leader.

RESULTS

	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000
Revenue	2,474,238	1,691,320	1,618,023	2,521,784	545,584
Operating profit/(loss) after finance costs	721,433	519,414	107,539	77,934	(1,334,921)
Share of results of					
Associated companies	141,133	121,921	42,945	24,799	(99,443)
Jointly controlled entities	452,276	305,349	61,074	108,867	(410,194)
Profit/(loss) before taxation	1,314,842	946,684	211,558	211,600	(1,844,558)
Taxation charge	(132,054)	(190,266)	(44,976)	(44,788)	2,727
Profit/(loss) for the year	1,182,788	756,418	166,582	166,812	(1,841,831)
Attributable to:					
Equity holders of the company	1,191,444	740,512	166,025	127,346	(1,705,562)
Minority interests	(8,656)	15,906	557	39,466	(136,269)
	1,182,788	756,418	166,582	166,812	(1,841,831)

ASSETS AND LIABILITIES

	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000
Property, plant and equipment, investment properties and land use rights	7,124,336	5,634,142	4,700,346	3,616,762	4,442,443
Properties held for development	7,852,456	4,243,616	3,918,668	3,947,225	3,743,306
Associated companies	1,746,047	1,598,564	1,527,193	1,298,372	1,198,248
Jointly controlled entities	10,484,071	10,377,155	9,936,477	9,970,007	8,350,748
Goodwill	48,095	73,720	—	—	—
Available-for-sale financial assets	71,427	—	115,876	49,132	1,758,573
Deferred tax assets	—	—	—	—	2,932
Other non-current assets	—	121,041	166,896	34,831	50,293
Net current assets	10,444,692	7,608,032	7,323,498	1,638,147	934,022
Total assets less current liabilities	37,771,124	29,656,270	27,688,954	20,554,476	20,480,565
Long term borrowings and payable	(9,797,465)	(4,937,422)	(4,269,377)	(4,046,484)	(4,383,506)
Deferred tax liabilities	(502,076)	(507,152)	(311,712)	(139,911)	(110,097)
	27,471,583	24,211,696	23,107,865	16,368,081	15,986,962

Note: Certain comparatives have been restated for the year ended 2005 as a result of the adoption of Hong Kong Financial Reporting Standards. The comparatives for 2004 and 2003 have not been restated since the directors consider that this would involve undue delay and expense.

Major Project Profiles

Ref	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interests	Total GFA (sq.m.)
DEVELOPMENT PROJECTS				
1	Beijing Xin Yi Garden Phase II	JCE	70%	169,460
2	Beijing Liang Guang Road Blocks 5 & 6	JCE	70%	93,822
	Beijing New View Garden Remaining Phases			42,813
	Beijing New View Commercial Centre			70,188
3	Beijing Xin Yu Commercial Centre	JCE	70%	125,655
	Beijing Xin Yu Garden			978,881
4	Beijing Xin Kang Garden Phase III	JCE	70%	6,822
5	Tianjin Xin Chun Hua Yuan Phase IV	JCE	60%	41,253
6	Tianjin Nanshi project	JCE	70%	220,540
7	Jinan Sunshine Garden Phase II	JCE	73%	158,901
	Jinan Sunshine Garden Phase III & IV			314,243
8	Jinan Springs Plaza	JCE	51%	44,226
9	Shenyang New World Garden Phase ID	Subsidiary	90%	168,551
	Shenyang New World Garden Remaining Phases			2,661,903
10	Dalian New World Tower	Subsidiary	100%	106,589
11	Shanghai Zhongshan Square Phase III	JCE	48%	142,074
12	Shanghai Hong Kong New World Garden Phase II	Subsidiary	70%	433,226
13	Wuhan Menghu Garden Remaining Phases	Subsidiary	70%	125,000
14	Wuhan Changqing Garden Phase VI	JCE	60%	169,338
	Wuhan Changqing Garden Phase VII			257,957
	Wuhan Changqing Garden Remaining Phases			1,608,164
15	Wuhan Xin Hua Garden Phase IV	JCE	60%	124,039
16	Chengdu New World Riverside Phase I	Subsidiary	30%	93,810
	Chengdu New World Riverside Remaining Phases			3,322,245
17	Changsha La Ville New World Phase I	Subsidiary	45%	317,604
	Changsha La Ville New World Remaining Phases			975,337
18	Guiyang Sunny Town Phase I	Subsidiary	50%	161,264
	Guiyang Sunny Town Remaining Phases			3,400,586
19	Nanjing New World Centre Phase II	Subsidiary	92%	41,206
20	Guangzhou Dong Yi Garden Remaining Phases	Subsidiary	100%	28,676
21	Guangzhou New World Oriental Garden Phase II	Subsidiary	100%	145,443
	Guangzhou New World Oriental Garden Phase III			93,237
22	Guangzhou Central Park-view Phase II	Subsidiary	91%	142,734
23	Guangzhou Covent Garden Phase III	JCE	60%	35,527
	Guangzhou Covent Garden Remaining Phases			1,008,095
24	Guangzhou Park Paradise Phase IID2	JCE	60%	85,075
	Guangzhou Park Paradise Phase IID3			132,001
	Guangzhou Park Paradise Remaining Phases			300,232
	Guangzhou Park Paradise Remaining Phases	Subsidiary	100%	700,284
25	Guangzhou Baiyun project	Subsidiary	100%	149,051
26	Guangzhou Xintang New World Garden Phase IV	JCE	63%	27,631
	Guangzhou Xintang New World Garden Phase V			346,976
27	Shenzhen Xilihu Development	Subsidiary	90%	27,402
28	Shenzhen New World Yi Shan Garden Phase III	Subsidiary	90%	98,631
29	Shunde New World Centre Phase III	Assoc. Co.	35%	51,907
30	Huiyang Palm Island Resort Remaining Phases	JCE	59%	206,813
31	Zhaoqing New World Garden Phase II	Assoc. Co.	40%	58,445
	Zhaoqing New World Garden Phase III			181,480
	Zhaoqing New World Garden Remaining Phases			44,600
32	Zhuhai New World Riviera Garden Phase III	Subsidiary	100%	81,827
	Zhuhai New World Riviera Garden Phase IV			138,865
33	Foshan Country Club	Subsidiary	79%	933,544
34	Huizhou Changhuyuan Phase IIB	JCE	63%	71,205
	Huizhou Changhuyuan Phase III			136,601
35	Haikou New World Garden Phase III	JCE	60%	125,589
36	Haikou Meilisha project	Subsidiary	100%	2,642,169
Subtotal				24,369,737

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Carpark (sq.m.)	Development Status	Expected Completion Date
49,687	2,149	41,594	30,632	45,398	UNDER PLANNING	TBD
71,800	8,480			13,542	UNDER DEVELOPMENT	Jul-11
	8,661	25,492		8,660	UNDER PLANNING	TBD
	10,573	38,198		21,417	UNDER DEVELOPMENT	Feb-11
	32,000	58,941		34,714	UNDER PLANNING	TBD
578,493	145,778			254,610	UNDER PLANNING	TBD
6,822					UNDER DEVELOPMENT	Aug-07
36,453				4,800	UNDER PLANNING	TBD
160,400	18,140			42,000	UNDER PLANNING	TBD
121,877	11,834			25,190	UNDER DEVELOPMENT	Jun-08
176,299	92,158			45,786	UNDER PLANNING	TBD
	44,226				UNDER DEVELOPMENT	Jun-08
143,508	2,527			22,516	UNDER DEVELOPMENT	Dec-07
1,755,546	367,822	123,914		414,621	UNDER PLANNING	TBD
106,589					UNDER PLANNING	TBD
	16,200	97,020		28,854	UNDER DEVELOPMENT	Mar-10
327,302	25,895	52,554	27,475		UNDER PLANNING	TBD
125,000					UNDER PLANNING	TBD
143,773	6,325			19,240	UNDER DEVELOPMENT	Jun-08
233,308	2,570			22,079	UNDER DEVELOPMENT	Jul-09
1,144,562	346,887			116,715	UNDER PLANNING	TBD
105,336	4,428			14,275	UNDER DEVELOPMENT	Jun-09
93,810					UNDER DEVELOPMENT	Jun-09
2,605,488	296,757			420,000	UNDER PLANNING	TBD
270,312	13,923			33,369	UNDER DEVELOPMENT	Jun-10
774,182	66,009			135,146	UNDER PLANNING	TBD
126,481	8,283			26,500	UNDER DEVELOPMENT	Jun-08
2,734,519	235,717	60,000	35,000	335,350	UNDER PLANNING	TBD
	41,206				UNDER DEVELOPMENT	Dec-09
22,661	2,550			3,465	UNDER PLANNING	TBD
124,543	437			20,463	UNDER DEVELOPMENT	Dec-09
82,963				10,274	UNDER PLANNING	TBD
111,505	2,799			28,430	UNDER PLANNING	TBD
28,151	3,768			3,608	UNDER DEVELOPMENT	May-09
888,561	37,807			81,727	UNDER PLANNING	TBD
64,869	6,966			13,240	UNDER DEVELOPMENT	Dec-07
107,881				24,120	UNDER DEVELOPMENT	Oct-08
268,231	3,801			28,200	UNDER PLANNING	TBD
518,027	135,533			46,724	UNDER PLANNING	TBD
141,646	1,485			5,920	UNDER PLANNING	TBD
12,709	14,922				UNDER DEVELOPMENT	Dec-07
277,456				69,520	UNDER PLANNING	TBD
27,402					UNDER PLANNING	TBD
95,703				2,928	UNDER PLANNING	TBD
51,907					UNDER DEVELOPMENT	Dec-09
171,074			7,939	27,800	UNDER PLANNING	TBD
58,445					UNDER DEVELOPMENT	Dec-08
148,565	19,488			13,427	UNDER DEVELOPMENT	Dec-09
44,600					UNDER PLANNING	TBD
80,150	1,677				UNDER DEVELOPMENT	Aug-07
97,782	9,083			32,000	UNDER PLANNING	TBD
898,544	15,000		20,000		UNDER PLANNING	TBD
59,960	3,246			7,999	UNDER DEVELOPMENT	Jul-09
105,084	3,972			27,545	UNDER PLANNING	TBD
125,589					UNDER PLANNING	Sept-09
1,751,599	75,000	16,000	28,000	771,570	UNDER PLANNING	TBD
18,257,154	2,146,082	513,713	149,046	3,303,742		

Major Project Profiles

Ref	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interests	Total GFA (sq.m.)
INVESTMENT PROPERTIES UNDER DEVELOPMENT				
10a	Dalian New World Tower	Subsidiary	100%	53,853
37	Wuhan New World Centre Phase IIA	Subsidiary	100%	20,098
	Subtotal			73,951
HOTEL PROPERTIES UNDER DEVELOPMENT				
10b	Dalian New World Tower	Subsidiary	100%	50,223
37a	Wuhan New World Centre Phase IIB	JCE	60%	37,432
	Subtotal			87,655
	Total (Properties under or held for development)			24,531,343
COMPLETED INVESTMENT PROPERTY PROJECTS				
38	Beijing New World Centre Phase I	JCE	70%	125,330
39	Beijing New World Centre Phase II	JCE	70%	122,788
40	Beijing Zhengren Building	JCE	70%	22,551
41a	Beijing New World Garden Phase I & II	JCE	70%	36,044
41b	Beijing Xin Yang Commercial Building	JCE	70%	3,439
41c	Beijing Xin Cheng Commercial Building	JCE	70%	8,051
1b	Beijing Xin Yi Garden	JCE	70%	31,747
2a	Beijing New View Garden Phase I & II	JCE	70%	57,946
3a	Beijing Xin Yu Garden	JCE	70%	20,938
4a	Beijing Xin Kang Garden Phase II & III	JCE	70%	40,078
42	Tianjin New World Plaza	Subsidiary	100%	100,055
5a	Tianjin Xin Chun Hua Yuan Phase I	JCE	60%	17,448
43	Dalian New World Plaza Phase II	Subsidiary	88%	69,196
44	Shanghai Hong Kong New World Tower	Assoc. Co.	44%	113,847
45	Shanghai Ramada Plaza	Subsidiary	75%	20,202
45a	Shanghai Belvedere Service Apartment	Assoc. Co.	50%	55,141
46	Shenyang Courtyard Hotel Shopping Mall	Subsidiary	100%	13,976
19a	Nanjing New World Centre	Subsidiary	92%	19,601
37b	Wuhan New World Centre Phase I	Subsidiary	100%	144,006
14a	Wuhan Changqing Garden Phase I - IV	JCE	60%	49,567
15a	Wuhan Xin Hua Garden Phase I & III	JCE	60%	58,432
47	Wuhan New World Trade Tower I	Subsidiary	100%	121,828
47a	Wuhan New World Trade Tower II	Subsidiary	95%	10,005
20a	Guangzhou Dong Yi Garden Phase I - IV	Subsidiary	100%	32,109
21a	Guangzhou New World Oriental Garden Phase I	Subsidiary	100%	57,890
22a	Guangzhou Central Park-view	Subsidiary	91%	97,606
23a	Guangzhou Covent Garden	JCE	60%	11,700
24a	Guangzhou Park Paradise Phase II	JCE	60%	60,954
	Guangzhou Park Paradise Phase II	Subsidiary	100%	22,398
26a	Guangzhou Xintang New World Garden Phase III	JCE	63%	2,967
28a	Shenzhen New World Yi Shan Garden Phase IIB	Subsidiary	90%	4,937
29a	Shunde New World Centre	Assoc. Co.	35%	39,552
	Subtotal			1,592,329
COMPLETED HOTEL PROPERTY PROJECTS				
48	Courtyard by Marriott Beijing	JCE	55%	23,988
49	New World Hotel, Shenyang	Subsidiary	100%	34,535
50	New World Mayfair Hotel Shanghai	Subsidiary	75%	60,054
51	Courtyard by Marriott Shunde	Assoc. Co.	33%	36,524
	Subtotal			155,101
	Total (Completed investment and hotel properties)			1,747,430

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Carpark (sq.m.)	Development Status	Expected Completion Date
	27,480			26,373	UNDER DEVELOPMENT	Oct-08
	12,516			7,582	UNDER DEVELOPMENT	Jun-09
—	39,996	—	—	33,955		
			50,223		UNDER DEVELOPMENT	Oct-08
			37,432		UNDER DEVELOPMENT	Jun-08
—	—	—	87,655	—		
18,257,154	2,186,078	513,713	236,701	3,337,697		
4,028	74,232	24,451		22,619		
45,607	47,345	2,557		27,279		
		6,136		16,415		
				36,044		
				3,439		
				8,051		
				31,747		
	5,668			52,278		
				20,938		
	11,920			28,158		
	80,439	9,432		10,184		
	17,448					
	49,413			19,783		
	17,528	81,957		14,362		
	12,772			7,430		
39,644	9,579			5,918		
	13,976					
				19,601		
	46,113	64,360		33,533		
	36,206	10,047		3,314		
	36,069			22,363		
		104,556		17,272		
		10,005				
	10,113			21,996		
	22,198			35,692		
29,868	17,408			50,330		
				11,700		
	10,142			50,812		
21,350				1,048		
	2,967					
	3,099			1,838		
	23,603			15,949		
140,497	548,238	313,501	—	590,093		
			23,988			
			34,535			
			60,054			
			36,524			
—	—	—	155,101	—		
140,497	548,238	313,501	155,101	590,093		

GENERAL TERMS

AGM:	Annual General Meeting
BVI:	British Virgin Islands
Company or NWCL:	New World China Land Limited
FY:	Fiscal year, July 1 to June 30
GFA:	Gross floor area
Group:	New World China Land Limited and its subsidiaries
HK:	Hong Kong
HK\$:	Hong Kong dollar(s), the lawful currency of Hong Kong
N/A:	Not applicable
China, PRC or Mainland China:	The People's Republic of China
RMB:	Renminbi, the lawful currency of The People's Republic of China
SAR or HKSAR:	Special Administrative Region — A status granted to Hong Kong to own an independent government and legislative system and to enjoy a degree of autonomy from the PRC Government under the principle of "one country, two systems"
SEHK:	The Stock Exchange of Hong Kong Limited
TBD:	To be determined
US:	The United States of America
US\$:	United States dollar(s), the lawful currency of the United States of America

FINANCIAL TERMS

Attributable Operating Profit:	Profit attributable to shareholders before head office items
Basic Earnings Per Share or EPS:	$\frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$
HIBOR:	Hong Kong Interbank Offered Rate
LIBOR:	London Interbank Offered Rate
Net Debt:	The aggregate of borrowings, net of cash and bank balances
Net Debt to Equity Ratio:	$\frac{\text{Net debt}}{\text{Total equity}}$

MEASUREMENT

Sq.ft.:	Square feet
Sq.m. or m²:	Square meter
Km.:	Kilometer
Sq.km.:	Square kilometer

Chairman and Managing Director	Dr. Cheng Kar-shun, Henry
Vice-chairman	Mr. Doo Wai-hoi, William
Executive Directors	Mr. Cheng Kar-shing, Peter Mr. Cheng Chi-kong, Adrian Mr. Leung Chi-kin, Stewart Mr. Chow Kwai-cheung Mr. Chow Yu-chun, Alexander Mr. Fong Shing-kwong, Michael Ms. Ngan Man-ying, Lynda
Non-executive Director	Mr. Fu Sze-shing
Independent Non-executive Directors	Mr. Cheng Wai-chee, Christopher Mr. Tien Pei-chun, James Mr. Lee Luen-wai, John
Company Secretary	Ms. Ngan Man-ying, Lynda
Qualified Accountant	Ms. Ngan Man-ying, Lynda
Auditors	PricewaterhouseCoopers
Principal Bankers	Hang Seng Bank Limited Bank of China (Hong Kong) Limited The Bank of East Asia, Limited China Merchants Bank Co., Ltd.
Share Registrar and Transfer Office	Tricor Standard Limited 26/F, Tesbury Centre 28 Queen's Road East Hong Kong
Head Office	9/F, New World Tower 1 18 Queen's Road Central Hong Kong
Stock Code	Hong Kong Stock Exchange 0917
Investor Information	For more information about the Group, please contact the Corporate Communications Department at: New World China Land Limited 9/F, New World Tower 1 18 Queen's Road Central Hong Kong Tel: (852) 2131 0201 Fax: (852) 2131 0216 Email: enquiry@nwcl.com.hk
Website	www.nwcl.com.hk

Cover design by John Cheng

Chinese Version

The Chinese version of this Annual Report is available
on request from New World China Land Limited.
Where the English and the Chinese texts conflict,
the English text prevails.



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