

Annual Report 2008



New World China Land Limited

(Stock Code: 00917)



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 enabled 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	26,684,442
Investment properties under development	195,927
Completed investment properties	1,706,874
Hotel properties under development	50,223
Completed hotel properties	172,891
Total	28,810,357

BY LOCATION

Beijing	1,892,925
Tianjin	413,525
Jinan	222,798
Shenyang	4,125,992
Dalian	279,861
Anshan	814,408
Shanghai	1,077,885
Wuhan	2,578,707
Chengdu	3,405,275
Changsha	1,211,342
Guiyang	4,489,879
Guangzhou	3,594,437
Pearl River Delta	2,067,473
Haikou	2,575,043
Other regions	60,807
Total	28,810,357

BY USAGE

Residential	18,449,070
Commercial	3,588,200
Office	1,072,025
Hotel	562,240
Carpark	5,138,822
Total	28,810,357



Shenyang

Anshan

Beijing

Tianjin

Jinan

Wuhan

Chengdu

Changsha

Shanghai

Guiyang

Guangzhou

Pearl River Delta

Haikou



To Our Shareholders,



In FY2008, the Group has recorded a profit of HK\$2,019.9 million, an increase of 70% over that of FY2007. The significant increase in profit for the year was attributable to improved performance achieved by two major operations of the Group, namely property sales and rental operation. The attributable operating profit before provision and finance costs amounted to HK\$1,761.1 million, representing an increase of 45% over that of FY2007.



New World



Last 12 months have been a ceaseless period for China. Domestically, China was experiencing disastrous events like the unprecedented snow storm in the South in early 2008 and then the tragic earthquake in the West in May 2008. After the unfortunate happenings, China had her glorious dream come true in the Beijing Olympic Games in August 2008.

For the property industry, the vigorous market has been calmed down by the Central Government since late September 2007. The rapid development of property market nationwide gradually turned into rational adjustment of individual regional markets based on their own supply-demand dynamics. Some cities in the South like Shenzhen had a bigger price correction. Some cities in the Northeast side showed a much more stabilised situation.

The cooling down effect has been intensified recently by the global financial turmoil. The credit crunch and perceived economic slowdown globally have created a lot of uncertainties and risks. Among the economies in the world, China is widely believed to be the most robust one. In the short run, domestic market may experience irrational behaviours dampening its healthy growth. When assessing the market, we believe the China property market is still at the early stage of the cycle, with genuine housing demand from rapid urbanisation. In the long run, the market will back track to its path of healthy growth according to its fundamentals.

In order to cope with the risks associated, New World China Land will continue its prudent approach in managing our businesses in China. The Group has a healthy balance sheet with a gearing ratio of 31.8%. As at 30th June 2008, the aggregate cash on hand (the Group together with jointly controlled entities and associated companies) amounted to HK\$8 billion. Together with our strong recurrent cash flow from rentals, the Group has sufficient liquidity to weather the current tough situation and also finance our future expansion and growth.

The Group focuses on mid-size to large scale quality developments to capture the growing housing demand from the emerging middle to high income households, and to capitalise on the healthy economic growth of major Mainland cities. The Group expects that the middle to high end residential property market still has significant growth potential since demand for such properties will continue to increase as a result of persistent development of the Mainland economy, the corresponding urbanisation, income increase, and improvement in living standard of the urban population. Furthermore, the Group believes that its geographical diversification will alleviate the risks of having too much of its operation concentrated in one particular city or region in Mainland China.

Dr Cheng Kar-shun, Henry
Chairman and Managing Director

Hong Kong, 13th October 2008

FINANCIAL HIGHLIGHTS

Operating Result (HK\$'000)	FY2008	FY2007
Revenues		
Company and subsidiaries	3,523,527	2,474,238
Share of associated companies and jointly controlled entities (<i>note 1</i>)	3,361,200	2,916,382
	6,884,727	5,390,620
Representing:		
Sale of properties	5,523,943	4,248,248
Rental income	871,812	713,009
Income from hotel operations	350,164	319,761
Property management services fees income	97,045	75,992
Project management fee income	41,763	33,610
	6,884,727	5,390,620
Gross Profit (HK\$'000)		
Company and subsidiaries	1,128,350	847,194
Share of associated companies and jointly controlled entities (<i>note 2</i>)	1,274,384	1,073,485
	2,402,734	1,920,679
Profit attributable to equity holders of the Company	2,019,935	1,191,444
Earnings per share (HK cents)		
Basic	52.70	31.12
Diluted	49.04	31.07
Dividend per share (HK cents)		
Interim	4.00	2.00
Final	2.00	6.00
Full-year	6.00	8.00

Financial Position (HK\$ million)	As at 30th June 2008	As at 30th June 2007
Cash and bank balances	4,824.6	6,396.1
Total assets	50,357.8	43,114.1
Total liabilities	19,321.3	15,642.5
Capital and reserves attributable to the Company's equity holders	29,704.8	26,229.9
Financial Ratios		
Current ratio (times)	2.46	2.95
Net debt to equity ratio	31.8%	17.7%

Note 1: It represents attributable share of revenues 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.

Revenues (note 1) (HK\$'000)

FY2008		6,884,727
FY2007		5,390,620

Gross profit (note 2) (HK\$'000)

FY2008		2,402,734
FY2007		1,920,679

Profit attributable to equity holders of the Company (HK\$'000)

FY2008		2,019,935
FY2007		1,191,444

Total assets (HK\$'000)

30th June 2008		50,357,809
30th June 2007		43,114,067

Capital and reserves attributable to the Company's equity holders (HK\$'000)

30th June 2008		29,704,807
30th June 2007		26,229,888

Cash and bank balances (HK\$'000)

30th June 2008		4,824,617
30th June 2007		6,396,064

Note 1: It represents revenues 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 REGARDS THEIR HOME AS THE EPICENTRE OF ALL FAMILY ACTIVITIES. WE CHERISH THE QUALITY TIMES SPENDING TOGETHER AT HOME. 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





LOCATION : Beijing

AREA : 16,410 km²

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Along with the unprecedented success of the Games of the XXIX Olympiad hosted by Beijing in 2008, the new constructions of the capital and the passion of the residents have left a memorable impression on athletes, guests and audiences from around the world, greatly enhancing the international influence of the capital. In the last seven years, a total of RMB280 billion has been spent on public domains of the city such as transportation, civic facilities and environment. The world's largest single terminal construction, Beijing Capital International Airport Terminal Three is up and running and the travelling time between the airport express rail line and the city centre subway is just less than 20 minutes.



-  Railway Station
-  Beijing Xin Kang Garden



Beijing Xin Yu Garden



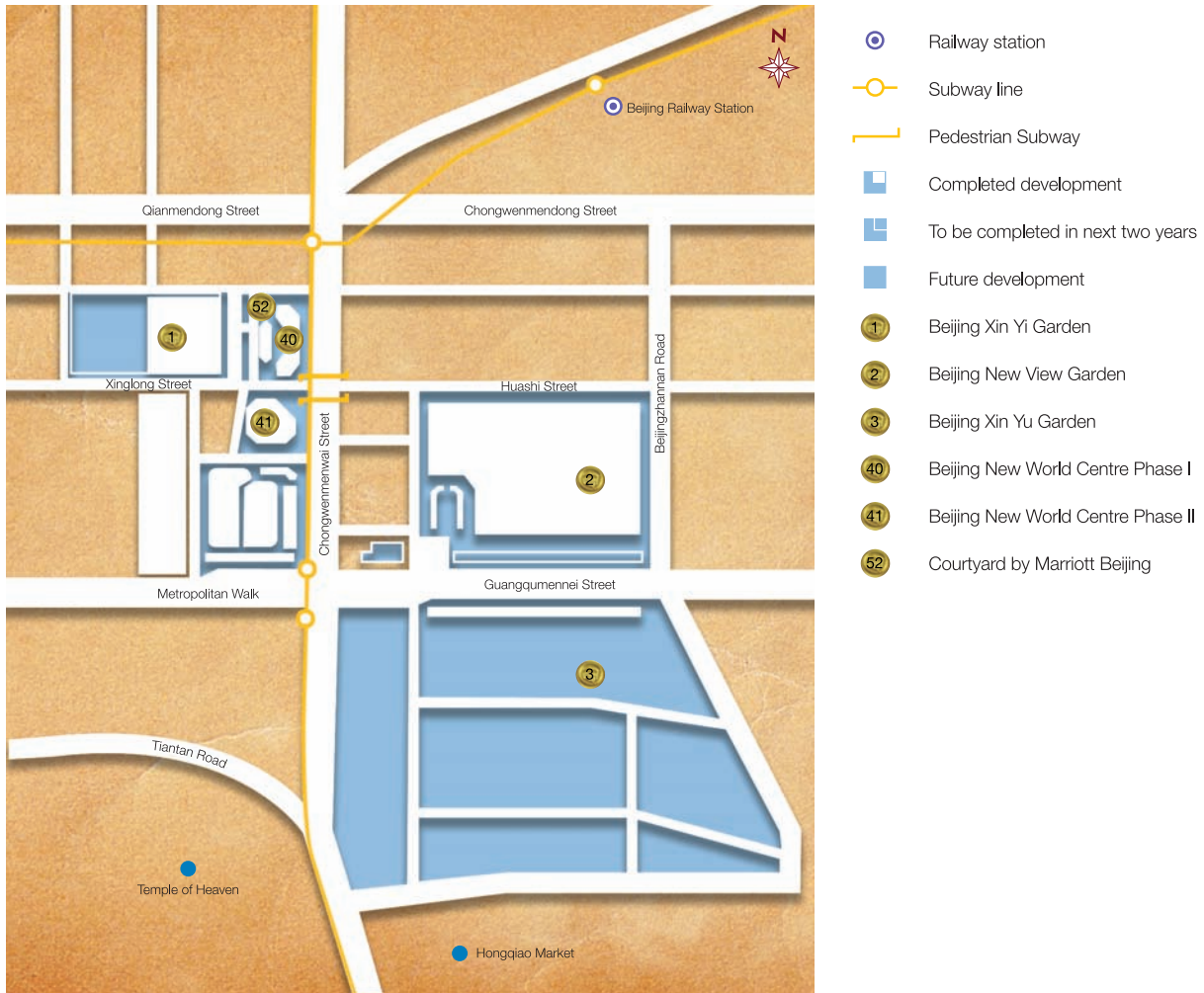
Beijing New View Garden

The new Beijing South Railway Station, also known as the “Asia’s First Station”, is not only the starting point of the Beijing-Tianjin and Beijing-Shanghai express railways but also an enormous comprehensive transportation hub in southern Beijing. It has become a new driver of the development of southern Beijing. The city is also embarking on constructing a network of public transport focusing on railway network. The completion and operation of three new lines, namely Phase One of Line No. 10, Olympic Line and Airport Express, have pushed the total length of Beijing’s railway transport to 220 kilometers, which has been planned to extend to 560 kilometers by 2015.

The development of modern service industries has been strongly pursued in Beijing. As tertiary industry GDP and employment both account for more than 70% of the city’s total, Beijing has already taken the lead on a nationwide basis to become the first service-based, post-industrial economy. In addition, the government has enhanced its investment environment and services in an effort to attract global top 500 enterprises and multinational corporations to set up their Asia Pacific and Greater China headquarters in Beijing.

BUSINESS REVIEW

Beijing



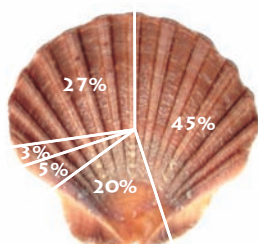
BEIJING — COMPLETION SCHEDULE

SQ.M.

FY2008	Beijing Xin Yi Garden Blocks 7 & 8	Residential, Commercial, Carpark	56,126
	Beijing Xin Kang Garden Phase III	Residential	6,822
	Beijing New View Garden Phase II	Commercial	4,024
Total			66,972

Beijing – development properties for sale

Total GFA 1,394,572 sq.m.



RESIDENTIAL 45%
 COMMERCIAL 20%
 OFFICE 5%
 HOTEL 3%
 CARPARK 27%

The capital's housing market was relatively quiet for a period because of the hosting of the Olympic Games. The price of housing in the city centre is stable and demand remain strong. Most of the Group's projects are centrally located in the Chongwen District within the Second Ring Road. Convenient transportation and comprehensive facilities have always made them a key choice for house buyers.

During the reporting period, 778 residential flats in Beijing Xin Yi Garden Phase II, which is a premium residential project located next to Beijing New World Centre Phase I, were all sold out, while a total of 391 units of service apartments in Taihua Apartment of Beijing New World Centre Phase II were nearly sold out; 90% of the 12,000 sq.m. offices in Xin Yu Commercial Building of Xin Yu Garden Phase II was sold; Xin Kang Garden Phase III, situated in Beijing Economic and Technological Development Zone, launched 74 residential flats at the beginning of 2008 and nearly 80% were sold on the first day of sale.

PROPERTY PORTFOLIO

There are four major property projects under development with total GFA of 1,394,572 sq.m.. A saleable GFA of 57,265 sq.m. was completed during the year.

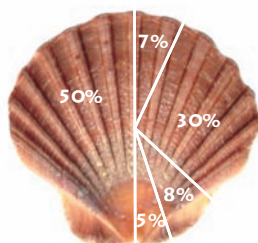
INVESTMENT PROPERTIES

There are nine completed investment properties with a total GFA of 498,353 sq.m..

Commercial properties in Beijing New World Centre Phase I and II with a total lettable area of approximately 122,000 sq.m..

Beijing – completed investment properties

Total GFA 498,353 sq.m.



RESIDENTIAL 7%
 COMMERCIAL 30%
 OFFICE 8%
 HOTEL 5%
 CARPARK 50%



Beijing Xin Cheng Commercial Building

TIANJIN



Tianjin New World Plaza



LOCATION : Tianjin

AREA : 11,760 km²

Binhai New District is anticipated to become the third driver of China's economy after Shenzhen and Shanghai Pudong. The "Pilot Scheme Concerning the Renovation of Comprehensive Supporting Facilities in Tianjin Binhai New District" was approved by the State Council in 2008. In 2008, 57 projects, each with a total investment of over RMB50 million, will commence in Binhai New District. In April 2008, the State Council also approved the establishment of Binhai New District Comprehensive Bonded Area. As one of the special zones with the most favorable policies and comprehensive facilities in Mainland China, its Comprehensive Bonded Area and the already-approved Donggang Bonded Port Area would contribute to making Tianjin an international trading centre in northern China.



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

TIANJIN — COMPLETION SCHEDULE			SQ.M.
FY2010	Tianjin Xin Chun Hua Yuan Phase IV	Residential, Carpark	36,810
Total			36,810

BUSINESS REVIEW

Tianjin

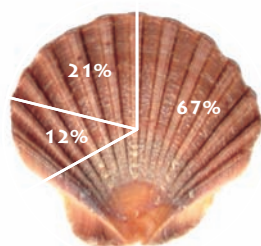


Tianjin New World Garden

Tianjin is actively developing its railway transportation network. Currently, Subway Line No. 1 is already in operation while Line No. 2, 3 and 9 are under development, and by 2010 the total expected length of the city's railway will reach 130 kilometers. The cities of Beijing and Tianjin are forming increasingly stronger bond with each other. Beijing-Tianjin Intercity Express Railway, which has a maximum speed of 350 kilometers per hour and commenced operation before the Beijing Olympic Games, has shortened the commuting time between the two cities to 30 minutes. Travelling time by road, on the other hand, has also been shortened to 90 minutes upon the completion of the second expressway connecting Beijing and Tianjin in July 2008.

Tianjin – development properties for sale

Total GFA 295,866 sq.m.



RESIDENTIAL 67%
COMMERCIAL 12%
CARPARK 21%

Demolishment and resettlement for the Group's Nanshi project at Heping District in Tianjin is progressing smoothly. The project will be master planned to develop into a luxurious highrise residential community to cater to the strong demand for city centre residence by the Tianjin middle class.

The planning of Tianjin Xin Chun Hua Yuan Phase IV is almost complete and pre-construction preparation is about to begin. Comprehensive facilities within the vicinity has made Hongqiao District a mature residential area in Tianjin.

PROPERTY PORTFOLIO

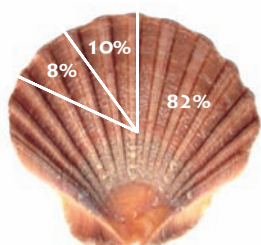
There are two major property projects under development with total GFA of 295,866 sq.m.. We expect to build 36,810 sq.m. GFA in FY2010.

INVESTMENT PROPERTIES

There are two completed investment properties with a total GFA of 117,659 sq.m..

Tianjin – completed investment properties

Total GFA 117,659 sq.m.



COMMERCIAL 82%
OFFICE 8%
CARPARK 10%



Tianjin Xin Chun Hua Yuan Phase III

JINAN



Jinan Sunshine Garden Phase II



LOCATION : Shandong Province

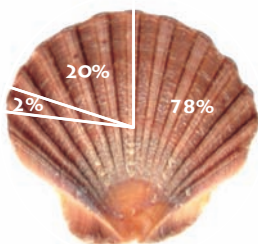
AREA : 8,154 km²

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Leveraging on the opportunities brought by hosting the Eleventh National Game in 2009, vast sum of money has been invested in Jinan's urban development. The Olympic Centre, the main stadium of the National Game, will be completed by the end of 2008. At the same time, major transportation development projects are under construction. Bus Rapid Transit Line No. 1 is in operation and a total of five lines have been planned to be completed before the opening of the 2009 National Game resulting in an express public transportation network.

Jinan – development property for sale

Total GFA 222,179 sq.m.



RESIDENTIAL 78%
COMMERCIAL 2%
CARPARK 20%

Beijing-Shanghai Express Railway has commenced construction. Upon its completion, the travelling time from Jinan to Beijing and Shanghai would be substantially reduced to 1.5 hours and 3.5 hours respectively. Jinan West Railway Station of Beijing-Shanghai Express Railway will be situated in the Lashan District in the western part of the city and is expected to boost the development of the west such as Huaiyin District.

Electronics and information technology industry is one of the pillars strongly developed by Jinan. In 2008, an industrial park with a total gross area of approximately 270,000 sq.m. has been completed, which would become the largest volume server production base in Mainland China.

The Group's Jinan Sunshine Garden, situated in Huaiyin District, has been well-received by the public since the launch of Phase II for sale in June 2007, thanks to its excellent planning, wide variety of product offerings and comprehensive facilities. A total of about 900 residential units were provided and over 60% had been sold.

PROPERTY PORTFOLIO

There is one property project under development with total GFA of 222,179 sq.m.. A total saleable GFA of 159,337 sq.m. was completed during the year. We expect to build 44,300 sq.m. GFA in FY2010.

JINAN — COMPLETION SCHEDULE			SQ.M.
FY2008	Jinan Sunshine Garden Phase II	Residential	159,337
	Total		159,337
FY2010	Jinan Sunshine Garden Phase III	Residential, Commercial, Carpark	44,300
	Total		44,300

Jinan – completed investment property

Total GFA 619 sq.m.



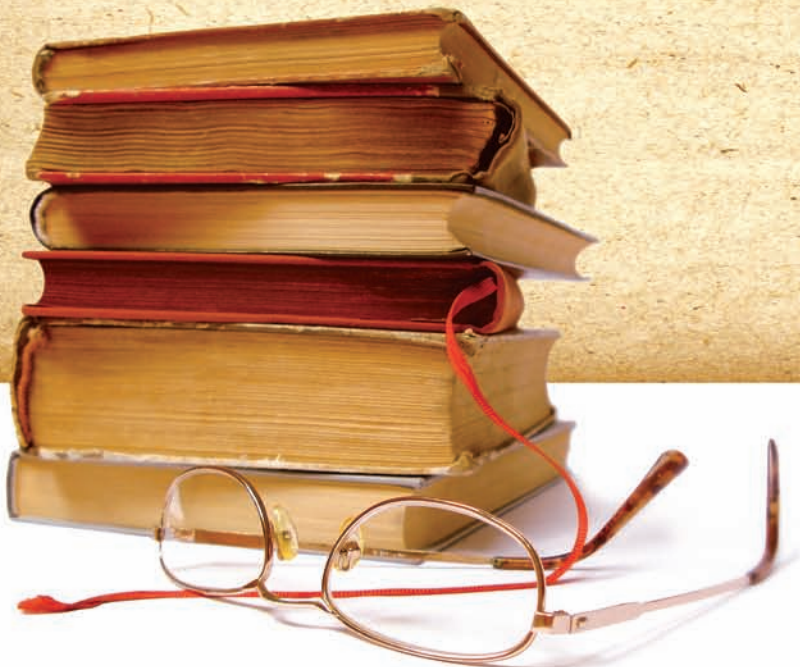
COMMERCIAL 100%



Jinan Sunshine Garden Phase II

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 HONG KONG, LONDON OR NEW YORK. IT MAKES OUR WORK DAY A WHOLE LOT EASIER AND DOWNRIGHT MORE EFFICIENT....





SHANGHAI



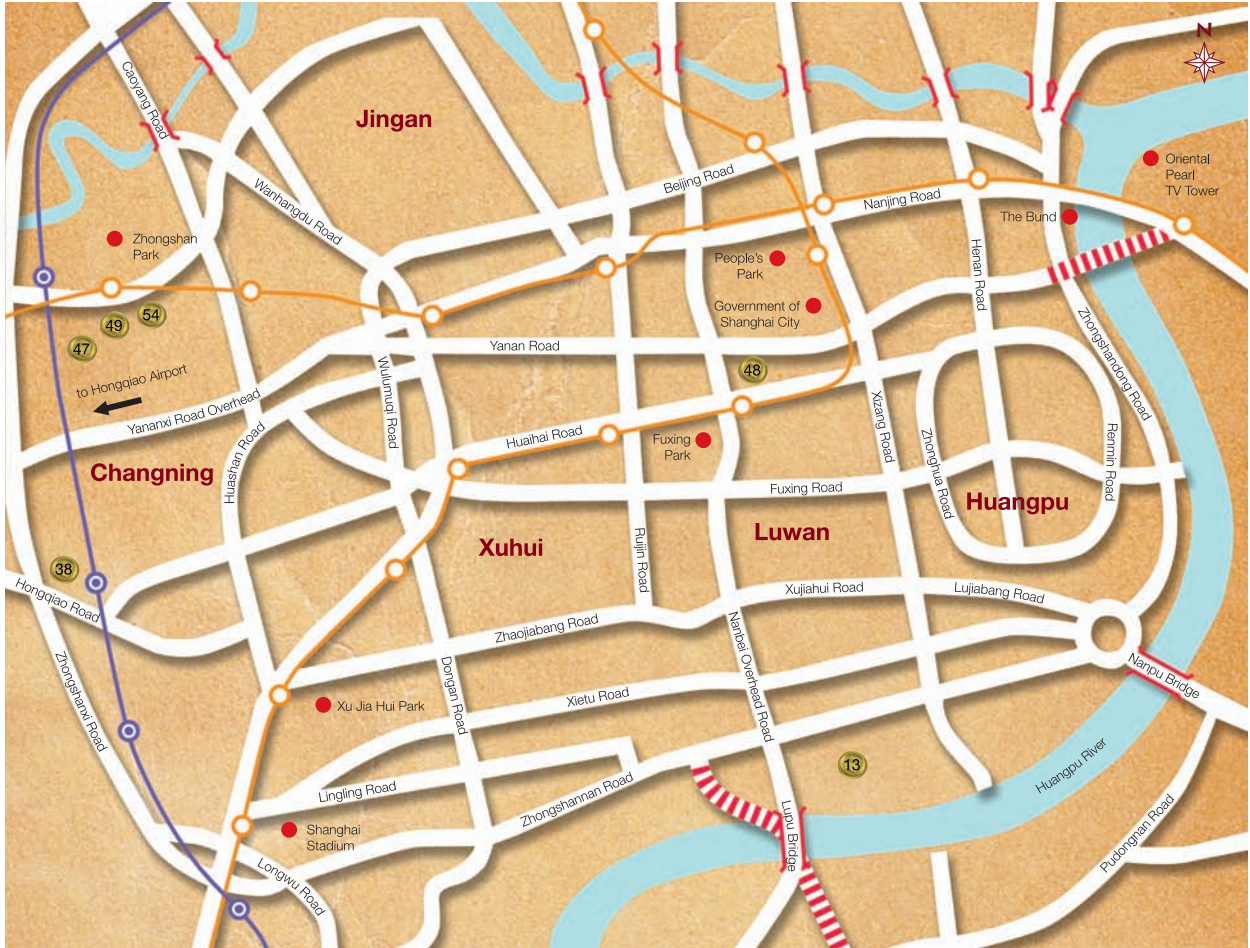
Shanghai Hong Kong New World Garden



LOCATION : Shanghai

AREA : 6,340 km²

Shanghai is the central city of the Yangtze River Delta, which strategically positions itself as the economic centre with the highest consolidated strengths of China. As of July 2008, the number of regional headquarters of multinational corporations in Shanghai has exceeded 200, making Shanghai one of the cities in China with the greatest number of multinational corporations' regional headquarters. The Shanghai 2010 World Expo is expected to attract more foreign visitors and investors to the city.

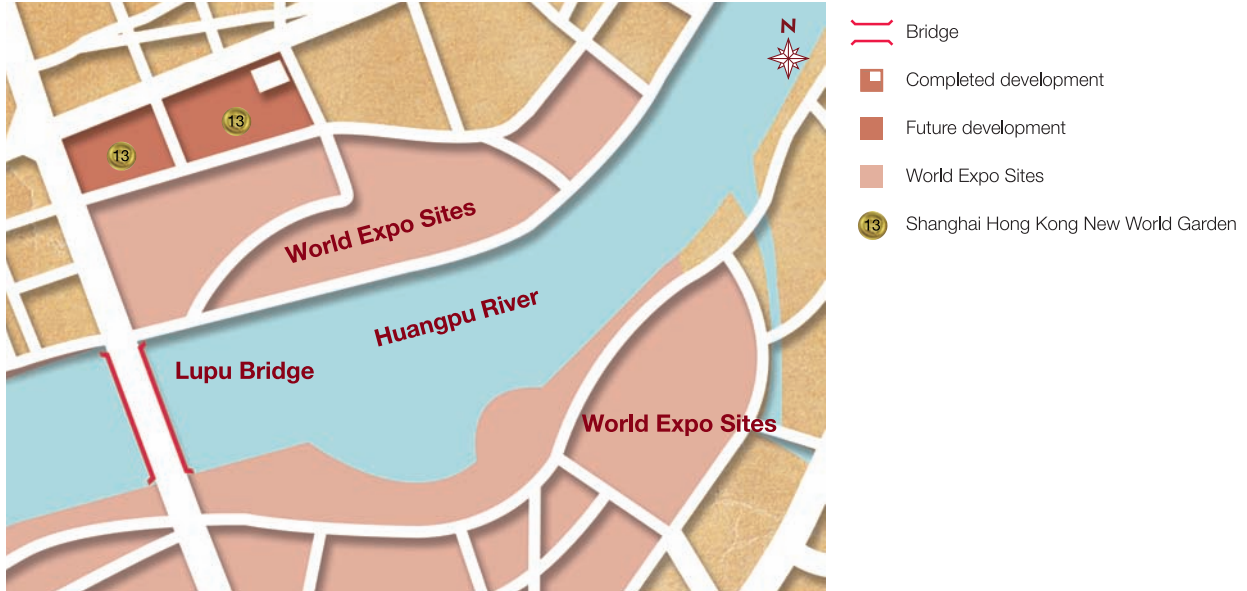


- Light rail transit
- Subway line
- ||| Bridge
- |||| Tunnel
- 13 Shanghai Hong Kong New World Garden
- 38 Shanghai Zhongshan Square
- 47 Shanghai Jiu Zhou Shopping Arcade
- 48 Shanghai Hong Kong New World Tower
- 49 Shanghai Ramada Plaza
- 54 New World Mayfair Hotel Shanghai

SHANGHAI — COMPLETION SCHEDULE			SQ.M.
FY2008	Shanghai Jiu Zhou Shopping Arcade	Commercial	2,442
	Total		2,442
FY2010	Shanghai Zhongshan Square	Commercial, Office, Carpark	142,074
	Total		142,074

BUSINESS REVIEW

Shanghai



Shanghai Hong Kong
New World Tower

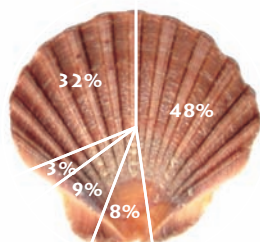
The construction of Beijing-Shanghai Express Railway, with a total length of 1,318 kilometers, commenced in April 2008. The railway terminates at Hongqiao District of Shanghai. It is the longest express railway in the world to be built in one go. Upon completion, the travelling time between Beijing and Shanghai will be reduced from the current 10 hours to five hours.

Adjacent to the World Expo sites and commanding a superior location, Shanghai Hong Kong New World Garden is currently under development with smooth progress. The residential portion of the project will consist of four seven-storey villas, four 20-storey high-rise buildings and seven 30-storey high-rise buildings, making a varied pattern of urban landscape along the World Expo sites and the Huangpu River. The 36-storey mixed-use complex of hotel and office located next to Lupu Bridge is well-positioned to capture the business opportunity of the World Expo.

Shanghai Zhongshan Square Phase III is under construction. The project is located at Changning District in Shanghai and comprises of two office buildings of 16 storeys and 21 storeys respectively.

Shanghai – development property for sale

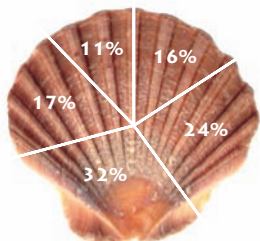
Total GFA 682,659 sq.m.



RESIDENTIAL 48%
COMMERCIAL 8%
OFFICE 9%
HOTEL 3%
CARPARK 32%

Shanghai – completed investment properties

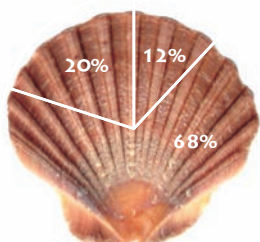
Total GFA 253,152 sq.m.



RESIDENTIAL 16%
COMMERCIAL 24%
OFFICE 32%
HOTEL 17%
CARPARK 11%

Shanghai – investment property under development

Total GFA 142,074 sq.m.



COMMERCIAL 12%
OFFICE 68%
CARPARK 20%

PROPERTY PORTFOLIO

There is one major property project under development with total GFA of 682,659 sq.m..

INVESTMENT PROPERTIES

There are five completed investment properties with total GFA of 253,152 sq.m..

Shortage of office space in Shanghai Puxi has consistently pushed up rental rates in the area, Grade A office buildings rental on Huaihai Road Central has risen a record 30% during the reporting period. Our Group's flagship investment property, Shanghai Hong Kong New World Tower, has also benefited from the rise in rental rates in the area through adjustment of rental rates upon renewal of lease agreement and enjoyed a considerable growth in rental income.

To meet the market-segmented, diversified demand for hotel services, the Group introduced to Mainland China the pentahotels brand from Europe through New World Hotel Management Limited. Penta represents a combination of superior services and modern facilities, providing travellers with simple and harmonious accommodation. The first Pentahotel opened alongside our Group's New World Mayfair Hotel Shanghai in October 2008.



Pentahotel Shanghai

DALIAN



Dalian New World Tower



LOCATION : Liaoning Province

AREA : 12,574 km²

Dalian is a key port, travel attraction and city centre along the northern China coastal line. In 2007, the economy of Dalian recorded strong growth with its GDP exceeding RMB300 billion for the first time.

Light Rail Line No. 3, with a total investment of RMB1.87 billion, was completed and its operation started in July this year. It has become the main express transportation link connecting the Jinzhou New District and major city district of Dalian. It now takes only 40 minutes to travel between Jinzhou District and Dalian Railway Station, a substantial reduction in the commuting time between the two locations.

Dalian – development property for sale

Total GFA 106,589 sq.m.

Under the recently State approved “Dalian Port Master Plan”, Huanghai Dayao Bay Core Port Area and Bohai Changxing Port Industrial Area have been pinpointed as two focal points for the development of Dalian port. The target is to develop Dalian port as the hub for Huanghai and Bohai coastal ports and the State comprehensive transportation system.



RESIDENTIAL 100%

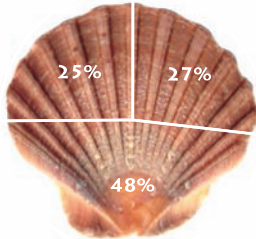
DALIAN — COMPLETION SCHEDULE			SQ.M.
FY2009	Dalian New World Tower	Residential, Commercial, Hotel, Carpark	128,631
	Total		128,631

BUSINESS REVIEW

Dalian

Dalian – investment properties under development

Total GFA 104,076 sq.m.



COMMERCIAL 27%
HOTEL 48%
CARPARK 25%

The Group is developing Dalian New World Tower in the core commercial area on Zhongshan Road in the city centre of Dalian. The project is comprised of twin towers of hotel and apartment building on a five-storey shopping and commercial podium. The east tower will rise up to 56 storeys and upon completion, is expected to become a new commercial landmark on Zhongshan Road.

PROPERTY PORTFOLIO

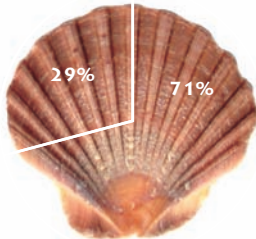
There is one major property project under development with total GFA of 106,589 sq.m.. We expect to build 128,631 sq.m. GFA in FY2009.

INVESTMENT PROPERTIES

There is one completed investment property with total GFA of 69,196 sq.m..

Dalian – completed investment property

Total GFA 69,196 sq.m.



COMMERCIAL 71%
CARPARK 29%



Dalian New World Tower Shopping Mall

SHENYANG



Shenyang New World Garden and New World International Convention and Exhibition Centre



LOCATION : Liaoning Province

AREA : 13,000 km²

Shenyang is the largest key city in northeastern region and one of the important equipment manufacturing bases in Mainland China. Facing the strategic opportunity of revitalising the old northeastern industrial base, Shenyang seeks to develop new industries with emphasis on automobile, equipment manufacturing as well as electronics and information technology. Leading enterprises such as Brilliance China Auto, Shenyang Machine Tool and Northern Heavy Industries are ranked among the “World’s Top 500 Manufacturing Enterprises”. BMW has once again chosen Shenyang as the location for its second factory in China. This new factory is expected to commence production for BMW I series during the year. The State has approved the construction of national civil aviation hi-tech industrial base in Shenyang, which is expected to be completed in 2012, ready to take up orders from Boeing and Airbus.

BUSINESS REVIEW

Shenyang



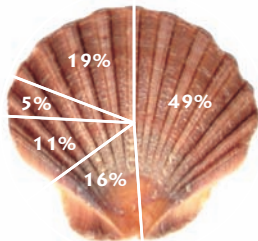
SHENYANG — COMPLETION SCHEDULE			SQ.M.
FY2008	Shenyang New World Garden Phase ID	Residential, Commercial, Carpark	171,646
	Total		171,646
FY2010	Shenyang New World Garden Phase IIA	Residential, Carpark	243,310
	Total		243,310



Shenyang New World Garden Phase I Riverridge Heights

Shenyang – development properties for sale

Total GFA 4,060,891 sq.m.



RESIDENTIAL 49%
COMMERCIAL 16%
OFFICE 11%
HOTEL 5%
CARPARK 19%

Shenyang places great emphasis on the development of railway transportation network. In 2008, Shenyang revised its subway master plan and the total planned length has been increased from 183km to 400km.

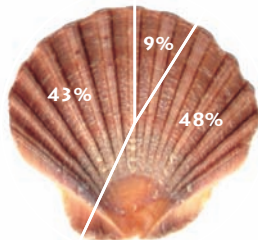
The construction of Shenyang New World Garden Phase II, with a total GFA of approximately 730,000 sq.m., had started in mid 2008. The development is divided into three clusters, comprising high-rise residential apartments, offices, street shops, club houses and schools. The first cluster is expected to be completed in 2010.

Construction of New World Hotel Shenyang Phase II commenced in September 2008. Located on Nanjing Street of Heping District, the project is within Taiyuan Street Commercial Area which is the prime business and shopping location. Phase II development is a 40-storey hotel service apartment building on top of a four-storey podium of shopping mall which will be used as an extension of the New World Department Store next to it. It will become the primary choice for business and shopping within Taiyuan Street Commercial Area upon opening.

The foundation works of Shenyang New World International Convention and Exhibition Centre is progressing smoothly. Upon completion, it will become the future Heping District central business district “Golden Corridor” landmark.

Shenyang – completed investment properties

Total GFA 65,101 sq.m.



COMMERCIAL 9%
HOTEL 48%
CARPARK 43%

PROPERTY PORTFOLIO

There are three major property projects under development with total GFA of 4,060,891 sq.m.. A saleable GFA of 143,508 sq.m. was completed during the year. We expect to build 243,310 sq.m. GFA in FY2010.

INVESTMENT PROPERTIES

New World Hotel Shenyang has enjoyed stable growth in occupancy during the review period, business and services have been strengthened by the hotel operator, New World Hotel Management Limited.



Shenyang New World International Convention and Exhibition Centre

ANSHAN



Anshan New World Garden



LOCATION : Liaoning Province

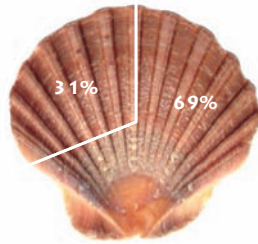
AREA : 9,252 km²

Located in the hinterland of the Pan-Bohai Economic Zone, Anshan plays a key supporting role in the economic regions spanning across Shenyang and Dalian and an important connector between the cluster of centrally-located cities in Liaoning Province and the Liaodong Peninsula Open Zone. In 2007, Anshan had a GDP of RMB135 billion, ranking 34th among the top 100 cities in the nation.

Anshan is the largest iron and steel production base in Mainland China and is where Angang Steel, a leading enterprise and the second largest iron and steel company nationwide, is based. Angang Steel plans to rank among the world's top 500 corporations in 2010 and to become a multinational iron and steel group with international competitive capability.

**Anshan –
development
property for sale**

Total GFA 814,408 sq.m.



RESIDENTIAL 69%
CARPARK 31%

The Municipal Government of Anshan puts in great efforts in building up a new pole for economic growth, namely Qianshan District High-Tech Industrial Development Zone. This high-tech zone has enjoyed strong economic growth, experiencing more than 35% increase in its major economic indicators for three consecutive years and jumping to 33rd position among the nation's 53 national-level high-tech zones.

The Group successfully acquired a new site in Qianshan District High-Tech Industrial Development Zone in October 2007 to develop Anshan New World Garden. A high-end garden-style community, the overall design and planning of the project comprise primarily of high-rise residential buildings. Phase I is comprising of nine high-rise buildings with a total of approximately 1,455 residential units. The construction broke ground in September 2008 and is expected to be completed by the end of 2010.

PROPERTY PORTFOLIO

There is one major property project under development with total GFA of 814,408 sq.m..



Anshan New World Garden

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



LOCATION : Hubei Province

AREA : 8,494 km²

The State's approval of Wuhan's city group as the Comprehensive Reform Experimental Zone for "Resource Savings and Environmental Friendly Society" is an important measure in implementing "The Rise of the Central Region" strategy of the Central Government. As the key city of the city group, Wuhan has taken this opportunity for speeding up its development. In 2007, it recorded a GDP of over RMB300 billion for the first time. Key infrastructure projects also achieved substantial results. In particular, Terminal Two of Wuhan Tianhe Airport has been completed and commenced operation, making Tianhe Airport the fourth largest air transportation hub in Mainland China after Beijing, Shanghai and Guangzhou.



- Railway station
- Bridge
- Embankment
- Wuhan Menghu Garden
- Wuhan Changqing Garden
- Wuhan Xin Hua Garden
- Wuhan New World Centre
- Wuhan New World International Trade Towers
- New World Hotel Wuhan

WUHAN — COMPLETION SCHEDULE			SQ.M.
FY2008	Wuhan Changqing Garden Phase VI	Residential, Commercial	194,818
	Wuhan Xin Hua Garden Phase IV	Residential, Commercial, Carpark	62,989
	Wuhan New World Centre	Hotel	38,058
	Total		295,865
FY2009	Wuhan Changqing Garden Phase VII	Residential, Commercial, Carpark	168,545
	Wuhan Menghu Garden Phase III	Residential	15,660
	Wuhan Xin Hua Garden Phase IV	Residential, Carpark	61,233
	Wuhan New World Centre — supporting facilities	Commercial	11,049
Total		256,487	
FY2010	Wuhan Changqing Garden Phase VII	Residential	214,803
	Wuhan Menghu Garden	Residential	59,340
	Wuhan New World Centre — supporting facilities	Carpark	8,779
	Total		282,922

Recognised as the “Photon Valley of China”, Wuhan Donghu High-Tech Development Zone is the engine of Wuhan’s economic growth. In 2007, total revenue of enterprises in the Zone amounted to a record-high level of RMB130 billion. The recently released report on industrial development strategies has set the target of building Wuhan Photon Valley into a globally-renowned photoelectronics centre. It stipulated a “1+4” industrial structure whereby photoelectronics information technology industry will be the leading industry, while cleansing technology, bio-technology, modern equipment manufacturing, research and development, as well as information service industry will be important supporting industries.

BUSINESS REVIEW

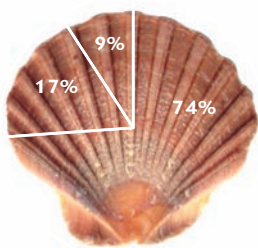
Wuhan



Wuhan New World International Trade Towers

Wuhan – development properties for sale

Total GFA 2,149,910 sq.m.



RESIDENTIAL 74%
COMMERCIAL 17%
CARPARK 9%

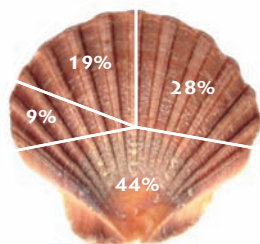
Wuhan has put in great efforts in developing the transportation across Yangtze River to facilitate the integrated development of the three towns. Construction of Erqi Yangtze Bridge, the seventh bridge crossing the Yangtze River has commenced. Construction of the Yangtze Tunnel in Wuhan has been completed and operation is planned to commence by the end of 2008. The river crossing Subway Line No. 2 is progressing smoothly and Phase I is expected to be completed in 2010.

After more than a decade of development, Wuhan Changqing Garden has gained long term and continuous support from Wuhan residents with its sound educational, cultural and commercial facilities. During the period under review, the Group launched its “New Concept” cluster with 399 residential units in August 2007 and were completely sold. The “Vision” cluster with 181 residential units was launched in May 2008 and over 60% were sold on the date of launching. To satisfy the strong market demand, the Group launched the “New Transit” cluster of Changqing Garden in September 2008, which is close to the commencing station of Subway Line No.2 and comprises 11 towers with a total of approximately 700 residential units.

The Group launched Wuhan Xin Hua Garden “Butterfly Court” in September 2008, which is the last Phase IV of the residential development. With its convenient transportation and sound supporting facilities, a 20,000 sq.m. central garden and a building clearance of 130 meters, Xin Hua Garden provides owners with a residence of quality living.

Wuhan – completed investment properties

Total GFA 428,797 sq.m.



COMMERCIAL 28%
OFFICE 44%
HOTEL 9%
CARPARK 19%



Wuhan Changqing Garden

PROPERTY PORTFOLIO

There are four major property projects under development with total GFA of 2,149,910 sq.m.. A saleable GFA of 250,504 sq.m. was completed during the year. We expect to build 256,487 sq.m. GFA in FY2009 and 282,922 sq.m. GFA in FY2010.

INVESTMENT PROPERTIES

There are five completed investment properties with total GFA of 428,797 sq.m.. During the period under review, Wuhan New World Centre office tower achieved an occupancy rate of about 70%, while the retail portion has been fully leased.

New World Hotel Wuhan, the five-star hotel in Wuhan New World Centre, commenced operations in April 2008, and is managed by New World Hotel Management Limited. With a total of 27 storeys and 327 gracefully-decorated and spacious rooms and suites, the hotel provides guests with high-quality services.

Wuhan New World International Trade Towers, the only Grade A office building available for lease on Wuhan financial street, has maintained an overall 95% occupancy rate.



New World Hotel Wuhan

CHANGSHA



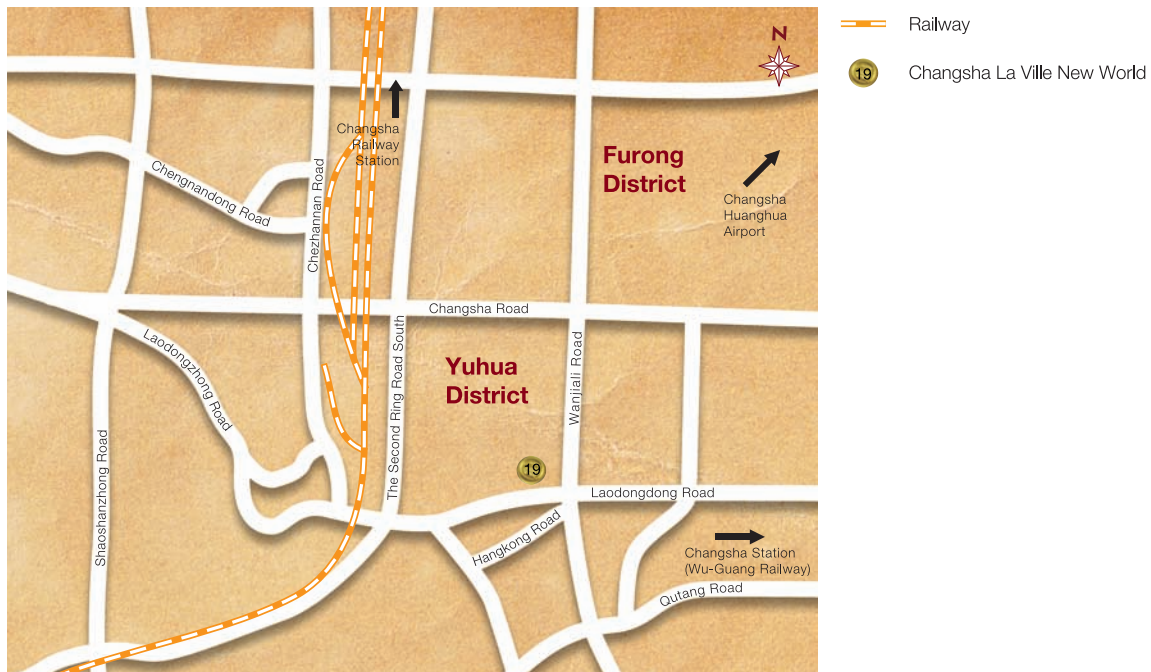
Changsha La Ville New World



LOCATION : Hunan Province

AREA : 11,800 km²

In late 2007, the State approved Changsha-Zhuzhou-Xiangtan city group as the Comprehensive Reform Experimental Zone for “Resource Savings and Environmental Friendly Society”. Changsha has taken this opportunity to propose the establishment of Hexi area as a demonstrative model of this Experimental Zone, providing a new development opportunity for Yuelu District at Hexi. In June 2008, three towns originally regarded as part of Wangcheng County was duly put under the jurisdiction of Yuelu District, making Yuelu District the administrative region with the largest area and population in Changsha.



CHANGSHA — COMPLETION SCHEDULE			SQ.M.
FY2008	Changsha La Ville New World Phase I	Residential	80,685
	Total		80,685
FY2009	Changsha La Ville New World Phase I	Residential, Commercial, Carpark	220,966
	Total		220,966

BUSINESS REVIEW

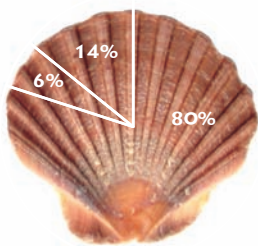
Changsha



Changsha La Ville New World Phase I

Changsha – development property for sale

Total GFA 1,211,342 sq.m.



RESIDENTIAL 80%
COMMERCIAL 6%
CARPARK 14%

As the leading city of the Changsha-Zhuzhou-Xiangtan city group, Changsha is active in facilitating the integration of Changsha, Zhuzhou and Xiangtan. The Changsha-Zhuzhou-Xiangtan city railway has been put on the State's list of construction plans and is expected to commence construction in 2009.

The passenger line of the Wuhan-Guangzhou Railway, with a total investment amounting to approximately RMB100 billion, is set to expedite the integration of Changsha into the Pearl River Delta. This longest high-speed passenger railway in China is planned to be completed in 2009, upon which it will only take two hours from Changsha to Guangzhou.

Changsha La Ville New World is located in Yuhua District and comprises of high-rise residential buildings and large-scale shopping and entertainment centres. The project is a high-quality international community with graceful environment. Phase I of the project was launched in October 2007 and has been favored by Changsha residents. More than half of the 900 high-rise residential units offered have been sold. New World Department Store has planned to open a new store in the project to further enhance its ancillary facilities and living standard.

PROPERTY PORTFOLIO

There is one major property project under development with total GFA of 1,211,342 sq.m.. A saleable GFA of 80,685 sq.m. was completed during the year. We expect to build 220,966 sq.m. GFA in FY2009.

GUIYANG



Guiyang Jinyang Sunny Town



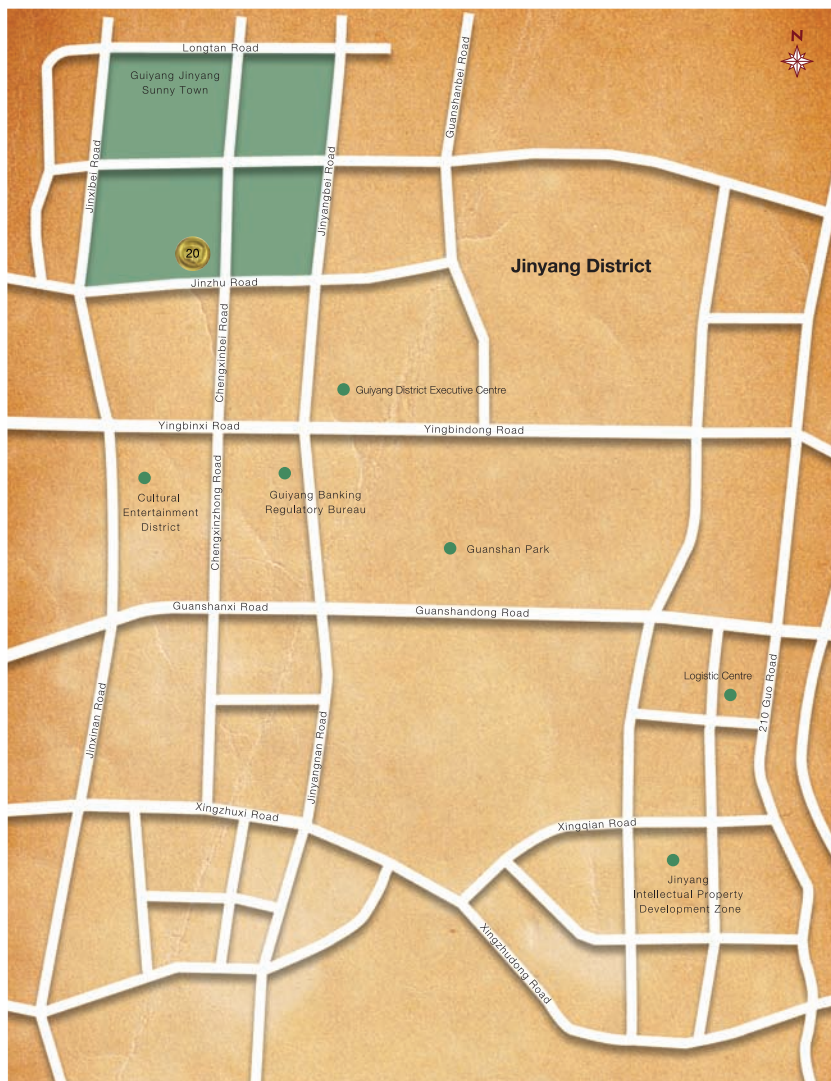
LOCATION : Guizhou Province

AREA : 8,034 km²

As the provincial capital of Guizhou, Guiyang is the centre of economics, politics and culture of the province. As its infrastructure facilities gradually improve, Guiyang is undergoing significant economic development. The GDP of Guiyang in 2007 was RMB69.6 billion, representing a growth of 15.8% year-on-year and also the largest growth since 1984.

BUSINESS REVIEW

Guiyang



20 Guiyang Jinyang Sunny Town

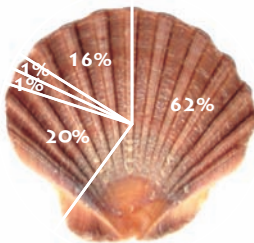
GUIYANG — COMPLETION SCHEDULE			SQ.M.
FY2008	Guiyang Jinyang Sunny Town Phase I	Residential, Carpark	81,402
	Total		81,402
FY2009	Guiyang Jinyang Sunny Town Phase IA	Residential	50,855
	Total		50,855
FY2010	Guiyang Jinyang Sunny Town Phase IB	Residential, Commercial, Carpark	302,580
	Total		302,580



Guiyang Jinyang Sunny Town Phase I

Guiyang – development property for sale

Total GFA 4,489,879 sq.m.



RESIDENTIAL 62%
 COMMERCIAL 20%
 OFFICE 1%
 HOTEL 1%
 CARPARK 16%

Jinyang New District is a major new district developed by the Guiyang Municipal Government. Key high-tech enterprises which produce semiconductors, integrated circuits and electronic parts and components have been introduced into the area. Infrastructure facilities covering 17 sq.km. in the New District have been fully completed, forming the basic skeleton of the new city which now has a population of approximately 70,000. Guiyang is now a city with dual centres of new and old districts.

Jinyang Sunny Town, located within the city centre of Jinyang New District, is the first large-scale community invested by the Group in Guiyang. It has a total GFA of over four million sq.m. and a planned population of over 70,000. During the period under review, two batches of residential apartment units in Jinyang Sunny Town Phase I were launched, involving over 1,500 residential units and nearly 70% had been sold.

PROPERTY PORTFOLIO

There is one major property project under development with total GFA of 4,489,879 sq.m.. A saleable GFA of 81,402 sq.m. was completed during the year. We expect to build 50,855 sq.m. GFA in FY2009 and 302,580 sq.m. GFA in FY2010.

CHENGDU



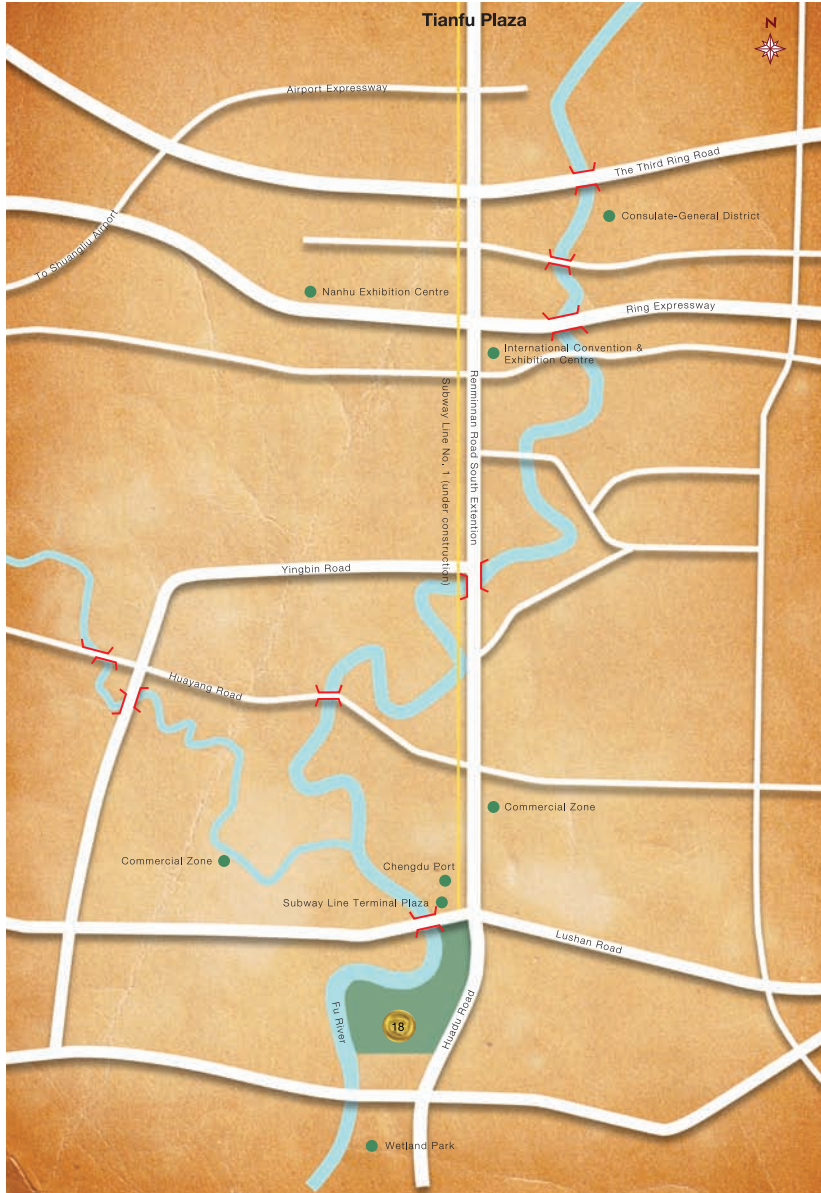
Chengdu Riverside New World






LOCATION : Sichuan Province

AREA : 12,390 km²

In June 2007, the State approved the establishment of “New Experimental Zone for Urban-rural Comprehensive Reform” in Chengdu and Chongqing, which is an important measure for implementing the “Go West” strategy of the State. With its accelerated development, Chengyu Economic Zone is expected to become the fourth most important economic zone in Mainland China apart from the three largest economic zones of Yangtze River Delta, Pearl River Delta and Pan-Bohai.



-  Subway Line (Under construction)
-  Bridge
-  Chengdu Riverside New World

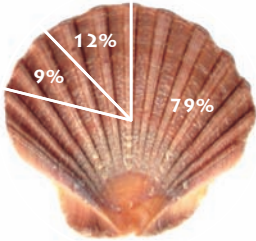
CHENGDU — COMPLETION SCHEDULE			SQ.M.
FY2009	Chengdu Riverside New World Phase I	Residential	92,080
Total			92,080

BUSINESS REVIEW

Chengdu

Chengdu – development property for sale

Total GFA 3,405,275 sq.m.



RESIDENTIAL 79%
COMMERCIAL 9%
CARPARK 12%

Chengyu Economic Zone comprises 14 local-level cities including Chengdu in Sichuan Province and 23 districts and counties within Chongqing One-Hour Economic Circle. The government's activation of the planning of Chengyu Economic Zone has resulted in this third cross-provincial economic cooperation and planning under the state's overall strategy, besides the Yangtze River Delta and Beijing-Tianjin-Hebei region. The cities of Chengdu and Chongqing will strengthen cooperation in the areas of infrastructure construction, market integration and the sharing of industrial policies.

Chengdu is an important transportation hub in southwestern China and one of the six passenger transportation centres designated by the state. In October 2007, Chengdu Rail Container Terminal (or "CRCT"), which occupies an area of two million sq.m. and commands a total investment of RMB two billion, commenced construction. Upon completion, Chengdu Logistics Park Zone, with CRCT as focus, will become the largest inland port in western China.



Villas of Chengdu Riverside New World Phase I

The Group's first large-scale community property project in Chengdu, Riverside New World is situated in the South Chengdu New District and occupies a prime location overseeing the spectacular view of the river. Riverside New World has a total GFA of over three million sq.m. and comprises various types of residency such as villas, townhouses and high-rise apartments. The project's high standard design, quality and supporting facilities will set a benchmark for community development in South Chengdu.

Riverside New World was launched for sale for the first time in April 2008 and has received positive market response. The first batch of residential units included five river-fronting semi-detached villas and 102 river-view high-rise apartments units.

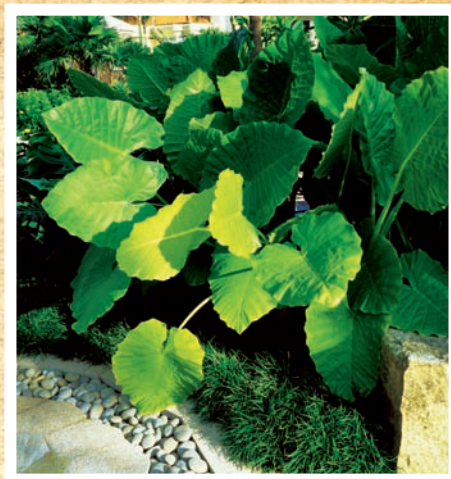
PROPERTY PORTFOLIO

There is one major property project under development with total GFA of 3,405,275 sq.m.. We expect to build 92,080 sq.m. GFA in FY2009.



Chengdu Riverside New World

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



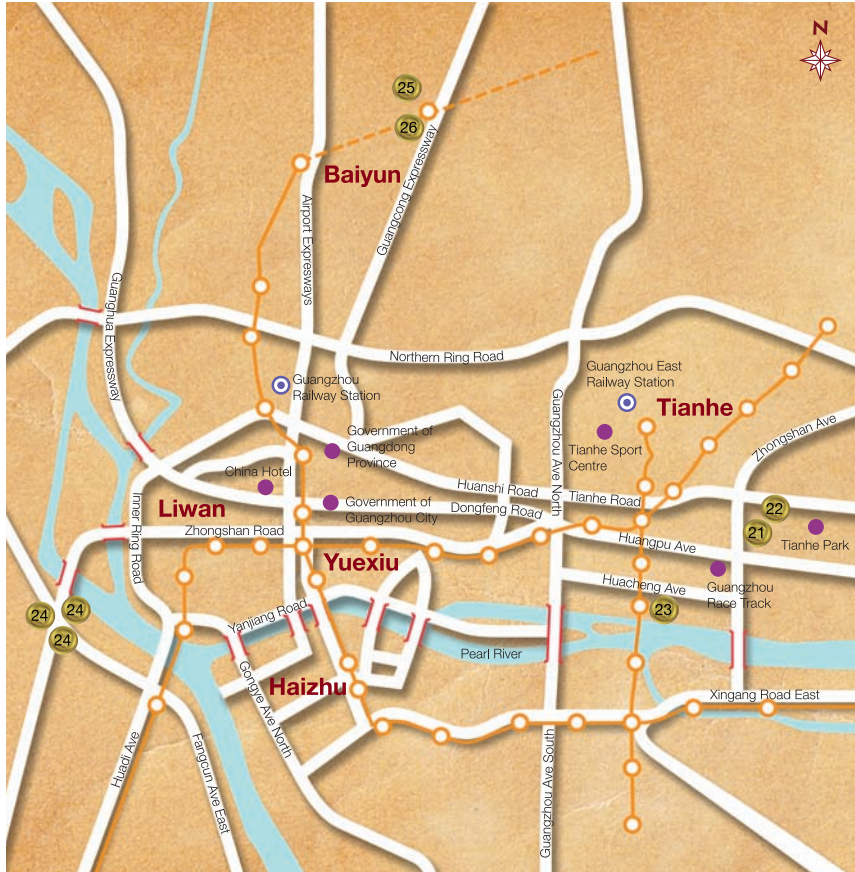
Guangzhou Park Paradise













LOCATION : Guangdong Province

AREA : 7,434 km²

Leveraging on the opportunities brought by hosting the 2010 Asian Games, Guangzhou is undergoing city renovation and infrastructure enhancement in a full-scale manner. The subway connecting the airport and the urban district is under accelerated construction. It is expected to be completed before the 2010 Asian Games and will take only 30 minutes to ride between the New Baiyun Airport and Guangzhou East Railway Station. Various new subway lines connecting different parts of the urban area is under construction, which will accumulate to a total operational length of more than 200 kilometers by 2010.



-  Railway station
-  Subway Line
-  Subway Line Extension (Subject to approved planning)
-  Bridge
-  Guangzhou Dong Yi Garden
-  Guangzhou New World Oriental Garden
-  Guangzhou Central Park-view
-  Guangzhou Covent Garden
-  Guangzhou Park Paradise
-  Guangzhou Baiyun project

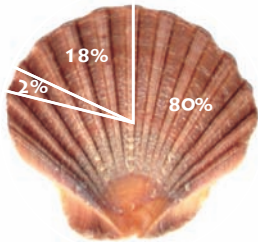
GUANGZHOU — COMPLETION SCHEDULE			SQ.M.
FY2008	Guangzhou Park Paradise Phase IID	Residential, Commercial, Carpark	89,677
	Guangzhou Xintang New World Garden Phase IV	Commercial	10,930
Total			100,607
FY2009	Guangzhou New World Oriental Garden Phase II	Residential, Carpark	15,265
	Guangzhou Covent Garden Phase III	Residential, Commercial, Carpark	33,761
	Guangzhou Xintang New World Garden Phase IV and V	Residential, Commercial, Carpark	89,328
	Guangzhou Park Paradise Phase II D3	Residential, Carpark	136,971
	Guangzhou Park Paradise Phase II E1	Residential	14,450
Total			289,775
FY2010	Guangzhou New World Oriental Garden Phase II	Residential, Commercial, Carpark	130,406
	Guangzhou Central Park-view Phase II A	Residential, Commercial, Carpark	137,061
	Guangzhou Xintang New World Garden Phase V	Residential, Commercial	48,397
	Guangzhou Park Paradise Phase II E1	Residential, Commercial, Carpark	96,679
Total			412,543

BUSINESS REVIEW

Guangzhou

Guangzhou – development properties for sale

Total GFA 3,292,299 sq.m.



RESIDENTIAL 80%
COMMERCIAL 2%
CARPARK 18%

Baiyun New Town is a region strongly developed by the Guangzhou government after Pearl River New Town. In April this year, the planning proposal of Baiyun New Town was finalised, making it the first region to be embarked upon among four key development regions. Baiyun New Town will be developed into the secondary centre of Guangzhou and the central business district of Baiyun District.

Guangzhou has established its direction of adjusting its industrial structure from industrial-based to service-based. The development of modern service industries such as logistics, finance, trade and exhibition as well as information industries are key to this change. The Modern Exhibition Park Zone, with a total investment amount of RMB14.5 billion, has chosen to locate in Panyu District and will become the largest comprehensive wholesale market logistics park in the country upon completion. The presence of three global technology leaders, namely Microsoft, Intel and IBM, in Guangzhou Science City will bring the software industry of Guangzhou to a new height of development. In 2007, the production value of new technological products in Guangzhou amounted to RMB296.3 billion, which accounted for more than 30% of the total value of industrial production.

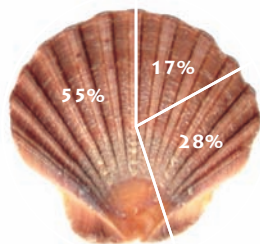
With the ongoing construction and completion of various important public and commercial projects such as West Tower, Guangdong Provincial Museum, Guangzhou TV & Sightseeing Tower and a number of hotels, Pearl River New Town in Tianhe District is gradually warming up its commercial atmosphere. The Group's high-end community project New World Central Park-view in this district has commenced its site foundation work for Phase II and is progressing smoothly.



Guangzhou Xintang New World Garden Phase V Wanxiang New Town

Guangzhou – completed investment properties

Total GFA 302,138 sq.m.



RESIDENTIAL 17%
COMMERCIAL 28%
CARPARK 55%

48 low-rise duplex residential units in New World Oriental Garden Phase II, another community developed by the Group in Tianhe District, were nearly sold out. Pre-sale of high-rise apartment units in New World Oriental Garden Phase II was launched for the first time in October 2008 and was well-received by the market.

The Group's Guangzhou Park Paradise in Baiyun District has now finished a total of 570,000 sq.m. of residential and commercial space after many years of development. The construction of the north extension of Guangzhou Subway Line No. 2 has commenced and the station planned near Guangzhou Park Paradise will bring convenience for residents. During the reporting period, nearly 2,000 residential units of Phase IID "Bayou Park" and Phase IIE "Yo Garden" of the project were launched and nearly 80% of the flats were pre-sold, making it the Group's primary source of sales revenue in Guangzhou.

Xintang Township is the most vibrant satellite city in eastern Guangzhou and is the key stage for the implementation of the city's "Pushing Eastward" development strategy. For the Group's Guangzhou Xintang New World Garden, more than 500 units of mid-rise residential apartment in Phase V "Wanxiang New City" were launched for pre-sale during the reporting period, signifying the change of the architectural style of Guangzhou Xintang New World Garden from low-rise residence to more urban style high-rise apartments.



Guangzhou New World Oriental Garden Phase II

PROPERTY PORTFOLIO

There are seven major property projects under development with total GFA of 3,292,299 sq.m.. A saleable GFA of 64,869 sq.m. was completed during the year. We expect to build 289,775 sq.m. GFA in FY2009 and 412,543 sq.m. GFA in FY2010.

INVESTMENT PROPERTIES

There are six completed investment property projects with GFA of 302,138 sq.m..

PEARL RIVER DELTA



Zhaoqing New World Garden



LOCATION : Guangdong Province

AREA : 28,919 km²

As one of the regions with the most vibrant economy in Mainland China, Pearl River Delta is upgrading its industry structure and fostering integration within the region, seeking to advance from labour-intensive low-end manufacturing industries to technologically-advanced industries, modern services industries and high-end value-added industry. It is intended to become a high-tech zone and an advanced production base with leading industries including electronics and information technology, equipment manufacturing, automobile manufacturing, crude oil and petrochemical industries.



- Railway
- Highway
- 28 Shenzhen Xilihu Development
- 29 Shenzhen New World Yi Shan Garden
- 30 Shunde New World Centre
- 31 Huiyang Palm Island Resort
- 32 Zhaoqing New World Garden
- 33 Zhuhai New World Riviera Garden
- 34 Foshan Country Club
- 35 Huizhou Changhuyuan
- 56 Courtyard by Marriott Shunde

PEARL RIVER DELTA — COMPLETION SCHEDULE			SQ.M.
FY2008	Zhuhai New World Riviera Garden Phase III	Residential, Commercial	83,165
	Total		83,165
FY2009	Zhaoqing New World Garden Phase II	Residential, Carpark	64,390
	Total		64,390
FY2010	Shunde New World Centre Phase III	Residential	51,000
	Huizhou Changhuyuan Phase II B	Residential, Commercial, Carpark	72,262
	Total		123,262



Huiyang Palm Island Resort

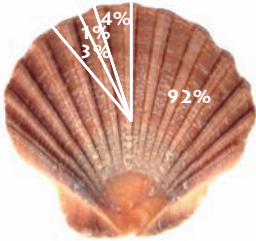
The government strives to develop the rail transport network within Pearl River Delta on a citywide basis. This network featuring “Three rings and eight radial lines” will have a total length of nearly 2,000 kilometers, represents about 2.5 times increase in scale compared with the original railway. Upon completion, the network will be centred at Guangzhou, Shenzhen and Zhuhai. It will enable travelling among the nine cities within one hour while connecting to the transportation networks of Hong Kong and Macau, creating an “One-hour living circle” in the Greater Pearl Delta region.

BUSINESS REVIEW

Pearl River Delta

Pearl River Delta – development properties for sale

Total GFA 1,983,530 sq.m.



RESIDENTIAL 92%
COMMERCIAL 3%
HOTEL 1%
CARPARK 4%

During the reporting period, all of the 812 residential units in Zhuhai New World Riviera Garden Phase III were sold out.

Zhaoqing New World Garden Phase II was launched in early 2008, where most of the residential units can enjoy the lake view. Shortly after the public launch of the first batch of 60 residential units, over 70% were already pre-sold.

The new Phase IIB of Changhuyuan, developed by the Group in Huizhou, is planned to be launched by the end of 2008. The new phase will consist of eight mid-rise residential towers overseeing the scenic river.

PROPERTY PORTFOLIO

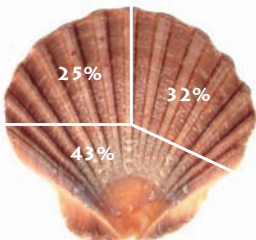
There are eight major property projects under development with total GFA of 1,983,530 sq.m.. A saleable GFA of 83,165 sq.m. was completed during the year. We expect to build 64,390 sq.m. GFA in FY2009 and 123,262 sq.m. GFA in FY2010.

INVESTMENT PROPERTIES

There are four completed investment property projects with total GFA of 83,943 sq.m..

Pearl River Delta – completed investment properties

Total GFA 83,943 sq.m.



COMMERCIAL 32%
HOTEL 43%
CARPARK 25%



Huizhou Changhuyuan Phase II

HAIKOU



Haikou Meilisha Project



LOCATION : Hainan Province

AREA : 2,304 km²

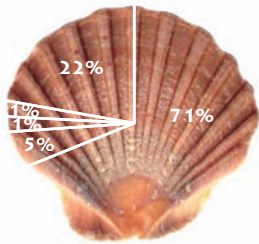
Being one of the first open-door cities in Mainland China and the largest Special Economic Zone in the nation, Hainan is actively seeking support from the state to establish Hainan “Free Trade Zone” to utilise the feature and innovation of Hainan in the new round of opening as well as enhancing cooperation and interaction between Mainland China and other Asian countries.

BUSINESS REVIEW

Haikou

Haikou – development properties for sale

Total GFA 2,575,043 sq.m.



RESIDENTIAL 71%
COMMERCIAL 5%
OFFICE 1%
HOTEL 1%
CARPARK 22%

Haikou is the capital city of Hainan Province with a population of over one million, last year GDP reached RMB39.6 billion and accounted for 32% of the whole province. Striving to build the most beautiful provincial capital in the nation, the development of Haikou is based on substantial infrastructure to enhance the functionality of the city. The completion of the highway rings in Haikou has closed the gap of the round island highway network in Hainan Province. Haikou become the main transport hub and interchange among highways, railways, ports and airports.

Qiongbai One-hour Economic Circle centering at Haikou is the development focus of Hainan Province. Covering an area with Wenchang to the east, Qionghai to the south and Yangpu to the west, the Area will account for approximately two thirds of the province's total economic volume, population and industry, thus playing a significant role in Hainan Province.

Land reclamation work for the Group's Meilisha project, which is situated in the prime coastal area in Haikou, is progressing smoothly. The project will be an international coastal community with a mixture of resorts, leisure, entertainment, business and residential development.

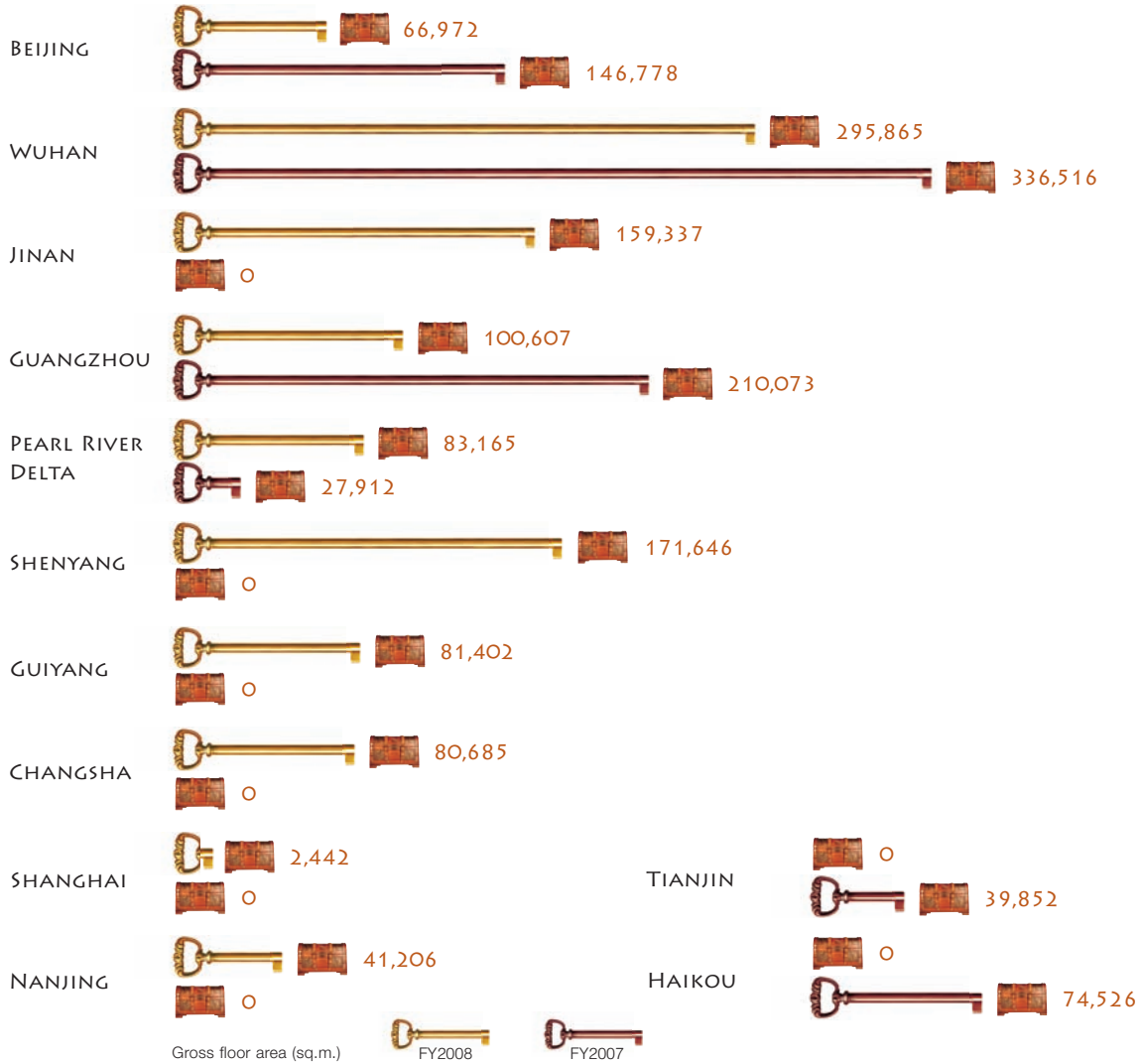
During the reporting period, over 90% of the 574 residential units in Haikou New World Garden Phase II were sold.

PROPERTY PORTFOLIO

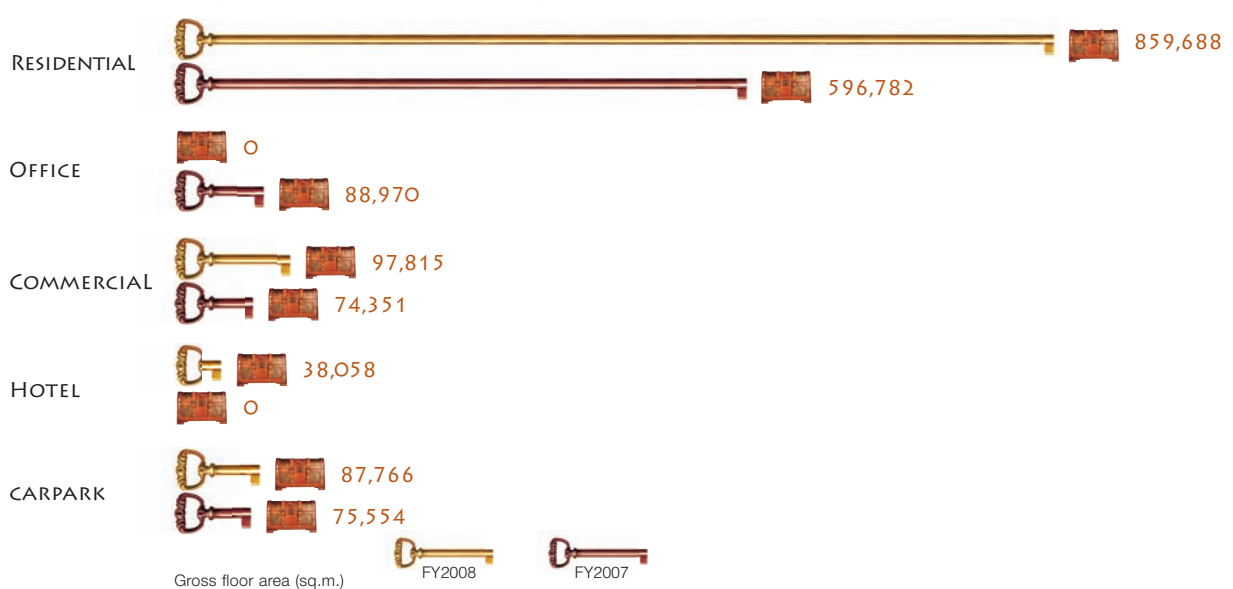
There are two major property projects under development with total GFA of 2,575,043 sq.m..

MANAGEMENT DISCUSSION AND ANALYSIS

Completion of gross floor area by location



Completion of gross floor area by usage



MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FY2008 RESULTS

In FY2008, the Group has recorded a profit of HK\$2,019.9 million, an increase of 70% over that of FY2007. The significant increase in profit for the year was attributable to improved performance achieved by two major operations of the Group, namely property sales and rental operation. The attributable operating profit ("AOP") before provision and finance costs amounted to HK\$1,761.1 million, representing an increase of 45% over that of FY2007. For the year ended 30th June 2008, the Group has completed a total gross floor area ("GFA") of 1,045,269 sq.m., an increase of 25% over FY2007. All the projects were completed on schedule except that the completion of 44,000 sq.m. of Chengdu Riverside New World Phase I has been delayed owing to impact from earthquake occurred in May 2008.

Analysis of Attributable operating profit ("AOP")		
	FY2008 HK\$'000	FY2007 HK\$'000
Property sales	1,388,777	866,014
Rental operation	431,529	345,531
Hotel operation	(22,713)	13,929
Property management services	(3,027)	(6,191)
Others	(33,514)	(4,743)
AOP before provision and finance costs	1,761,052	1,214,540
Provision	(54,000)	(639)
Changes in fair value of investment properties, net of deferred taxation	406,074	446,030
Land appreciation tax	(469,091)	(238,462)
Tax indemnity from the ultimate holding company	369,620	188,424
Changes in fair value of financial assets	6,313	–
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries	14,217	3,880
Gain on disposal of subsidiaries	183,048	–
Impairment of goodwill	(2,941)	(37,682)
Finance costs – project loans	(456,184)	(342,804)
AOP	1,758,108	1,233,287
Finance costs – corporate loans	(119,316)	(126,649)
Corporate administrative expenses	(158,703)	(125,404)
Deferred tax on undistributed profits	(33,427)	–
Net foreign exchange gains	515,013	161,239
Bank and other interest income	58,260	48,971
Profit attributable to equity holders of the Company	2,019,935	1,191,444

Property sales

In FY2008, property sales operation has achieved a marked increase in AOP to HK\$1,388.8 million or an increase of 60% over last financial year. The substantial AOP increase from property sales was mainly attributable to 35% increase in sales volume while maintaining overall gross profit margin at stable level. For the year ended 30th June 2008, a total GFA of 884,216 sq.m., up 35% year-on-year, were sold to generate gross sale proceeds of approximately RMB6.2 billion, up 19% year-on-year. An average gross profit margin of 33% and an average selling price of RMB7,016 per sq.m. were achieved in FY2008. As at 30th June 2008, the Group's inventory of completed property for sale amounted to a total GFA of 389,814 sq.m..

In FY2008, the Group has completed 11 property development projects in Beijing, Jinan, Shenyang, Wuhan, Changsha, Guangzhou, Guiyang and Zhuhai with a total GFA of 920,735 sq.m., an increase of 44% over FY2007.

Development property projects completed in FY2008	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Yi Garden Phase II (北京新怡家園二期)	R, C	50,443	70%
Beijing Xin Kang Garden Phase III (北京新康家園三期)	R	6,822	70%
Jinan Sunshine Garden Phase II (濟南陽光花園二期)	R, C, P	159,337	100%
Shenyang New World Garden Phase ID (瀋陽新世界花園一期D)	R	143,508	90%
Wuhan Changqing Garden Phase VIB (武漢常青花園六期B)	R	144,206	60%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	50,612	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	R, C	55,686	60%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R, C	80,685	45%
Guangzhou Park Paradise Phase IID2 (廣州嶺南新世界二期D2)	R	64,869	60%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, P	81,402	50%
Zhuhai New World Riviera Garden Phase III (珠海新世界海濱花園三期)	R, C	83,165	100%
Total		920,735	

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

Rental operation

The rental operation recorded an AOP of HK\$431.5 million in FY2008, up 25% year-on-year. The Group's investment property portfolio has increased by 124,534 sq.m., mainly from the completion of Nanjing New World Centre shopping arcade, Guangzhou Xintang New World Garden shopping mall, the commercial area and car parks at Shenyang New World Garden and Guangzhou Park Paradise.

Benefited from the continuing improvement in the rentals of Beijing New World Centre shopping arcade and increase in occupancy of office premises, together with the expansion of the rental property portfolio, the Group has achieved a significant increase in AOP from rental operation. The effect of occupancy improvement was particularly prominent for Wuhan New World Centre and Wuhan New World International Trade Towers.

In FY2008, the Group has completed eight property investment projects in Beijing, Shenyang, Nanjing, Shanghai, Wuhan and Guangzhou with a total GFA of 124,534 sq.m..

Investment properties completed in FY2008	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Yi Garden Phase II (北京新怡家園二期)	C, P	5,683	70%
Beijing New View Garden Phase II (北京新景家園二期)	C	4,024	70%
Shenyang New World Garden Phase ID (瀋陽新世界花園一期D)	C, P	28,138	90%
Nanjing New World Centre Phase II (南京新世界中心二期)	C	41,206	92%
Shanghai Jiu Zhou Shopping Arcade (上海九州商場)	C	2,442	75%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	P	7,303	60%
Guangzhou Park Paradise Phase IID2 (廣州嶺南新世界二期D2)	C, P	24,808	60%
Guangzhou Xintang New World Garden Phase IV (廣州新塘新世界花園四期)	C	10,930	63%
Total		124,534	

Hotel operation

In FY2008, construction of New World Hotel Wuhan with 327 rooms has been completed. The Group's hotel portfolio currently comprises 5 hotels with 2,117 rooms.

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
New World Hotel Wuhan (武漢新世界酒店)	327
Courtyard by Marriot Shunde (順德萬怡酒店)	376
Total	2,117

The AOP from hotel operation turned into a loss of HK\$22.7 million in FY2008. The overall hotel operating results have been declining with drop in occupancy rates and decrease in room rates during renovation of Courtyard by Marriot Beijing & New World Mayfair Hotel Shanghai. New World Hotel Wuhan was launched in April 2008. Therefore, its pre-matured results also dampened the contributions from hotel operation.

Other operations

The AOP from other operations recorded a loss of HK\$33.5 million in FY2008. The increased losses was mainly resulted from the Group's attributable share of a lump sum termination fee paid to previous manager for buyouts of the existing management contracts of New World Hotel Shenyang and New World Hotel Xian.

MANAGEMENT DISCUSSION AND ANALYSIS

There are currently five New World Group's hotels managed by the New World Hotel Management Company Limited. They are New World Hotel Beijing, New World Mayfair Hotel Shanghai, New World Hotel Shenyang, New World Hotel Wuhan and New World Hotel Xian with a total of 2,359 rooms.

In FY2009, the Group plans to complete 14 projects with a total GFA of 1,103,184 sq.m..

Properties to be completed in FY2009	Usage	Total GFA (sq m)	NWCL's interest
Dalian New World Tower (大連新世界大廈)	R, C, H, P	128,631	100%
Wuhan New World Centre (武漢新世界中心)	C	11,049	100%
Wuhan Menghu Garden Phase III (武漢夢湖香都三期)	R	15,660	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C, P	168,545	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	R, P	61,233	60%
Chengdu Riverside New World Phase I (成都河畔新世界一期)	R	92,080	30%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R, C, P	220,966	45%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界二期)	R, P	15,265	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C, P	33,761	60%
Guangzhou Park Paradise Phase IID3 (廣州嶺南新世界二期D3)	R, P	136,971	60%
Guangzhou Park Paradise Phase IIE1 (廣州嶺南新世界二期E1)	R	14,450	60%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R, C, P	89,328	63%
Guiyang Jinyang Sunny Town Phase I A (貴陽金陽新世界一期A)	R	50,855	50%
Zhaoqing New World Garden Phase II (肇慶新世界花園二期)	R	64,390	40%
Total		1,103,184	

LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2008, the Group's cash and bank deposits amounted to HK\$4,825 million (30th June 2007: HK\$6,396 million). The decrease in cash and bank deposits was mainly due to scheduled payment of land premium of land newly acquired recently. The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$9,855 million (30th June 2007: HK\$4,869 million), translating into a gearing ratio of 31.8% (30th June 2007: 17.7%). The gearing ratio is calculated on the basis of net debts over total equity.

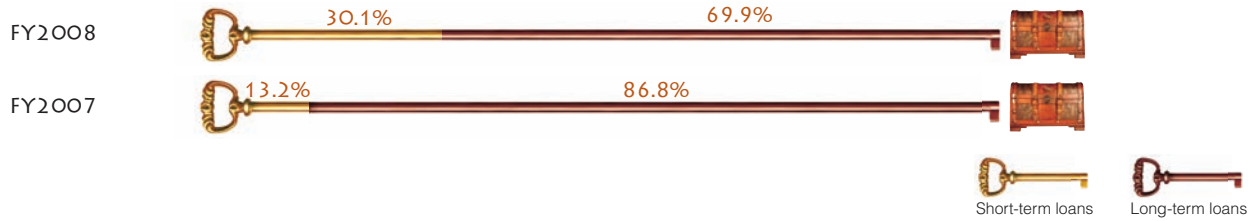
The Group's borrowings from banks and fellow subsidiaries and liabilities of convertible bonds as at 30th June 2008 totalled HK\$13,613 million (30th June 2007: HK\$10,417 million) of which 16.7% were secured by way of charges over assets and 83.3% were unsecured.

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

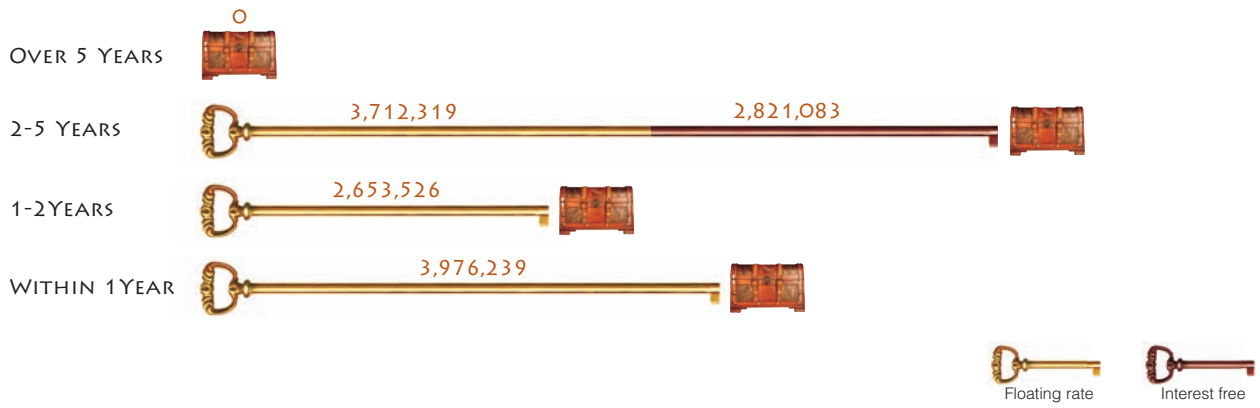
	2008 HK\$'million	2007 HK\$'million
Repayable:		
Within one year	4,426	1,467
Between one and two years	2,654	2,763
Between two to five years	6,533	6,065
Over five years	-	122
	13,613	10,417

As at 30th June 2008, the Group's committed unutilised bank loan facilities amounted to HK\$2,548 million (30th June 2007: HK\$1,288 million).

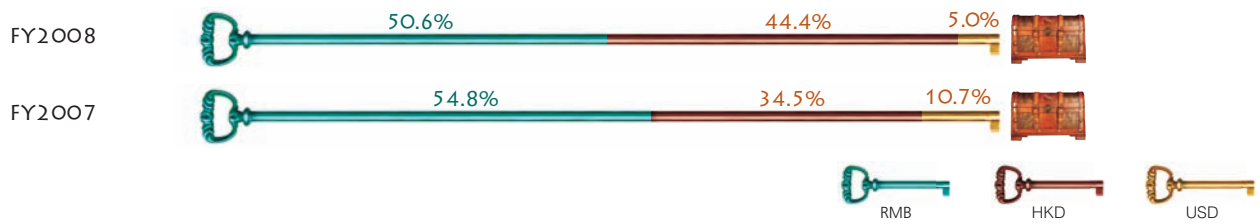
Source of borrowings



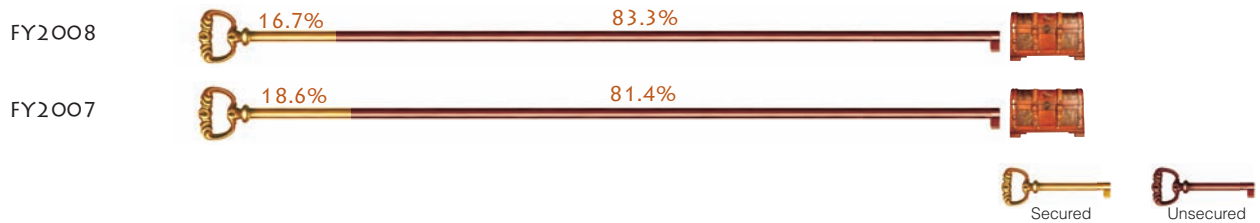
Interest rate and maturity profile (HK\$'000)



Currency profile of borrowings



Nature of debt



MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditure commitments

The capital expenditure commitments of the Group as at 30th June 2008 were HK\$173,711,000 (30th June 2007: HK\$149,591,000) of which HK\$65,711,000 (30th June 2007: HK\$41,591,000) were contracted but not provided for in the financial statements and HK\$108,000,000 (30th June 2007: 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 2007: Nil). The source of funding for capital commitments are internally generated resources and bank loan facilities.

Foreign currency exposure

The Group conducts its business mainly in Renminbi. Other than certain bank balances and borrowings denominated in Hong Kong dollar and United States dollar, the Group does not have any material direct exposure to foreign exchange fluctuations. During the year under review, the Group has not used any foreign currency derivative product to hedge its exposure to currency risk.

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 2008, the Group has contingent liabilities of approximately HK\$2,350,081,000 (30th June 2007: HK\$2,535,903,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The slight decrease in contingent liabilities was mainly due to loan repaid during the year partly offsetting by the increase in Hong Kong dollar equivalent balances of bank loans denominated in Renminbi as a result of appreciation of Renminbi as at 30th June 2008.

As at 30th June 2008, 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\$995,605,000 (30th June 2007: HK\$398,402,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

As at 30th June 2008, the Group's property, plant and equipment, investment properties, land use rights, properties held for development, properties under development, completed properties held for sale and bank deposits of HK\$456,546,000 (30th June 2007: HK\$510,541,000), HK\$2,157,547,000 (30th June 2007: HK\$1,853,135,000), HK\$297,343,000 (30th June 2007: HK\$146,646,000), HK\$261,345,000 (30th June 2007: Nil), HK\$1,345,017,000 (30th June 2007: HK\$117,802,000), HK\$10,499,000 (30th June 2007: HK\$112,228,000) and HK\$456,468,000 (30th June 2007: HK\$464,303,000) respectively have been pledged as securities for short term and long term loans.

EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2008, the Group has 3,742 full-time employees. Total staff related costs incurred during the year under review were HK\$238 million (2007: HK\$203 million), of which retirement benefits were included. Remuneration of employees is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance.

MAJOR ACQUISITION OR DISPOSAL

On 30th June 2008, the Group disposed of its entire interest in Billion Glory Group Limited (“Billion Glory”) to the group of New World Department Store China Limited for an aggregate consideration of HK\$270 million resulting in a net gain on disposal of approximately HK\$33 million. The principal asset of Billion Glory is its holding of the entire equity interest in Shenyang Trendy Property Company Limited which is the owner of a commercial property in Nanjingnan Street, Heping District, Shenyang, Liaoning Province, the PRC with a total gross floor area of approximately 13,889.55 sq.m..

CORPORATE GOVERNANCE REPORT

In pursuit of the objectives of achieving sustainable development, protecting shareholders' interest and enhancing shareholders' value, the Board strives to maintaining high standard of corporate governance practices by adopting various guidelines and procedures for the Company which adheres to the principles of corporate governance, with particular emphasis on areas such as internal control, fair disclosure and accountability to all shareholders.

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 for the deviation with considered reasons as explained below.

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 amongst them, if any, are set out on pages 74 to 77 of this annual report.

The Board, led by the Chairman, is collectively responsible for the management and operations of the Company. In particular, it is responsible for setting the business and strategic direction, financial performance of the Group and oversight of the management 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 to implement the policies laid down by the Board in connection with the conduct 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. A written 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.

Nomination of directors

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the succession planning of directors and assessing the independence of independent non-executive directors. During the year under review, the Company had not established a nomination committee.

In evaluating whether an appointee is suitable to act as a director, the Board will consider the experience, qualification and other relevant factors. 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.

Rotation of directors

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 disclosed 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 each individual director 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>)	3/5
Mr. Cheng Kar-shing, Peter	5/5
Mr. Cheng Chi-kong, Adrian	4/5
Mr. Leung Chi-kin, Stewart	3/5
Mr. Chow Kwai-cheung	2/5
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	4/5
Mr. Lee Luen-wai, John	5/5

CORPORATE GOVERNANCE REPORT

All directors are supplied with relevant materials relating to the matters brought before the meetings at least 3 days before the meetings to ensure that the directors are given sufficient review time. They have separate access to the senior management and the Company Secretary at all time 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. The proceedings of the board meetings are normally conducted by the chairman of the Board who ensures that sufficient time is allowed for discussion among the directors and equal opportunities are being given to the directors to express their views and share their concerns. All minutes of board meetings are kept by the Company Secretary and are open for inspection at any reasonable time by the directors. Minutes record in sufficient detail the matters considered by the Board and the decisions reached.

Board committees

The Board has set up three committees, namely, the Executive Committee, the Audit Committee and the Remuneration Committee to oversee various aspects of the Group's affairs.

(i) 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.

(ii) 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 three INEDs including Mr. Cheng Wai-chee, Christopher as Chairman, Messrs. Tien Pei-chun, James and Lee Luen-wai, John, 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:

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

(iii) *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 three INEDs and one executive director including 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 of directors

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. Having made specific enquiries, all directors confirmed 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.

CORPORATE GOVERNANCE REPORT

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 Report of the Independent Auditor on pages 117 to 118 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 accounting data to provide accurate and timely 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) Evaluation of the Group's internal control is conducted by the internal audit department on an on-going basis. 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\$7,317,000 and HK\$1,572,000 respectively were provided in the Group's consolidated income statement for the year ended 30th June 2008.

COMMUNICATION WITH SHAREHOLDERS

The Company acknowledges the importance of communicating with shareholders, investors and the public. Various channels of communication have been established and maintained 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, press announcements, circulars, press release and newsletters. These publication can also be obtained from the Company's website (www.nwcl.com.hk).

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 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 both on the websites of the Company and the Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

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 2008.

The code provision E.1.2 provides (among other things) that the chairman of the board should attend the annual general meeting. Dr. Cheng Kar Shun, Henry, the Chairman of the Board, did not attend the annual general meeting of the Company held on 27th November 2007 (the "Meeting") as he had another business engagement. Mr. Cheng Chi-kong, Adrian, who took the chair of the Meeting, together with other members of the Board and the Audit and Remuneration Committees who attended the Meeting, were of sufficient calibre for answering questions at the Meeting.

The Company will review and improve the disclosure of information and effectiveness of communication with shareholders and the public from time to time.

DIRECTORS' PROFILE



Chairman and Managing Director

Dr. Cheng Kar-shun, Henry GBS (aged 61)



Dr. Cheng became the Chairman and Managing Director of New World China Land Limited in 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 Standing Committee Member of the Eleventh 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 64)



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 Tai Fook 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. On 10th January 2008, Mr. Doo was appointed as an Independent Non-Executive Director of The Bank of East Asia, 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 Standing Committee of the Eleventh Chinese People's Political Consultative Conference in Shanghai, and the Convener of the Shanghai Committee in Hong Kong and Macau. In June 2005, he 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 56)

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 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 28)

Mr. Cheng was appointed an Executive Director of New World China Land Limited on 16th March 2007. He is also an Executive Director of New World Development Company Limited, New World Department Store China Limited and International Entertainment Corporation, 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 69)

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 66)

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 61)

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.



DIRECTORS' PROFILE



Mr. Fong Shing-kwong, Michael (aged 60)

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 42)

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 60)

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.



SENIOR MANAGEMENT PROFILE



From left to right
• CHAN Chi-wing, Wingo • WONG See-yuen • LAU Chung-chun, Desmond • PUN Lap-fu, Alex • FAN Chor-kwok, Ambrose
• GENG Shu-sen, Kenneth • LEUNG Wai-kai, William • AU Wai-chuen, Albert • LEUNG Po-wing, Bowen • LAM Siu-fung, Eric



CHAN Chi-wing, Wingo (aged 46)

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 in 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 since 1986, and has been working the Group for more than 16 years.

WONG See-yuen (aged 52)

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 26 years of experience in real estate management, leasing and project development and management of various projects in Hong Kong. Mr. Wong joined the Group in 2001.

LAU Chung-chun, Desmond (aged 61)

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, Standing Committee Member of the 13th 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 47)

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 64)

Mr. Fan is an Assistant General Manager and Regional Director — Central China of the Group, whose primary responsibility is to oversee the Group's projects in Central China including 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 and appointed as Regional Director — Central China of New World China Land Limited in 2008.

GENG Shu-sen, Kenneth (aged 45)

Mr. Geng is a Regional Director — Southern China of the Group who primarily oversees the Group's projects in Guangdong (include Guangzhou, Foshan, Zhuhai, Huizhou, Zhaoqing), Hainan, Guiyang, Fujian and Jiangxi. 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 10th Chinese People's Political Consultative Conference of Guangdong, the 11th Chinese People's Political Consultative Conference of Guangzhou, Routine 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.

LEUNG Wai-kai, William (aged 53)

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 AMPL Projects 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 61)

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 and 11th Chinese People's Political Consultative Conference of Beijing, Executive Director of China Association of Enterprises with Foreign Investment, Council Member of China Overseas Chinese Enterprises Association, Deputy Chairman of Beijing Commercial Chamber for Overseas Chinese, Council Member of Beijing Chinese Overseas Friendship Association and Council Member of Wuhan Chinese Overseas Friendship Association. Mr. Au joined the Group in 1995.

LEUNG Po-wing, Bowen (aged 59)

Mr. Leung is a Regional Executive of the Group who primarily oversees the Group's project in Tianjin, as well as a senior consultant to the Group. Mr. Leung is also an Independent Non-Executive Director of a number of companies in Hong Kong. Mr. Leung holds a Bachelor Degree in Social Sciences from the University of Hong Kong. Before Mr. Leung joined the Group in 2008, he had served for more than 32 years in the Hong Kong Government as a member of the Administrative Service, taking up posts including the Deputy Secretary for District Administration, Deputy Secretary for Planning, Environment and Lands, Private Secretary to the Governor, Secretary for Planning, Environment and Lands, and Director of Beijing Office.

LAM Siu-fung, Eric (aged 37)

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 Fifth Chinese People's Political Consultative Conference of Hainan Province, the Committee Member of the Tenth Chinese People's Political Consultative Conference of Huizhou City, the 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.

CORPORATE CITIZENSHIP



During the course of last year, a great deal of efforts were put in by New World China Land on a fuller scale in various parts of the nation in performing its responsibilities as a good corporate citizen. These series of well planned events were wide-ranging and joined by various stakeholders including our staffs, property owners, the general public, the underprivileged, non-government organisations and PRC government organisations of various levels. We believe that by promoting all-embracing participation in charity campaigns by corporations and the general public, we can help more people in need and will create a brighter new world together.

1 Philanthropy and Charitable Giving

Active Participation in the Lunar New Year Disaster Relief in Guangzhou

In response to the occurrence of severe snowstorm in southern China in February 2008, New World China Land organised a donation campaign called “Caring Shelters” in Guangzhou and actively participated in disaster relief during the peak travel season of the Chinese New Year. Supplies amounting to approximately RMB300,000, including 6,000 sets of warm clothing, cotton socks and foodstuffs, were delivered by staffs to front line members of the military police and the police force in Guangzhou.

Support for Improvement of Medical Conditions in Conghua City of Guangdong Province

In April 2008, New World China Land donated RMB570,000 for the improvement of 60 village clinics in Conghua City of Guangdong Province. This marked the commencement of village doctors training in Conghua and experts from Guangzhou First Municipal People’s Hospital immediately arranged a “Cardiopulmonary resuscitation” course for approximately 200 village doctors in Conghua City. This support aimed at improving the medical infrastructure in villages, as well as raising the theoretical and clinical standard of village doctors.



Actively Helping Victims in Sichuan Earthquake

The day after the occurrence of earthquake in Sichuan on 12 May 2008, the staff members of New World China Land across 20 cities in China immediately joined disaster relief and donation campaigns in various means. In Chengdu office, apart from organising blood and cash donation among all of the staffs, two trucks loaded with emergency supplies such as drinks, foodstuffs and daily supplies were personally escorted to Dujiangyan, one of the most severely hit areas, on 14 May. On 19 May, Chengdu office purchased medical supplies of approximately RMB500,000 for emergency delivery to other disaster areas. Various regional offices of New World China Land donated over RMB6.3 million, and staff members and property owners together donated over RMB1.5 million.

2 Community Services and Employee Volunteering

Formation of New World Volunteer Teams

“New World Volunteer Teams”, which are voluntary organisations formed by staff members of New World China Land, have been setting up throughout the nation and staff volunteers in Guangzhou, Beijing, Jinan and Chengdu have started various community services and aroused attention in the locality. Being the first developer in Mainland China to organise staff voluntary organisations, New World China Land is putting the spirit of corporate citizenship for practical use.

Visiting Guangzhou Spastics Vocational Centre

In November 2007, Guangzhou New World Volunteer Team visited Guangzhou Spastics Vocational Centre to bring disabled and spastic patients for a touring of the Red Military Museum in the city.

Visiting Parents of Child Cancer Patients in Guangzhou

Guangzhou New World Volunteer Team visited parents of child cancer patients in Guangzhou City in January 2008, bringing moral support to child cancer patients and their parents in the region and offering help as needed.

CORPORATE CITIZENSHIP



Providing Assistance to Visually Disabled Girl in Jinan

In July 2008, Jinan New World Volunteer Team helped a visually disabled girl to regain eyesight by raising surgery funds for her.

Environmental Campaign in Beijing

In July 2008, approximately 80 members of Beijing New World Volunteer Team organised an environmental outings called “We Join the Green Olympics” in Yunmeng Gorge Area of Miyun County. Through removing rubbish in the sightseeing area and embarking on promotion about environmental protection, the campaign contributed to the Beijing Olympics by advocating a green and healthy lifestyle.

Chengdu Community Visit

In September 2008, Chengdu New World Volunteer Team organised a visit to Zhongdong Community of Guojiaqiao, Chengdu. They comforted the elderly living alone and the disabled, and also donated rice and cooking oil to them. They also distributed leaflets on practical health knowledge to residents in the community and helped to clean up the community.



3 Community Environmental Campaign

National Charity Sale of Environmental Friendly Shopping Bags

In April 2008, a national charity sale of environmental friendly shopping bag called "New Green Living" was organised by New World China Land, New World Department Store and UNICEF. Being the first developer in the nation to produce environmental friendly shopping bags for charity sale and call for public concerns on environmental protection, we took this chance to convey the message of environmental protection to our staff members, property owners and the public. Proceeds of nearly RMB300,000 from this environmental friendly shopping bag charity sale have been donated to the UNICEF "Child-Friendly Schools" Project.

Tree-planting in Conghua City of Guangdong Province

A hill fire in March 2008 destroyed thousands of acres of woodland in Taiping County of Conghua City, Guangdong Province. To recover ecological balance in the mountain area, Guangzhou New World Volunteer Team organised a tree-planting campaign to contribute as much as they can to the greening of Taiping County and planted a total of 2,000 saplings on that day.

Promoting "Green Office" in our Regional Offices

In response to the participation in the Hong Kong Awards for Environmental Excellence by the New World Group, we had promoted "Green Office" action in July 2008 to encourage our staff members to participate in reduction of office wastes, recycling of batteries and saving of energy in offices. Seven regional offices of New World China Land throughout the nation reacted positively to the Scheme and contributed their efforts in energy saving and environmental protection.

CORPORATE CITIZENSHIP



4 Community Environmental Impact due to Operation

Conservation of Natural Wetland in Guiyang Jinyang Sunny Town

To the south-west of Guiyang Jinyang Sunny Town Project developed by New World China Land lay a natural wetland with an area of 30,000 sq.m. Jinyang Sunny Town has reserved the whole piece of this rare and valuable natural habitat from development, making it the natural oxygen bar and eco-friendly park for community residents, thus maximizing the conservation of the local natural habitat.

Full Adoption of Low-E Glass in the Residential Development in Shenyang New World Garden

Shenyang in northeastern Liaoning province has been known for its long and severe winter, Shenyang New World Garden has embarked upon to fully integrate the use of Low-E glass window for its Phase II residential development. Low-E glass has high reflectivity to far-infrared radiation, thereby reducing energy consumed during summer air-conditioning and winter heating.



5 Education

Donation of RMB10 million for Project Hope in Guangdong Province

In December 2007, New World China Land donated RMB10 million at the ceremony organised in celebration of the 15th Anniversary of Project Hope in Guangdong Province for supporting Project Hope's further construction of village schools.

Supporting Education Programmes in Yingde City of Guangdong Province

In October 2007, property owners and residents of Guangzhou New World Central Park-view and our Guangzhou New World Volunteer Team provided supportive education programmes for disadvantaged primary schools in Hanguang Town of Yingde City, Guangdong Province. This was the first voluntary activity to invite the participation of property owners of New World China Land.

Books Donation to Children in Earthquake Disaster Areas

After the occurrence of the "May 12" Sichuan Earthquake in 2008, Jinan New World Volunteer Team organized donation of books from various corporate units, schools and authorities to disaster areas in the same month, aiming to establish 30 libraries in the disaster areas in an effort to help children to resume schooling as soon as possible.

CORPORATE CITIZENSHIP



6 Partnership with Organisation

Jointly Organised the “New Living Drawing Contest” with UNICEF

A three-month long “New Living Drawing Contest” held together with UNICEF commenced in August 2007 in 20 cities where New World China Land were operating. Winning artworks were then sold by charity auction in the banquet of the 8th anniversary of the listing of New World China Land in the following November. All of the RMB1.19 million raised was donated to UNICEF in support of the “Child-Friendly Schools” Project in western provinces of China.

Long-term Support for the UNICEF “Child-Friendly Schools” Project

The UNICEF “Child-Friendly Schools” Project has been established in 10 provinces in western China, covering 150 pilot schools from deprived remote areas. New World China Land has sponsored this project for over two years and will continue for another two years. District offices from 20 cities nationwide have launched various public donation activities, from which over RMB1.5 million has already been raised to date.



7 Culture and Leisure

Organising Guangzhou Mid-autumn Festival Event

In September 2007, the Guangzhou office of New World China Land hosted a mid-autumn festival event called “Family Gathering with New World” in the local Sun Yat-sen Memorial Hall. Over 2,000 property owners were invited to appreciate the live show, enhancing the face to face interaction among owners from different New World communities in Guangzhou.

Competition of Urban Streetscape Design

Aimed at raising public concerns on our public living space, “Streetscape in a New World”, an International Competition of Urban Streetscape Design has been organised by New World China Land in Beijing and Shanghai. The half-year competition started from October 2007 and attracted nearly 500 design works from all over the world. The collection of outstanding competition entries has been published in a book and available for sale at bookstores in more than 10 major cities in Mainland China, including Beijing, Shanghai and Guangzhou since September 2008.



8 Community Recognition

New World China Land has been awarded the accolade of “Best Social Responsibility”

New World China Land has been awarded the accolade of “Best Social Responsibility” in the Real Estate CSR Award Ceremony 2007 hosted by *Shanghai Securities News*. The selection committee considered that ‘New World China Land actively takes part in old city redevelopment, and is the first corporation to introduce Hong Kong’s “Home Ownership” scheme to China and construct various low cost housing projects. It is also in long-term partnership with UNICEF to help with girl education in remote areas in western China and has supported “Child-Friendly Schools”. New World China Land’s efforts in fulfilling its social responsibility has made it a leader among real estate corporations in China.’

New World China Land has been awarded the accolade of “Best Corporate Citizen 2007”

In December 2007, New World China Land was awarded the accolade of ‘Best Corporate Citizen 2007’ by leading business media *21st Century Economic Review* and *21st Century Business Review* in “The Fourth Annual China Best Corporate Citizen Award”, being the only Hong Kong company among the 30 awarded Chinese and multinational companies. The objective of the award is to set an example for other corporations, as well as to promote the concept and practice of corporate citizenship in Mainland China.



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REPORT OF THE DIRECTORS



The directors have pleasure in presenting their annual report and financial statements for the year ended 30th June 2008.

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 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 119 to 188.

DIVIDENDS

The directors have resolved to recommend a final dividend of HK\$0.02 per share (2007: HK\$0.06 per share) for the year ended 30th June 2008 to shareholders whose names appear on the register of members of the Company on 2nd December 2008. The proposed final dividend will be paid on or about 29th December 2008 subject to approval at the forthcoming annual general meeting of the Company. Together with the interim dividend of HK\$0.04 per share (2007: HK\$0.02 per share) paid in May 2008, total dividends for the year ended 30th June 2008 would thus be HK\$0.06 per share (2007: HK\$0.08 per share).

SHARE CAPITAL

Details of the movements in the share capital during the year are set out in note 30 to the financial statements.

RESERVES

Details of the movements in reserves are set out in note 31 to the financial statements.

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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 securities.

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\$10,733,000 (2007: HK\$29,109,000).

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
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*
Mr. Leung Chin-man#

* *Independent non-executive directors*

Appointed on 1st August 2008 and resigned on 16th August 2008

In accordance with Article 116 of the Company's Articles of Association, Messrs. Doo Wai-hoi, William, Leung Chi-kin, Stewart, Chow Yu-chun, Alexander and Tien Pei-chun, James 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.



REPORT OF THE DIRECTORS



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 ultimate holding company of the Company, under which the Company agreed to engage the group of NWD (“NWD Group”) 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 ended on 30th June 2008.

Pursuant to the master service agreement, the fees payable to NWD Group for provision of the aforesaid 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 amounts paid to NWD Group under the master service agreement for the construction, engineering and project management services were HK\$462,863,000 (2007: HK\$44,566,000), HK\$57,774,000 (2007: HK\$81,307,000) and HK\$4,086,000 (2007: HK\$9,950,000), respectively for the year ended 30th June 2008.

The aforesaid master service agreement expired on 30th June 2008 and was replaced by a new master service agreement (“New Master Service Agreement”) entered into between the Company and NWD on 27th May 2008. Pursuant to the New Master Service Agreement, the Company agreed to engage NWD Group to provide construction, engineering, property agency and related services for the property development projects undertaken by the Group in the PRC, on non-exclusive basis and subject to the terms and conditions of each operational agreement which shall be on normal commercial terms and at prices and terms comparable with the terms available to independent third parties, with effect from 1st July 2008 for a term of three years.

An ordinary resolution approving the New Master Service Agreement was duly passed by the independent shareholders of the Company by poll at an extraordinary general meeting of the Company held on 27th June 2008. Details of the New Master Service Agreement were set out in the announcement of the Company dated 27th May 2008 and in a circular dated 10th June 2008.

B. Tenancy agreements

(1) Office tenancy agreements

The following tenancy agreements were entered into between the Company, as tenant, and New World Tower Company Limited (“NWT”), a wholly-owned subsidiary of NWD, as landlord, for leases of office premises:

- (i) tenancy agreement dated 29th June 2007 for lease of Rooms 901–910, 9/F., New World Tower 1, 18 Queen’s Road Central, Hong Kong with gross floor area of 9,375 sq. ft. for two years from 1st July 2007 to 30th June 2009 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);

- (ii) tenancy agreement dated 29th June 2007 for 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 two years from 1st July 2007 to 30th June 2009 at a monthly rental of HK\$51,840 with monthly management fees and air-conditioning charges of HK\$5,832 (subject to adjustment by NWT); and
- (iii) tenancy agreement dated 16th October 2007 for lease of a portion of 34/F., New World Tower 1, 18 Queen's Road Central, Hong Kong with gross floor area of 4,937 sq. ft. for three years commencing from 1st October 2007 to 30th September 2010 at a monthly rental of HK\$217,228 together with monthly management fees and air-conditioning charges of HK\$22,216.50 (subject to adjustment by NWT).

The total amounts paid for the leases in respect of the premises at 9/F., 33/F., and 34/F. for the year ended 30th June 2008 were HK\$5,006,000 (2007: HK\$3,544,000), HK\$346,000 (2007: HK\$490,000) and HK\$2,155,000 (2007: Nil), respectively. Details of the tenancy agreements were set out in the announcements of the Company dated 29th June 2007 and 16th October 2007. The lease in respect of the premises at 33/F. was early terminated on 31st December 2007 as agreed between the Company and NWT.

(2) *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"), an indirect 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, which is subject to the terms and conditions of the subsequent agreement 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 prices which such premises are leased to independent third parties in ordinary course of business.

The total amounts received under the master leasing agreement for the year ended 30th June 2008 were HK\$88,336,000 (2007: HK\$57,530,000). Details of the master leasing agreement were set out in the announcement of the Company dated 1st March 2007 and in a circular dated 21st March 2007.

C. Property agency services

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. The term of the said property agency agreement was subsequently extended for one year to 1st June 2008 and then to 1st June 2009 by supplemental agreements entered into between Beijing Lingal and Kiu Lok on 4th October 2007 and 21st May 2008, respectively. Details of the property agency agreement were set out in the Company's announcements dated 2nd June 2004, 11th August 2006 and 4th October 2007.



REPORT OF THE DIRECTORS



CONNECTED TRANSACTIONS *(Continued)*

C. Property agency services *(Continued)*

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\$6,214,000 for the year ended 30th June 2008 (2007: HK\$5,076,202).

With effect from 1st July 2008, the property agency services provided by Kiu Lok to Beijing Lingal will be governed by the New Master Service Agreement mentioned in paragraph A above.

D. Hotel consultancy and management services

- (1) On 10th January 2008, a management service contract was entered into between New World Hotel Management Company Limited ("NWHM"), then 65% owned subsidiary of the Company, and Beijing Jing-Guang Centre Co. Ltd ("Beijing Jing-Guang"), a subsidiary of NWD, under which NWHM agreed to provide management services to Jing Guang New World Hotel (the "Hotel"), a 5-Star hotel located at Hu Jia Lou, Chao Yang Qu, Beijing, the PRC, which is owned by Beijing Jing-Guang. The contract has an initial term of 20 full operating years commencing from 10th January 2008 and expiring on 31st December 2028 which is renewable for 10 years each time upon its expiry. Details of the management service contract were set out in the Company's announcement dated 10th January 2008. NWHM became an indirect 70.5% owned subsidiary of the Company since 27th February 2008.

By a supplemental agreement dated 10th June 2008, NWHM has agreed with Beijing Jing-Guang to revise the initial term of the management service contract from 20 full operating years to 10 full operating years with an option given to NWHM to extend the term of the contract for further ten years.

The fees receivable by NWHM are calculated at: (a) for the basic management fees: 2% of the total revenue of the Hotel; and (b) for the incentive management fees: (i) 5% of the net operating profit ("NOP") of the Hotel, which represents the total revenue of the hotel less the cost of operation, basic management fees and reserve for capital items, for the period from 10th January 2008 to 31st December 2012; (ii) 6% of the NOP for the next five years up to 31st December 2017; and (iii) 7% of the NOP from 1st January 2018. The fees received in aggregate under the contract amounted to HK\$324,000 for the year ended 30th June 2008 (2007: Nil).

- (2) On 2nd June 2008, New World Hotel Management (Macau) Limited (“NWHM (Macau)”), an indirect 70.5% owned subsidiary of the Company, entered into a consultancy contract with Arc of Triumph Development Company Limited (“AOT Development”) in relation to the provision of pre-opening technical consultancy services by NWHM (Macau) to AOT Development for the development and construction of a hotel owned by AOT Development and tentatively named as L’Arc New World Hotel Macau which is being constructed and developed at Lot A2/J, Avenida 24 de Junho, Macau for a term commencing from the date of the consultancy contract and expiring on the opening date of the hotel or 31st December 2008, whichever is the earlier, at a total contract sum of HK\$2,500,000. The fees received under the contract amounted to HK\$2,000,000 for the year ended 30th June 2008 (2007: Nil).

At the date of the contract, Chow Tai Fook Enterprises Limited (“CTF”) was holding approximately 74.78% interest in International Entertainment Corporation which in turn is holding 40% interest in AOT Development. Accordingly, AOT Development was regarded as an associate of CTF which is a connected person of the Company by virtue of its holding of more than one-third of the issued share capital of NWD. Details of the consultancy contract were set out in the announcement of the Company dated 2nd June 2008.

- (3) On 2nd June 2008, a management service contract was entered into between NWHM (Macau), AOT Development and Arc of Triumph Hotel Management Company Limited (“AOT Management”) for the provision of management services to L’Arc New World Hotel Macau for an initial term of ten years commencing from the opening date of the hotel which is renewable for ten years each time upon its expiry. The management fees receivable are HK\$500,000 per month commencing from the opening date of the hotel. No amount has been received under the contract for the year ended 30th June 2008.

AOT Development and AOT Management (a 96% owned subsidiary of AOT Development) were regarded as associates of CTF which is regarded as a connected person of the Company by reason stated in paragraph D(2) above. Details of the management service contract were set out in the Company’s announcement dated 2nd June 2008.

E. Provision of capital

- (1) 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 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.



REPORT OF THE DIRECTORS



CONNECTED TRANSACTIONS *(Continued)*

E. Provision of capital *(Continued)*

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 ("Mr. Doo"), 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.

- (2) On 31st January 2008, Starluxe Enterprises Limited ("Starluxe"), an indirect wholly-owned subsidiary of the Company, entered into agreements with 海南中泓投資有限公司 (Hainan Zhonghong Investments Company Limited) ("Hainan Zhonghong") in respect of the increase in registered capital of 新世界中泓地產有限公司 (New World Zhonghong Property Co., Ltd.) ("New World Zhonghong") from RMB166,666,000 to RMB350,000,000. New World Zhonghong is beneficially owned by Starluxe and Hainan Zhonghong as to 70% and 30%, respectively. Pursuant to the agreements, Starluxe and Hainan Zhonghong agreed to make capital contribution to New World Zhonghong in the amount of RMB128,333,800 and RMB55,000,200, respectively in proportion to their equity interests in New World Zhonghong.

The additional capital will be utilized to finance the development costs of the land in Yuhua District, Changsha City, Hunan Province, the PRC with an area of approximately 143,333 sq.m..

Hainan Zhonghong is a connected person of the Company by virtue of its being a substantial shareholder of certain subsidiaries of the Company, the provision of capital to New World Zhonghong under the agreements constituted a connected transaction of the Company. Details of the agreements were set out in the announcement of the Company dated 31st January 2008.

- (3) On 1st April 2008, Silver World H.K. Development Limited ("Silver World"), an indirect wholly-owned subsidiary of the Company, entered into a new joint venture contract ("JV Contract") with Hainan Zhonghong which provided for the increase in the registered capital of 湖南成功新世紀投資有限公司 (Hunan Success New Century Investment Company Limited) ("Hunan Success") from RMB250,000,000 to RMB680,000,000. Hunan Success is beneficially owned by Silver World and Hainan Zhonghong as to 90% and 10%, respectively. Pursuant to the JV Contract, Silver World and Hainan Zhonghong agreed to make the contribution to Hunan Success in the amount of RMB387,000,000 and RMB43,000,000, respectively in proportion to their beneficial interest in Hunan Success.

The additional capital will be utilized to finance the development costs of a new land improvement project in Changsha City, Hunan Province, the PRC with a total site area of approximately 799,997 sq.m..

Hainan Zhonghong is a connected person of the Company by reason stated in paragraph E(2) above, the entering into the JV Contract constituted a connected transaction of the Company. Details of the JV Contract were set out in the announcement of the Company dated 1st April 2008.

F. Acquisition of interests

- (1) 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 Weipeng Enterprise Co., Ltd.) (“Shenzhen Weipeng”) whereby NWCI agreed to acquire and Shenzhen Weipeng 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 transfer, Shenzhen Topping and Shenzhen Top One became wholly-owned subsidiaries of the Group with effect from 29th December 2007.

Shenzhen Topping is principally engaged in the development of Shenzhen New World Yi Shan Garden located inside the Wutong Shan National Park in Yantian District of Shenzhen, the PRC, with a total site area of approximately 89,350 sq. m.. The principal asset of Shenzhen Top One includes the holding of land use rights in respect of a site located in Lot No. T403-0267, Xilihu Resort, Nanshan District, Shenzhen, the PRC with a total site area of approximately 57,605 sq.m. which has been approved for residential development.

At the date of the aforesaid agreements, Shenzhen Weipeng 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.

- (2) On 20th November 2007, Sunny Trend Development Limited (“Sunny Trend”), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with 濟南陽光置業有限公司 (Jinan Sunshine Property Co., Ltd.) (“Jinan Property”) whereby Sunny Trend agreed to acquire the remaining 27% equity interest in Jinan New World Sunshine Development Ltd. (“Jinan Sunshine”) from Jinan Property for a consideration of RMB51,000,000. Upon completion of the agreement on 21st November 2007, Jinan Sunshine became an indirect wholly-owned subsidiary of the Group.

The principal business of Jinan Sunshine is the development of Jinan Sunshine Garden located at the northwest corner of Jing Qi Road, Wei Shi Er Road, Jinan City, the PRC. The property has a total gross floor area of approximately 448,500 sq.m. and has been approved for residential and commercial development.

Jinan Property was a connected person of the Company by virtue of its interest in Jinan Sunshine. Accordingly, the entering into of the acquisition agreement constituted a connected transaction of the Company under the Listing Rules. Details of the transaction were set out in the announcement of the Company dated 20th November 2007.



REPORT OF THE DIRECTORS



CONNECTED TRANSACTIONS *(Continued)*

G. Formation of joint venture

On 6th February 2008, Smart Creation Group Limited (“Smart Creation”), an indirect wholly-owned subsidiary of the Company, entered into a shareholders’ agreement with Fast Plus Investments Limited (“Fast Plus”) and World Target Development Limited (“World Target”), pursuant to which Smart Creation and Fast Plus agreed to use World Target, which is owned by them as to 50% and 50% respectively, as their joint venture vehicle to engage in the development of properties in the PRC and other ancillary business and each of them agreed to provide an initial loan up to a maximum amount of HK\$350,000,000 to World Target for contribution to the registered capital of Tianjin New World Pan Bo Hai Real Estate Development Co. Ltd., a wholly-owned subsidiary of World Target.

Fast Plus is a wholly-owned subsidiary of Centennial Success Limited which is the holding company of CTF, a connected person. Accordingly, the entering into the shareholders’ agreement by Smart Creation constituted a connected transaction of the Company. Details of the shareholders’ agreement were set out in the announcement of the Company dated 6th February 2008.

H. Disposal of interest

- (1) On 30th April 2008, NWDC entered into a sale and purchase agreement with Golden Dragon Corporation Limited (“Golden Dragon”) whereby NWDC agreed to sell and Golden Dragon agreed to acquire 100% interest in Fung Seng Estate Development (Shanghai) Co., Ltd. (“Fung Seng”), of which Stanley had 30% participating interest, for a consideration of HK\$143,330,411. The transaction contemplated in the sale and purchase agreement was completed as at 30th June 2008.

Fung Seng is a property holding company and owns a 4-storey office building at 1408 Huaihaizhong Road, Xuhui District, Shanghai City, the PRC with a total gross floor area of approximately 794 sq.m. which is vacant at the date of the agreement. The disposal is in line with the Company’s strategy to realize its investments at suitable opportunity.

Golden Dragon is wholly-owned by Mr. Doo and is therefore regarded as an associate of a connected person under the Listing Rules. Accordingly, the entering into the agreement constituted a connected transaction of the Company. Details of the agreement were set out in the announcement of the Company dated 30th April 2008.

- (2) On 5th May 2008, NWDC entered into an agreement with Viewtop International Limited (“Viewtop”) whereby Viewtop agreed to acquire from NWDC the one ordinary share of US\$1.00 each in the share capital of Billion Glory Group Limited (“Billion Glory”), representing the entire issued share capital of Billion Glory, and the outstanding shareholder’s loan of Billion Glory owed to NWDC in the total amount of HK\$174,501,516 as of 31st December 2007 for an aggregate consideration of HK\$270,000,000. Following completion of the transaction on 30th June 2008, Billion Glory ceased to be a wholly-owned subsidiary of the Group.

Billion Glory owns 100% interest in Shenyang Trendy Property Company Limited (“Shenyang Trendy”) which in turn owns the property located at the first to fourth Floor, 2 Nanjingnan Street, Heping District, Shenyang, Liaoning Province, the PRC. The disposal enabled the Company to realize one of its long term investments with good return.

Viewtop is a wholly-owned subsidiary of New World Department Store China Limited which is an indirect subsidiary of NWD. Accordingly, Viewtop is a connected person of the Company, and the entering into the aforesaid agreement with Viewtop by NWDC constituted a connected transaction of the Company. Details of the agreement were set out in the announcement of the Company dated 5th May 2008.

I. Reorganisation

On 18th June 2008, the Company, NWDC and Mr. Doo entered into an agreement (“Reorganisation Agreement”) relating to the reorganisation of Shanghai New World Huai Hai Property Development Co., Ltd., Shanghai Juyi Real Estate Development Co., Ltd. and Shanghai Trio (collectively, the “Target Companies”) whereby NWDC and Mr. Doo shall transfer all their respective interest in the Target Companies to New World China Property Limited (“NWCP”) in turn for the allotment of shares by NWCP to the Company and Golden Wealth Investment Limited (“Golden Wealth”), a wholly-owned company of Mr. Doo. On the same date, the Company, Golden Wealth and NWCP entered into the shareholders’ agreement (“Shareholders’ Agreement”) with respect to NWCP.

Subject to completion of all conditions contained in the Reorganisation Agreement, the Company and Golden Wealth will hold attributable interests of 56.46% and 43.54% respectively in NWCP and each of the Target Companies, which shall be in proportion to the respective attributable interests of the Company and Mr. Doo in the total adjusted net asset values of the Target Companies as at 31st December 2007. The purpose of entering into the Reorganisation Agreement is to facilitate NWCP to dispose of its interest in the Target Companies to a company whose shares are listed on the Shenzhen Stock Exchange in return for a controlling stake in that company.

Mr. Doo is a connected person of the Company and as at the date of the Reorganisation Agreement, Golden Wealth was wholly-owned by Mr. Doo, and is therefore an associate of a connected person of the Company. Accordingly, the entering into the Reorganisation Agreement and the Shareholders’ Agreement constituted connected transactions of the Company. Details of the agreements were set out in the announcement of the Company dated 18th June 2008.

J. 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\$369,620,000 (2007: HK\$188,424,000) was effected.

K. 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 and the master leasing agreement (paragraph B above); (iii) the property agency services agreement (paragraph C above); and (iv) the management service contract (paragraph D(1) above) for the financial year ended 30th June 2008 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.



REPORT OF THE DIRECTORS



CONNECTED TRANSACTIONS (Continued)

K. Annual review of the continuing connected transactions (Continued)

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-Up on 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 relevant announcements or circulars.

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 2008, 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 at 30th June 2008
	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	1,950,000	52,271,200 (note 1)	66,721,200	1.74
Mr. Doo Wai-hoi, William	8,750,000	—	69,010,000 (note 2)	77,760,000	2.03
Mr. Cheng Chi-kong, Adrian	220,800	—	760,000 (note 3)	980,800	0.03
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	1,366,000	—	—	1,366,000	0.04
Ms. Ngan Man-ying, Lynda	100,000	—	—	100,000	0.003
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	300,000	0.008
Mr. Doo Wai-hoi, William	—	—	1,000,000 (note 2)	1,000,000	0.027
Mr. Leung Chi-kin, Stewart	532,974	—	—	532,974	0.014
Mr. Chow Kwai-cheung	244,527	—	—	244,527	0.007
Mr. Fong Shing-kwong, Michael	200,000	—	—	200,000	0.005

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital at 30th June 2008
	Personal interests	Family interests	Corporate interests		
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	—	8,000,000 (note 1)	17,179,199	0.83
Mr. Doo Wai-hoi, William	2,006,566	—	9,130,000 (note 2)	11,136,566	0.54
Mr. Cheng Kar-shing, Peter	190,981	—	2,819,284 (note 4)	3,010,265	0.15
Mr. Leung Chi-kin, Stewart	2,945,351	—	—	2,945,351	0.14
Mr. Chow Kwai-cheung	207,000	—	—	207,000	0.01
Mr. Chow Yu-chun, Alexander	450,286	—	—	450,286	0.02
Mr. Fong Shing-kwong, Michael	1,726,707	—	—	1,726,707	0.08
Mr. Cheng Wai-chee, Christopher	735,461	—	—	735,461	0.04
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-kong, Adrian	—	—	1,107,000 (note 3)	1,107,000	0.07
Mr. Chow Yu-chun, Alexander	268,000	—	—	268,000	0.02
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 (note 5)	15,869	27.41
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
Grand Make International Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	55 (note 6)	55	55.00
Guangzhou Ronghe Real Estate Co., Ltd.					
(Registered capital in RMB)					
Mr. Fu Sze-shing	—	—	4,666,500 (note 7)	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



REPORT OF THE DIRECTORS



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 at 30th June 2008
	Personal interests	Family interests	Corporate interests		
New World China Property Limited (Ordinary shares of HK\$1.00 each) Mr. Doo Wai-hoi, William	—	—	43,540 (note 8)	43,540	43.54
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	—	—	108,500,000 (note 9)	108,500,000	100.00
Shanghai Juyi Real Estate Development Co., Ltd. (Registered capital in RMB) Mr. Doo Wai-hoi, William	—	—	765,000,000 (note 9)	765,000,000	100.00
Shanghai Trio Property Development Co. Ltd. (Registered capital in US\$) Mr. Doo Wai-hoi, William	—	—	81,000,000 (note 9)	81,000,000	100.00
Sun City Holdings Limited (Ordinary shares of HK\$1.00 each) Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 (note 10)	3,650,000	45.63
Sun Legend Investments Limited (Ordinary shares of HK\$1.00 each) Mr. Cheng Kar-shing, Peter	—	—	500 (note 11)	500	50.00
Taifook Securities Group Limited (Ordinary shares of HK\$0.10 each) Mr. Doo Wai-hoi, William	—	—	5,000,000 (note 2)	5,000,000	0.76
YE Holdings Corporation (Ordinary shares of HK\$1.00 each) Mr. Leung Chi-kin, Stewart	37,500	—	—	37,500	1.50
Zhaoqing New World Property Development Limited (Registered capital in US\$) Mr. Doo Wai-hoi, William	—	—	8,250,000 (note 12)	8,250,000	60.00
Zhaoqing New World Property Management Limited (Registered capital in HK\$) Mr. Doo Wai-hoi, William	—	—	300,000 (note 12)	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 Chi-kong, Adrian.*
4. *These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.*
5. *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.*
6. *These shares were beneficially owned by a company wholly-owned by Mr. Doo Wai-hoi, William and there is a contract to sell these shares, subject to completion of all conditions contained therein.*
7. *The interest is beneficially owned by a company of which Mr. Fu Sze-shing has 50% interest.*
8. *On 18th June 2008, Mr. Doo Wai-hoi, William became interested in the shares of New World China Property Limited ("NWCP") by entering into a shareholders' agreement with the Company with respect to NWCP pursuant to which his wholly-owned company will take up 43.54% interest in NWCP, subject to completion of all conditions contained therein.*
9. *Mr. Doo Wai-hoi, William is deemed to be interested in the registered capitals of these companies by virtue of his interest in NWCP, of which Mr. Doo Wai-hoi, William will own an indirect interest of 43.54%.*
10. *These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.*
11. *Mr. Cheng Kar-shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.*
12. *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%.*

REPORT OF THE DIRECTORS



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 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			Balance as at 30th June 2008	Exercise price per share HK\$
			Balance as at 1st July 2007	Granted during the year (note 4)	Exercised during the year		
Dr. Cheng Kar-shun, Henry	7th January 2008	(note 1)	—	2,000,000	—	2,000,000	6.972
Mr. Doo Wai-hoi, William	7th January 2008	(note 1)	—	800,000	—	800,000	6.972
Mr. Cheng Kar-shing, Peter	7th January 2008	(note 1)	—	800,000	—	800,000	6.972
Mr. Cheng Chi-kong, Adrian	25th July 2006	(note 2)	552,400	—	(220,800) (note 5)	331,600	2.865
Mr. Leung Chi-kin, Stewart	7th January 2008	(note 1)	—	1,500,000	—	1,500,000	6.972
Mr. Chow Kwai-cheung	7th January 2008	(note 1)	—	200,000	—	200,000	6.972
Mr. Chow Yu-chun, Alexander	7th January 2008	(note 1)	—	500,000	—	500,000	6.972
Mr. Fong Shing-kwong, Michael	7th January 2008	(note 1)	—	500,000	—	500,000	6.972
Ms. Ngan Man-ying, Lynda	14th July 2005	(note 3)	100,000	—	(100,000) (note 6)	—	2.300
Mr. Fu Sze-shing	7th January 2008	(note 1)	—	1,000,000	—	1,000,000	6.972
Mr. Cheng Wai-chee, Christopher	7th January 2008	(note 1)	—	200,000	—	200,000	6.972
Mr. Cheng Wai-chee, Christopher	7th January 2008	(note 1)	—	300,000	—	300,000	6.972
Mr. Tien Pei-chun, James	7th January 2008	(note 1)	—	300,000	—	300,000	6.972
Mr. Lee Luen-wai, John	7th January 2008	(note 1)	—	300,000	—	300,000	6.972
Total			652,400	8,600,000	(320,800)	8,931,600	

Notes:

- Divided into 3 tranches, exercisable from 8th February 2008, 8th February 2009 and 8th February 2010, respectively to 7th February 2011.
- Divided into 5 tranches, exercisable from 26th August 2006, 26th August 2007, 26th August 2008, 26th August 2009 and 26th August 2010, respectively to 25th August 2011.
- Exercisable from 15th August 2006 to 14th August 2007.
- The closing price per share immediately before 7th January 2008, the date of grant, was HK\$6.730.
- The exercise dates were 23rd August 2007 and 12th June 2008. The weighted average closing price per share immediately before the dates on which share options were exercised was HK\$5.885.
- The exercise date was 20th July 2007. On the trading date immediately before the exercise date, the closing price per share was HK\$8.100.
- 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			Exercise price per share HK\$
			Balance as at 1st July 2007	Exercised during the year	Balance as at 30th June 2008	
Dr. Cheng Kar-shun, Henry	19th March 2007	(note 1)	36,500,000	—	36,500,000	17.756
Mr. Cheng Kar-shing, Peter	19th March 2007	(note 1)	200,000	—	200,000	17.756
		(note 2)	1,200,000	—	1,200,000	17.756
Mr. Cheng Chi-kong, Adrian	19th March 2007	(note 2)	500,000	—	500,000	17.756
Mr. Leung Chi-kin, Stewart	19th March 2007	(note 1)	36,500,000	(1,000,000)	35,500,000	17.756
Mr. Chow Kwai-cheung	19th March 2007	(note 1)	200,000	(200,000)	—	17.756
		(note 2)	1,200,000	—	1,200,000	17.756
Mr. Chow Yu-chun, Alexander	19th March 2007	(note 2)	1,500,000	—	1,500,000	17.756
Mr. Fong Shing-kwong, Michael	19th March 2007	(note 3)	800,000	(200,000)	600,000	17.756
Mr. Fu Sze-shing	19th March 2007	(note 2)	750,000	—	750,000	17.756
Mr. Lee Luen-wai, John	19th March 2007	(note 1)	300,000	—	300,000	17.756
Total			79,650,000	(1,400,000)	78,250,000	

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. *Divided into 4 tranches exercisable from 19th March 2008, 19th March 2009, 19th March 2010 and 19th March 2011, respectively to 18th March 2012.*
4. *The cash consideration paid by each of the directors for grant of the share options is HK\$10.*

REPORT OF THE DIRECTORS



DIRECTORS' INTERESTS IN SECURITIES (Continued)

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

(3) NWS Holdings Limited

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited (“NWS”), the following directors 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				Balance as at 30th June 2008	Exercise price per share (note 4) HK\$
			Balance as at 1st July 2007	Granted during the year	Adjusted during the year (note 4)	Exercised during the year		
Dr. Cheng Kar-shun, Henry	21st August 2007	(note 1)	—	1,200,000	511	—	1,200,511	16.193
		(note 2)	—	1,800,000	766	—	1,800,766	16.193
Mr. Doo Wai-hoi, William	21st August 2007	(note 1)	—	800,000	340	—	800,340	16.193
		(note 2)	—	1,200,000	511	—	1,200,511	16.193
Mr. Leung Chi-kin, Stewart	21st July 2003	(note 3)	68,820	—	—	(68,820)	—	3.711
Mr. Chow Yu-chun, Alexander	21st July 2003	(note 3)	134,944	—	—	(134,944)	—	3.711
Mr. Cheng Wai-chee, Christopher	21st August 2007	(note 1)	—	240,000	102	—	240,102	16.193
		(note 2)	—	360,000	153	—	360,153	16.193
Total			203,764	5,600,000	2,383	(203,764)	5,602,383	

Notes:

1. Exercisable from 21st August 2008 to 20th August 2012.
2. Divided into 3 tranches exercisable from 21st August 2009, 21st August 2010 and 21st August 2011, respectively to 20th August 2012.
3. Divided into 2 tranches exercisable from 21st July 2004 and 21st July 2005, respectively to 20th July 2008.
4. NWS declared interim dividend for the year ended 30th June 2008 in scrip form (with cash option) on 17th March 2008 which gave rise to an adjustment to the number of unexercised share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$16.200 to HK\$16.193 with effect from 18th June 2008.
5. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

(4) *New World Department Store China Limited*

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

Name of director	Date of grant	Exercisable period	Number of share options			Balance as at 30th June 2008	Exercise price per share HK\$
			Balance as at 1st July 2007	Granted during the year	Exercised during the year		
Dr. Cheng Kar-shun, Henry	27th November 2007	(note 1)	—	1,000,000	—	1,000,000	8.660
Mr. Cheng Chi-kong, Adrian	27th November 2007	(note 1)	—	500,000	—	500,000	8.660
Ms. Ngan Man-ying, Lynda	27th November 2007	(note 1)	—	500,000	—	500,000	8.660
Total			—	2,000,000	—	2,000,000	

Notes:

1. *Divided into 5 tranches exercisable from 27th November 2008, 27th November 2009, 27th November 2010, 27th November 2011 and 27th November 2012, respectively to 26th November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.*
2. *The cash consideration paid by each of the directors for grant of the share options is HK\$1.*

Save as disclosed above, as at 30th June 2008, none of the directors, chief executive or any of their associates had or deemed to have any interest or short position 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.



REPORT OF THE DIRECTORS



DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Directors' interest 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 business 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
	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. and its subsidiaries and associated companies	Property investment	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. Cheng Chi-kong, Adrian	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
Mr. Chow Kwai-cheung	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

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
Mr. Fong Shing-kwong, Michael	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
	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
Ms. Ngan Man-ying, Lynda	Wuxi New City Development Co., Ltd.	Hotel operation in Wuxi	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

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.



REPORT OF THE DIRECTORS



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30th June 2008, 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:

Interests and short positions of substantial shareholders in the shares of the Company

Name	Number of shares		Total	Percentage to the issued share capital as at 30th June 2008
	Beneficial interests	Corporate interests		
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (note 1)	—	2,714,858,780	2,714,858,780	70.80
Centennial Success Limited ("CSL") (note 1)	—	2,714,858,780	2,714,858,780	70.80
Chow Tai Fook Enterprises Limited ("CTF") (note 2)	—	2,714,858,780	2,714,858,780	70.80
New World Development Company Limited ("NWD") (note 3)	2,537,632,731	177,226,049	2,714,858,780	70.80

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. 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 2008.

SHARE OPTION SCHEME

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. No share option has been granted, exercised, cancelled, lapsed or outstanding under the 2000 Share Option Scheme during the financial year ended 30th June 2008.

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 37,872,000 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 70,412,729 shares of the Company, representing approximately 1.84% of the total issued share capital of the Company as at the date of this report
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



REPORT OF THE DIRECTORS



SHARE OPTION SCHEME *(Continued)*

	2000 Share Option Scheme	2002 Share Option Scheme
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
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	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	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

During the year ended 30th June 2008, movement of share options granted to the directors and employees of the Group under the 2002 Share Option Scheme was as follows:

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

Date of grant	Number of share options				Outstanding as at 30th June 2008	Exercise price per share HK\$
	Balance as at 1st July 2007	Granted during the year (note 4)	Exercised during the year (note 5)	Lapsed during the year		
3rd January 2003 to 30th January 2003	124,200	—	(124,200)	—	—	1.212
12th May 2003 to 6th June 2003	1,351,300	—	(1,351,100)	(200)	—	0.912
28th October 2003 to 22nd November 2003	69,000	—	(69,000)	—	—	1.650
25th March 2004 to 21st April 2004	1,161,000	—	(830,400)	—	330,600	2.252
18th June 2004 to 15th July 2004	209,600	—	(104,800)	—	104,800	1.650
4th November 2004 to 1st December 2004	171,200	—	(50,000)	—	121,200	2.484
22nd December 2004 to 18th January 2005	99,400	—	(49,600)	—	49,800	2.689
13th July 2005 to 9th August 2005	448,800	—	(80,800)	(164,400)	203,600	2.300
13th July 2005 to 9th August 2005 (note 2)	600,000	—	(600,000)	—	—	2.300
7th November 2005 to 2nd December 2005	29,600	—	(9,600)	—	20,000	2.620
28th March 2006 to 24th April 2006	2,885,200	—	(347,200)	(434,400)	2,103,600	3.915
28th June 2006 to 26th July 2006	153,200	—	(12,000)	(83,200)	58,000	2.865
17th October 2006 to 13th November 2006	530,400	—	(66,000)	—	464,400	3.340
28th December 2006 to 24th January 2007	1,063,600	—	(61,600)	—	1,002,000	4.712
19th March 2007 to 13th April 2007	744,800	—	(9,600)	—	735,200	4.500
14th June 2007 to 11th July 2007	1,408,400	564,000	(50,000)	—	1,922,400	6.710
17th October 2007 to 13th November 2007	—	1,709,200	—	—	1,709,200	8.070
28th December 2007 to 24th January 2008	—	1,378,800	—	(276,400)	1,102,400	6.972
28th December 2007 to 24th January 2008	—	4,580,000 (note 3)	—	—	4,580,000	6.972
22nd April 2008 to 19th May 2008	—	868,800	—	—	868,800	5.260
Total	11,049,700	9,100,800	(3,815,900)	(958,600)	15,376,000	



REPORT OF THE DIRECTORS



SHARE OPTION SCHEME (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 notes 2 and 3.*
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 share options are exercisable within three years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each year is about 33% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.*
4. *The closing price per share immediately before 14th June 2007, 17th October 2007, 28th December 2007 and 22nd April 2008, the dates of offer to grant, was HK\$6.680, HK\$8.150, HK\$6.990 and HK\$5.250, respectively.*
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\$6.643.*

The fair values of the share options granted during the year with exercise prices per share of HK\$6.710, HK\$8.070, HK\$6.972 and HK\$5.260 are estimated at HK\$2.41, HK\$2.92, HK\$2.49 (or HK\$1.91 in respect of those with exercisable period of three years) and HK\$1.86 respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 2.238% to 4.06% per annum with reference to the rate prevailing on the Exchange Fund Notes, a five-year period historical volatility of ranging from 42% to 45%, assuming dividend yield ranging from 0.83% to 1.2% 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 2008.

(B) Financial assistance and guarantees to affiliated companies

As at 30th June 2008, the Group had made loans and advances totalling HK\$8,924,910,000 to affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of affiliated companies in the amount of HK\$2,350,081,000. These amounts in aggregate exceed 8% of the Company's total asset value as at 30th June 2008. 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 2008 are presented below:

	Proforma combined balance sheet	Group's attributable interests
	HK\$'000	HK\$'000
Non-current assets	16,926,468	10,166,810
Current assets	21,111,144	17,736,944
Current liabilities	(10,851,703)	(7,315,973)
Non-current liabilities	(7,649,395)	(4,738,017)
Shareholders' loans and advances	(9,072,403)	(8,924,910)
	10,464,111	6,924,854

(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 year and include conditions relating to specific performance of the controlling shareholder of the Company.

On 8th June 2006, New World China Land Investment 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 30th October 2007 and 28th December 2007, New World China Finance (BVI) Limited ("NWCF") and Superb Wealthy Group Limited ("Superb Wealthy"), wholly-owned subsidiaries, were granted 5-year term/revolving loan facilities of HK\$2,700,000,000 and HK\$700,000,000, respectively. On 30th September 2008, Superb Wealthy was further granted a 3-year term loan facility of HK\$700,000,000. The facilities obtained by NWCF and Superb Wealthy will be utilised to finance the general working capital requirement of the Company and its subsidiaries.

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 30th June 2008, the loans drawn under the loan facility granted to the Company on 3rd April 2006 amounting to HK\$300,000,000 were fully repaid.



REPORT OF THE DIRECTORS



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, 13th October 2008

REPORT OF THE INDEPENDENT AUDITOR



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 119 to 188, which comprise the consolidated and company balance sheets as at 30th June 2008, 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.



REPORT OF THE INDEPENDENT AUDITOR



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 2008 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, 13th October 2008



CONSOLIDATED BALANCE SHEET

As at 30th June 2008



	Note	2008 HK\$'000	2007 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	987,412	919,864
Investment properties	16	7,321,728	5,871,951
Land use rights	17	494,142	332,521
Goodwill	18	127,766	48,095
Properties held for development	20	6,870,382	7,852,456
Associated companies	21	1,947,102	1,746,047
Jointly controlled entities	22	11,278,973	10,484,071
Available-for-sale financial assets	23	209,275	71,427
Financial assets at fair value through profit or loss	24	120,308	—
Cash and bank balances, restricted	25	40,909	—
		29,397,997	27,326,432
Current assets			
Hotel inventories, at cost		1,024	833
Debtors, deposits and other receivables	26	6,761,477	3,870,289
Amounts due from group companies	27	27,663	146,544
Properties under development	28	7,889,265	4,133,351
Completed properties held for sale	29	1,496,675	1,240,554
Cash and bank balances, restricted	25	415,559	464,303
Cash and bank balances, unrestricted	25	4,368,149	5,931,761
		20,959,812	15,787,635
Total assets		50,357,809	43,114,067
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	30	383,450	383,036
Reserves	31	29,244,667	25,616,877
Proposed final dividend	31	76,692	229,975
		29,704,809	26,229,888
Minority interests		1,331,697	1,241,695
Total equity		31,036,506	27,471,583

	Note	2008 HK\$'000	2007 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	32	10,253,824	9,797,465
Deferred tax liabilities	34	551,554	502,076
		10,805,378	10,299,541
Current liabilities			
Creditors and accruals	35	2,313,463	1,630,188
Deposits received on sale of properties		724,612	1,052,050
Amounts due to group companies	27	281,197	483,117
Short term bank loans	36	449,545	486,735
Current portion of long term borrowings	32	3,976,239	980,615
Current portion of long term payable	33	—	132,898
Amounts due to minority shareholders	37	343,306	302,284
Taxes payable	38	427,563	275,056
		8,515,925	5,342,943
Total liabilities		19,321,303	15,642,484
Total equity and liabilities		50,357,809	43,114,067
Net current assets		12,443,887	10,444,692
Total assets less current liabilities		41,841,884	37,771,124

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director



BALANCE SHEET

As at 30th June 2008



	Note	2008 HK\$'000	2007 HK\$'000
ASSETS			
Non-current assets			
Subsidiaries	19	22,595,969	23,250,221
Available-for-sale financial assets	23	129,729	—
		22,725,698	23,250,221
Current assets			
Deposits and other receivables	26	232,644	11,283
Amounts due from group companies	27	137,927	99,001
Cash and bank balances, unrestricted	25	991,399	610,010
		1,361,970	720,294
Total assets		24,087,668	23,970,515
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	30	383,450	383,036
Reserves	31	19,997,267	19,970,788
Proposed final dividend	31	76,692	229,975
Total equity		20,457,409	20,583,799
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	34	4,702	—
Long term borrowings	32	3,156,914	3,345,279
		3,161,616	3,345,279
Current liabilities			
Creditors and accruals	35	37,018	41,437
Amounts due to group companies	27	126,458	—
Current portion of long term borrowings	32	300,000	—
Taxes payable		5,167	—
		468,643	41,437
Total liabilities		3,630,259	3,386,716
Total equity and liabilities		24,087,668	23,970,515



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June 2008



	Attributable to equity holders of the Company			Minority interests	Total equity
	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000	HK\$'000	HK\$'000
Balance at 1st July 2006	382,578	23,652,437	24,035,015	176,681	24,211,696
Translation differences	—	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/(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	305,208	305,666	1,067,219	1,372,885
Balance at 30th June 2007	383,036	25,846,852	26,229,888	1,241,695	27,471,583
Balance at 1st July 2007	383,036	25,846,852	26,229,888	1,241,695	27,471,583
Translation differences	—	1,865,982	1,865,982	16,613	1,882,595
Change in fair value of available-for-sale financial assets, net of tax	—	22,165	22,165	—	22,165
Net income recognised directly in equity	—	1,888,147	1,888,147	16,613	1,904,760
Profit for the year	—	2,019,935	2,019,935	3,643	2,023,578
Total recognised income for the year	—	3,908,082	3,908,082	20,256	3,928,338
Issue of shares	414	8,120	8,534	—	8,534
Capital contribution from minority interests	—	—	—	142,422	142,422
Disposal of subsidiaries	—	(73,684)	(73,684)	(60,280)	(133,964)
Disposal of partial interest in a subsidiary	—	—	—	713	713
Acquisition of additional interests in subsidiaries	—	—	—	(13,109)	(13,109)
Share-based payments	—	15,306	15,306	—	15,306
Dividends paid	—	(383,317)	(383,317)	—	(383,317)
	414	(433,575)	(433,161)	69,746	(363,415)
Balance at 30th June 2008	383,450	29,321,359	29,704,809	1,331,697	31,036,506

NOTES TO THE FINANCIAL STATEMENTS



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, Uglan 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 13th October 2008.

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 financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss which are carried at fair value.

(a) The adoption of new or revised HKFRS

For the year ended 30th June 2008, the Group has adopted the following new standard, amendment to standard and interpretations which are relevant to the Group’s operations and are mandatory for the financial year ended 30th June 2008:

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Presentation of Financial Statements: Capital Disclosures
HK (IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK (IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of these new standard, amendment and interpretations does not have significant change to the accounting policies or any significant effect on the results and financial position of the Group. However, the adoption of HKAS 1 Amendment and HKFRS 7 requires additional disclosures in the financial statements.

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

The following new/revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1st January 2008 or later periods but which the Group has not early adopted:

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



NOTES TO THE FINANCIAL STATEMENTS



2. BASIS OF PREPARATION *(Continued)*

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

Effective for the year ending 30th June 2010

HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 1 and HKAS 32 Amendment	Puttable Financial Instruments and Obligations Arising on Liquidation
HK (IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK (IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

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, 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 Group has substantial and significant influence 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 interests in associated companies also include long term interests which in substance form part of the Group's net investment in associated companies.

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.



NOTES TO THE FINANCIAL STATEMENTS



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 interests in jointly controlled entities also include long term interests which in substance form part of the Group's net investments in jointly controlled entities. 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.

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.



NOTES TO THE FINANCIAL STATEMENTS



3. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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 at each balance sheet date. Changes in fair values are recognised in the income statement.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified to investment property and stated at fair value.

(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.

(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 investments in subsidiaries, jointly controlled entities, associated companies and non-financial assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets 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 carrying amount of the asset 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 its 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. Non-financial 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 and those designated as at fair value through profit or loss at inception under certain circumstances. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are classified as held for trading unless they are designated as hedges.

(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.



NOTES TO THE FINANCIAL STATEMENTS



3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Investments *(Continued)*

(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.

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 equity instruments classified as 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. In case of debt instruments, objective evidence of impairment includes significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

(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 receivable is uncollectible, it is written off against the allowance account for receivables. 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.



NOTES TO THE FINANCIAL STATEMENTS



3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(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) Current and deferred taxation

The current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group, jointly controlled entities and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 substantively 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. 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.

(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.



NOTES TO THE FINANCIAL STATEMENTS



3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(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 at the date of grant, excluding the impact of any non-market vesting conditions. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(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.

(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. 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.



NOTES TO THE FINANCIAL STATEMENTS



3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(w) Revenue recognition *(Continued)*

- (ii) *Rental income*
Rental income is recognised on a straight line 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 to the extent that interest income can be reliably measured and it is probable that future economic benefit will flow to the Group.
- (vii) *Trademark income*
Trademark income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(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 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.

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.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

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.

(a) Market risk

(i) Foreign exchange risk

The Group's operations are mainly conducted in the PRC. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into forward foreign exchange contracts to reduce the exposure should the need arises.

At 30th June 2008, the Group's entities with functional currency of Renminbi had net monetary liabilities denominated in Hong Kong dollar of HK\$6,423,869,000 (2007: HK\$4,285,501,000) and net monetary assets denominated in United States dollar of HK\$364,797,000 (2007: HK\$2,457,519,000). If Hong Kong dollar and United states dollar had strengthened/weakened by 5% against Renminbi respectively with all other variables unchanged, the Group's profit before taxation would have been HK\$302,954,000 (2007: HK\$91,399,000) lower/higher respectively.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group companies at 30th June 2008 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.



NOTES TO THE FINANCIAL STATEMENTS



4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets mainly include cash deposits and amounts due from jointly controlled entities and associated companies. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. Fair value interest rate risk is the risk that the value of a financial asset or liability will fluctuate because of changes in market interest rates. The Group's borrowings issued at fixed rates expose the Group to fair value interest rate risk.

To mitigate the risk, the Group has maintained fixed and floating rate debts. The level of fixed rate debt for the Group is decided after taking into consideration the potential impact of higher interest rates on profit or loss, interest cover and the cash flow cycles of the Group's businesses and investments.

If interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before taxation would have been HK\$46,358,000 (2007: HK\$2,728,000) lower/higher. The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year and had been applied to the exposure to interest rate risk for financial instruments in existence at the balance sheet date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the next annual balance sheet date. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments. As a consequence, they are included in the calculation of profit before taxation sensitivities.

(iii) Price risk

The Group is exposed to equity securities price risk because of the listed and unlisted equity investments held by the Group which are stated at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets and financial assets at fair value through profit and loss are dealt with in equity and income statement respectively. The performance of the Group's listed and unlisted equity investments are monitored regularly, together with an assessment of their relevance to the Group's long term strategic plans. The Group is not exposed to commodity price risk.

At 30th June 2008, if the price of listed and unlisted equity investments had been 25% higher/lower with all other variables held constant, the Group's investment revaluation reserve would have been HK\$52,319,000 (2007: HK\$17,857,000) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

(b) Credit risk

The credit risk of the Group and the Company mainly arises from deposits with banks, trade and other receivables and balances receivables from group companies, associated companies and jointly controlled entities. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies in each of its core businesses.

Deposits are mainly placed with high-credit-quality financial institutions. Trade receivables include mainly receivables from sale and lease of properties and other services. The Group and the Company carry out regular review and follow-up action on any overdue amounts to minimise exposures to credit risk. There is no concentration of credit risk with respect to trade receivables from third party customers as there are a large number of customers.

In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, associated companies and jointly controlled entities through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

The Group provides guarantees to banks in connection with certain property purchasers' borrowing of mortgage loans to finance their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the PRC. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchasers' deposits and sell the property to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at each balance sheet date the liabilities based on the current estimates of future cash flows. As at 30th June 2008, no provision has been made in the financial statements (2007: Nil).

(c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities. It is the policy of the Group and the Company to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group and the Company also maintain undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.



NOTES TO THE FINANCIAL STATEMENTS



4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Continued)

(c) Liquidity risk (Continued)

Group

	Carrying amount HK\$'000	Total contractual undiscounted cashflow HK\$'000	Within 1 year HK\$'000	Over 1 year but within 5 years HK\$'000	After 5 years HK\$'000
At 30th June 2008					
Creditors and accruals	2,313,463	2,273,957	2,268,115	5,842	—
Amounts due to jointly controlled entities	1,892,656	1,892,656	1,892,656	—	—
Amounts due to associated companies	246,029	246,029	246,029	—	—
Amounts to group companies	281,197	281,197	281,197	—	—
Amounts due to minority shareholders	343,306	343,306	343,306	—	—
Short term bank loans	449,545	460,202	460,202	—	—
Long term borrowings	14,230,063	15,763,678	4,603,691	11,132,800	27,187

At 30th June 2007

Creditors and accruals	1,630,188	1,604,844	1,581,531	23,313	—
Amounts due to jointly controlled entities	963,963	963,963	963,963	—	—
Amounts due to associated companies	246,993	246,993	246,993	—	—
Amounts to group companies	483,117	483,117	483,117	—	—
Amounts due to minority shareholders	302,284	302,284	302,284	—	—
Short term bank loans	486,735	497,777	497,777	—	—
Long term borrowings	10,778,080	12,320,657	1,475,568	10,704,144	140,945
Long term payable	132,898	132,898	132,898	—	—

Company

At 30th June 2008					
Creditors and accruals	37,018	37,018	37,018	—	—
Amounts due to group companies	126,458	126,458	126,458	—	—
Long term borrowings	3,456,914	3,515,201	383,042	897,571	2,234,588

At 30th June 2007

Creditors and accruals	41,437	41,437	41,437	—	—
Long term borrowings	3,345,279	3,519,079	132,428	2,040,882	1,345,769

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group generally obtains long term financing to on-lend or contribute as equity to its subsidiaries, jointly controlled entities and associated companies to meet their funding needs in order to provide more cost-efficient financing. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue or repurchase shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and bank balances.

The gearing ratios at 30th June 2008 and 30th June 2007 were as follows:

	2008 HK\$'000	2007 HK\$'000
Consolidated gross debt	14,679,608	11,264,815
Less: cash and bank balances	(4,824,617)	(6,396,064)
Consolidated net debt	9,854,991	4,868,751
Total equity	31,036,506	27,471,583
Gearing ratio	31.8%	17.7%

The increase in gearing ratio at 30th June 2008 is primarily due to increase in debt financing for the development of certain new property projects.

(e) 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.



NOTES TO THE FINANCIAL STATEMENTS



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. 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. REVENUES AND SEGMENT INFORMATION

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

	2008 HK\$'000	2007 HK\$'000
Sale of properties	2,796,182	1,852,583
Rental income	372,108	310,358
Income from hotel operation	255,508	234,326
Property management services fee income	57,965	43,361
Project management fee income	41,764	33,610
	3,523,527	2,474,238

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



NOTES TO THE FINANCIAL STATEMENTS



7. OTHER GAINS, NET

	2008 HK\$'000	2007 HK\$'000
Net foreign exchange gains	515,381	165,950
Tax indemnity from the ultimate holding company (note 12)	369,620	188,424
Interest income from jointly controlled entities, net of withholding tax (note)	363,643	312,307
Gain on disposal of subsidiaries	180,887	—
Bank interest income	142,174	70,840
Trademark fee income from a jointly controlled entity	60,863	—
Gain on disposal of investment properties	40,951	—
Excess of fair value of net assets acquired over cost of acquisition of additional interest in a subsidiary/cost of acquisition of subsidiaries	14,217	3,880
Dividend income from available-for-sale financial assets	12,903	—
Increase in fair value of financial assets at fair value through profit or loss	6,313	—
Gain on disposal of partial interest in a subsidiary	2,161	—
Impairment of goodwill	(2,941)	(37,682)
Provision for properties held for development	(54,000)	—
Provision for amounts due by a jointly controlled entity	—	(639)
	1,652,172	703,080

Note: The property projects of the Group's jointly controlled entities have been partly financed by the Group in the form of equity capital and unsecured shareholder's advances, majority of which are interest bearing. The Group's attributable share of shareholders' loan interest expenses of jointly controlled entities is included in the share of results of jointly controlled entities as follows:

	2008 HK\$'000	2007 HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	(251,458)	(219,561)

8. OPERATING PROFIT BEFORE FINANCE COSTS

	2008 HK\$'000	2007 HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	247,194	189,673
Gain on disposal of investment properties	40,951	—
and after charging:		
Cost of properties sold	2,008,092	1,337,511
Staff costs (note 10)	237,988	202,866
Depreciation of property, plant and equipment	139,105	117,822
Outgoings in respect of investment properties	115,278	81,379
Rental for leased premises	55,633	46,303
Loss on disposal of property, plant and equipment and investment properties	2,965	22,789
Amortisation of land use rights (note)	14,242	8,642
Auditors' remuneration	7,317	6,912

Note: Amortisation of land use rights is stated after deduction of amount capitalised in properties held for development and properties under development of HK\$68,810,000 (2007: HK\$66,032,000) and HK\$62,832,000 (2007: HK\$23,258,000) respectively.

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

	2008 HK\$'000	2007 HK\$'000
The future minimum rental payments receivable under non-cancellable operating leases are as follows:		
Within one year	270,275	219,847
Between two and five years	505,134	443,571
Beyond five years	817,253	778,167
	1,592,662	1,441,585

Generally the Group's operating leases are for terms of two to five years except for seven (2007: six) long term leases which are beyond five years.

9. FINANCE COSTS

	2008 HK\$'000	2007 HK\$'000
Interest on bank borrowings		
— wholly repayable within five years	346,752	277,732
— not wholly repayable within five years	14,411	17,504
Interest on loans from fellow subsidiaries wholly repayable within five years	82,096	119,606
Interest on loans from minority shareholders not wholly repayable within five years	2,755	4,590
Interest on short term borrowings	67,378	31,545
Interest on advances from participating interest	49,728	30,342
Interest on convertible bonds wholly repayable within five years	104,302	5,426
	667,422	486,745
Amount capitalised in properties held for/under development	(374,958)	(237,451)
Reimbursement from an associated company	(14,411)	(18,504)
	278,053	230,790



NOTES TO THE FINANCIAL STATEMENTS



10. STAFF COSTS

	2008 HK\$'000	2007 HK\$'000
Wages, salaries and other benefits	217,710	191,687
Pension costs — defined contribution plans (note)	4,972	4,713
Share-based payments	15,306	6,466
	237,988	202,866

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\$4,972,000 (2007: HK\$4,713,000).

11. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

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

Name of director	Fees	Other emoluments	Retirement benefits	Share option benefits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note)	HK\$'000
For the year ended 30th June 2008					
Dr. Cheng Kar-shun, Henry	150	—	—	1,157	1,307
Mr. Doo Wai-hoi, William	150	1,000	—	463	1,613
Mr. Cheng Kar-shing, Peter	150	—	—	463	613
Mr. Cheng Chi-kong, Adrian	150	1,140	48	1,006	2,344
Mr. Leung Chi-kin, Stewart	150	—	—	116	266
Mr. Chow Kwai-cheung	150	—	—	116	266
Mr. Chow Yu-chun, Alexander	150	—	—	289	439
Mr. Fong Shing-kwong, Michael	150	1,080	54	289	1,573
Ms. Ngan Man-ying, Lynda	150	3,498	179	578	4,405
Mr. Fu Sze-shing	100	—	—	116	216
Mr. Cheng Wai-chee, Christopher	200	—	—	173	373
Mr. Tien Pei-chun, James	200	—	—	173	373
Mr. Lee Luen-wai, John	200	—	—	173	373
	2,050	6,718	281	5,112	14,161

For the year ended 30th June 2007

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	242	614
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	242	7,511

None of the directors has waived his/her right to receive his/her emoluments (2007: Nil).



NOTES TO THE FINANCIAL STATEMENTS



11. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION *(Continued)*

- (ii) The five individuals whose emoluments were the highest in the Group for the year include one (2007: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2007: four) individuals during the year are as follows:

	2008 HK\$'000	2007 HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	10,760	9,487
Share option benefits (note)	1,968	–
Contribution to retirement benefit scheme	789	773
	13,517	10,260

The emoluments fall within the following bands:

	Number of individuals	
	2008	2007
HK\$2,000,001 – HK\$2,500,000	–	1
HK\$2,500,001 – HK\$3,000,000	2	3
HK\$3,000,001 – HK\$3,500,000	–	–
HK\$3,500,001 – HK\$4,000,000	2	–
	4	4

Note: The value of the share options granted to the Directors of the Company and the senior management under the share option schemes of the Company represents the fair value of these options charged to the income statement for the year in accordance with HKFRS 2. In the financial statements for the year ended 30th June 2007, the emoluments relating to the share options represent the aggregate difference between the exercise price and the market price of total share options exercised at the dates of exercise. In order to conform to the basis of disclosure in the current year, the 2007 comparatives have been restated.

12. TAXATION CHARGE

	2008 HK\$'000	2007 HK\$'000
Current taxation		
PRC enterprise income tax	128,226	114,925
PRC land appreciation tax	143,872	117,676
Deferred taxation		
Origination and reversal of temporary differences	33,222	(13,368)
Revaluation of investment properties	50,419	17,949
Effect of change in tax rates	—	(105,128)
	355,739	132,054

Share of taxation of associated companies and jointly controlled entities for the year ended 30th June 2008 of HK\$71,875,000 (2007: HK\$15,697,000) and HK\$437,834,000 (2007: HK\$137,256,000) 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:

	2008 HK\$'000	2007 HK\$'000
Profit before taxation	2,379,317	1,314,842
Share of results of		
Associated companies	(241,514)	(141,133)
Jointly controlled entities	(285,972)	(452,276)
	1,851,831	721,433
Calculated at a taxation rate of 25% (2007: 33%)	462,957	238,073
Income not subject to taxation	(453,993)	(254,875)
Expenses not deductible for taxation purposes	153,670	109,173
Tax losses not recognised	41,027	35,075
Utilisation of previously unrecognised tax losses	(39,540)	(8,515)
Temporary differences not recognised	(321)	3,544
Deferred taxation on undistributed profits	37,790	—
Effect of change in tax rates	10,277	(108,097)
	211,867	14,378
PRC land appreciation tax	143,872	117,676
Taxation charge	355,739	132,054

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year (2007: 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 25% and 33% (2007: 33%). PRC land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.



NOTES TO THE FINANCIAL STATEMENTS



12. TAXATION CHARGE *(Continued)*

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 was changed from 33% to 25% with effect from 1st January 2008. Deferred taxation for the year ended 30th June 2008 and 2007 have been accounted for by applying the relevant tax rates in the New CIT Law.

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\$369,620,000 (2007: HK\$188,424,000) was effected.

13. DIVIDENDS

	2008 HK\$'000	2007 HK\$'000
Interim dividend paid of HK\$0.04 (2007: paid of HK\$0.02) per share	153,342	76,591
Final dividend proposed of HK\$0.02 (2007: paid of HK\$0.06) per share	76,692	229,975
	230,034	306,566

At a meeting held on 13th October 2008, the directors recommended a final dividend of HK\$0.02 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 2009.

14. EARNINGS PER SHARE

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

	2008 HK\$'000	2007 HK\$'000
Profit attributable to equity holders of the Company	2,019,935	1,191,444
Interest expense on convertible bonds	34,778	5,426
Profit used to determine diluted earnings per share	2,054,713	1,196,870

	Number of shares	
	2008	2007
Weighted average number of shares for calculating basic earnings per share	3,833,135,529	3,828,347,936
Effect of dilutive potential shares:		
Share options	2,063,187	4,004,435
Convertible bonds	354,580,042	19,367,567
Weighted average number of shares for calculating diluted earnings per share	4,189,778,758	3,851,719,938

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
Cost					
At 1st July 2007	841,654	236,479	458,807	53,529	1,590,469
Translation differences	91,304	26,872	53,188	6,893	178,257
Additions	13,460	32,892	28,117	20,601	95,070
Disposals/write off	(1,865)	—	(1,271)	(5,969)	(9,105)
Disposal of subsidiaries	(8,886)	(780)	(2,050)	(380)	(12,096)
Transfer from investment properties	26,518	—	—	—	26,518
At 30th June 2008	962,185	295,463	536,791	74,674	1,869,113
Accumulated depreciation and impairment					
At 1st July 2007	176,783	151,185	314,132	28,505	670,605
Translation differences	24,200	18,932	39,811	4,358	87,301
Charge for the year	44,544	31,506	54,605	8,450	139,105
Disposals/write off	(820)	—	(1,012)	(4,341)	(6,173)
Disposal of subsidiaries	(6,902)	(537)	(1,483)	(215)	(9,137)
At 30th June 2008	237,805	201,086	406,053	36,757	881,701
Net book value					
At 30th June 2008	724,380	94,377	130,738	37,917	987,412



NOTES TO THE FINANCIAL STATEMENTS



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

Group

	Other properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
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

As at 30th June 2008, certain other properties and furniture, fixtures and equipment with carrying amount of HK\$456,546,000 (2007: HK\$510,541,000) were pledged as securities for the Group's long term borrowings.

16. INVESTMENT PROPERTIES

	Group	
	2008 HK\$'000	2007 HK\$'000
At valuation		
At the beginning of the year	5,871,951	4,371,152
Additions	280,589	104,309
Disposals	(39,319)	(21,145)
Disposal of a subsidiary	(285,568)	—
Translation differences	678,289	266,128
Transfer from properties under development	643,352	1,075,783
Transfer from completed properties held for sale	—	3,042
Transfer to other properties/land use rights	(29,242)	—
Increase in fair value	201,676	72,682
At the end of the year	7,321,728	5,871,951

The investment properties were revalued at 30th June 2008 on an open market value basis by Knight Frank Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	2008 HK\$'000	2007 HK\$'000
Leases of over 50 years	79,011	74,694
Leases of between 10 to 50 years	7,242,717	5,797,257
	7,321,728	5,871,951

As at 30th June 2008, certain investment properties with carrying value of HK\$2,157,547,000 (2007: HK\$1,853,135,000) were pledged as securities for the Group's long term borrowings.



NOTES TO THE FINANCIAL STATEMENTS



17. LAND USE RIGHTS

	Group	
	2008 HK\$'000	2007 HK\$'000
At the beginning of the year	332,521	319,790
Translation differences	36,519	19,119
Additions	141,962	1,397
Disposal of a subsidiary	(5,708)	—
Amortisation	(13,876)	(7,785)
Transfer from investment properties	2,724	—
At the end of the year	494,142	332,521

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

	2008 HK\$'000	2007 HK\$'000
Leases of over 50 years	1,421	5,189
Leases of between 10 to 50 years	492,721	327,332
	494,142	332,521

As at 30th June 2008, land use rights with carrying amount of HK\$297,343,000 (2007: HK\$146,646,000) were pledged as securities for the Group's long term borrowings.

18. GOODWILL

	Group	
	2008 HK\$'000	2007 HK\$'000
At the beginning of the year	48,095	73,720
Translation differences	—	1,766
Acquisition of subsidiaries	—	7,096
Acquisition of additional interest in subsidiaries	82,612	3,195
Impairment	(2,941)	(37,682)
At the end of the year	127,766	48,095

Goodwill is allocated to the Group's cash generating units identified according to business segment. As at 30th June 2008, goodwill of HK\$111,088,000 (2007: HK\$31,417,000), HK\$7,511,000 (2007: HK\$7,511,000) and HK\$9,167,000 (2007: HK\$9,167,000) is allocated to the segments of property sales, rental operation and hotel operation respectively.

For the purpose of impairment test, the recoverable amount of the business unit is determined based on value-in-use calculations, which uses cash flow projections based on financial budgets and a pre-tax discount rate. The key assumptions adopted on growth rates and discount rates used in the value-in-use calculations are based on management best estimates. Growth rates are determined by considering both internal and external factors relating to the relevant segments. Discount rates used also reflect specific risks relating to the relevant segments, which was 7% (2007: 7%).

19. SUBSIDIARIES

	Company	
	2008 HK\$'000	2007 HK\$'000
Unlisted shares, at cost (2008 and 2007: HK\$10)	—	—
Amounts due by subsidiaries, net of provision	22,595,969	23,250,221
	22,595,969	23,250,221

Details of principal subsidiaries are given in note 43.



NOTES TO THE FINANCIAL STATEMENTS



20. PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2008 HK\$'000	2007 HK\$'000
Land use rights	4,090,130	4,993,728
Development and incidental costs	2,628,657	2,722,623
Interest capitalised	205,595	136,105
	6,924,382	7,852,456
Less: provision	(54,000)	—
	6,870,382	7,852,456

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

	2008 HK\$'000	2007 HK\$'000
Leases of over 50 years	3,252,391	4,177,906
Leases of between 10 to 50 years	837,739	815,822
	4,090,130	4,993,728

As at 30th June 2008, the aggregate carrying value of properties held for development pledged as securities for long term borrowings amounted to HK\$261,345,000 (2007: Nil).

21. ASSOCIATED COMPANIES

	Group	
	2008 HK\$'000	2007 HK\$'000
Group's share of net assets	949,871	515,157
Amounts due by associated companies, net of provision (note (i))	1,243,260	1,477,883
Amounts due to associated companies (note (i))	(246,029)	(246,993)
	1,947,102	1,746,047

Notes:

(i) *The amounts receivable and payable are unsecured, interest free and have no specific repayment terms. The 2007 balance included an amount receivable of HK\$258,503,000 which carried interest at 6.84% per annum and was repayable by instalments up to 2016. The balance was disposed through disposal of a subsidiary during the year.*

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

	2008 HK\$'000	2007 HK\$'000
Revenues	238,711	209,153
Profit for the year	241,514	141,133
Non-current assets	2,883,710	2,393,776
Current assets	441,756	296,001
Total assets	3,325,466	2,689,777
Non-current liabilities	(1,820,053)	(1,717,733)
Current liabilities	(555,542)	(456,887)
Total liabilities	(2,375,595)	(2,174,620)

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



NOTES TO THE FINANCIAL STATEMENTS



22. JOINTLY CONTROLLED ENTITIES

	Group	
	2008 HK\$'000	2007 HK\$'000
Equity joint ventures		
Group's share of net assets	328,672	111,807
Amounts due by jointly controlled entities		
Interest bearing (note (i))	53,944	53,944
Non-interest bearing (note (ii))	68,499	60,703
Amounts due to jointly controlled entities (note (ii))	(960)	(48,083)
	450,155	178,371
Co-operative joint ventures		
Cost of investments	4,995,391	4,955,516
Goodwill	12,704	12,704
Share of undistributed post-acquisition results and reserves	277,926	16,276
	5,286,021	4,984,496
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (iii))	5,686,218	5,294,043
Non-interest bearing (note (ii))	635,607	224,521
Amounts due to jointly controlled entities (note (ii))	(1,871,359)	(894,411)
	9,736,487	9,608,649
Companies limited by shares		
Group's share of net assets	52,550	33,577
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (iv))	55,691	36,078
Non-interest bearing (note (ii))	941,735	586,173
Amounts due to jointly controlled entities (note (ii))	(20,337)	(21,469)
	1,029,639	634,359
Deposits for proposed joint ventures (note (v))	62,692	62,692
	11,278,973	10,484,071

Notes:

- (i) The amount receivable is unsecured, carries interest at 10% (2007: 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.
- (iii) The amounts receivable are unsecured, carry interest ranging from 1% over London Interbank Offered Rate ("LIBOR") to 10% (2007: 1% over LIBOR to 10%) 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") (2007: 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 its jointly controlled entities are as follows:

	2008 HK\$'000	2007 HK\$'000
Revenues	3,122,489	2,707,229
Profit for the year	285,972	452,276
Non-current assets	7,288,029	6,355,002
Current assets	17,609,470	12,715,071
Total assets	24,897,499	19,070,073
Non-current liabilities	(12,468,064)	(9,333,775)
Current liabilities	(6,774,896)	(4,619,122)
Total liabilities	(19,242,960)	(13,952,897)

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

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Listed shares in Hong Kong, at fair value	129,729	—	129,729	—
Unlisted investments, at fair value	79,546	71,427	—	—
	209,275	71,427	129,729	—

The available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Hong Kong dollar	129,729	—	129,729	—
Renminbi	79,546	71,427	—	—
	209,275	71,427	129,729	—



NOTES TO THE FINANCIAL STATEMENTS



24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2008 HK\$'000	2007 HK\$'000
Unlisted securities, at fair value	120,308	—

The financial assets at fair value through profit or loss are denominated in Renminbi.

25. CASH AND BANK BALANCES

	Group		Company	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Restricted balances included under non-current assets	40,909	—	—	—
Restricted balances included under current assets	415,559	464,303	—	—
Unrestricted balances	4,368,149	5,931,761	991,399	610,010
	4,824,617	6,396,064	991,399	610,010

The effective interest rate on short-term bank deposits was ranging from 1.10% to 4.14% (2007: 1.62% to 5.22%). These deposits have an average maturity of 1 to 90 days (2007: 3 to 90 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	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Hong Kong dollar	1,117,828	365,582	991,220	286,684
Renminbi	2,715,433	2,461,193	—	—
United States dollar	991,356	3,569,289	179	323,326
	4,824,617	6,396,064	991,399	610,010

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 regulations of foreign exchange control promulgated by the PRC government.

26. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Trade debtors (note a)	367,768	372,585	—	—
Deposits, prepayments and other receivables (note b)	6,393,709	3,497,704	232,644	11,283
	6,761,477	3,870,289	232,644	11,283

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	
	2008 HK\$'000	2007 HK\$'000
0 to 30 days	163,813	185,800
31 to 60 days	24,215	77,494
61 to 90 days	57,848	4,423
Over 90 days	121,892	104,868
	367,768	372,585

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 prepayments 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.
- (c) At 30th June 2008, trade debtors of HK\$69,120,000 (2007: HK\$56,672,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2008 HK\$'000	2007 HK\$'000
0 to 30 days	19,938	14,087
31 to 60 days	4,097	2,456
61 to 90 days	2,170	2,227
Over 90 days	42,915	37,902
	69,120	56,672

- (d) During the year, impairment loss on trade debtors of HK\$19,328,000 (2007: HK\$11,313,000) was recognised in the income statement.
- (e) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.



NOTES TO THE FINANCIAL STATEMENTS



27. AMOUNTS DUE FROM/TO GROUP COMPANIES

	Group		Company	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Amounts due from group companies (note a)	27,663	146,544	137,927	99,001
Amounts due to group companies (note b)	(281,197)	(483,117)	(126,458)	—
	(253,534)	(336,573)	11,469	99,001

Notes:

(a) *The amounts due from group companies are unsecured, interest free and repayable on demand.*

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

	Group		Company	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Hong Kong dollar	18,306	107,766	137,927	99,001
Renminbi	9,357	38,778	—	—
	27,663	146,544	137,927	99,001

(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	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Hong Kong dollar	(126,477)	—	(126,458)	—
Renminbi	(154,720)	(483,117)	—	—
	(281,197)	(483,117)	(126,458)	—

28. PROPERTIES UNDER DEVELOPMENT

	Group	
	2008 HK\$'000	2007 HK\$'000
Land use rights	3,337,919	856,583
Development and incidental costs	4,239,508	3,005,189
Interest capitalised	354,169	309,590
	7,931,596	4,171,362
Less: provision	(42,331)	(38,011)
	7,889,265	4,133,351

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

	2008 HK\$'000	2007 HK\$'000
Leases of over 50 years	2,917,984	442,661
Leases of between 10 to 50 years	419,935	413,922
	3,337,919	856,583

Properties under development with an aggregate carrying value of HK\$1,345,017,000 (2007: HK\$117,802,000) were pledged as securities for the Group's long term borrowings.

29. COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2008 HK\$'000	2007 HK\$'000
Land use rights	76,249	78,725
Development costs	1,333,380	1,104,691
Interest capitalised	87,046	57,138
	1,496,675	1,240,554



NOTES TO THE FINANCIAL STATEMENTS



29. COMPLETED PROPERTIES HELD FOR SALE *(Continued)*

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:

	2008 HK\$'000	2007 HK\$'000
Leases of over 50 years	49,230	75,480
Leases of between 10 to 50 years	27,019	3,245
	76,249	78,725

As at 30th June 2008, the aggregate carrying value of completed properties held for sale pledged as securities for long term borrowings amounted to HK\$10,499,000 (2007: HK\$112,228,000).

30. SHARE CAPITAL

	2008 HK\$'000	2007 HK\$'000
Authorised: 8,000,000,000 shares of HK\$0.1 each	800,000	800,000
Issued and fully paid: 3,834,502,332 (2007: 3,830,365,632) shares of HK\$0.1 each	383,450	383,036

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 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
Exercise of share options (note (i))	4,136,700	414
At 30th June 2008	3,834,502,332	383,450

Notes:

- (i) Pursuant to the share option scheme adopted on 26th November 2002, the Company may grant options to executive directors and employees of the Company or its subsidiaries 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 2008 are as follows:

Date of offer to grant	Exercise price per share HK\$ (note 1)	Number of share options				Number of share options exercisable	
		At 1st July 2007	Granted during the year	Exercised during the year	Lapsed during the year	At 30th June 2008	At 30th June 2008
3rd January 2003	1.212	124,200	—	(124,200)	—	—	—
12th May 2003	0.912	1,351,300	—	(1,351,100)	(200)	—	—
28th October 2003	1.650	69,000	—	(69,000)	—	—	—
25th March 2004	2.252	1,161,000	—	(830,400)	—	330,600	330,600
18th June 2004	1.650	209,600	—	(104,800)	—	104,800	—
4th November 2004	2.484	171,200	—	(50,000)	—	121,200	35,600
22nd December 2004	2.689	99,400	—	(49,600)	—	49,800	200
13th July 2005	2.300	1,148,800	—	(780,800)	(164,400)	203,600	67,600
7th November 2005	2.620	29,600	—	(9,600)	—	20,000	480
28th March 2006	3.915	2,885,200	—	(347,200)	(434,400)	2,103,600	1,076,080
28th June 2006	2.865	705,600	—	(232,800)	(83,200)	389,600	5,840
17th October 2006	3.340	530,400	—	(66,000)	—	464,400	91,680
28th December 2006	4.712	1,063,600	—	(61,600)	—	1,002,000	251,280
19th March 2007	4.500	744,800	—	(9,600)	—	735,200	288,320
14th June 2007	6.710	1,408,400	564,000	(50,000)	—	1,922,400	344,480
17th October 2007	8.070	—	1,709,200	—	—	1,709,200	341,840
28th December 2007	6.972	—	14,558,800	—	(276,400)	14,282,400	4,614,880
22nd April 2008	5.260	—	868,800	—	—	868,800	173,760
		11,702,100	17,700,800	(4,136,700)	(958,600)	24,307,600	7,622,640
Weighted average exercise price of each category (HK\$)		3.484	6.986	2.063	4.428	6.239	6.056

Notes:

- (1) Except for (i) 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; and (ii) the 13,180,000 share options with exercise price per share of HK\$6.972 which are divided into 3 tranches and exercisable with a period of 3 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\$35,204,000 (2007: HK\$8,757,000). The significant inputs to the model was share price ranging from HK\$5.24 to HK\$8.07 (2007: HK\$2.825 to HK\$6.710) at the grant dates, exercise prices ranging from HK\$5.26 to HK\$8.07 (2007: HK\$2.865 to HK\$6.710), volatility of the share ranging from 42% to 45% (2007: 43% to 47%), expected life of options of 3 to 5 years (2007: 5 years), expected dividend yield ranging from 0.83% to 1.20% (2007: 0% to 1.33%), risk-free interest rate ranging from 2.24% to 4.06% (2007: 3.68% to 4.78%) and suboptimal exercise factor ranging from 1.5 to 1.74 times (2007: 1.55 to 1.74 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.



NOTES TO THE FINANCIAL STATEMENTS



31. 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	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1st July 2007	14,379,074	7,518,594	243,775	8,309	382,313	–	829,060	2,485,727	25,846,852
Profit for the year	–	–	–	–	–	–	–	2,019,935	2,019,935
Premium on issue of shares	–	8,120	–	–	–	–	–	–	8,120
Disposal of subsidiaries	–	–	(41,538)	–	–	–	(32,146)	–	(73,684)
Change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	–	22,165	–	–	22,165
Share-based payments	–	–	–	15,306	–	–	–	–	15,306
Transfer of reserve upon exercise and lapse of share options	–	2,777	–	(3,584)	–	–	–	807	–
Dividends paid	(383,317)	–	–	–	–	–	–	–	(383,317)
Translation differences	–	–	–	–	43,444	–	1,822,538	–	1,865,982
As at 30th June 2008 before proposed final dividend	13,995,757	7,529,491	202,237	20,031	425,757	22,165	2,619,452	4,506,469	29,321,359
Representing:									
As at 30th June 2008 after proposed final dividend	13,919,065	7,529,491	202,237	20,031	425,757	22,165	2,619,452	4,506,469	29,244,667
2008 proposed final dividend	76,692	–	–	–	–	–	–	–	76,692
	13,995,757	7,529,491	202,237	20,031	425,757	22,165	2,619,452	4,506,469	29,321,359

	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

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

Company

	Contributed surplus HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1st July 2007	14,399,235	7,518,594	1,811,827	8,309	—	(3,537,202)	20,200,763
Premium on issue of shares	—	8,120	—	—	—	—	8,120
Loss for the year	—	—	—	—	—	(1,992,684)	(1,992,684)
Change in fair value of available-for-sale financial assets, net of tax	—	—	—	—	22,165	—	22,165
Share-based payments	—	—	—	15,306	—	—	15,306
Transfer of reserve upon exercise and lapse of share options	—	2,777	—	(3,584)	—	807	—
Dividends paid	(383,317)	—	—	—	—	—	(383,317)
Translation differences	—	—	2,203,606	—	—	—	2,203,606
As at 30th June 2008 before proposed final dividend	14,015,918	7,529,491	4,015,433	20,031	22,165	(5,529,079)	20,073,959
Representing:							
As at 30th June 2008 after proposed final dividend	13,939,226	7,529,491	4,015,433	20,031	22,165	(5,529,079)	19,997,267
2008 proposed final dividend	76,692	—	—	—	—	—	76,692
	14,015,918	7,529,491	4,015,433	20,031	22,165	(5,529,079)	20,073,959
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

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 distributions in subsequent years.

- (iii) The loans from minority shareholders are unsecured, bear interest at 5% to 5.76% (2007: 5% to 5.85%) per annum and have repayment terms as specified in the joint venture contracts.
- (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 2008, there was no conversion or redemption of the convertible bonds.

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

	2008			2007		
	Hong Kong dollar	Renminbi	United States dollar	Hong Kong dollar	Renminbi	United States dollar
Bank borrowings	3.02%	7.35%	7.11%	4.99%	6.25%	6.63%
Loans from fellow subsidiaries	4.46%	—	6.49%	4.46%	—	6.38%
Loans from minority shareholders	5.00%	5.76%	—	5.00%	5.78%	—
Advances from participating interest	4.50%	—	—	4.50%	—	—
Convertible bonds	—	4.08%	—	—	4.08%	—

- (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 present value of the liability component of the convertible bonds at 30th June 2008, which was estimated using cash flows discounted at a rate of 8.78% (2007:4.92%) and at the exchange rate ruling at the balance sheet date, amounted to HK\$2,374,390,000 (RMB2,089,463,000) (2007: HK\$2,344,066,000 (RMB2,297,185,000)).

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

	Group		Company	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Hong Kong dollar	7,061,112	4,381,199	1,097,624	1,394,953
Renminbi	6,484,279	5,283,940	2,359,290	1,950,325
United States dollar	684,672	1,112,941	—	—
	14,230,063	10,778,080	3,456,914	3,345,278

- (ix) For the interest-bearing borrowings, except for the loans from minority shareholders of HK\$137,135,000 (2007: HK\$142,957,000) which reprice in more than five years, the rest of the borrowings reprice or mature (whichever is earlier) in one year or less.



NOTES TO THE FINANCIAL STATEMENTS



33. LONG TERM PAYABLE

Long term payable is repayable as follows:

	Group	
	2008 HK\$'000	2007 HK\$'000
Within one year	—	132,898

The long term payable was denominated in Renminbi and the carrying amount approximated its fair value.

34. 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	Revaluation of properties	Revaluation of available- for-sale financial assets	Recognition of income from sale of properties	Fair value adjustment arising from acquisition	Tax losses	Undistributed profits of subsidiaries, associated companies and jointly controlled entities	Provisions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30th June 2006	(136,555)	(273,391)	—	(41,715)	(183,455)	112,729	—	15,235	(507,152)
Exchange differences	(8,361)	(13,383)	—	(2,554)	(8,257)	5,966	—	932	(25,657)
Credited/(charged) to income statement	21,228	50,048	—	13,737	37,131	(21,597)	—	—	100,547
Acquisition of a subsidiary	—	—	—	—	(69,814)	—	—	—	(69,814)
At 30th June 2007	(123,688)	(236,726)	—	(30,532)	(224,395)	97,098	—	16,167	(502,076)
Exchange differences	(16,452)	(21,581)	—	1,899	(21,389)	7,520	221	1,589	(48,193)
Credited/(charged) to income statement	10,052	(50,419)	—	6,708	—	(7,828)	(37,790)	(4,364)	(83,641)
Disposal of subsidiaries	15,350	36,370	—	—	44,964	(9,626)	—	—	87,058
Charged to equity	—	—	(4,702)	—	—	—	—	—	(4,702)
At 30th June 2008	(114,738)	(272,356)	(4,702)	(21,925)	(200,820)	87,164	(37,569)	13,392	(551,554)

Company

Deferred tax liabilities

	Revaluation of available-for- sale financial assets HK\$'000
As at 30th June 2006 and 2007	—
Charged to equity	(4,702)
At 30th June 2008	(4,702)

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\$384,016,000 (2007: HK\$474,646,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2013 (2007: 2012).

As at 30th June 2008, the aggregate amount of temporary differences associated with investments in subsidiaries, associated companies and jointly controlled entities for which deferred tax liabilities have not been recognised totalled approximately HK\$553,531,000, as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not reverse in the foreseeable future (2007: Nil).

35. CREDITORS AND ACCRUALS

	Group		Company	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Trade creditors (note a)	1,477,159	930,271	—	—
Other creditors and accruals (note b)	836,304	699,917	37,018	41,437
	2,313,463	1,630,188	37,018	41,437

Notes:

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

	Group	
	2008 HK\$'000	2007 HK\$'000
0 to 30 days	348,988	89,988
31 to 60 days	55,401	9,655
61 to 90 days	4,531	4,463
Over 90 days	1,068,239	826,165
	1,477,159	930,271

The carrying amounts of the trade creditors of the Group are mainly denominated in Renminbi as at 30th June 2008 and 2007.

(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.



NOTES TO THE FINANCIAL STATEMENTS



36. SHORT TERM BANK LOANS

	Group	
	2008 HK\$'000	2007 HK\$'000
Short term bank loans		
Secured	335,909	384,694
Unsecured	113,636	102,041
	449,545	486,735

The effective interest rates of the short term bank loans range from 5.95% to 7.47% (2007: 5.02% to 6.83%). Their carrying amounts approximate their fair values.

The short term bank loans are denominated in Renminbi as at 30th June 2008 and 2007.

37. 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 2008 and 2007 and approximate their fair values.

38. TAXES PAYABLE

	Group	
	2008 HK\$'000	2007 HK\$'000
Income tax payable	80,235	29,600
Withholding tax payable	94,229	94,414
Land appreciation tax payable	212,683	113,513
Other PRC taxes payable	40,416	37,529
	427,563	275,056

39. GUARANTEES

(i) Corporate guarantees for banking facilities

Group

The Group has corporate guarantees of approximately HK\$2,350,081,000 (2007: HK\$2,535,903,000) given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 30th June 2008, 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\$1,575,223,000 (2007: HK\$1,869,522,000).

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\$2,672,011,000 (2007: HK\$2,381,661,000), HK\$2,295,535,000 (2007: HK\$2,013,847,000) and HK\$54,545,000 (2007: HK\$522,056,000) respectively.

(ii) Guarantees in respect of mortgage facilities

As at 30th June 2008, 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\$995,605,000 (2007: HK\$398,402,000). 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 of RMB2,800,000,000 amounted to HK\$3,181,818,000 as at 30th June 2008 (2007: HK\$2,857,143,000) at the exchange rate ruling on the balance sheet date.

40. COMMITMENTS

(i) Capital expenditure commitments

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

	Group	
	2008 HK\$'000	2007 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	25,256	5,775
Purchase consideration for proposed development projects	40,455	35,816
	65,711	41,591
	173,711	149,591

(b) The Group did not have any share of capital commitments of the jointly controlled entities (2007: Nil).



NOTES TO THE FINANCIAL STATEMENTS



40. COMMITMENTS (Continued)

(ii) Lease commitments

	Group		Company	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
As at 30th June 2008, future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:				
The first year	51,532	43,751	7,107	5,122
The second to fifth years	168,973	154,876	3,258	5,122
After the fifth year	336,740	338,428	—	—
	557,245	537,055	10,365	10,244

41. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

	2008 HK\$'000	2007 HK\$'000
Operating profit before finance costs	2,129,884	952,223
Interest income	(505,817)	(383,147)
Depreciation and amortisation	153,347	126,464
Share-based payments	15,306	6,466
(Gain)/loss on disposal of property, plant and equipment and investment properties	(37,986)	22,789
Provision for amounts due by a jointly controlled entity	—	639
Excess of fair value of net assets acquired over cost of acquisition of additional interests in a subsidiary/cost of acquisition of subsidiaries	(14,217)	(3,880)
Tax indemnity from the ultimate holding company	(369,620)	(188,424)
Provision for properties held for development	54,000	—
Increase in fair value of financial assets at fair value through profit or loss	(6,313)	—
Impairment of goodwill	2,941	37,682
Gain on disposal of subsidiaries	(180,887)	—
Gain on disposal of partial interest in a subsidiary	(2,161)	—
Dividend income from available-for-sale financial assets	(12,903)	—
Increase in fair value of investment properties	(201,676)	(72,682)
Net foreign exchange gains	(515,381)	(165,950)
Operating profit before working capital changes	508,517	332,180
Increase in properties held for/under development and completed properties held for sale	(2,476,247)	(1,965,199)
Increase in debtors, deposits and other receivables	(2,434,390)	(1,735,108)
Change in balances with group companies	279,395	95,871
(Decrease)/increase in deposits received on sale of properties	(327,438)	190,010
Increase in creditors and accruals	695,844	286,649
Net cash used in operations	(3,754,319)	(2,795,597)

(b) Acquisition of subsidiaries

	2008 HK\$'000	2007 HK\$'000
Net assets acquired		
Property, plant and equipment	—	1,378
Properties under development	—	350,000
Debtors, deposits and other receivables	—	13,886
Cash and bank balances	—	4,533
Creditors and accruals	—	(1,208)
Balances with group companies	—	(36,556)
Taxes payable	—	(1,525)
Deferred tax liabilities	—	(69,814)
Minority interests	—	(23,964)
	—	236,730
Interest originally held by the Group as jointly controlled entities and available-for-sale financial assets	—	(187,335)
	—	49,395
Goodwill	—	7,096
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries	—	(3,685)
	—	52,806
Consideration satisfied by cash	—	52,806

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

	2008 HK\$'000	2007 HK\$'000
Cash consideration	—	(52,806)
Cash and bank balances acquired	—	4,533
Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries	—	(48,273)



NOTES TO THE FINANCIAL STATEMENTS



41. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(d) Disposal of subsidiaries

	2008 HK\$'000	2007 HK\$'000
Net assets disposed		
Property, plant and equipment	2,959	—
Land use right	5,708	—
Investment properties	285,568	—
Properties under development	605,462	—
Debtors, deposits and other receivables	40,750	—
Balances with group companies	(2,747)	—
Bank loan	(321,970)	—
Amount due from an associated company	265,152	—
Creditors and accruals	(404,140)	—
Deferred taxation	(87,058)	—
Taxation payable	(9,236)	—
Loan from minority shareholder	(10,079)	—
Cash and bank balances	49,598	—
Minority interests	(60,280)	—
	359,687	—
Consideration satisfied by cash	466,890	—
	107,203	—
Realisation of reserves upon disposal		
— capital reserve	41,538	—
— exchange reserve	32,146	—
Gain on disposal of subsidiaries	180,887	—

(e) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	2008 HK\$'000	2007 HK\$'000
Cash consideration	466,890	—
Cash and bank balances disposed	(49,598)	—
	417,292	—

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	2008 HK\$'000	2007 HK\$'000
Interest expenses on loans from fellow subsidiaries	(a)	82,096	119,606
Rental expense for leased premises to a fellow subsidiary	(b)	7,507	4,034
Rental expense for leased premises to an associated company	(b)	33,333	31,000
Property agency fee paid to a fellow subsidiary	(c)	6,214	5,076
Interest income from jointly controlled entities	(d)	363,643	312,307
Estate management fee income from a fellow subsidiary and jointly controlled entities	(e)	3,642	3,649
Rental income from fellow subsidiaries	(f)	88,336	58,130
Trademark fee income from a jointly controlled entity	(g)	60,863	—
Management service fee income from a fellow subsidiary	(h)	324	—
Rental income from an associated company	(f)	6,452	6,000

Notes:

- (a) Interest is charged at rates as specified in note 32(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.
- (g) Trademark fee income is charged at annual fee to jointly controlled entity as specified in the contract.
- (h) The management service income is charged in accordance with the terms of the management service agreement.
- (i) 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\$524,723,000 (2007: HK\$135,822,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (j) 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\$369,620,000 (2007: HK\$188,424,000) was effected (note 12).



NOTES TO THE FINANCIAL STATEMENTS



42. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Key management compensation

	2008 HK\$'000	2007 HK\$'000
Salaries and other short-term employee benefits	26,509	23,143
Pension costs	1,716	1,533
Share option benefits	7,370	556
	35,595	25,232

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 27 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 2008 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		
		2008	2007	2008	2007	
<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
Global Hero Holdings Limited	HK\$1 1 ordinary share of HK\$1	—	—	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 China Property Limited (Formerly known as Trend Island Limited)	HK\$2 2 ordinary shares of HK\$1 each	100%	—	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	—	—	70.5%	65%	Hotel management
Silver World H.K. Development Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	—	Investment holding
Spread Glory Investments Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	—	Investment holding
Starluxe Enterprises Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Sunny Trend Development 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	—	—	89.2%	92.5%	Investment holding



NOTES TO THE FINANCIAL STATEMENTS



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		
		2008	2007	2008	2007	
<i>Subsidiaries (Continued)</i>						
<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
New World Anderson Development Company Limited	US\$100 100 shares of US\$1	—	—	100%	100%	Investment holding
New World China Finance (BVI) Limited	US\$1 1 share of US\$1	—	—	100%	100%	Financing
New World China Land Finance Limited	US\$1 1 share of US\$1	—	—	100%	100%	Financing
New World Hotel Management (BVI) Limited	US\$1,000 1,000 shares of US\$1 each	—	—	70.5%	65%	Investment holding
Radiant Glow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Rise Eagle Worldwide 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
Superb Wealthy Group Limited	US\$1 1 share of US\$1	—	—	100%	100%	Financing

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2008	2007	2008	2007	
Sweet Prospects Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Triumph Hero International Limited	US\$10,000 10,000 shares of US\$1 each	—	—	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
Vivid China Investment Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
<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 sales
Changsha Xiangxianghai Housing Development Co., Ltd.	RMB75,000,000	—	—	80%	80%	Investment holding
Chengdu Xinyi Real Estate Development Co., Ltd.	US\$99,500,000	—	—	60% (note 2)	60%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	—	88%	88%	Property investment and development
Dalian New World Tower Co., Ltd.	US\$37,500,000	—	—	100%	100%	Property investment, development and hotel investment
Foshan Country Club Co., Ltd.	US\$52,923,600	—	—	75.9%	78.6%	Golf club operation and property development
Fung Seng Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	—	—	—	70%	Property development
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



NOTES TO THE FINANCIAL STATEMENTS



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		
		2008	2007	2008	2007	
<i>Subsidiaries (Continued)</i>						
<i>Incorporated and operating in the PRC (Continued)</i>						
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 and property investment
Hunan Success New Century Investment Company Limited	RMB250,000,000	—	—	90% (note 2)	90%	Property development
Jinan New World Sunshine Development Ltd.	US\$29,980,000	—	—	100%	73%	Property development
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	—	—	92%	92%	Property development
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000	—	—	100%	100%	Property investment and development
New World (Anshan) Property Development Co., Ltd.	RMB700,000,000	—	—	100%	—	Property development
New World China Land Investments Company Limited	US\$40,000,000	100%	100%	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\$49,750,000	—	—	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	RMB312,320,000	—	—	90%	90%	Property investment and development
New World (Shenyang) Property Development No. 6 Limited	RMB97,720,000	—	—	90%	90%	Property development
New World Zhonghong Property Co., Ltd.	RMB166,666,000	—	—	70%	—	Property development
Shanghai Juyi Real Estate Development Co., Ltd.	RMB641,590,000	—	—	70%	70%	Property development
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	—	75%	75%	Property investment and hotel operation

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2008	2007	2008	2007	
Shenyang New World Hotel Co., Ltd.	RMB201,520,000	—	—	100%	100%	Hotel operation
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$182,000,000	—	—	100%	90%	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$60,000,000	—	—	100%	90%	Property development
Tianjin Xin Guang Development Co., Ltd.	US\$4,500,000	—	—	100%	100%	Property investment
Wuhan New Eagle Properties Co., Limited	US\$2,830,000	—	—	100%	100%	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
<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 and operating in Hong Kong</i>						
World Target Development Limited	HK\$100 100 shares of HK\$1 each	—	—	50%	—	Investment holding
<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



NOTES TO THE FINANCIAL STATEMENTS



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		
		2008	2007	2008	2007	
<i>Jointly controlled entities (Continued)</i>						
<i>Incorporated and operating in the PRC</i>						
Beijing Chong Wen-New World Properties Development Co., Ltd	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%	62.5%	Property development
Guangzhou Fong Chuen New World Property Development Co., Ltd	RMB330,000,000	—	—	60%	60%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	62.5%	62.5%	Property development
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\$81,000,000	—	—	47.5%	47.5%	Property development
Tianjin New World Housing Development Co., Ltd	RMB80,000,000	—	—	60%	60%	Property development
Tianjin New World Pan Bo Hai Real Estate Development Co., Ltd.	HK\$405,000,000	—	—	50%	—	Property investment
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. Pursuant to a participation agreement dated 11th September 2006 entered into between the Company and Solar Leader Limited ("Solar Leader"), a wholly-owned subsidiary of NWD, Solar Leader has a participating interest, representing 50% of the total interest of the Group in certain property projects undertaken by these companies.



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%	89,253
2	Beijing Liang Guang Road Block V, VI	JCE	70%	102,808
	Beijing New View Garden Commercial Centre			69,263
3	Beijing Xin Yu Commercial Centre	JCE	70%	121,676
	Beijing Xin Yu Garden Remaining Phases			978,881
4	Beijing Yanjing Building	JCE	70%	32,691
5	Tianjin Nanshi Project	JCE	70%	256,499
6	Tianjin Xin Chun Hua Yuan Phase IV	JCE	60%	39,367
7	Jinan Sunshine Garden Phase III & IV	Subsidiary	100%	222,179
8	Shenyang New World Hotel Extension	Subsidiary	100%	83,347
9	Shenyang New World Garden Phase IIA	Subsidiary	90%	651,544
	Shenyang New World Garden Remaining Phases			1,987,355
10	Shenyang Convention & Exhibition Centre	Subsidiary	100%	1,338,645
11	Anshan New World Garden	Subsidiary	100%	814,408
12	Dalian New World Tower	Subsidiary	100%	106,589
13	Shanghai Hong Kong New World Garden Phase II	Subsidiary	70%	682,659
14	Wuhan Menghu Garden Remaining Phases	Subsidiary	70%	122,842
15	Wuhan Changqing Garden Phase VII	JCE	60%	188,492
	Wuhan Changqing Garden Remaining Phases			1,756,152
16	Wuhan Xin Hua Garden Phase IV	JCE	60%	62,596
17	Wuhan New World Centre — Supporting Facilities	Subsidiary	100%	19,828
18	Chengdu New World Riverside Phase I	Subsidiary	30%	674,308
	Chengdu New World Riverside Remaining Phases			2,730,967
19	Changsha La Ville New World Phase I	Subsidiary	45%	224,981
	Changsha La Ville New World Remaining Phases			986,361
20	Guiyang Jinyang Sunny Town Phase I	Subsidiary	50%	50,855
	Guiyang Jinyang Sunny Town Phase IB			302,580
	Guiyang Jinyang Sunny Town Remaining Phases			4,136,444
21	Guangzhou Dong Yi Garden Remaining Phases	Subsidiary	100%	25,235
22	Guangzhou New World Oriental Garden Phase II	Subsidiary	100%	145,671
	Guangzhou New World Oriental Garden Phase III			115,166
23	Guangzhou Central Park-view Phase IIA	Subsidiary	91%	142,734
24	Guangzhou Covent Garden Phase III	JCE	60%	34,511
	Guangzhou Covent Garden Remaining Phases			1,034,365
25	Guangzhou Park Paradise Phase II D3	JCE	60%	140,387
	Guangzhou Park Paradise Phase II E			252,682
	Guangzhou Park Paradise Remaining Phases			98,761
	Guangzhou Park Paradise Remaining Phases	Subsidiary	100%	741,518
26	Guangzhou Baiyun Project	Subsidiary	100%	187,326
27	Guangzhou Xintang New World Garden Phase IV	JCE	63%	32,123
	Guangzhou Xintang New World Garden Phase V			341,820
28	Shenzhen Xilihu Development	Subsidiary	100%	27,140
29	Shenzhen New World Yi Shan Garden Phase III	Subsidiary	100%	98,735
30	Shunde New World Centre Phase III	Assoc. Co.	35%	51,000
31	Huiyang Palm Island Resort Phases VI	JCE	59%	131,026
	Huiyang Palm Island Resort Remaining Phases			115,000
32	Zhaoqing New World Garden Phase II	Assoc. Co.	40%	58,445
	Zhaoqing New World Garden Phase III			185,398
	Zhaoqing New World Garden Remaining Phases			37,100
33	Zhuhai New World Riviera Garden Phase IV	Subsidiary	100%	131,509
34	Foshan Country Club	Subsidiary	76%	933,544
35	Huizhou Changhuyuan Phase IIB	JCE	63%	72,261
	Huizhou Changhuyuan Phase III			142,372
36	Haikou Meilisha Project	Subsidiary	100%	2,445,049
37	Haikou New World Garden Phase III	JCE	60%	129,994
	Subtotal			26,684,442

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Carpark (sq.m.)	Development Status	Expected Completion Date
	2,349	21,905	41,967	23,032	UNDER PLANNING	TBD
49,475	13,644	17,487		22,202	UNDER DEVELOPMENT	Feb-11
	10,842	37,181		21,240	UNDER PLANNING	TBD
	78,670			43,006	UNDER PLANNING	TBD
578,493	145,778			254,610	UNDER PLANNING	TBD
	21,634			11,057	UNDER DEVELOPMENT	Dec-10
160,838	36,195			59,466	UNDER PLANNING	TBD
36,460				2,907	UNDER PLANNING	Jun-10
173,513	5,224			43,442	UNDER PLANNING	TBD
	26,351	22,540	23,712	10,744	UNDER DEVELOPMENT	Oct-10
426,555	34,353	29,547		161,089	UNDER DEVELOPMENT	Dec-10
1,308,330	331,126	94,367		253,532	UNDER PLANNING	TBD
263,847	271,264	293,920	163,847	345,767	UNDER PLANNING	TBD
565,408				249,000	UNDER DEVELOPMENT	Jun-11
106,589					UNDER DEVELOPMENT	Oct-10
327,302	57,317	58,430	21,600	218,010	UNDER DEVELOPMENT	Dec-13
122,842					UNDER PLANNING	TBD
94,573	59,061			34,858	UNDER DEVELOPMENT	Jun-09
1,319,278	292,561			144,313	UNDER PLANNING	TBD
53,046	2,578			6,972	UNDER DEVELOPMENT	Jun-09
	11,049			8,779	UNDER DEVELOPMENT	Dec-09
547,274	16,757			110,277	UNDER DEVELOPMENT	Oct-11
2,152,024	280,000			298,943	UNDER PLANNING	TBD
187,286	3,868			33,827	UNDER DEVELOPMENT	Jun-09
778,990	72,683			134,688	UNDER PLANNING	TBD
50,855					UNDER DEVELOPMENT	Jun-09
166,932	40,080			95,568	UNDER DEVELOPMENT	Jun-10
2,556,561	866,929	60,000	30,000	622,954	UNDER PLANNING	TBD
22,661	2,574				UNDER PLANNING	TBD
124,568	629			20,474	UNDER DEVELOPMENT	Mar-10
82,960				32,206	UNDER PLANNING	TBD
111,505	2,799			28,430	UNDER PLANNING	TBD
27,135	3,768			3,608	UNDER DEVELOPMENT	Dec-08
888,561	37,807			107,997	UNDER PLANNING	TBD
110,407				29,980	UNDER DEVELOPMENT	Oct-08
203,246	1,759			47,677	UNDER DEVELOPMENT	Oct-10
66,012	2,042			30,707	UNDER PLANNING	TBD
559,309	6,424			175,785	UNDER PLANNING	TBD
143,156				44,170	UNDER PLANNING	TBD
12,709				19,414	UNDER DEVELOPMENT	Jun-09
283,561	8,795			49,464	UNDER PLANNING	TBD
27,140					UNDER PLANNING	TBD
95,690				3,045	UNDER PLANNING	TBD
51,000					UNDER DEVELOPMENT	Jun-10
131,026					UNDER DEVELOPMENT	Nov-11
115,000					UNDER PLANNING	TBD
58,445					UNDER DEVELOPMENT	Jun-09
148,565	19,488			17,345	UNDER DEVELOPMENT	Dec-10
37,100					UNDER PLANNING	TBD
98,508	8,666			24,335	UNDER PLANNING	TBD
898,544	15,000		20,000		UNDER PLANNING	TBD
61,529	2,733			7,999	UNDER DEVELOPMENT	Jun-10
108,473	1,965			31,934	UNDER PLANNING	TBD
1,719,180	116,000	20,000	38,000	551,869	UNDER PLANNING	TBD
109,510				20,484	UNDER PLANNING	TBD
18,321,971	2,910,762	655,377	339,126	4,457,206		



MAJOR PROJECT PROFILES



Ref	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interests	Total GFA (sq.m.)
Investment Properties Under Development				
38	Shanghai Zhongshan Square Phase III	JCE	48%	142,074
12a	Dalian New World Tower	Subsidiary	100%	53,853
	Subtotal			195,927
Hotel Properties Under Development				
39	New World Hotel Dalian	Subsidiary	100%	50,223
	Subtotal			50,223
	Total (Properties under development or held for development)			26,930,592
Completed Investment Property Projects				
40	Beijing New World Centre Phase I	JCE	70%	124,096
41	Beijing New World Centre Phase II	JCE	70%	109,755
42	Beijing Zhengren Building	JCE	70%	22,551
43	Beijing New World Garden Phase I & II	JCE	70%	36,044
	Beijing Xin Yang Commercial Building			3,439
	Beijing Xin Cheng Commercial Building			8,051
1a	Beijing Xin Yi Garden	JCE	70%	34,055
2a	Beijing New View Garden	JCE	70%	75,099
3a	Beijing Xin Yu Garden	JCE	70%	21,197
44	Beijing Xin Kang Garden	JCE	70%	40,078
45	Tianjin New World Plaza	Subsidiary	100%	101,155
6a	Tianjin Xin Chun Hua Yuan Phase I & III	JCE	60%	16,504
7a	Jinan Sunshine Garden	Subsidiary	100%	619
9a	Shenyang New World Garden	Subsidiary	90%	34,001
46	Dalian New World Plaza	Subsidiary	88%	69,196
47	Shanghai Jiu Zhou Shopping Arcade	Subsidiary	75%	2,442
48	Shanghai Hong Kong New World Tower	Assoc. Co.	44%	130,385
14a	Shanghai Hong Kong New World Garden	Subsidiary	70%	1,761
49	Shanghai Belvedere Service Apartment	Assoc. Co.	50%	39,644
	Shanghai Ramada Plaza (Lot A)	Subsidiary	75%	20,202
	Shanghai Ramada Plaza (Lot B)	Assoc. Co.	50%	15,497
50	Wuhan New World International Trade Tower I	Subsidiary	100%	121,828
	Wuhan New World International Trade Tower II	Subsidiary	100%	10,004
15a	Wuhan Changqing Garden Phase I – IV	JCE	60%	49,083
17a	Wuhan New World Centre	Subsidiary	100%	146,780
16a	Wuhan Xin Hua Garden	JCE	60%	63,044
51	Nanjing New World Centre	Subsidiary	92%	60,807
21a	Guangzhou Dong Yi Garden Phase I – IV	Subsidiary	100%	30,294
22a	Guangzhou New World Oriental Garden Phase I	Subsidiary	100%	48,072
23a	Guangzhou Central Park-view	Subsidiary	91%	97,607
24a	Guangzhou Covent Garden	JCE	60%	9,413
25a	Guangzhou Park Paradise Phase III	Subsidiary	100%	22,220
	Guangzhou Park Paradise Phase II	JCE	60%	80,503
27a	Guangzhou Xintang New World Garden Phase III & IV	JCE	63%	14,029
29a	Shenzhen New World Yi Shan Garden	Subsidiary	100%	14,162
30a	Shunde New World Centre	Assoc. Co.	35%	23,603
35a	Huizhou Changhuyuan	JCE	63%	9,654
	Subtotal			1,706,874
52	Courtyard by Marriott Beijing	JCE	55%	23,988
53	New World Hotel Shenyang	Subsidiary	100%	31,100
54	New World MayFair Hotel Shanghai	Subsidiary	75%	43,221
55	New World Hotel Wuhan	JCE	60%	38,058
56	Courtyard by Marriott Shunde	Assoc. Co.	33%	36,524
	Subtotal			172,891
	Total (Completed investment and hotel properties)			1,879,765

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Carpark (sq.m.)	Development Status	Expected Completion Date
	16,200	97,020		28,854	UNDER DEVELOPMENT	Oct-09
	27,480			26,373	UNDER DEVELOPMENT	Jun-09
—	43,680	97,020	—	55,227		
			50,223		UNDER DEVELOPMENT	Jun-09
—	—	—	50,223	—		
18,321,971	2,954,442	752,397	389,349	4,512,433		
2,793	74,232	24,452		22,619		
32,574	47,345	2,557		27,279		
		6,136		16,415		
				36,044		
				3,439		
				8,051		
	1,714			32,341		
	21,335			53,764		
				21,197		
	4,385	7,535		28,158		
	80,439	9,432		11,284		
	16,504					
	619					
	5,621			28,380		
	49,413			19,783		
	2,442					
	35,474	80,549		14,362		
				1,761		
39,644						
	12,772			7,430		
	9,579			5,918		
		104,556		17,272		
		10,004				
	35,722	10,047		3,314		
	48,887	64,360		33,533		
	36,069			26,975		
	41,206			19,601		
	8,819			21,475		
	22,928			25,144		
29,868	17,408			50,331		
				9,413		
22,220						
	20,114			60,389		
	14,029					
	3,099			11,063		
	23,603					
				9,654		
127,099	633,758	319,628		626,389		
			23,988			
			31,100			
			43,221			
			38,058			
			36,524			
—	—	—	172,891	—		
127,099	633,758	319,628	172,891	626,389		



GLOSSARY OF TERMS



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
New World Group:	New World Development Company 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



CORPORATE INFORMATION



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 The Hongkong and Shanghai Banking Corporation Limited Industrial and Commercial Bank of China (Asia) Limited
Share Registrar and Transfer Office	Tricor Standard Limited 26/F, Tesbury Centre 28 Queen's Road East Hong Kong
196 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

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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