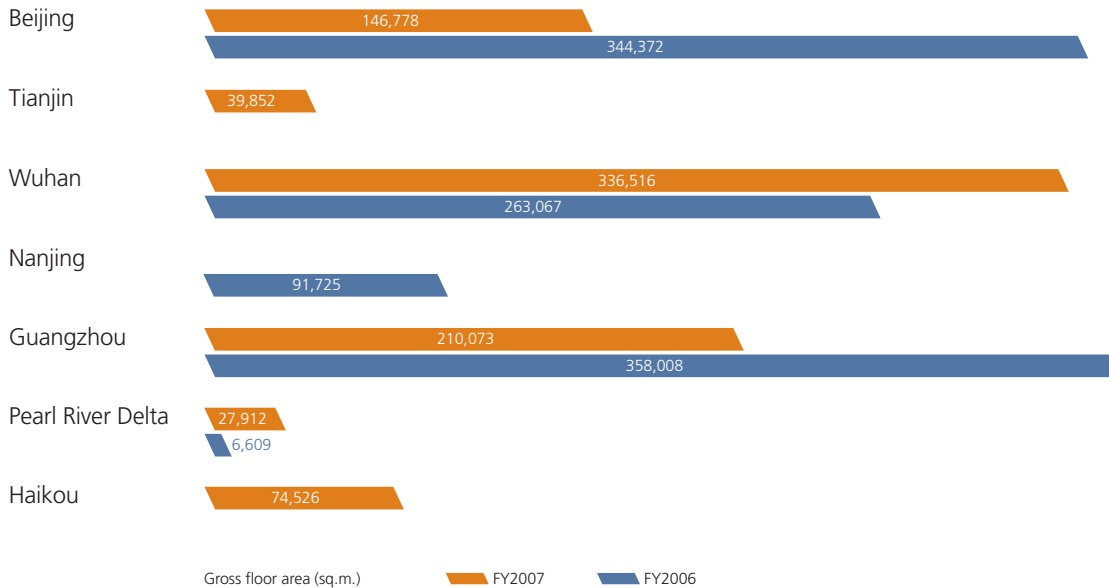
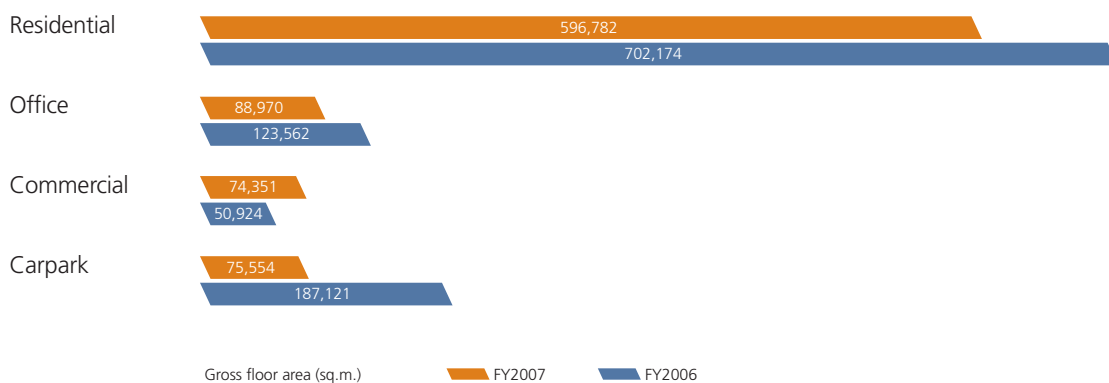


Completion of gross floor area by location



Completion of gross floor area by usage



REVIEW OF FY2007 RESULTS

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

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

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

Property sales and Rental operation

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

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

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

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

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

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

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

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

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

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

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

Hotel operation

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

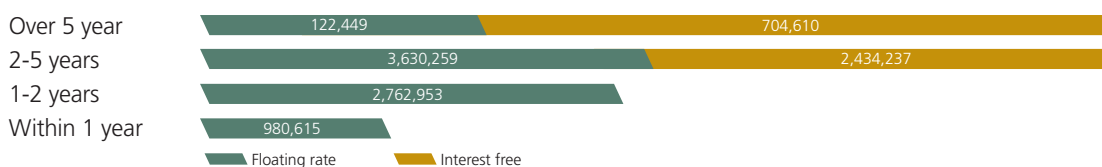
Two hotels in Wuhan and Dalian are under construction during the year under review. Upon completion of these hotels, they will further enhance the Group's hotel portfolio. The opening of the hotel at Wuhan New World Centre is scheduled before the end of 2007.

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

Source of borrowings



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



Currency profile of borrowings



Nature of debt



LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

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

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

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

Capital expenditure commitments

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

Foreign Currency Exposure

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

Treasury Policies

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

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

CONTINGENT LIABILITIES

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

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

DETAILS OF CHARGES ON GROUP'S ASSETS

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

EMPLOYEES AND REMUNERATION POLICY

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

MAJOR ACQUISITION OR DISPOSAL

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