

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

GROUP ACTIVITIES

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

FINANCIAL STATEMENTS

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

DIVIDENDS

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

SHARE CAPITAL

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

RESERVES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PROPERTY, PLANT AND EQUIPMENT

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

DONATION

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

DIRECTORS

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

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

* *Independent non-executive directors*

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

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

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTEREST IN CONTRACTS

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

CONNECTED TRANSACTIONS

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

A. Construction services

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

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

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

B. Tenancy agreements

(1) Office tenancy agreements

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

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

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

CONNECTED TRANSACTIONS *(continued)*

B. Tenancy agreements *(continued)*

(2) *Tianjin tenancy agreement*

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

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

(3) *Shenyang tenancy agreement*

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

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

(4) *Master leasing agreement*

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

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

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

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

C. Property agency agreement

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

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

D. Participation agreement

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

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

CONNECTED TRANSACTIONS *(continued)*

E. Formation of joint venture company

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

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

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

F. Provision of capital

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

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

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

G. Acquisition of interests

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

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

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

H. Other connected transaction

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

I. Annual review of the continuing connected transactions

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

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

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

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

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

DIRECTORS' INTERESTS IN SECURITIES

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

(A) Long position in shares

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

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

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

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

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

Notes:

1. These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
2. These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
3. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
4. 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
5. These represent the participating interests held by a company wholly-owned by Mr. Doo Wai-hoi, William.
6. The interest is beneficially owned by a company of which Mr. Fu Sze-shing has 50% interest.
7. These include 50% direct interest and 2.5% participating interest in the registered capital of Shanghai Trio Property Development Co. Ltd. being held by companies wholly-owned by Mr. Doo Wai-hoi, William.
8. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
9. Mr. Cheng Kar-shing, Peter is deemed to be interested in the shares of Sun Legend Investments Limited by virtue of his interests in Sun City.
10. Mr. Doo Wai-hoi, William is deemed to be interested in the registered capitals of these companies by virtue of his interest in Fortune Star Worldwide Limited, of which Mr. Doo Wai-hoi, William owns an indirect interest of 60%.

DIRECTORS' INTERESTS IN SECURITIES *(continued)***(B) Long position in underlying shares – share options***(1) The Company*

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

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

Notes:

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

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

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

(2) *New World Development Company Limited*

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

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

Notes:

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

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

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

(3) *NWS Holdings Limited*

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

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

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

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

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

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

(4) *New World Mobile Holdings Limited*

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

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

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

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

Save as disclosed above, as at 30th June 2007, none of the directors, chief executive or any of their associates had or deemed to have any interest or short positions in the shares, registered capital, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Directors' rights to acquire shares or debentures

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS *(continued)*

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

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30th June 2007, the interests or short positions of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

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

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

Notes:

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

All the interests stated above represent long position.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES *(continued)*

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

(a) Long positions in the shares of the Company

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

(b) Short positions in the shares of the Company

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

(c) Long positions in derivative interests

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

(d) Short positions in derivative interests

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

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30th June 2007.

SHARE OPTION SCHEMES

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

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

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

SHARE OPTION SCHEMES *(continued)*

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

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

SHARE OPTION SCHEMES *(continued)*

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

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

Under the 2000 Share Option Scheme

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

Under the 2002 Share Option Scheme

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

SHARE OPTION SCHEMES *(continued)*

Notes:

1. *The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in note 2.*
2. *The share options are exercisable within two years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each year is 50% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.*
3. *The closing price per share immediately before 28th June 2006, 17th October 2006, 28th December 2006, 19th March 2007 and 14th June 2007, the dates of offer to grant, was HK\$2.850, HK\$3.320, HK\$4.740, HK\$4.390 and HK\$6.680, respectively.*
4. *The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2000 Share Option Scheme was HK\$3.517.*
5. *The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme was HK\$5.379.*

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

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

CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES

(A) Advances and guarantees to entities

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

(B) Financial assistance and guarantees to affiliated companies

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

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

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

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

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

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

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

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

STATEMENT OF PUBLIC FLOAT SUFFICIENCY

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

AUDITORS

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

On behalf of the Board

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 11th October 2007