

1. GENERAL INFORMATION

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

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

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

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

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

2. BASIS OF PREPARATION

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

(a) The adoption of new or revised HKFRS

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

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

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

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

Effective for the year ending 30th June 2008

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

2. BASIS OF PREPARATION *(continued)*

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

(continued)

Effective for the year ending 30th June 2009

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

Effective for the year ending 30th June 2010

HKFRS 8	Operating segments
HKAS 23 (Revised)	Borrowing costs

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

3. PRINCIPAL ACCOUNTING POLICIES

(a) Consolidation

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

(i) *Subsidiaries*

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

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

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

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

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

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

(ii) *Minority interests*

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

(iii) *Associated companies*

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(a) Consolidation *(continued)*

(iv) Joint ventures

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

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

Equity joint ventures

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

Co-operative joint ventures

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

Companies limited by shares

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

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

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

(b) Goodwill

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

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

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

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

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

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

(ii) Operating leases

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

(d) Land use rights

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

(e) Investment properties

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

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

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

(f) Property, plant and equipment

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

(i) Assets under construction

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

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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

(ii) Depreciation

No depreciation is provided on assets under construction.

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

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

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

(iii) Gain or loss on disposal

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

(g) Impairment of non-financial assets

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

(h) Investments

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

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

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

(ii) *Loans and receivables*

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

(iii) *Held-to-maturity investments*

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

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

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(h) Investments *(continued)*

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

(i) Properties held for/under development

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

(j) Completed properties held for sale

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

(k) Hotel inventories

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

(l) Trade and other receivables

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

(m) Cash and cash equivalents

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

(n) Provisions

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

(o) Contingent liabilities and contingent assets

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

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

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

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

(p) Deferred taxation

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

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

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

(q) Borrowings

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

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(r) Borrowing costs

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

(s) Convertible bonds

(i) *Convertible bonds with equity component*

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

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

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

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

(ii) *Convertible bonds without equity component*

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

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

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

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

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

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

(ii) Pension obligations

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

(iii) Share-based compensation

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

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

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(v) Segment reporting

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

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

(w) Revenue recognition

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

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

(i) *Property sales*

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

(ii) *Rental income*

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

(iii) *Hotel operations income*

Hotel operations income is recognised when the services are rendered.

(iv) *Project management fee income*

Project management fee income is recognised when services are rendered.

(v) *Property management services fee income*

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

(vi) *Interest income*

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

(x) Dividend distribution

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

(y) Insurance contracts

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

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

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

(a) Financial risk management

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

(i) Interest rate risk

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

(ii) Currency risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

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

(b) Fair value estimation

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

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

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Valuation of investment properties

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

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

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

(c) Income taxes

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

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

(d) Share-based payments

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

(e) Impairment of goodwill

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

(f) Financial guarantees

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

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

6. REVENUE AND SEGMENT INFORMATION

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

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

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

Notes to the Financial Statements

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

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

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

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

7. OTHER GAINS, NET

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

8. OPERATING PROFIT BEFORE FINANCE COSTS

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

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

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

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

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

9. FINANCE COSTS

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

10. STAFF COSTS

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

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

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

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

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

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

11. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

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

For the year ended 30th June 2007

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

For the year ended 30th June 2006

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

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

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

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

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

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

The emoluments fall within the following bands:

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

12. TAXATION CHARGE

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

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

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

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

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

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

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

13. DIVIDENDS

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

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

14. EARNINGS PER SHARE

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

16. INVESTMENT PROPERTIES

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

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

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

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

17. LAND USE RIGHTS

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

17. LAND USE RIGHTS *(continued)*

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

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

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

18. GOODWILL

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

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

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

19. SUBSIDIARIES

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

Details of principal subsidiaries are given in note 43.

20. PROPERTIES HELD FOR DEVELOPMENT

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

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

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

21. ASSOCIATED COMPANIES

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

Notes:

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

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

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

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

22. JOINTLY CONTROLLED ENTITIES

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

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

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

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

Notes:

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

22. JOINTLY CONTROLLED ENTITIES *(continued)*

Notes: (continued)

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

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

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

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

24. CASH AND BANK BALANCES

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

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

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

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

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

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

25. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

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

Notes:

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

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

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

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

26. AMOUNTS DUE FROM/TO GROUP COMPANIES

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

Notes:

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

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

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

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

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

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

27. PROPERTIES UNDER DEVELOPMENT

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

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

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

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

28. COMPLETED PROPERTIES HELD FOR SALE

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

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

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

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

29. SHARE CAPITAL

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

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

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

29. SHARE CAPITAL (continued)

Notes:

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

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

Notes:

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

30. RESERVES

Group

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

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

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

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

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

31. LONG TERM BORROWINGS

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

Notes:

(i) The bank loans are repayable as follows:

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

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

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

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

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

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

31. LONG TERM BORROWINGS *(continued)*

Notes: (continued)

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

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

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

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

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

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

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

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

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

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

32. LONG TERM PAYABLE

Long term payable is repayable as follows:

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

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

33. DEFERRED TAX LIABILITIES

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

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

Group

Deferred tax assets/(liabilities)

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

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

34. CREDITORS AND ACCRUALS

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

Notes:

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

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

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

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

35. SHORT TERM BANK LOANS

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

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

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

36. AMOUNTS DUE TO MINORITY SHAREHOLDERS

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

37. TAXES PAYABLE

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

38. GUARANTEES

(i) Corporate guarantees for banking facilities

Group

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

Company

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

(ii) Guarantees in respect of mortgage facilities

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

(iii) Guarantee in respect of convertible bonds

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

39. COMMITMENTS

(i) Capital expenditure commitments

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

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

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

(ii) Lease commitments

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

40. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

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

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

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

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

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

(d) Disposal of a subsidiary

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

41. BUSINESS COMBINATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42. RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

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

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

Notes:

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

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

Notes: (continued)

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

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

(ii) Key management compensation

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

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

(iii) Balances with related parties

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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