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, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The address of its principal place of business in Hong Kong is 9/F., New World Tower I, 18 Queen's Road Central, Hong Kong.

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

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

These financial statements have been approved for issue by the Board of Directors on 13th October 2008.

2. BASIS OF PREPARATION

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

(a) The adoption of new or revised HKFRS

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

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

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

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

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

Effective for the year ending 30th June 2009

HK (IFRIC)-Int 12	Service Concession Arrangements
HK (IFRIC)-Int 13	Customer Loyalty Programmes
HK (IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2. BASIS OF PREPARATION *(Continued)*

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

Effective for the year ending 30th June 2010

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

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

3. PRINCIPAL ACCOUNTING POLICIES

(a) Consolidation

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

(i) *Subsidiaries*

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

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

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

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

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

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

(ii) *Minority interests*

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

(iii) *Associated companies*

An associated company is a company other than a subsidiary and a jointly controlled entity, in which the Group has substantial and significant influence through representatives on the board of directors.

Investment in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. Investments in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. The interests in associated companies also include long term interests which in substance form part of the Group's net investment in associated companies.

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

(iv) *Joint ventures*

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

Interests in jointly controlled entities are stated at cost plus the share of post-acquisition results and reserves and goodwill on acquisition less provision for impairment losses. The interests in jointly controlled entities also include long term interests which in substance form part of the Group's net investments in jointly controlled entities. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities set out as follows:

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

Co-operative joint ventures
Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.

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

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

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

(b) Goodwill

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

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

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

(c) Assets under leases

(i) *Finance leases*

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

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

(ii) *Operating leases*

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

(d) Land use rights

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Investment properties

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

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

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

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

(f) Property, plant and equipment

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

(i) *Assets under construction*

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

(ii) *Depreciation*

No depreciation is provided on assets under construction.

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

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

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

(iii) *Gain or loss on disposal*

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

(g) Impairment of investments in subsidiaries, jointly controlled entities, associated companies and non-financial assets

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

(h) Investments

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

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

Financial assets at fair value through profit or loss are financial assets held for trading and those designated as at fair value through profit or loss at inception under certain circumstances. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are classified as held for trading unless they are designated as hedges.

(ii) *Loans and receivables*

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

(iii) *Held-to-maturity investments*

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Investments *(Continued)*

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

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

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

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

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

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

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered in determining whether the assets are impaired. In case of debt instruments, objective evidence of impairment includes significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(i) Properties held for/under development

Properties held for/under development comprise prepayments for land use rights, development expenditure and borrowing costs capitalised. In the course of property development, the amortisation charge of land use rights is included as part of the costs of the property under development. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

(j) Completed properties held for sale

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

(k) Hotel inventories

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

(l) Trade and other receivables

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

(m) Cash and cash equivalents

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

(n) Provisions

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Contingent liabilities and contingent assets

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

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

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

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

(p) Current and deferred taxation

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

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

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

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

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

(r) Borrowing costs

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

(s) Convertible bonds

(i) *Convertible bonds with equity component*

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

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

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

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

(ii) *Convertible bonds without equity component*

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(t) Employee benefits

(i) *Employee leave entitlements*

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

(ii) *Pension obligations*

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

(iii) *Share-based compensation*

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(u) Foreign currencies

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

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

(iii) *Group companies*

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

(1) assets and liabilities for each balance sheet presented are translated at the exchange rate ruling at the date of that balance sheet;

(2) income and expenses for each income statement are translated at average exchange rates; and

(3) all resulting exchange differences are recognised as a separate component of equity.

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

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

(v) Segment reporting

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

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

(w) Revenue recognition

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

Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) *Property sales*

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(w) Revenue recognition *(Continued)*

(ii) *Rental income*

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

(iii) *Hotel operations income*

Hotel operations income is recognised when the services are rendered.

(iv) *Project management fee income*

Project management fee income is recognised when services are rendered.

(v) *Property management services fee income*

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

(vi) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method to the extent that interest income can be reliably measured and it is probable that future economic benefit will flow to the Group.

(vii) *Trademark income*

Trademark income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(x) Dividend distribution

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

(y) Insurance contracts

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

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

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

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

(a) Market risk

(i) *Foreign exchange risk*

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

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

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

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

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

(a) Market risk *(Continued)*

(ii) *Interest rate risk*

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

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

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

(iii) *Price risk*

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

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

(b) Credit risk

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

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

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

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

(c) Liquidity risk

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

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

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

(c) Liquidity risk *(Continued)*

Group

	Carrying amount HK$'000	Total contractual undiscounted cashflow HK$'000	Within 1 year HK$'000	Over 1 year but within 5 years HK$'000	After 5 years HK$'000
At 30th June 2008					
Creditors and accruals	**2,313,463**	**2,273,957**	**2,268,115**	**5,842**	**—**
Amounts due to jointly controlled entities	**1,892,656**	**1,892,656**	**1,892,656**	**—**	**—**
Amounts due to associated companies	**246,029**	**246,029**	**246,029**	**—**	**—**
Amounts to group companies	**281,197**	**281,197**	**281,197**	**—**	**—**
Amounts due to minority shareholders	**343,306**	**343,306**	**343,306**	**—**	**—**
Short term bank loans	**449,545**	**460,202**	**460,202**	**—**	**—**
Long term borrowings	**14,230,063**	**15,763,678**	**4,603,691**	**11,132,800**	**27,187**
At 30th June 2007					
Creditors and accruals	1,630,188	1,604,844	1,581,531	23,313	—
Amounts due to jointly controlled entities	963,963	963,963	963,963	—	—
Amounts due to associated companies	246,993	246,993	246,993	—	—
Amounts to group companies	483,117	483,117	483,117	—	—
Amounts due to minority shareholders	302,284	302,284	302,284	—	—
Short term bank loans	486,735	497,777	497,777	—	—
Long term borrowings	10,778,080	12,320,657	1,475,568	10,704,144	140,945
Long term payable	132,898	132,898	132,898	—	—

Company

	Carrying amount HK$'000	Total contractual undiscounted cashflow HK$'000	Within 1 year HK$'000	Over 1 year but within 5 years HK$'000	After 5 years HK$'000
At 30th June 2008					
Creditors and accruals	**37,018**	**37,018**	**37,018**	**—**	**—**
Amounts due to group companies	**126,458**	**126,458**	**126,458**	**—**	**—**
Long term borrowings	**3,456,914**	**3,515,201**	**383,042**	**897,571**	**2,234,588**
At 30th June 2007					
Creditors and accruals	41,437	41,437	41,437	—	—
Long term borrowings	3,345,279	3,519,079	132,428	2,040,882	1,345,769

(d) Capital management

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

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

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

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

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

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

(e) Fair value estimation

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

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

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

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5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Valuation of investment properties

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

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

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

(c) Income taxes

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

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

(d) Share-based payments

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

(e) Impairment of goodwill

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

(f) Financial guarantees

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

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

6. REVENUES AND SEGMENT INFORMATION

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

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

6. REVENUES AND SEGMENT INFORMATION *(Continued)*

(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 and financial assets held at corporate office and prepayment for proposed development projects. Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and other payables. They exclude bank and other borrowings, taxes payable, other creditors and accruals at corporate office.

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 2008	**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	2,837,946	410,540	255,508	19,533	—	3,523,527
Segment results	1,359,493	418,082	21,266	(1,345)	(51,293)	1,746,203
Bank and other interest income						58,260
Corporate expenses						(172,434)
Net foreign exchange gains						497,855
Operating profit before finance costs						2,129,884
Finance costs						(278,053)
Share of results of						
Associated companies	(3,507)	244,967	810	(756)	—	241,514
Jointly controlled entities	1,266	322,975	(35,038)	(959)	(2,272)	285,972
Profit before taxation						2,379,317
Taxation charge						(355,739)
Profit for the year						2,023,578
Capital expenditure	75,636	294,121	145,694	874	1,296	517,621
Depreciation and amortisation	33,214	42,212	74,828	823	2,270	153,347
Provision for properties held for development	54,000	—	—	—	—	54,000
Impairment of goodwill	—	—	—	—	2,941	2,941
As at 30th June 2008						
Segment assets	25,933,989	7,981,902	1,158,941	109,032	14,556	35,198,420
Associated companies and jointly controlled entities	5,535,044	7,051,056	657,075	(6,389)	(10,711)	13,226,075
Unallocated assets						1,933,314
Total assets						50,357,809
Segment liabilities	2,775,503	330,749	423,150	48,026	29,876	3,607,304
Unallocated liabilities						15,713,999
Total liabilities						19,321,303

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

7. OTHER GAINS, NET

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

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

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

8. OPERATING PROFIT BEFORE FINANCE COSTS

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

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

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

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

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

9. FINANCE COSTS

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

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10. STAFF COSTS

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

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

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

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

The assets of all retirement schemes are held separately from those of the Group in independently administered funds. The total pension costs charged to the consolidated income statement for the year amounted to HK$4,972,000 (2007: HK$4,713,000).

11. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

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

Name of director	Fees	Other emoluments	Retirement benefits	Share option benefits (note)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 30th June 2008					
Dr. Cheng Kar-shun, Henry	**150**	**–**	**–**	**1,157**	**1,307**
Mr. Doo Wai-hoi, William	**150**	**1,000**	**–**	**463**	**1,613**
Mr. Cheng Kar-shing, Peter	**150**	**–**	**–**	**463**	**613**
Mr. Cheng Chi-kong, Adrian	**150**	**1,140**	**48**	**1,006**	**2,344**
Mr. Leung Chi-kin, Stewart	**150**	**–**	**–**	**116**	**266**
Mr. Chow Kwai-cheung	**150**	**–**	**–**	**116**	**266**
Mr. Chow Yu-chun, Alexander	**150**	**–**	**–**	**289**	**439**
Mr. Fong Shing-kwong, Michael	**150**	**1,080**	**54**	**289**	**1,573**
Ms. Ngan Man-ying, Lynda	**150**	**3,498**	**179**	**578**	**4,405**
Mr. Fu Sze-shing	**100**	**–**	**–**	**116**	**216**
Mr. Cheng Wai-chee, Christopher	**200**	**–**	**–**	**173**	**373**
Mr. Tien Pei-chun, James	**200**	**–**	**–**	**173**	**373**
Mr. Lee Luen-wai, John	**200**	**–**	**–**	**173**	**373**
	2,050	**6,718**	**281**	**5,112**	**14,161**
For the year ended 30th June 2007					
Dr. Cheng Kar-shun, Henry	150	–	–	–	150
Mr. Doo Wai-hoi, William	150	1,000	–	–	1,150
Mr. Cheng Kar-shing, Peter	150	–	–	–	150
Mr. Cheng Chi-kong, Adrian	150	211	11	242	614
Mr. Leung Chi-kin, Stewart	150	–	–	–	150
Mr. Chow Kwai-cheung	150	–	–	–	150
Mr. Chow Yu-chun, Alexander	150	–	–	–	150
Mr. Fong Shing-kwong, Michael	150	960	48	–	1,158
Ms. Ngan Man-ying, Lynda	150	2,840	149	–	3,139
Mr. Fu Sze-shing	100	–	–	–	100
Mr. Cheng Wai-chee, Christopher	200	–	–	–	200
Mr. Tien Pei-chun, James	200	–	–	–	200
Mr. Lee Luen-wai, John	200	–	–	–	200
	2,050	5,011	208	242	7,511

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

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

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

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

The emoluments fall within the following bands:

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

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

12. TAXATION CHARGE

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

Share of taxation of associated companies and jointly controlled entities for the year ended 30th June 2008 of HK$71,875,000 (2007: HK$15,697,000) and HK$437,834,000 (2007: HK$137,256,000) respectively are included in the consolidated income statement as share of results of associated companies and jointly controlled entities.

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

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

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

12. TAXATION CHARGE *(Continued)*

On 16th March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law"), pursuant to which the corporate income tax rates for domestic and foreign enterprises are unified at 25% effective from 1st January 2008. As a result, the enterprise income tax rate of the subsidiaries, associated companies and jointly controlled entities operating in the PRC was changed from 33% to 25% with effect from 1st January 2008. Deferred taxation for the year ended 30th June 2008 and 2007 have been accounted for by applying the relevant tax rates in the New CIT Law.

In July 1999, a deed of tax indemnity was entered into between NWD, the ultimate holding company, and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC income tax ("IT") and land appreciation tax ("LAT") payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK$369,620,000 (2007: HK$188,424,000) was effected.

13. DIVIDENDS

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

At a meeting held on 13th October 2008, the directors recommended a final dividend of HK$0.02 per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30th June 2009.

14. EARNINGS PER SHARE

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Other properties HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1st July 2007	841,654	236,479	458,807	53,529	1,590,469
Translation differences	91,304	26,872	53,188	6,893	178,257
Additions	13,460	32,892	28,117	20,601	95,070
Disposals/write off	(1,865)	—	(1,271)	(5,969)	(9,105)
Disposal of subsidiaries	(8,886)	(780)	(2,050)	(380)	(12,096)
Transfer from investment properties	26,518	—	—	—	26,518
At 30th June 2008	962,185	295,463	536,791	74,674	1,869,113
Accumulated depreciation and impairment					
At 1st July 2007	176,783	151,185	314,132	28,505	670,605
Translation differences	24,200	18,932	39,811	4,358	87,301
Charge for the year	44,544	31,506	54,605	8,450	139,105
Disposals/write off	(820)	—	(1,012)	(4,341)	(6,173)
Disposal of subsidiaries	(6,902)	(537)	(1,483)	(215)	(9,137)
At 30th June 2008	237,805	201,086	406,053	36,757	881,701
Net book value					
At 30th June 2008	724,380	94,377	130,738	37,917	987,412

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

Group

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

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

16. INVESTMENT PROPERTIES

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

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

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

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

17. LAND USE RIGHTS

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

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

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

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

18. GOODWILL

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

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

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

19. SUBSIDIARIES

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

Details of principal subsidiaries are given in note 43.

20. PROPERTIES HELD FOR DEVELOPMENT

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

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

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

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

21. ASSOCIATED COMPANIES

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

Notes:

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

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

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

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

22. JOINTLY CONTROLLED ENTITIES

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

Notes:

(i) The amount receivable is unsecured, carries interest at 10% (2007: 10%) per annum and has repayment terms as specified in the relevant loan agreements.

(ii) The amounts receivable and payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.

(iii) The amounts receivable are unsecured, carry interest ranging from 1% over London Interbank Offered Rate ("LIBOR") to 10% (2007: 1% over LIBOR to 10%) per annum and have repayment terms as specified in the joint venture contracts.

(iv) *The amounts receivable are unsecured, carry interest at 1.5% above Hong Kong Interbank Offered Rate ("HIBOR") (2007: 1.5% above HIBOR) per annum and have repayment terms as specified in the joint venture contracts.*

(v) *The balances represent payments on account of proposed joint ventures for which the agreement is pending the approval from the relevant government authority. Upon the completion of registration of the joint venture company, the relevant amount will be reclassified to joint venture balance.*

(vi) *The Group's share of revenues, results, assets and liabilities of its jointly controlled entities are as follows:*

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

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

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

25. CASH AND BANK BALANCES

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

The effective interest rate on short-term bank deposits was ranging from 1.10% to 4.14% (2007: 1.62% to 5.22%). These deposits have an average maturity of 1 to 90 days (2007: 3 to 90 days).

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

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

	Group		Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Hong Kong dollar	**1,117,828**	365,582	**991,220**	286,684
Renminbi	**2,715,433**	2,461,193	**—**	—
United States dollar	**991,356**	3,569,289	**179**	323,326
	4,824,617	6,396,064	**991,399**	610,010

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

26. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

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

Notes:

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

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

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

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

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

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

(d) *During the year, impairment loss on trade debtors of HK$19,328,000 (2007: HK$11,313,000) was recognised in the income statement.*

(e) *The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.*

27. AMOUNTS DUE FROM/TO GROUP COMPANIES

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

Notes:

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

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

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

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

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

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

28. PROPERTIES UNDER DEVELOPMENT

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

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

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

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

29. COMPLETED PROPERTIES HELD FOR SALE

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

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

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

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

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

30. SHARE CAPITAL

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

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

	Number of shares of HK$0.1 each	**HK$'000**
At 30th June 2006	3,825,783,832	382,578
Exercise of share options (note (i))	4,581,800	458
At 30th June 2007	3,830,365,632	383,036
Exercise of share options (note (i))	4,136,700	414
At 30th June 2008	3,834,502,332	383,450

Notes:

(i) *Pursuant to the share option scheme adopted on 26th November 2002, the Company may grant options to executive directors and employees of the Company or its subsidiaries to subscribe for shares in the Company. The movements in the number of share options granted during the year and the balance outstanding at 30th June 2008 are as follows:*

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

Notes:

(1) *Except for (i) the 700,000 share options with exercise price per share of HK$2.300 which are divided into 2 tranches and exercisable within a period of 2 years commencing on the expiry of one month after the dates on which the options were accepted; and (ii) the 13,180,000 share options with exercise price per share of HK$6.972 which are divided into 3 tranches and exercisable with a period of 3 years commencing on the expiry of one month after the dates on which the options were accepted, all the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.*

(2) *Fair value of options and assumptions*
The fair value of options granted during the year determined using the Binomial Model was HK$35,204,000 (2007: HK$8,757,000). The significant inputs to the model was share price ranging from HK$5.24 to HK$8.07 (2007: HK$2.825 to HK$6.710) at the grant dates, exercise prices ranging from HK$5.26 to HK$8.07 (2007: HK$2.865 to HK$6.710), volatility of the share ranging from 42% to 45% (2007: 43% to 47%), expected life of options of 3 to 5 years (2007: 5 years), expected dividend yield ranging from 0.83% to 1.20% (2007: 0% to 1.33%), risk-free interest rate ranging from 2.24% to 4.06% (2007: 3.68% to 4.78%) and suboptimal exercise factor ranging from 1.5 to 1.74 times (2007: 1.55 to 1.74 times) of the exercise prices (which accounts for the early exercise behaviour of the option holders). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company over the past 5 years.

31. RESERVES

Group

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

	Contributed surplus HK$'000	Share premium HK$'000	Other reserve (note) HK$'000	Share option reserve HK$'000	Convertible bonds — equity component HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1st July 2006	14,608,781	7,505,815	108,337	4,718	—	131,297	1,293,489	23,652,437
Profit for the year	—	—	—	—	—	—	1,191,444	1,191,444
Premium on issue of shares	—	10,698	—	—	—	—	—	10,698
Acquisition of subsidiaries	—	—	135,438	—	—	—	—	135,438
Share-based payments	—	—	—	6,466	—	—	—	6,466
Transfer of reserve upon exercise and lapse of share options	—	2,081	—	(2,875)	—	—	794	—
Issuance of convertible bonds	—	—	—	—	382,313	—	—	382,313
Dividends paid	(229,707)	—	—	—	—	—	—	(229,707)
Translation differences	—	—	—	—	—	697,763	—	697,763
As at 30th June 2007 before proposed final dividend	14,379,074	7,518,594	243,775	8,309	382,313	829,060	2,485,727	25,846,852
Representing:								
As at 30th June 2007 after proposed final dividend	14,149,099	7,518,594	243,775	8,309	382,313	829,060	2,485,727	25,616,877
2007 proposed final dividend	229,975	—	—	—	—	—	—	229,975
	14,379,074	7,518,594	243,775	8,309	382,313	829,060	2,485,727	25,846,852

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

Company

	Contributed surplus HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
As at 1st July 2007	**14,399,235**	**7,518,594**	**1,811,827**	**8,309**	**—**	**(3,537,202)**	**20,200,763**
Premium on issue of shares	**—**	**8,120**	**—**	**—**	**—**	**—**	**8,120**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(1,992,684)**	**(1,992,684)**
Change in fair value of available-for-sale financial assets, net of tax	**—**	**—**	**—**	**—**	**22,165**	**—**	**22,165**
Share-based payments	**—**	**—**	**—**	**15,306**	**—**	**—**	**15,306**
Transfer of reserve upon exercise and lapse of share options	**—**	**2,777**	**—**	**(3,584)**	**—**	**807**	**—**
Dividends paid	**(383,317)**	**—**	**—**	**—**	**—**	**—**	**(383,317)**
Translation differences	**—**	**—**	**2,203,606**	**—**	**—**	**—**	**2,203,606**
As at 30th June 2008 before proposed final dividend	**14,015,918**	**7,529,491**	**4,015,433**	**20,031**	**22,165**	**(5,529,079)**	**20,073,959**
Representing:							
As at 30th June 2008 after proposed final dividend	**13,939,226**	**7,529,491**	**4,015,433**	**20,031**	**22,165**	**(5,529,079)**	**19,997,267**
2008 proposed final dividend	**76,692**	**—**	**—**	**—**	**—**	**—**	**76,692**
	14,015,918	**7,529,491**	**4,015,433**	**20,031**	**22,165**	**(5,529,079)**	**20,073,959**
As at 1st July 2006	14,628,942	7,505,815	572,038	4,718	—	(2,191,110)	20,520,403
Premium on issue of shares	—	10,698	—	—	—	—	10,698
Loss for the year	—	—	—	—	—	(1,346,886)	(1,346,886)
Share-based payments	—	—	—	6,466	—	—	6,466
Transfer of reserve upon exercise and lapse of share options	—	2,081	—	(2,875)	—	794	—
Dividends paid	(229,707)	—	—	—	—	—	(229,707)
Translation differences	—	—	1,239,789	—	—	—	1,239,789
As at 30th June 2007 before proposed final dividend	14,399,235	7,518,594	1,811,827	8,309	—	(3,537,202)	20,200,763
Representing:							
As at 30th June 2007 after proposed final dividend	14,169,260	7,518,594	1,811,827	8,309	—	(3,537,202)	19,970,788
2007 proposed final dividend	229,975	—	—	—	—	—	229,975
	14,399,235	7,518,594	1,811,827	8,309	—	(3,537,202)	20,200,763

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

32. LONG TERM BORROWINGS

	Group		Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Bank loans (note (i))				
Secured	**1,939,514**	1,547,906	**—**	—
Unsecured	**5,514,279**	3,113,524	**1,097,624**	1,394,953
Loans from fellow subsidiaries (note (ii))	**2,888,292**	2,834,846	**—**	—
Loans from minority shareholders (note (iii))	**137,135**	142,957	**—**	—
Advances from participating interest (note (iv))	**929,760**	704,610	**2,359,290**	1,950,326
Convertible bonds (note (v))	**2,821,083**	2,434,237	**—**	—
	14,230,063	10,778,080	**3,456,914**	3,345,279
Current portion included in current liabilities	**(3,976,239)**	(980,615)	**(300,000)**	—
	10,253,824	9,797,465	**3,156,914**	3,345,279

Notes:

(i) The bank loans are repayable as follows:

	Group						Company	
	Secured		Unsecured		Total		Unsecured	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Within one year	**326,614**	239,814	**1,118,182**	265,306	**1,444,796**	505,120	**300,000**	—
Between one and two years	**538,600**	265,433	**1,758,078**	632,653	**2,296,678**	898,086	**797,624**	—
Between two and five years	**1,074,300**	920,210	**2,638,019**	2,215,565	**3,712,319**	3,135,775	**—**	1,394,953
After five years	**—**	122,449	**—**	—	**—**	122,449	**—**	—
	1,939,514	1,547,906	**5,514,279**	3,113,524	**7,453,793**	4,661,430	**1,097,624**	1,394,953

Included in bank loans of the Group in 2007 was an amount of HK$258,503,000 which was repayable by instalments up to December 2016 and had 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	
	2008 HK$'000	2007 HK$'000
Within one year	**2,531,443**	475,494
Between one and two years	**356,849**	1,864,867
Between two and five years	**—**	494,485
	2,888,292	2,834,846

The loans from fellow subsidiaries are unsecured and bear interest ranging from three months HIBOR to 1.35% above London Interbank Offered Rate ("LIBOR") (2007: three months HIBOR to 1.35% above LIBOR) per annum.

(iii) *The loans from minority shareholders are unsecured, bear interest at 5% to 5.76% (2007: 5% to 5.85%) per annum and have repayment terms as specified in the joint venture contracts.*

(iv) *The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the Group and the participating interest.*

(v) *In June 2007, a subsidiary of the Company issued USD settled zero coupon guaranteed convertible bonds in the aggregate amount of RMB2,800,000,000, which are convertible into fully paid shares with par value of HK$0.1 each of the Company.*

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

Up to 30th June 2008, there was no conversion or redemption of the convertible bonds.

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

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

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

The fair value of the liability component at the date of the issuance of the bonds, included in the long term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in the reserve. The present value of the liability component of the convertible bonds at 30th June 2008, which was estimated using cash flows discounted at a rate of 8.78% (2007:4.92%) and at the exchange rate ruling at the balance sheet date, amounted to HK$2,374,390,000 (RMB2,089,463,000) (2007: HK$2,344,066,000 (RMB2,297,185,000)).

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

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

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

33. LONG TERM PAYABLE

Long term payable is repayable as follows:

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

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

34. DEFERRED TAX LIABILITIES

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

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

Group

Deferred tax assets/(liabilities)

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

Company

Deferred tax liabilities

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

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of HK$384,016,000 (2007: HK$474,646,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2013 (2007: 2012).

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

35. CREDITORS AND ACCRUALS

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

Notes:

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

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

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

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

36. SHORT TERM BANK LOANS

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

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

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

37. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The amounts due to minority shareholders are unsecured, interest free and repayable on demand. The carrying amounts of the balances are mainly denominated in Renminbi as at 30th June 2008 and 2007 and approximate their fair values.

38. TAXES PAYABLE

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

39. GUARANTEES

(i) Corporate guarantees for banking facilities

Group

The Group has corporate guarantees of approximately HK$2,350,081,000 (2007: HK$2,535,903,000) given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 30th June 2008, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the associated companies and jointly controlled entities was approximately HK$1,575,223,000 (2007: HK$1,869,522,000).

Company

The Company has corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries, jointly controlled entities and associated companies of approximately HK$2,672,011,000 (2007: HK$2,381,661,000), HK$2,295,535,000 (2007: HK$2,013,847,000) and HK$54,545,000 (2007: HK$522,056,000) respectively.

(ii) Guarantees in respect of mortgage facilities

As at 30th June 2008, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the outstanding mortgage loans under these guarantees amounted to HK$995,605,000 (2007: HK$398,402,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

(iii) Guarantee in respect of convertible bonds

The Company had provided guarantee in respect of the convertible bonds issued by a subsidiary and the outstanding balance of the convertible bonds of RMB2,800,000,000 amounted to HK$3,181,818,000 as at 30th June 2008 (2007: HK$2,857,143,000) at the exchange rate ruling on the balance sheet date.

40. COMMITMENTS

(i) Capital expenditure commitments

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

	Group	
	2008 HK$'000	2007 HK$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	**108,000**	108,000
Contracted but not provided for		
Property, plant and equipment	**25,256**	5,775
Purchase consideration for proposed development projects	**40,455**	35,816
	65,711	41,591
	173,711	149,591

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

40. COMMITMENTS *(Continued)*

(ii) Lease commitments

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

41. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

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

(b) Acquisition of subsidiaries

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

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

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

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41. NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(d) Disposal of subsidiaries

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

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

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

42. RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

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

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

Notes:

(a) *Interest is charged at rates as specified in note 32(ii) on the outstanding balances due to certain fellow subsidiaries.*

(b) *The rental is charged at fixed monthly or annual fees in accordance with the terms of the tenancy agreements.*

(c) *The property agency fee is charged by the fellow subsidiary in accordance with the terms of the property agency agreement.*

(d) *This represents interest income in respect of loan financing provided to jointly controlled entities. These loans are unsecured and carry interest at rates as specified in note 22.*

(e) *The estate management fees are charged at fixed amounts to a fellow subsidiary and certain jointly controlled entities as specified in the management contracts.*

(f) *The rental income is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.*

(g) *Trademark fee income is charged at annual fee to jointly controlled entity as specified in the contract.*

(h) *The management service income is charged in accordance with the terms of the management service agreement.*

(i) *Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries for the year amounted to HK$524,723,000 (2007: HK$135,822,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.*

(j) *A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of IT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK$369,620,000 (2007: HK$188,424,000) was effected (note 12).*

42. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Key management compensation

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

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

(iii) Balances with related parties

Balances with associated companies, jointly controlled entities and group companies are disclosed in notes 21, 22 and 27 respectively.

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

Details of the principal subsidiaries, associated companies and jointly controlled entities which materially affect the results for the year and/or assets of the Group as at 30th June 2008 are set out below:

		Attributable interest held (note 1)				
		By the Company		**By the Group**		
Company name	**Issued/registered and fully paid up share capital**	**2008**	**2007**	**2008**	**2007**	**Principal activities**
Subsidiaries						
Incorporated and operating in Hong Kong						
Billion Huge (International) Limited	HK$950,001 950,001 ordinary shares of HK$1 each	**–**	–	**100%**	100%	Investment holding
Billion Park Investment Limited	HK$1,000,000 1,000,000 ordinary shares of HK$1 each	**–**	–	**78.6%**	78.6%	Investment holding
China Joy International Limited	HK$2 2 ordinary shares of HK$1 each	**–**	–	**100%**	100%	Investment holding
Dragon Joy (China) Limited	HK$1 1 ordinary share of HK$1	**–**	–	**100%**	100%	Investment holding
Global Hero Holdings Limited	HK$1 1 ordinary share of HK$1	**–**	–	**100%**	–	Investment holding
Lingal Limited	HK$2,000 1,800 ordinary shares of HK$1 each 200 non-voting deferred shares of HK$1 each	**–**	–	**100%**	100%	Investment holding
Max Charm Investment Limited	HK$2 2 ordinary shares of HK$1 each	**–**	–	**100%**	100%	Investment holding
New World China Property Limited (Formerly known as Trend Island Limited)	HK$2 2 ordinary shares of HK$1 each	**100%**	–	**100%**	100%	Investment holding
New World Development (China) Limited	HK$4 2 ordinary shares of HK$1 each 2 non-voting deferred shares of HK$1 each	**100%**	100%	**100%**	100%	Investment holding
New World Hotel Management Limited	HK$1 1 ordinary share of HK$1	**–**	–	**70.5%**	65%	Hotel management
Silver World H.K. Development Limited	HK$1 1 ordinary share of HK$1	**–**	–	**100%**	–	Investment holding
Spread Glory Investments Limited	HK$1 1 ordinary share of HK$1	**–**	–	**100%**	–	Investment holding
Starluxe Enterprises Limited	HK$1 1 ordinary share of HK$1	**–**	–	**100%**	100%	Investment holding
Sunny Trend Development Limited	HK$2 2 ordinary shares of HK$1 each	**–**	–	**100%**	100%	Investment holding
Wing Shan International Country Club Co. Limited	HK$1,000,000 1,000,000 ordinary shares of HK$1 each	**–**	–	**89.2%**	92.5%	Investment holding

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) By the Company 2008	By the Company 2007	By the Group 2008	By the Group 2007	Principal activities
Subsidiaries (Continued)						
Incorporated in the British Virgin Islands						
Art Bridge Developments Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Banyan Developments Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Conful Enterprises Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Ever Brisk Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Fu Hong Investments Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Hinto Developments Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Keep Bright Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Lucky Win Development Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Magic Chance Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
New World Anderson Development Company Limited	US$100 100 shares of US$1	**–**	–	**100%**	100%	Investment holding
New World China Finance (BVI) Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Financing
New World China Land Finance Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Financing
New World Hotel Management (BVI) Limited	US$1,000 1,000 shares of US$1 each	**–**	–	**70.5%**	65%	Investment holding
Radiant Glow Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Rise Eagle Worldwide Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Sparkling Rainbow Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Stand Fame Enterprises Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Investment holding
Superb Wealthy Group Limited	US$1 1 share of US$1	**–**	–	**100%**	100%	Financing

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1) By the Company 2008	By the Company 2007	By the Group 2008	By the Group 2007	Principal activities
Sweet Prospects Enterprises Limited	US$1 1 share of US$1	–	–	**100%**	100%	Investment holding
Triumph Hero International Limited	US$10,000 10,000 shares of US$1 each	–	–	**100%**	100%	Investment holding
True Blue Developments Limited	US$1 1 share of US$1	–	–	**100%**	100%	Investment holding
Twin Glory Investments Limited	US$1 1 share of US$1	–	–	**100%**	100%	Investment holding
Vivid China Investment Limited	US$1 1 share of US$1	–	–	**100%**	100%	Investment holding
Incorporated and operating in the PRC						
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB50,000,000	–	–	**75%** (note 2)	75%	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US$13,000,000	–	–	**100%**	100%	Property sales
Changsha Xiangxianghai Housing Development Co., Ltd.	RMB75,000,000	–	–	**80%**	80%	Investment holding
Chengdu Xinyi Real Estate Development Co., Ltd.	US$99,500,000	–	–	**60%** (note 2)	60%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	–	–	**88%**	88%	Property investment and development
Dalian New World Tower Co., Ltd.	US$37,500,000	–	–	**100%**	100%	Property investment, development and hotel investment
Foshan Country Club Co., Ltd.	US$52,923,600	–	–	**75.9%**	78.6%	Golf club operation and property development
Fung Seng Estate Development (Shanghai) Co., Ltd.	US$10,000,000	–	–	–	70%	Property development
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	–	–	**100%**	100%	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	–	–	**100%**	100%	Property development
Guangzhou Xin Sui Tourism Centre Ltd.	HK$100,000,000	–	–	**100%**	100%	Property development
Guangzhou Xin Yi Development Limited	HK$286,000,000	–	–	**90.5%**	90.5%	Property investment and development

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) By the Company 2008	By the Company 2007	By the Group 2008	By the Group 2007	Principal activities
Subsidiaries (Continued)						
Incorporated and operating in the PRC (Continued)						
Guiyang New World Real Estate Co., Ltd.	US$81,550,000	–	–	**100%** (note 2)	100%	Property development
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB40,000,000	–	–	**100%**	100%	Investment holding and property investment
Hunan Success New Century Investment Company Limited	RMB250,000,000	–	–	**90%** (note 2)	90%	Property development
Jinan New World Sunshine Development Ltd.	US$29,980,000	–	–	**100%**	73%	Property development
Nanjing Huawei Real Estate Development Co., Ltd.	US$12,000,000	–	–	**92%**	92%	Property development
New World Anderson (Tianjin) Development Co., Ltd.	US$5,500,000	–	–	**100%**	100%	Property investment and development
New World (Anshan) Property Development Co., Ltd.	RMB700,000,000	–	–	**100%**	–	Property development
New World China Land Investments Company Limited	US$40,000,000	**100%**	100%	**100%**	100%	Investment holding
New World China Land (Haikou) Limited	US$100,000,000	–	–	**100%**	100%	Property development
New World Development (Wuhan) Co., Ltd.	US$49,750,000	–	–	**100%**	100%	Property investment and development
New World (Shenyang) Property Development Limited	RMB97,720,000	–	–	**90%**	90%	Property development
New World (Shenyang) Property Development No. 2 Limited	RMB97,720,000	–	–	**90%**	90%	Property development
New World (Shenyang) Property Development No. 3 Limited	RMB164,600,000	–	–	**90%**	90%	Property development
New World (Shenyang) Property Development No. 4 Limited	RMB97,720,000	–	–	**90%**	90%	Property development
New World (Shenyang) Property Development No. 5 Limited	RMB312,320,000	–	–	**90%**	90%	Property investment and development
New World (Shenyang) Property Development No. 6 Limited	RMB97,720,000	–	–	**90%**	90%	Property development
New World Zhonghong Property Co., Ltd.	RMB166,666,000	–	–	**70%**	–	Property development
Shanghai Juyi Real Estate Development Co., Ltd	RMB641,590,000	–	–	**70%**	70%	Property development
Shanghai Ramada Plaza Ltd.	US$42,000,000	–	–	**75%**	75%	Property investment and hotel operation

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1) By the Company 2008	2007	By the Group 2008	2007	Principal activities
Shenyang New World Hotel Co., Ltd.	RMB201,520,000	**–**	–	**100%**	100%	Hotel operation
Shenzhen Topping Real Estate Development Co., Ltd.	HK$182,000,000	**–**	–	**100%**	90%	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK$60,000,000	**–**	–	**100%**	90%	Property development
Tianjin Xin Guang Development Co., Ltd.	US$4,500,000	**–**	–	**100%**	100%	Property investment
Wuhan New Eagle Properties Co., Limited	US$2,830,000	**–**	–	**100%**	100%	Property investment
Wuhan Xinhan Development Co., Ltd.	US$16,000,000	**–**	–	**70%**	70%	Property development
Zhuhai New World Housing Development Limited	US$8,000,000	**–**	–	**100%**	100%	Property development
Associated companies						
Incorporated and operating in Hong Kong						
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
Incorporated in the British Virgin Islands						
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
Incorporated and operating in the PRC						
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
Jointly controlled entities						
Incorporated and operating in Hong Kong						
World Target Development Limited	HK$100 100 shares of HK$1 each	**–**	–	**50%**	–	Investment holding
Incorporated in the British Virgin Islands						
Concord Properties Holding (Guangzhou) Limited	US$10 10 shares of US$1 each	**–**	–	**40%**	40%	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) By the Company 2008	By the Company 2007	By the Group 2008	By the Group 2007	Principal activities
Jointly controlled entities (Continued)						
Incorporated and operating in the PRC						
Beijing Chong Wen-New World Properties Development Co., Ltd	US$225,400,000	–	–	**70%**	70%	Property investment and development
Beijing Chong Yu Real Estate Development Co., Ltd	US$171,840,000	–	–	**70%**	70%	Property investment and development
Beijing Xin Kang Real Estate Development Co., Ltd	US$12,000,000	–	–	**70%**	70%	Property investment and development
Beijing Xin Lian Hotel Co., Ltd.	US$12,000,000	–	–	**55%**	55%	Hotel operation
China New World Electronics Ltd.	US$57,200,000	–	–	**70%**	70%	Property investment and development
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US$16,950,000	–	–	**39%**	39%	Golf club and resort operation
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US$20,820,000	–	–	**59%**	59%	Property development
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	–	–	**62.5%**	62.5%	Property development
Guangzhou Fong Chuen New World Property Development Co., Ltd	RMB330,000,000	–	–	**60%**	60%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	–	–	**62.5%**	62.5%	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US$24,000,000	–	–	**60%**	60%	Property development
Haikou New World Housing Development Limited	US$8,000,000	–	–	**60%**	60%	Property development
Huizhou New World Housing Development Limited	RMB80,000,000	–	–	**62.5%**	62.5%	Property development
Shanghai Trio Property Development Co., Ltd.	US$81,000,000	–	–	**47.5%**	47.5%	Property development
Tianjin New World Housing Development Co., Ltd	RMB80,000,000	–	–	**60%**	60%	Property development
Tianjin New World Pan Bo Hai Real Estate Development Co., Ltd.	HK$405,000,000	–	–	**50%**	–	Property investment
Tianjin New World Properties Development Co., Ltd.	US$12,000,000	–	–	**70%**	70%	Property development
Wuhan New World Housing Development Limited	RMB96,000,000	–	–	**60%**	60%	Property development
Wuhan Wuxin Hotel Co. Ltd.	US$13,500,000	–	–	**60%**	60%	Hotel investment

Notes:

1. *Represent equity interest in case of companies incorporated outside the PRC or the percentage of equity interest in case of equity joint ventures or profit sharing ratio in accordance with the joint venture contracts in case of co-operative joint ventures in the PRC.*

2. *Represent equity interest of the Group in these companies. Pursuant to a participation agreement dated 11th September 2006 entered into between the Company and Solar Leader Limited ("Solar Leader"), a wholly-owned subsidiary of NWD, Solar Leader has a participating interest, representing 50% of the total interest of the Group in certain property projects undertaken by these companies.*