



New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00917)

ANNUAL RESULTS ANNOUNCEMENT 2007/2008

RESULTS

The board of directors of New World China Land Limited (“the Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (“the Group”) for the year ended 30th June 2008:

Consolidated Income Statement For the year ended 30th June 2008

	Note	2008 HK\$'000	2007 HK\$'000
Revenues	2	3,523,527	2,474,238
Cost of sales		(2,395,177)	(1,627,044)
Gross profit		1,128,350	847,194
Other gains, net	3	1,652,172	703,080
Changes in fair value of investment properties		201,676	72,682
Selling expenses		(128,530)	(103,950)
Administrative expenses		(72,621)	(71,125)
Other operating expenses		(651,163)	(495,658)
Operating profit before finance costs	4	2,129,884	952,223
Finance costs		(278,053)	(230,790)
Share of results of			
Associated companies		241,514	141,133
Jointly controlled entities		285,972	452,276
Profit before taxation		2,379,317	1,314,842
Taxation charge	5	(355,739)	(132,054)
Profit for the year		2,023,578	1,182,788
Attributable to:			
Equity holders of the Company		2,019,935	1,191,444
Minority interests		3,643	(8,656)
		2,023,578	1,182,788
Dividends	6	230,034	306,566
Dividend per share	6		
Interim dividend		4.00 cents	2.00 cents
Final dividend		2.00 cents	6.00 cents
		6.00 cents	8.00 cents
Earnings per share	7		
Basic		52.70 cents	31.12 cents
Diluted		49.04 cents	31.07 cents

Consolidated Balance Sheet

As at 30th June 2008

	Note	2008 HK\$'000	2007 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		987,412	919,864
Investment properties		7,321,728	5,871,951
Land use rights		494,142	332,521
Goodwill		127,766	48,095
Properties held for development		6,870,382	7,852,456
Associated companies		1,947,102	1,746,047
Jointly controlled entities		11,278,973	10,484,071
Available-for-sale financial assets		209,275	71,427
Financial assets at fair value through profit or loss		120,308	-
Cash and bank balances, restricted		40,909	-
		29,397,997	27,326,432
Current assets			
Hotel inventories, at cost		1,024	833
Debtors, deposits and other receivables	8	6,761,477	3,870,289
Amounts due from group companies		27,663	146,544
Properties under development		7,889,265	4,133,351
Completed properties held for sale		1,496,675	1,240,554
Cash and bank balances, restricted		415,559	464,303
Cash and bank balances, unrestricted		4,368,149	5,931,761
		20,959,812	15,787,635
Total assets		50,357,809	43,114,067
EQUITY			
Capital and reserves attributable to the			
Company's equity holders			
Share capital		383,450	383,036
Reserves		29,244,667	25,616,877
Proposed final dividend		76,692	229,975
		29,704,809	26,229,888
Minority interests		1,331,697	1,241,695
Total equity		31,036,506	27,471,583

Consolidated Balance Sheet

As at 30th June 2008 (Continued)

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

Notes:

1 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.

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.

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

Effective for the year ending 30th June 2010

HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combination
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.

2 Revenues and segment information

The Group is principally engaged in investment in and development of property projects in the People's Republic of China (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	2007
	HK\$'000	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

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	Rental	Hotel	Property	Other	Total
	sales	operation	operation	management	operations	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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

	Property	Rental	Hotel	Property	Other	Total
Year ended 30th	sales	operation	operation	management	operations	
June 2007	HK\$'000	HK\$'000	HK\$'000	services	HK\$'000	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

3 Other gains, net

	2008 HK\$'000	2007 HK\$'000
Net foreign exchange gains	515,381	165,950
Tax indemnity from the ultimate holding company	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)

4 Operating profit before finance costs

	2008	2007
	HK\$'000	HK\$'000
Operating profit before finance costs is arrived at after charging:		
Cost of properties sold	2,008,092	1,337,511
Depreciation of property, plant and equipment	139,105	117,822
Amortisation of land use rights	14,242	8,642

5 Taxation charge

	2008	2007
	HK\$'000	HK\$'000
Current taxation		
PRC enterprise income tax	128,226	114,925
PRC land appreciation tax	143,872	117,676
Deferred taxation	83,641	(100,547)
	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.

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.

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.

6 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.

7 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

8 Debtors, deposits and other receivables

Debtors, deposits and other receivables include trade debtors, utility and other deposits, interest and other receivables and prepayments for land cost and proposed development projects.

The ageing analysis of trade debtors is as follows:

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

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.

9 Creditors and accruals

Creditors and accruals include trade creditors, retention payables of construction costs, other payables and various accruals. The ageing analysis of trade creditors is as follows:

	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

BUSINESS REVIEW

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

Analysis of Attributable operating profit (“AOP”)

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

Property sales

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

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

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

R: Residential

C: Commercial

P: Carpark

H: Hotel

Rental operation

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

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

In FY2008, the Group has completed 8 property investment projects in Beijing, Shenyang, Nanjing, Shanghai, Wuhan and Guangzhou with a total GFA of 124,534 sq.m..

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

Hotel operation

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

Hotel portfolio	Number of rooms
Courtyard by Marriot Beijing (北京萬怡酒店)	293
New World Mayfair Hotel Shanghai (上海巴黎春天大酒店)	860
New World Hotel Shenyang (瀋陽新世界酒店)	261
New World Hotel Wuhan (武漢新世界酒店)	327
Courtyard by Marriot Shunde (順德萬怡酒店)	376
Total	2,117

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

Other operations

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

Capital expenditure commitments

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

Foreign currency exposure

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

CONTINGENT LIABILITIES

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

As at 30th June 2008, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group amounting to HK\$995,605,000 (30th June 2007: HK\$398,402,000).

DETAILS OF CHARGES ON GROUP'S ASSETS

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

AUDIT COMMITTEE

Audit committee was established in accordance with requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee consists of three independent non-executive directors of the Company. The audit committee has reviewed the audited financial statements for the year ended 30th June 2008 and discussed the financial related matters with management and external auditors.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the year ended 30th June 2008, except for the following derivations:

Code provision A.2.1

The code provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. Cheng Kar-shun, Henry acts as the Chairman and Managing Director of the Company. He is responsible for effective running of the board and formulating business strategies. He also provides leadership for effective running of the Company's business and implementing the policies devised by the board. The board believes that Dr. Cheng Kar-shun, Henry, in his dual capacity as the Chairman and Managing Director of the Company, can provide strong and consistent leadership for the development of the Group.

Code provision A.5.4

The code provision A.5.4 provides that there should be written guidelines on no less exacting terms than the Model Code for Securities Transaction by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules for relevant employees in respect of their dealing in the securities of the issuer.

The Company has not established guideline for employees as required under the code provision, instead, the relevant provisions for insider dealing as set out in the Securities and Futures Ordinance have been included in the in-house “Human Resources & Administration Manual” so that the employees are reminded of their obligation under the Ordinance.

Code provision E.1.2

The code provision E.1.2 provides (among other things) that the chairman of the board should attend the annual general meeting.

Dr. Cheng Kar-shun, Henry, the Chairman of the Board, did not attend the annual general meeting of the Company held on 27th November 2007 (the “Meeting”) as he had another business engagement. Mr. Cheng Chi-kong, Adrian, who took the chair of the Meeting, together with other members of the Board and the Audit and Remuneration Committees who attended the Meeting, were of sufficient calibre for answering questions at the Meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. The Company has confirmed with the directors that they have complied with the standard set out in the Model Code during the year under review.

EMPLOYEES AND REMUNERATION POLICY

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

MAJOR ACQUISITION OR DISPOSAL

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

OUTLOOK

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

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

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

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

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

Properties to be completed in FY2009	Usage	Total GFA (sq.m.)	NWCL's interest
Dalian New World Tower (大連新世界大廈)	R, C, H, P	128,631	100%
Wuhan New World Centre (武漢新世界中心)	C	11,049	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	15,660	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C, P	168,545	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	R, P	61,233	60%
Chengdu Riverside New World Phase I (成都河畔新世界一期)	R	92,080	30%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R, C, P	220,966	45%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R, P	15,265	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C, P	33,761	60%
Guangzhou Park Paradise Phase IID3 (廣州嶺南新世界二期 D3)	R, P	136,971	60%
Guangzhou Park Paradise Phase IIE1 (廣州嶺南新世界二期 E1)	R	14,450	60%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R, C, P	89,328	63%
Guiyang Sunny Town Phase IA (貴陽金陽新世界一期 A)	R	50,855	50%
Zhaoqing New World Garden Phase II (肇慶新世界花園二期)	R, P	64,390	40%
Total		1,103,184	

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

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 28th November 2008 to Tuesday, 2nd December 2008 (both days inclusive). In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 27th November 2008.

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 13th October 2008

As at the date of this announcement, the board of directors of the Company comprises: (1) Dr. Cheng Kar-shun, Henry, Mr. Doo Wai-hoi, William, Mr. Cheng Kar-shing, Peter, Mr. Cheng Chi-kong, Adrian, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung, Mr. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael and Ms. Ngan Man-ying, Lynda as executive directors; (2) Mr. Fu Sze-shing as non-executive director and (3) Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John as independent non-executive directors.