



新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Hong Kong Stock Code: 0017)

Annual Results Announcement 2006/2007

RESULTS

The board of directors (the “Board”) of New World Development Company Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 June 2007 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2007

	<i>Note</i>	2007 HK\$m	2006 HK\$m
Turnover	2	23,284.5	23,910.2
Cost of sales		(17,364.6)	(17,708.2)
Gross profit		5,919.9	6,202.0
Other income		52.3	35.5
Other gains/(charge)		1,651.1	(1,763.9)
Selling and marketing expenses		(358.9)	(519.4)
Administrative expenses		(1,898.0)	(1,065.9)
Other operating expenses		(2,594.7)	(2,564.7)
Changes in fair value of investment properties		1,263.9	1,462.9
Operating profit	3	4,035.6	1,786.5
Financing costs		(1,173.3)	(1,115.0)
Financing income		817.8	541.2
		3,680.1	1,212.7
Share of results of			
Associated companies		1,325.8	656.8
Jointly controlled entities		1,664.1	1,636.2
Profit before taxation		6,670.0	3,505.7
Taxation	4	(902.5)	(892.6)
Profit for the year		5,767.5	2,613.1
Attributable to:			
Shareholders		4,312.9	1,059.8
Minority interests		1,454.6	1,553.3
		5,767.5	2,613.1
Dividends		1,482.1	1,205.9
Earnings per share	5		
Basic		HK\$1.17	HK\$0.30
Diluted		HK\$1.17	HK\$0.30

CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	<i>Note</i>	2007 HK\$m	2006 HK\$m
ASSETS			
Non-current assets			
Investment properties		26,252.0	23,145.2
Property, plant and equipment		5,571.0	5,708.2
Leasehold land and land use rights		2,461.9	2,480.2
Intangible assets		863.0	258.1
Interests in associated companies		10,340.3	9,384.7
Interests in jointly controlled entities		24,293.5	23,341.7
Available-for-sale financial assets		3,719.4	3,061.7
Held-to-maturity investments		32.3	31.1
Properties for development		11,549.2	7,292.7
Deferred tax assets		108.8	106.6
Other non-current assets		1,085.8	1,681.3
		86,277.2	76,491.5
Current assets			
Properties under development		13,654.5	13,884.9
Properties held for sale		5,178.4	4,867.5
Stocks		275.9	239.3
Debtors and prepayments	6	21,023.7	11,711.9
Financial assets at fair value through profit or loss		246.9	29.5
Cash held on behalf of customers		2,042.4	–
Cash and bank balances		15,400.1	6,936.0
		57,821.9	37,669.1
Total assets		144,099.1	114,160.6

CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	<i>Note</i>	2007 HK\$m	2006 HK\$m
EQUITY			
Share capital		3,692.1	3,639.1
Reserves		55,867.2	48,903.6
Proposed final dividend		928.3	732.8
Shareholders' funds		60,487.6	53,275.5
Minority interests		17,996.2	16,089.0
Total equity		78,483.8	69,364.5
LIABILITIES			
Non-current liabilities			
Long-term borrowings		28,393.5	15,372.8
Deferred tax liabilities		4,106.2	3,745.6
Other non-current liabilities		368.5	347.2
		32,868.2	19,465.6
Current liabilities			
Creditors and accrued charges	7	18,472.2	15,351.3
Current portion of long-term borrowings		4,580.1	6,794.5
Short-term borrowings		8,612.3	2,322.0
Current tax payable		1,082.5	857.1
Derivative financial instruments		-	5.6
		32,747.1	25,330.5
Total liabilities		65,615.3	44,796.1
Total equity and liabilities		144,099.1	114,160.6
Net current assets		25,074.8	12,338.6
Total assets less current liabilities		111,352.0	88,830.1

Notes:

1 Basis of preparation

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

(a) Adoption of new or revised standards

For the year ended 30 June 2006, the Group early adopted the amendment to Hong Kong Accounting Standard 21 "The effects of changes in foreign exchange rates – Net investment in a foreign operation". For the year ended 30 June 2007, the Group has adopted all the remaining new standards, amendments and interpretations that are effective for the accounting periods beginning on or after 1 January 2006. However, the adoption of these new standards does not have any significant change to the accounting policies or any significant effect on results and financial position of the Group.

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

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

Effective for the year ending 30 June 2008

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

Effective for the year ending 30 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 30 June 2010

HKFRS 8	Operating segments
HKAS 23 (Revised)	Borrowing costs

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

2. Segment information

(a) Business segments

	Property investment HK\$m	Property development HK\$m	Service HK\$m	Infra- structure HK\$m	Telecom- munications HK\$m	Department stores HK\$m	Hotel operations HK\$m	Others HK\$m	Eliminations HK\$m	Con- solidated HK\$m
2007										
External	1,210.3	2,916.7	13,588.4	299.5	890.0	1,704.1	2,331.4	344.1	-	23,284.5
Inter-segment	173.9	-	1,345.3	-	69.3	-	-	-	(1,588.5)	-
Turnover	1,384.2	2,916.7	14,933.7	299.5	959.3	1,704.1	2,331.4	344.1	(1,588.5)	23,284.5
Segment results	779.2	310.2	572.4	84.1	(73.1)	247.0	621.2	(106.8)	-	2,434.2
Other gains/ (charge)	(18.4)	(44.6)	164.6	(23.1)	14.8	32.9	(1.9)	1,526.8	-	1,651.1
Changes in fair value of investment properties	1,263.9	-	-	-	-	-	-	-	-	1,263.9
Unallocated corporate expenses										(1,313.6)
Operating profit										4,035.6
Financing costs										(1,173.3)
Financing income										817.8
										3,680.1
Share of results of										
Associated companies	287.8	41.4	258.4	316.5	493.2	-	0.6	(72.1)	-	1,325.8
Jointly controlled entities	408.7	236.4	335.5	716.5	-	-	53.1	(86.1)	-	1,664.1
Profit before taxation										6,670.0
Taxation										(902.5)
Profit for the year										5,767.5
Segment assets	27,486.7	35,755.3	18,609.9	2,155.7	1,598.8	2,414.2	2,161.3	3,774.5	-	93,956.4
Interests in associated companies	2,772.5	1,389.0	1,778.6	1,961.2	2,256.5	-	128.8	53.7	-	10,340.3
Interests in jointly controlled entities	3,768.6	9,471.0	3,382.8	6,222.0	-	-	831.3	617.8	-	24,293.5
Unallocated assets										15,508.9
Total assets										144,099.1
Segment liabilities	406.9	5,811.9	8,483.8	427.3	383.6	1,333.5	747.3	1,246.4	-	18,840.7
Unallocated liabilities										46,774.6
Total liabilities										65,615.3
Capital expenditure	101.1	210.4	187.1	1.5	86.7	138.0	56.0	42.6	-	823.4
Depreciation and amortisation	38.7	129.3	110.2	87.4	84.4	155.2	158.2	41.6	-	805.0
Impairment charge and provision	-	43.8	1.0	81.1	19.4	-	-	146.9	-	292.2

	Property investment HK\$m	Property development HK\$m	Service HK\$m	Infra- structure HK\$m	Telecom- munications HK\$m	Department stores HK\$m	Hotel operations HK\$m	Others HK\$m	Eliminations HK\$m	Con- solidated HK\$m
2006										
External	1,096.4	5,325.5	11,052.4	308.1	2,297.6	1,357.1	2,052.1	421.0	–	23,910.2
Inter-segment	182.0	–	1,236.7	–	62.4	–	–	–	(1,481.1)	–
Turnover	1,278.4	5,325.5	12,289.1	308.1	2,360.0	1,357.1	2,052.1	421.0	(1,481.1)	23,910.2
Segment results	662.6	1,060.4	303.6	119.8	(102.9)	107.4	442.1	50.5	–	2,643.5
Other gains/ (charge)	4.3	(162.6)	30.8	(54.5)	759.5	(9.9)	(31.0)	(2,300.5)	–	(1,763.9)
Changes in fair value of investment properties	1,462.9	–	–	–	–	–	–	–	–	1,462.9
Unallocated corporate expenses										(556.0)
Operating profit										1,786.5
Financing costs										(1,115.0)
Financing income										541.2
										1,212.7
Share of results of Associated companies	231.3	(15.9)	108.9	369.9	27.7	–	2.0	(67.1)	–	656.8
Jointly controlled entities	312.6	469.4	328.9	597.0	–	–	(18.6)	(53.1)	–	1,636.2
Profit before taxation										3,505.7
Taxation										(892.6)
Profit for the year										2,613.1
Segment assets	23,989.4	30,229.0	7,041.2	2,291.4	1,631.6	2,477.5	2,276.1	3,748.5	–	73,684.7
Interests in associated companies	2,232.8	1,132.2	1,386.7	1,802.4	2,267.6	–	353.6	209.4	–	9,384.7
Interests in jointly controlled entities	4,054.2	8,971.2	3,800.9	5,185.1	–	–	896.3	434.0	–	23,341.7
Unallocated assets										7,749.5
Total assets										114,160.6
Segment liabilities	416.5	5,875.1	4,737.3	367.2	622.0	1,320.5	932.5	1,433.0	–	15,704.1
Unallocated liabilities										29,092.0
Total liabilities										44,796.1
Capital expenditure	226.3	282.4	114.8	–	241.5	214.1	53.9	79.2	–	1,212.2
Depreciation and amortisation	39.2	96.7	112.8	96.0	332.9	131.5	176.7	37.0	–	1,022.8
Impairment charge and provision	22.4	177.6	30.0	173.0	216.0	9.9	35.6	2,667.8	–	3,332.3

(b) **Geographical segments**

	Turnover HK\$m	Segment assets HK\$m	Capital expenditure HK\$m
2007			
Hong Kong and Southeast Asia	12,167.9	62,798.2	500.5
Mainland China	6,007.8	29,362.1	322.6
Macau	5,108.8	1,425.6	0.3
North America	–	370.5	–
	23,284.5	93,956.4	823.4
2006			
Hong Kong and Southeast Asia	16,984.3	49,943.1	452.2
Mainland China	4,766.5	23,085.7	755.7
Macau	2,159.4	613.2	4.3
North America	–	42.7	–
	23,910.2	73,684.7	1,212.2

The Group's turnover, segment assets and capital expenditure attributed to Southeast Asia comprised less than 10% of the Group's total turnover, segment assets and capital expenditure respectively, and have been included in the Hong Kong and Southeast Asia segment.

3. Operating profit

Operating profit of the Group is arrived at after crediting/(charging) the following:

	2007 HK\$m	2006 HK\$m
Dividend income from listed and unlisted investments	52.3	35.5
Gain on deemed disposal of interest in a subsidiary	125.7	82.4
Net profit on disposal of		
Available-for-sale financial assets	18.6	–
Subsidiaries	122.8	1,048.2
Write back of provision for PrediWave Companies litigation	1,593.6	–
Cost of inventories sold	(3,441.6)	(5,152.8)
Depreciation and amortisation	(805.0)	(1,022.8)
Impairment loss on		
Deposits, prepayments and other debtors	(144.3)	(1,060.6)
Deposit for proposed investments	(9.5)	(1,531.2)
Property, plant and equipment	(83.9)	(340.7)
Loss on deemed disposal of interests in subsidiaries	(8.3)	(207.7)

4. Taxation

	2007 HK\$m	2006 HK\$m
Current taxation		
Hong Kong profits tax	385.3	415.6
Mainland China and overseas taxation	204.7	169.2
Mainland China land appreciation tax	117.6	5.4
Deferred taxation		
Valuation of investment properties	273.6	275.8
Temporary differences	5.6	26.6
Effect of change in tax rate	(84.3)	—
	902.5	892.6

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 3% to 33% (2006: 3% to 33%). Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% (2006: 30% to 60%) on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land use rights and property development expenditures.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), pursuant to which the corporate income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. The New CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxable profit, on which detailed measures have yet to be issued. The Group has however reassessed the amount of deferred taxation as at 30 June 2007 based on the best estimation of the applicable corporate income tax rates. The Group will continue to evaluate the impact as more detailed regulations on these areas are announced.

Share of taxation of associated companies and jointly controlled entities of HK\$139.9 million and HK\$273.3 million (2006: HK\$155.9 million and HK\$341.4 million), respectively, are included in the income statement as share of results of associated companies and jointly controlled entities.

5. Earnings per share

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

	2007 HK\$m	2006 HK\$m
Profit attributable to shareholders	4,312.9	1,059.8
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds	18.2	–
Adjustment on the effect of dilution in the results of subsidiaries	(9.3)	(1.9)
	4,321.8	1,057.9
	Number of shares 2007	2006
Weighted average number of shares (million) for calculating basic earnings per share	3,676.1	3,557.8
Effect of dilutive potential ordinary shares		
Share options	2.5	–
Convertible bonds	16.6	–
Weighted average number of shares (million) for calculating diluted earnings per share	3,695.2	3,557.8

6. Trade debtors

Aging analysis of trade debtors is as follows:

	2007 HK\$m	2006 HK\$m
Current to 30 days	10,050.0	4,190.5
31 to 60 days	357.3	219.1
Over 60 days	751.2	469.4
	11,158.5	4,879.0

The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Sale proceeds receivable from sale of properties and retention receivable in respect of construction and engineering services are settled in accordance with the terms of respective contracts.

7. Trade creditors

Aging analysis of trade creditors is as follows:

	2007 HK\$m	2006 HK\$m
Current to 30 days	3,468.1	4,231.4
31 to 60 days	580.2	476.2
Over 60 days	1,857.1	1,363.5
	5,905.4	6,071.1
Payable arising from securities businesses (<i>Note</i>)	2,811.4	–
	8,716.8	6,071.1

Note:

This payable relates to securities, equity options, leveraged foreign exchange, futures, options and bullion contracts transactions and is mainly repayable on demand. No aging analysis is disclosed in respect of this amount as an aging analysis is not meaningful in view of the nature of this business.

8. Pledge of assets

As at 30 June 2007, HK\$17,191.9 million (2006: HK\$19,248.8 million) of total Group's assets were pledged as securities for loans.

9. Contingent liabilities

The Group's contingent liabilities as at 30 June 2007 amounted to HK\$6,570.9 million (2006: HK\$5,198.9 million).

10. Post balance sheet event

On 12 July 2007, the Company completed the spin-off of its department store operations and management business in the People's Republic of China into a separate company, New World Department Stores China Limited ("NWDS"), whose shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited. Following the spin-off, the Group's shareholding in NWDS decreased from 100.0% to 72.3%, resulting in a gain on dilution of interest in NWDS of approximately HK\$1.6 billion.

DIVIDENDS

The Directors have resolved to recommend a final dividend of HK\$0.25 per share (2006: HK\$0.20 per share) comprising a cash dividend of HK\$0.01 per share (which is being paid in order to ensure that the shares of the Company continue to qualify as Authorised Investments for the purpose of the Trustee Ordinance of Hong Kong) and a scrip dividend by way of an issue of new shares equivalent to HK\$0.24 per share with a cash option to shareholders registered on 27 November 2007. Together with the interim dividend of HK\$0.15 per share paid in July 2007, total distribution for 2007 would thus be HK\$0.40 per share (2006: HK\$0.33 per share).

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholder could elect to receive in cash and that they be given the option to elect to receive payment in cash of HK\$0.24 per share instead of the allotment of shares. Full details of the scrip dividend will be set out in a letter to be sent to shareholders together with a form of election for cash on or about 27 November 2007.

BOOK CLOSE DATES

Book close dates (both days inclusive)	:	20 November 2007 to 27 November 2007
Latest time to lodge transfer with Registrar	:	26 November 2007, Monday 4:00 p.m.
Address of Registrar	:	Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities.

BUSINESS REVIEW

Hong Kong Property Development

During the period under review, the Group’s share of property sales booked amounted to approximately HK\$1,542 million, down 74% year-on-year. Two projects were launched to the market, namely Deep Bay Grove (深灣畔) at Lau Fau Shan and Prince Ritz (太子滙) at Kowloon City. In FY2007, contribution to property sales mainly came from inventory sales of Deep Bay Grove, The Merton (泓都), The Grandiose (君傲灣) and South Hillcrest (倚嶺南庭).

The Group now has a landbank of 4.0 million sq ft GFA for development and a total of 20 million sq ft of agricultural land reserve pending conversion.

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	412,292
Kowloon	1,336,720
New Territories excluding areas pending agricultural land conversion	2,274,441
Total	4,023,453

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,449,000	13,048,000
Shatin / Tai Po	3,414,000	2,528,000
Fanling	2,260,000	2,260,000
Sai Kung	2,624,000	2,070,000
Tuen Mun	120,000	120,000
Total	22,867,000	20,026,000

In January 2007, the Group was awarded the government tender for Block A of Wylie Court (衛理苑) at Wylie Path, Kowloon. During the period under review, the Group completed the acquisition of 50% interest of New Eastern Terrace (新東方臺) at Tin Hau Temple Road, North Point and 70% interest of Chun Fai Terrace (春暉臺) in Tai Hang. These three projects account for over 520,000 sq ft GFA to the Group's landbank.

The Group is discussing with the government on the conversion of around 7 million sq ft of agricultural land and is also seeking various sources to replenish its landbank, such as public auctions and tendering for development projects offered by Urban Renewal Authority and the two rail companies.

The Group anticipated to launch five projects in the coming year, namely Hunghom Peninsula (紅灣半島) in Hung Hom, the Hanoi Road Redevelopment Project (河內道重建項目) in Tsim Sha Tsui, Belcher's Street project (卑路乍街項目) in Western District, Ma Tin Road project (馬田路項目) in Yuen Long and 6-10 Black's Link (布力徑 6-10 號) in Mid-Levels to provide a total of over 2.6 million sq ft GFA.

Hong Kong Property Investment

In FY2007, the Group's gross rental income in Hong Kong amounted to HK\$1,079.4 million. The Group's commercial portfolio was benefited from the growing local economy and the rising tourist number.

During the period under review, The Edge (君薈坊), the shopping mall at The Grandiose at Tseung Kwan O was opened with 100% occupancy.

The pedestrian traffic of New World Centre and Avenue of Stars reached nearly 20 million during the period under review. Together with the stable income from an anchor tenant, SOGO TST, New World Centre maintained a steady contribution to the Group's rental portfolio.

Hong Kong's buoyant economy has continually created higher demand for office space. Both occupancies and rental rates of our office portfolio are expected to be further benefited.

The increasing tourism spending and rising number of visitors to Hong Kong has enhanced the rental rates in prime tourist areas like Tsim Sha Tsui. The 1.1-million sq ft GFA Tsim Sha Tsui Hanoi Road Redevelopment Project, which is scheduled to complete in 2008 has a 340,000-sq ft shopping mall with direct access to MTR Tsim Sha Tsui Station and KCR East Tsim Sha Tsui Station.

Hotels

The visitor arrivals to Hong Kong are growing steadily, with the number increasing to 25 million and 13 million in 2006 and the first six months of 2007 respectively, up 8.1% and 6.8% year-on-year. Benefited from the rising visitor number, the Group's hotels in Hong Kong, namely Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Renaissance Kowloon Hotel, recorded an average occupancy of 83% and a 15% growth in average room rate achieved during the period under review.

New World Hotel Shenyang completed its renovation in September 2006. The Group's hotels in Mainland China have achieved a satisfactory growth in both occupancy and room rate. Our four hotels in Southeast Asia have a moderate growth in contribution.

To further capture the booming tourist demand, the Group has two hotels in the pipeline in Hong Kong located at Hanoi Road and the KCR University Station. Meanwhile, the Group's two hotels in Wuhan and Dalian are both under construction.

NWS Holdings Limited (“NWSH”)

Infrastructure

Infrastructure operation recorded a stable segment contribution to the Group. Apart from the energy business, roads, water and ports businesses achieved a strong growth in contribution.

Performance of road and expressway projects within the Pearl River Delta Region continues to shine. Average daily traffic flow of Guangzhou City Northern Ring Road increased by 11% and toll income grew by RMB39.7 million in FY2007. Toll income of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) soared by 28% in FY2007 as benefited by the strong economic development of the Pearl River Delta Region. The combined average daily traffic flow of Shenzhen-Huizhou Roadway and Expressway increased by 13% when compared to FY2006.

The performance of Zhujiang Power Plant was adversely impacted mainly due to more new generation units coming into the market. Such impact was partly compensated by the increase in average tariff of 5% arising from the coal-link tariff adjustments during the current year. The Group is optimistic towards the outlook of the energy business and continue to explore new investment opportunities. NWSH acquired 35% interest in Chengdu Jintang Power Plant, a 2 x 600MW coal-fired power plant. The project commenced operation in June 2007.

In December 2006, NWSH acquired a 9.45% interest in Guangdong Baolihua New Energy Stock Co., Limited, which mainly operates a 2 x 135MW coal-fired power plant in Guangdong and its shares are listed on the Shenzhen Stock Exchange.

Macau Water Plant reported a 10% increase in average daily water sales volume while performance of water projects in Mainland China is promising. Water sales revenue of Tanggu Water Plant in Tianjin increased as its tariff has raised since April 2006. The Chongqing Water Plant and Shanghai SCIP Water Treatment Plant had an impressive growth of 19% and 47% respectively in water sales volume. Both newly acquired projects, Changshu Water Plant and Chongqing Tangjiatuo Waste Water Plant, also started the contribution to the Group during the period under review.

Xiamen New World Xiangyu Terminals Co., Ltd. reported an 8% volume growth to 794,000 TEUs in FY2007. Throughput of Tianjin Orient Container Terminals Co., Ltd. decreased slightly by 1% to 1,136,000 TEUs while there is an increase in average revenue per TEU as a result of more foreign cargo volume in FY2007. Tianjin Five Continents International Container Terminal Co., Ltd., in which interest was acquired in November 2005, produced positive AOP contribution to this segment and handled 1,988,000 TEUs during FY2007.

Service

In FY2007, there was a significant increment in the contribution from the service operations. Contracting, financial services, transport and other businesses in service operations achieved a substantial growth in the profit.

Hong Kong Convention and Exhibition Centre (“HKCEC”) continued to achieve satisfactory result in FY2007. New venues such as the AsiaWorld-Expo and other conference and exhibition facilities in Macau, Mainland China and other Asian countries have increased competition in this market. Construction works of the Atrium Link expansion commenced in August 2006 and is due for completion in 2009. The new 19,400 sq m expansion will increase HKCEC’s available space up to a total of 83,400 sq m.

ATL Logistics Centre recorded a steady profit with average occupancy rate reaching 98% in FY2007. It has benefited from the growth of the local economy and the Mainland China’s market.

Due to a combination of factors including effective cost control measures and increase in volume of work, the contribution from the contracting operation was improved significantly in FY2007. Leveraging its proven expertise in managing mega-sized and high quality construction projects and following the recent recovery of the private property development sector, the contracting business has secured contracts of substantial size with a total contract sum over HK\$35.9 billion as at 30 June 2007.

The contribution from financial services operation has become more significant after the further acquisition of Taifook Securities Group Limited (“Taifook”) shareholding and the benefit of buoyant stock market.

During the period under review, the transport operation achieved an increase in the contribution. The increase was mainly contributed by the local bus businesses and investment in Kwoon Chung Bus Holdings.

Free Duty engaged in retail business selling duty free tobacco and liquor at Hong Kong International Airport and the ferry terminals in China Hong Kong City and Shun Tak Centre. Robust patronage arising from the rebound in Hong Kong’s tourism sector made a major contribution to the company’s excellent performance during FY2007. It has commenced the duty free concession at Lok Ma Chau Spur Line in August 2007 while the concession at Lo Wu will start from January 2008.

New World China Land Limited (“NWCL”)

During the period under review, the gross sales proceeds amounted to approximately RMB 5.2 billion. 835,000 sq m GFA of property projects are completed in FY2007. NWCL expects to complete around 1 million sq m GFA of properties in FY2008.

New World Department Store China Limited (“NWDS”)

NWDS has been listed on the Hong Kong Stock Exchange since 12 July 2007. NWDS is one of the largest owners and operators of department stores in Mainland China in terms of sales (excluding sales tax) based on information from Euromonitor. NWDS currently operates a large national network of 22 “New World”-branded department stores and seven Ba Li Chun Tian (“巴黎春天”)-branded department stores in Mainland China and Hong Kong.

During the period under review, seven stores were opened, adding 251,000 sq m GFA to the total store area. The Group plans to open three new stores in Beijing (Chaoyang) (北京朝陽), Wuhan (Xudong) (武漢徐東) and Liaoning (Anshan) (遼寧鞍山) by the end of 2008.

CSL New World Mobility Group (“CSLNW”)

CSLNW is a Hong Kong based mobile group which was formed in March 2006. CSLNW operates in the highly competitive Hong Kong mobile market, with the CSL business being one of Hong Kong's premium providers of mobile voice and data services and New World PCS targeting value conscious customers with a low cost business model. The merged entity provides a broader customer base for growth.

In order to streamline the structure of the Group, a wholly owned subsidiary of the Company acquired 23.6% of CSLNW from New World Mobile Holdings Limited (“NWMHL”) in January 2007. After the acquisition, the Group disposed all its interests in NWMHL.

New World Telecommunications Limited (“NWT”)

During the period under review, NWT reported a loss due to intense competition in the fixed-line telecommunications market. Extending its position as the next generation IP and telecom service provider in town, NWT will focus on three business streams, namely telecom services, ICT services and iMedia solutions (e-business). With the establishment of two dedicated business units and extensive partnerships with renowned companies, NWT will maximize its momentum on “NWT Hosted Exchange” and “Search’n Click” services.

New World China Enterprises Projects Limited (“NWCEP”)

NWCEP focuses on making strategic investments in high growth companies with listing potential. NWCEP invests in companies in Greater China, involving in sectors such as industrial manufacturing, consumer goods production, production management and retail distribution chain stores, etc.

New World TMT Limited

The Group won the PrediWave litigation in December 2006 and a provision of approximately HK\$1.6 billion has been written back for the year ended 30 June 2007. The amount that can eventually be recovered is uncertain.

LIQUIDITY AND CAPITAL RESOURCES

Net Debt

	FY2007 HK\$m	FY2006 HK\$m
Consolidated net debt	24,077.9	14,963.8
NWSH (stock code: 0659)	8,438.4	1,980.6
NWCL (stock code: 0917)	4,021.2	3,098.4
Net debt (exclude listed subsidiaries)	11,618.3	9,884.8

On 4 June, 2007, a wholly owned subsidiary of the Company issued HK\$6,000 million Zero Coupon Guaranteed Convertible Bonds due 2014 which are convertible into fully paid shares with par value of HK\$1.00 each of the Company at a conversion price of HK\$26.784 per share, subject to adjustment, at any time on or after 16 July 2007 up to 25 May 2014.

On 12 June, 2007, a wholly owned subsidiary of NWCL issued USD settled Zero Coupon Guaranteed Convertible Bonds due 2012 in the aggregate amount of RMB2,800 million which are convertible into fully paid shares with par value of HK\$0.1 each of NWCL at a conversion price of HK\$8.044 per share, subject to adjustment, at any time on or after 26 June 2007 up to 26 May 2012.

These are in line with the Group's policy of lengthening its debt maturity profile to match with the Group's long term investments.

In respect of the Group's operation in Mainland China, the Group maintains an appropriate level of external borrowings in Renminbi for natural hedging of Renminbi contributed to those projects. Apart from this, the Group does not have any material foreign exchange exposure.

As at 30 June 2007, the Group's cash and bank balances stood at HK\$15,400.1 million and the consolidated net debt amounted to HK\$24,077.9 million (2006: HK\$14,963.8 million). The net debt to equity ratio was 30.7%, an increase of 9.1% as compared with FY 2006. This increase was mainly resulted from the acquisition of Taifook on 8 June 2007 which had net debt of HK\$6,512.0 million as at 30 June 2007. Taifook provides short-term margin financing to its customers for Hong Kong IPO applications.

The Group's long term borrowing and short term borrowing as at 30 June 2007 were HK\$32,315.1 million and HK\$7,162.9 million respectively. Cash and bank balances as at 30 June 2007 amounted to HK\$15,400.1 million. The maturity of long term borrowing as at 30 June 2007 is as follows:

	HK\$m
Within one year	4,580.1
In the second year	5,479.6
In the third to fifth year	12,869.4
After the fifth year	9,386.0
	32,315.1

Equity of the Group as at 30 June 2007 increased to HK\$78,483.8 million against HK\$69,364.5 million as at 30 June 2006.

OUTLOOK

Hong Kong property market is gaining momentum after the lukewarm environment in 2006. During January to June 2007, the property transactions in Hong Kong recorded a significant year-on-year growth in both primary and secondary markets. For the transaction consideration during January to June 2007, Hong Kong recorded over HK\$ 55 billion and HK\$ 122 billion for primary and secondary market respectively, which represent an increase of 42% and 45% compared to July to December 2006.

As an international financial centre, Hong Kong ranked No. 1 in Asia and No. 2 in the world in terms of the total amount of funds raised through initial public offerings in our stock market in 2006. The office spaces in prime districts are continuously under strong demand. Our office portfolio in Central and Tsim Sha Tsui has continued to achieve positive rental reversion. Meanwhile, the increasing tourism expenditure and rising number of visitors to Hong Kong have benefited the Group's rental portfolio and hotel operations.

The Group's infrastructure and service arm, NWSH is actively looking for new investment opportunities. NWSH acquired 35% interest in Chengdu Jintang Power Plant, a 2 x 600MW coal-fired power plant, which supplies electricity in Chengdu, Sichuan Province. The project commenced operation in June 2007. In addition, NWSH acquired 55% interest in Wenzhou Zhuangyuan Ao New World International Terminals Company Limited, which operates two multi-purpose berths in Zhuangyuanzo, Zhejiang Province. The project is expected to be operational by 2008. In September 2006, NWSH acquired a 22% stake in China United International Rail Containers Co. Ltd. Terminals in Shanghai and Kunming have already completed while construction work will soon start at Chongqing, Zhengzhou and Qingdao. Ultimately, the project will construct a total of 18 terminals in 18 major cities in Mainland China by 2010.

China achieved a double-digit GDP growth since 2003. The resilient economic growth and stable increase of average income per capita have supported the stable growth of real estate market in Mainland China. In 2006, the population in urban area accounted for 43.9% of the total population in Mainland China. Our Mainland China property arm NWCL will tap the benefit from the urbanization in Mainland China by continuously producing quality products to the market.

The spin-off of NWDS is beneficiary to both the Group itself and NWDS. Firstly, the spin-off increases the operational and financial transparency of the Group. Secondly, it allows NWDS to establish a higher profile as a separately listed entity with the ability to access the debt and equity capital markets to fund its future investments. Thirdly, it helps the Group achieve the valuation potential and at the same time the Group will continue to benefit from the business prospects and results of NWDS through its shareholding.

EMPLOYEES

The Group has over 54,000 employees at 30 June 2007. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and market practices. Education subsidies will be granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share option schemes of the Company, NWCL and NWSH, options may be granted to certain Directors of the Company and certain employees of the Group to subscribe for shares in the Company and/or NWCL and/or NWSH.

AUDIT COMMITTEE

The Audit Committee was established in accordance with requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee has reviewed the systems of internal control and the financial statements for the year ended 30 June 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Listing Rules for the year ended 30 June 2007 except for the following deviation.

As required under code provision A.5.4 of the CG Code, the Board should establish written guidelines on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules for relevant employees in respect of their dealings in the securities of the Company. The Board has established guidelines for employees in respect of their dealings in the securities of the Company but they are not on no less exacting terms than the Model Code. The deviation is mainly due to the fact that the Company currently has over 54,000 employees and operates diversified businesses, it will cause immense administrative burden for processing written notifications from the relevant employees by the Company.

For and on behalf of the Board
Dr. Cheng Kar-Shun, Henry
Managing Director

Hong Kong, 11 October 2007

As at the date of this announcement, (a) the Executive Directors of the Company are Dato’ Dr. CHENG Yu-Tung, Dr. CHENG Kar-Shun, Henry, Dr. SIN Wai-Kin, David, Mr. LIANG Chong-Hou, David, Mr. LEUNG Chi-Kin, Stewart and Mr. CHENG Chi-Kong, Adrian ; (b) the Non-executive Directors of the Company are Mr. CHENG Yue-Pui, Mr. CHENG Kar-Shing, Peter, Mr. CHOW Kwai-Cheung, Mr. HO Hau-Hay, Hamilton and Mr. LIANG Cheung-Biu, Thomas and (c) the Independent Non-executive Directors of the Company are Lord SANDBERG, Michael, Mr. YEUNG Ping-Leung, Howard, Dr. CHA Mou-Sing, Payson (alternate director to Dr. CHA Mou-Sing, Payson: Mr. CHA Mou-Zing, Victor) and Mr. LEE Luen-Wai, John.