



New World China Land Limited

(Stock Code: 00917)



Discovering the  
Aesthetic  
of Urban Life

2009  
ANNUAL REPORT



**NEW WORLD NEW LIVING  
BRINGS NEW VISION OF URBAN LIVING**

Our vision is based on our relentless pursuit of new concept in urban living. We provide quality housing and comfortable living environment to different families, contribute to the creation of a modern Chinese society in which people of different walks of life can live in harmony.

An abstract artwork featuring a vibrant color palette of deep blue and warm orange. The composition is dominated by large, organic, overlapping shapes that resemble liquid or soft-edged forms. The blue areas are layered, with some appearing as a solid background and others as more textured, almost marbled sections. The orange areas are similarly layered, with some showing a fine, grainy texture. The overall effect is one of dynamic movement and depth, with the colors blending and separating in a way that suggests a complex, multi-dimensional space. The text is positioned in the lower-left quadrant, set against a solid orange background.

Discovering the  
Aesthetic  
of Urban Life

MISSIONS  
OF  
NEW WORLD CHINA LAND LIMITED



## TRANSFORMING CITY VISTAS

We have dedicated ourselves in rejuvenating old city neighbourhood through comprehensive redevelopment plans. As a living embodiment of China's cosmopolitan life, these mixed-use redevelopments have been undertaken to rejuvenate the old city into vibrant communities characterised by eclectic urban housing, ample public space, shopping, entertainment and leisure facilities.

## SPURRING BUSINESS OPPORTUNITIES

We have developed large-scale multi-purpose commercial complexes, all well-recognised city landmarks that generate new business opportunities and breathe new life into throbbing hearts of Chinese metropolitans.

## CREATING MODERN COMMUNITIES

We pride ourselves on having created large scale self-contained communities that nurture family living and promote a healthy cultural and social life.

## REFINING LIVING LIFESTYLE

Our resort-style residential properties bring together exotic tropical landscape and mood-inspiring architecture. In addition to redefining aesthetic standards and envisioning a new way of living, we enable owners and residents to experience for themselves the exquisite and sensual lifestyle enjoyed by home buyers around the world.



## CONTENTS

Property portfolio	2	Consolidated income statement	131
Chairman's statement	4	Consolidated balance sheet	132
Financial highlights	6	Balance sheet	134
Business review	10	Consolidated cash flow statement	135
Management discussion and analysis	68	Consolidated statement of changes in equity	136
Corporate governance report	76	Notes to the financial statements	137
Director's profile	84	Financial summary	225
Senior management profile	90	Major project profiles	226
Corporate citizenship	92	Glossary of terms	232
Report of the Directors	99	Corporate information	234
Report of the independent auditor	129		

# Brand Values and Essence

## UNSURPASSED QUALITY AND LONG TERM VALUE

No matter what products or services we are offering, "Quality" is always at our heart. Our continuous adherence to excellent quality has won long term reliable reputation in the market. We choose the best locations in town to develop world-class properties with quality property management services. Our determination in providing the best contributes to preservation of asset value in the long run.

## COMPREHENSIVE PROPERTY DEVELOPMENT

We develop wide ranges and types of properties to cater for varying demands on sizes and functions from different market segments. Our dedicated professionalism and wide embracing experiences in project planning and execution have enabled us to handle the stringent demand of multi-product lines with ease.

## BUILDING CITY AND CORPORATE CITIZENSHIP

We value corporate citizenship and are actively involved in continuous development of the local community. We commit ourselves to long term urban redevelopment projects, and participate enthusiastically in national and local charity programmes. Our act of good corporate citizenship has inspired the locals in joining us to create a more harmonious society.

## LOCALISED HONG KONG BRAND

As a Hong Kong based and well recognised brand, we fully apply our advanced and wide embracing experience in Hong Kong to property development in Mainland China, while at the same time develop projects that meet the needs of the city. We value local concepts, we understand market operation and culture through extensive staff localisation, and as a result, we become an integral part of the local community.

## RELIABILITY AND REPUTATION

With over 30 years of property development experience and 20 years of investment experience in Mainland China, we are undoubtedly a mature and reliable developer with outstanding reputation in complying with local market rules and government regulations.

## PROPERTY PORTFOLIO

### BY TYPE

	<i>sq.m.</i>
Development Projects	25,773,377
Completed Investment Properties	1,759,884
Completed Hotel Properties	221,610
<b>Total</b>	<b>27,754,871</b>

### BY USAGE

	<i>sq.m.</i>
Residential	17,788,185
Commercial	3,388,652
Office	1,084,861
Hotel	480,498
Carpark	5,012,675
<b>Total</b>	<b>27,754,871</b>

### BY LOCATION

	<i>sq.m.</i>
Beijing	1,839,050
Tianjin	435,156
Shanghai	407,471
Shenyang	4,014,206
Dalian	255,306
Anshan	1,287,505
Jinan	214,637
Wuhan	2,320,309
Changsha	1,047,770
Nanjing	52,794
Chengdu	3,749,772
Guiyang	4,355,916
Guangzhou	3,223,129
Pearl River Delta	2,068,829
Haikou	2,483,021
<b>Total</b>	<b>27,754,871</b>





# CHAIRMAN'S STATEMENT

*To Our Shareholders,*





In FY2009, NWCL recorded a profit of HK\$1,359.4 million, a decrease of 33% from FY2008. In late 2007, the overheated economy with ever-rising commodity prices triggered the implementation of austerity measures by the Central Government. Immediately, the property sector had faced the freezing headwind. Similar to a pendulum, the market swung from one end all the way to the other end. Unlike some peers, which were busy tackling issues of over expansion, tight balance sheet and piling inventory, New World China Land continued its healthy operations with its prudent approach.

In September 2008, a financial tsunami, which swiped the whole world, was induced by the US sub-prime turmoil. Credit crunch and the worry of global economic slowdown hammered every single economy in the world. Without hesitation, the Central Government had timely and decisively adjusted its macroeconomic policies to counter against the cooling effect of the global economic crisis. Arising controversial discussion, the handsome stimulus package turned out to be the best medication for the economy.

Property industry is closely correlated with local economy. In 2007, Mainland China property market experienced rapid development nationwide. Later that year, austerity measures triggered adjustments of individual regional markets based on their own supply-demand dynamics. In late 2008, the global economic volatility further dissipated the stalling momentum of China property market. For the whole year of 2008, the concrete housing demand was suppressed by the weak market sentiment.

China's link to outside world is now more extensive than decades ago. With a sizeable domestic consumption, China is not fully exposed to "infections" of the world. The abundance of liquidity with a reasonable lending rate, plus the easing of control measures, encouraged the resurfacing of concrete user demand in early 2009. Signs of stabilisation were first observed in the second and third tier cities which had a balanced market even during those overheated days. In late March 2009, there was a broad base market rebound with transaction volume expansion and price firming across China.

During the hard time, most developers had delayed their construction pipeline with the backdrop of tight liquidity and slow demand. The faster-than-expected market rehabilitation in the second quarter of 2009 induced the supply shortage in certain cities, especially the first-tier ones. On the contrary, the second and third tier cities are generally balanced in the supply and demand landscape even after the quick run in market. Liquidity easing and strong demand pushed the developers re-starting the pending constructions. However, the new supply should not be fast enough to fulfill the growing market. In the short-term, it would not be surprised to see a contraction in transaction volume and a further price increase. In medium and long term, the rapid urbanisation and genuine housing demand will cradle the healthy growth and development of the market.

Policy will be a key to market development. Given the export is still weak, the Central Government has to encourage domestic consumption to fuel the economic growth. As a pillar industry, the property sector should maintain a healthy growth in order to sustain the domestic consumption confidence. The Central Government should not have a major shift in policies. Still, there would be minor adjustments to pace the market and economic rhythm.

We will continue a prudent approach in managing our business in China. Overall, we are cautiously optimistic about the China property market. NWCL is monitoring the market closely and developing appropriate product for sale timely. Furthermore, NWCL will continue its selective expansion of our solid recurrent income base from rentals.

**Dr. Cheng Kar-shun, Henry**  
Chairman and Managing Director  
Hong Kong, 8th October, 2009





# FINANCIAL HIGHLIGHTS

Operating Result (HK\$'000)	FY 2009	FY 2008
<b>Revenues</b>		
Company and subsidiaries	<b>2,038,623</b>	3,523,527
Share of associated companies and jointly controlled entities ( <i>note 1</i> )	<b>2,648,203</b>	3,361,200
	<b>4,686,826</b>	6,884,727
<b>Representing:</b>		
Sale of properties	<b>3,353,475</b>	5,523,943
Rental income	<b>876,612</b>	871,812
Income from hotel operations	<b>326,716</b>	350,164
Property management services fees income	<b>109,833</b>	97,045
Project management fee income	<b>20,190</b>	41,763
	<b>4,686,826</b>	6,884,727
<b>Gross Profit (HK\$'000)</b>		
Company and subsidiaries	<b>701,762</b>	1,128,350
Share of associated companies and jointly controlled entities ( <i>note 2</i> )	<b>840,545</b>	1,274,384
	<b>1,542,307</b>	2,402,734
<b>Profit attributable to equity holders of the Company</b>	<b>1,359,369</b>	2,019,935
<b>Earnings per share (HK cents)</b>		
Basic	<b>35.45</b>	52.70
Diluted	<b>33.52</b>	49.04
<b>Dividend per share (HK cents)</b>		
Interim	—	4.00
Final	<b>6.00</b>	2.00
Full-year	<b>6.00</b>	6.00
Financial Position (HK\$' million)	As at 30th June 2009	As at 30th June 2008
Cash and bank balances	<b>3,900.9</b>	4,824.6
Total assets	<b>54,391.6</b>	50,357.8
Total liabilities	<b>22,354.8</b>	19,321.3
Capital and reserves attributable to the Company's equity holders	<b>30,523.1</b>	29,704.8
<b>Financial Ratios</b>		
Current ratio (times)	<b>2.06</b>	2.46
Net debt to equity ratio	<b>41.20%</b>	31.8%

Note 1: It represents attributable share of revenues of associated companies and jointly controlled entities to the Group.

Note 2: It represents attributable share of gross profit of associated companies and jointly controlled entities to the Group.

## REVENUES (note 1)

(HK\$'000)



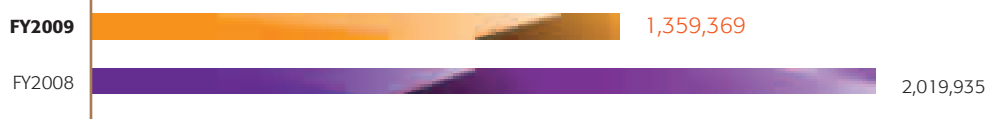
## GROSS PROFIT (note 2)

(HK\$'000)



## PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(HK\$'000)



## TOTAL ASSETS

(HK\$'000)



## CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS

(HK\$'000)



## CASH AND BANK BALANCES

(HK\$'000)



Note 1: It represents revenues of the Company and Subsidiaries plus share of revenue of associated companies and jointly controlled entities attributable to the Group as tabulated on page 6.

Note 2: It represents gross profit of the Company and Subsidiaries plus share of gross profit of associated companies and jointly controlled entities attributable to the Group as tabulated on page 6.



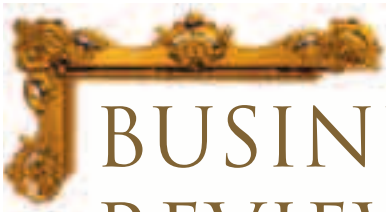
New Living

---

*Quality is always  
at  
our heart*

Chinese people regards their home as the epicentre of all family activities. We cherish the quality times spending together at home. It is the quintessence of Chinese living, the sense of belonging and cultural roots, even in the modern sense...





# BUSINESS REVIEW

## Beijing

### *Highlights*

Area : 16,410 KM<sup>2</sup>

Retail spending in Beijing was growing rapidly, as the capital city reported RMB458.9 billion in gross retail sales of consumer goods for 2008, overtaking Shanghai to become the nation's largest retail-spending city. The sound growth trend in retail sales continued during the first half of 2009, for which gross retail sales of consumer goods in excess of RMB250 billion were reported.



*Beijing New World Chongwen Commercial Area  
is just a block away from The Temple of Heaven*



-  Railway station
-  Beijing Xin Kang Garden

Beijing continued to improve its urban infrastructure with an emphasis on mass transit. In 2009, Beijing has started construction of 13 railway lines simultaneously with annual investment of over RMB50 billion, the largest amount the city had ever invested in mass transit construction for a single year. Subway Line No. 4 was opened before the National Day, providing yet another major link between the northern and southern districts of the city.




The Beijing Municipal Government has also approved a proposed plan for the eastward extension of the CBD, under which the core CBD district will be extended for about three kilometres to the east to accommodate corporate headquarters, international financiers and high-end businesses, etc. The government is expected to invest approximately RMB7 billion over the next 10 years for the construction of municipal infrastructure facilities in the East-extension Area.

BEIJING — COMPLETION SCHEDULE

SQ.M.

FY2010	Beijing Liang Guang Road Block VI	Residential, Commercial	33,640
<b>Total</b>			<b>33,640</b>

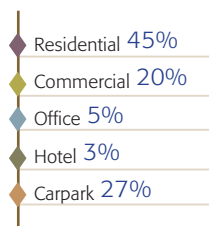


-  Railway station
-  Subway line
-  Pedestrian subway
-  Beijing Xin Yi Garden
-  Beijing New View Garden
-  Beijing Xin Yu Garden
-  Beijing New World Centre Phase I
-  Beijing New World Centre Phase II
-  Courtyard by Marriott Beijing



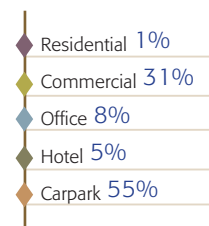
**Beijing – development properties for sale**

Total GFA 1,394,168 sq.m.



**Beijing – completed investment properties**

Total GFA 444,882 sq.m.



Affected by the international financial crisis, the selling prices of new houses in Beijing was subject to significant fluctuations, although the extent of volatility tended to be smaller for districts near the city centre, where demand remained strong. Several of the Group’s projects are centrally located in the Chongwen District within the Second Ring Road, boasting convenient transportation and comprehensive facilities that make them favourite choices for house buyers.

Tower C of Taihua Apartment of Beijing New World Centre Phase II in the Chongwen District, a serviced apartment supported by full-fledged facilities in the vicinity and quality community services, was launched under the name of “Downtown Bravo Apartments” during the period under review. It became an instant market sensation and 90% of 209 apartment units are now sold.



*Downtown Bravo Apartments*

**PROPERTY PORTFOLIO**

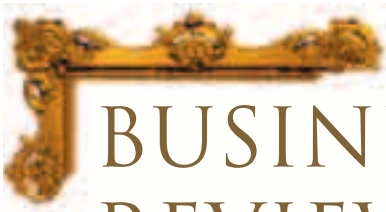
There are four major development property projects with total GFA of 1,394,168 sq.m.. We expect to build 33,640 sq.m. GFA in FY2010.

**INVESTMENT PROPERTIES**

There are nine major completed investment properties with total GFA of 444,882 sq.m..



*Beijing New View Garden Phase III*



# BUSINESS REVIEW

## Tianjin

### *Highlights*


Area : 11,760 KM<sup>2</sup>

The Airbus A320 family assembly plant in Binhai New District, Tianjin made a major stride when it delivered the first A320 aircraft in June 2009, signifying the emergence of the aeronautic industry in Binhai New District led by the A320 assembly plant.





 Bridge

 Subway line

 Tianjin Nanshi project

 Tianjin Xin Chun Hua Yuan

 Tianjin New World Plaza



Construction of the Sino-Singapore Tianjin Eco-City, another strategic joint venture between the governments of China and Singapore following the Suzhou Industrial Park, commenced in September 2008 at Binhai New District. The project adheres to the principle and priority of ecology and explores possibilities for sustainable city development, striving to provide a model in resources conservation and environmental-friendliness.

The Group has finished the demolition and clearance work for the Tianjin Nanshi Development Project, located adjacent to the Tianjin New World Garden in Heping District. Green architectural design will be one of the features for this high-end residential community.

Tianjin Xin Chun Hua Yuan is planning to launch 131 retail shops named New Mongkok on ground floor for sale in the fourth quarter of 2009.



*Tianjin New World Plaza*



Tianjin Xin Chun Hua Yuan

### PROPERTY PORTFOLIO

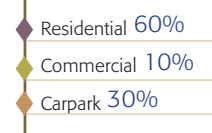
There are two major development property projects with total GFA of 334,001 sq.m..

### INVESTMENT PROPERTIES

There is one completed investment property with total GFA of 101,555 sq.m..

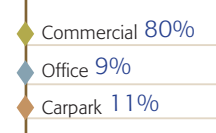
#### Tianjin – development properties for sale

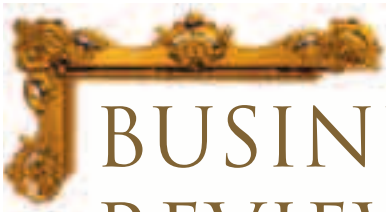
Total GFA 334,001 sq.m.



#### Tianjin – completed investment properties

Total GFA 101,155 sq.m.





# BUSINESS REVIEW

## Jinan

### *Highlights*

Area : 8,177 KM<sup>2</sup>

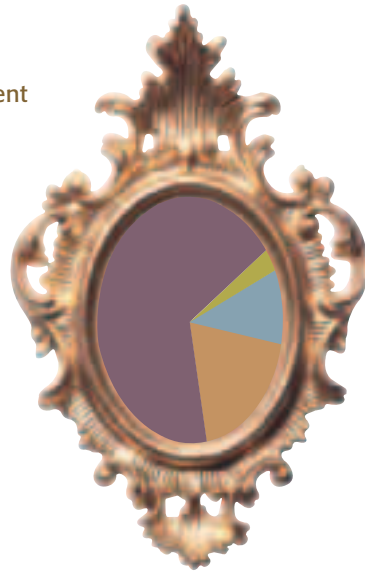
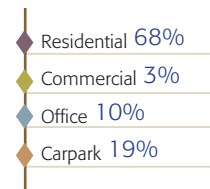
Taking the opportunity of its hosting of the Eleventh National Game and the Seventh Horticulture-Expo, Jinan stepped up with city revitalization and infrastructure development. The Second Ring East Road has become the most important driveway connecting the northern and southern districts of Jinan after its improvement. Public transport in the city was also developing rapidly as Lines 2 and 3 of Jinan BRT — Bus Rapid Transit were opened during the period under review.





### Jinan – development properties for sale

Total GFA 214,018 sq.m.



### Jinan – completed investment properties

Total GFA 619 sq.m.





*Perspective of Jinan Sunshine  
Garden new sales centre*

The construction of the Horticulture-Expo site and other supporting facilities at the West Railway Station in Lashan District, which has been named the first-choice site for the Seventh Horticulture-Expo, is set to drive city improvement and economic development of the western areas of Jinan.

Jinan Sunshine Garden Phase II, the Group's development in Huaiyin District, has been well-received by the public thanks to its comprehensive facilities and practical layout design. A total of about 900 residential units were provided and over 90% had been sold.







*Jinan Sunshine Garden*

### PROPERTY PORTFOLIO


There is one development property project with total GFA of 214,018 sq.m..

### INVESTMENT PROPERTIES

There is one completed investment property with total GFA of 619 sq.m..



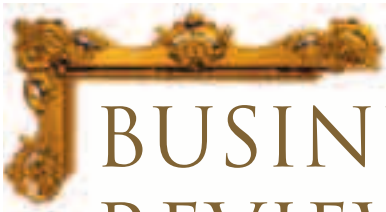
New Way to Work



*Always a landmark  
commercial destination for  
international business*

We feel completely at home in our new office. The facilities and services are simply superb and up to international standard, just as those in international financial centres like Hong Kong, London or New York. It makes our work day a whole lot easier and downright more efficient....





# BUSINESS REVIEW

# Shanghai

## *Highlights*

Area : 6,340 KM<sup>2</sup>

Having been designated by the State Council for development into a "Two Centres", Shanghai is set to embrace abundant new opportunities as it moves to advance its modernised service industries and state-of-the-art manufacturing industries and steps up its development towards an international financial centre, international shipping centre and modernised metropolitan city in line with the State Council directive.



*Shanghai Hong Kong New World Tower  
dominates the skyline of Puxi*



- |  |                    |  |                                    |
|--|--------------------|--|------------------------------------|
|  | Light rail transit |  | Shanghai Zhongshan Square          |
|  | Subway line        |  | Shanghai Jiu Zhou Shopping Arcade  |
|  | Bridge             |  | Shanghai Hong Kong New World Tower |
|  | Tunnel             |  | Shanghai Ramada Plaza              |
|  |                    |  | New World Mayfair Hotel Shanghai   |
|  |                    |  | pentahotel Shanghai                |



SHANGHAI — COMPLETION SCHEDULE

SQ.M.

FY2011	Shanghai Zhongshan Square Phase III	Commercial, Office	118,977
<b>Total</b>			<b>118,977</b>

Interior perspective of Shanghai Zhongshan Square Phase III



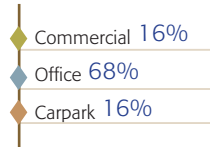
According to the State Council's plans, by 2020 Shanghai should be developed into an international financial centre compatible with the nation's economic strengths and the international status of the RMB currency, as well as an international shipping centre. In connection with this plan, the merger of Nanhui District with Pudong New District was approved by the State in May 2009, thereby providing Pudong with significant room for development.

The State Council is stepping up its efforts to consolidate the Yangtze River Delta, the most thriving region in China in terms of comprehensive strengths, into one single economy with an industrial structure focused on modernised service sectors. As the leader of the Yangtze River Delta, Shanghai has been actively developing modernised services industry, which output already accounted for close to 50% of the city's GDP for the first half of 2009, in a bid to transform from a "global manufacturing base" to a service-based economy.



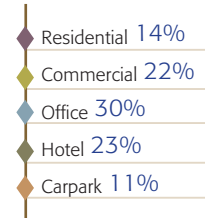
Shanghai – development properties for sale

Total GFA 142,074 sq.m.



Shanghai – completed investment properties

Total GFA 265,397 sq.m.



Perspective of Shanghai Zhongshan Square Phase III

Construction of Shanghai Zhongshan Square Phase III, comprising two high-rise office buildings, is progressing smoothly and completion is scheduled for late 2010.

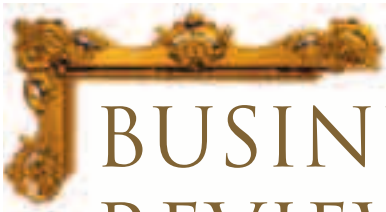
During the period under review, Shanghai Grade A office market has been affected by the global financial crisis with vacancy rate climbed above two-digits. The Group's flagship investment property Shanghai Hong Kong New World Tower has been able to maintain over 90% occupancy for office and full occupancy for retail, thanks to its superior location, the overall rental income has been stable.

PROPERTY PORTFOLIO

There is one major development property project with total GFA of 142,074 sq.m.. We expect to build 118,977 sq.m. GFA in FY2011.

INVESTMENT PROPERTIES

There are five major completed investment properties with total GFA of 265,397 sq.m..



# BUSINESS REVIEW

## Dalian

### *Highlights*

Area : 12,574 KM<sup>2</sup>

Dalian is the economic hub of Northeastern China claiming the highest gross industrial output among major cities in the region. It is also a major regional centre for financial activities, foreign exchange settlement, shipping and international logistics.



*Dalian New World Tower*

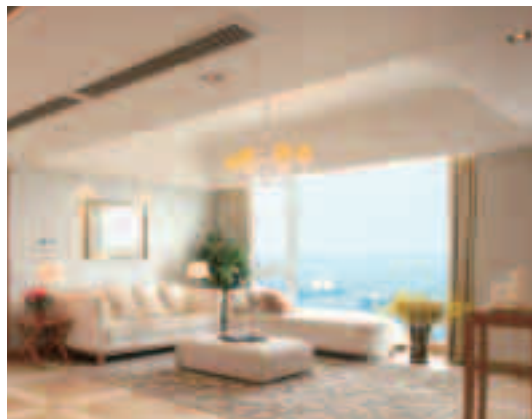


As a key equipment manufacturing base of China, Dalian is actively soliciting equipment makers for the nuclear power generation and wind power generation sectors. In February 2009, China First Heavy Industries entered into agreements to invest and build China's largest manufacturing base for nuclear power and petrochemical containers in Dalian. In addition, Dalian has entered into strategic cooperation agreements with China Guangdong Nuclear Power Holding Corporation and China Huadian Corporation for the purpose of developing the city into a world-class equipment manufacturing base.

Being one of the world's largest software parks, Dalian Software Park continued to secure tenancy from members of the world's top 500 software makers, as CISCO Systems, Inc. chose to set up an advanced service centre here for CISCO clients in Northeast Asia, including China, Japan and Korea.

Dalian New World Tower is located at the heart of Renmin Road in the city centre of Dalian. The podium and west tower had been completed during the period under review, including the hotel, apartment and shopping mall portion. The building's chic architectural style and high-end image, has made it instantaneously become the new icon of the Dalian commercial hub.

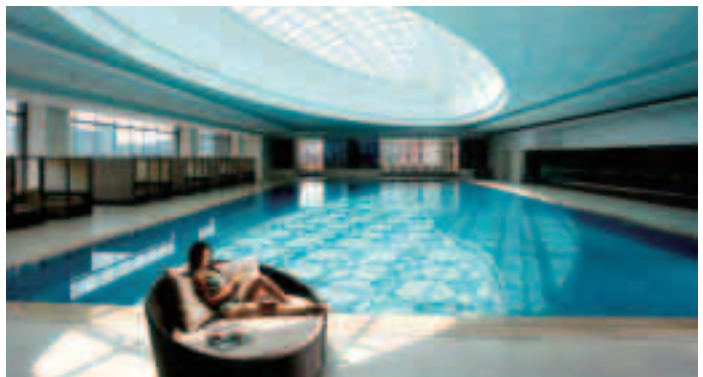
The Group plans to launch The Pinnacle Apartment, Dalian, the serviced apartment on the mid to high floors of west tower of Dalian New World Tower for sale before the end of 2009. Most of the 217 apartment units command breathtaking seaview.



*The Pinnacle Apartment, Dalian*



*Opulent main lobby of New World Hotel, Dalian*



*The all weather interior swimming pool of New World Hotel, Dalian*



**DALIAN — COMPLETION SCHEDULE**

**SQ.M.**

FY2009	Dalian New World Tower	Residential, Commercial, Hotel, Carpark	128,631
<b>Total</b>			<b>128,631</b>



*The Galleria shopping mall, Dalian*

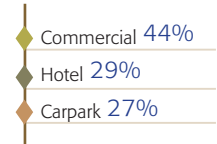
**Dalian – development properties for sale**

Total GFA 82,034 sq.m.



**Dalian – completed investment properties**

Total GFA 173,272 sq.m.



New World Hotel, Dalian situated on the low to mid floors of west tower of Dalian New World Tower commenced business in March 2009. Equipped with 429 guest rooms and suites, it offers grand and stylish space with warm and cosy feeling for guests.

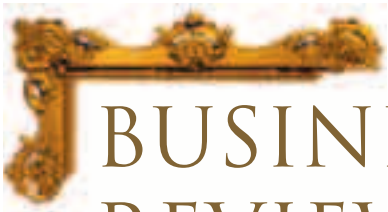
The Galleria shopping mall on the podium of east tower of Dalian New World Tower unveiled in August 2009. Boasting more than 100 branded stores and restaurants, The Galleria has become a new hotspot for shopping and leisure in Dalian.

**PROPERTY PORTFOLIO**

There is one development property project with total GFA of 82,034 sq.m.. A saleable GFA of 24,555 sq.m. was completed during the year.

**INVESTMENT PROPERTIES**

There are three major completed investment properties with total GFA of 173,272 sq.m.. A total GFA of 104,076 sq.m. was completed during the year.



# BUSINESS REVIEW

# Shenyang

## *Highlights*

Area : 13,000 KM<sup>2</sup>

Qingnian Street, the major north-southbound axis of Shenyang more popularly known as the "Golden Corridor", is the showcase window for the city and a key development area, for which the municipal government has planned to invest a total of RMB260 billion.





 Bridge

 Shenyang New World Garden

 Shenyang New World International Convention and Exhibition Centre

**SHENYANG — COMPLETION SCHEDULE**

**SQ.M.**

FY2011	Shenyang New World Garden Phase IIA Residential, Commercial, Office	247,319
<b>Total</b>		<b>247,319</b>



*Artist impression of the remaining phases of Shenyang New World Garden*

In line with Shenyang's pro-active efforts in technological innovation, Shenyang Hi-tech Industry Zone was listed as a pilot state intellectual property industry zone in late 2008 with the approval of the State Intellectual Property Office, which also worked with Shenyang Municipal Government on pilot projects for intellectual property. Shenyang Hi-tech Industry Zone became the first pilot state intellectual property industry zone in Liaoning Province.

Shenyang New World Garden is situated at the riverbank in the centre of Heping District. The new San Hao Bridge, passing through New World Garden and connecting Heping District and Hun Nan New District to the South, has opened for traffic and facilitated the project to become a commercial extension for the city. The construction of phase II of the project, composed of 27 high-rise residential towers, has been progressing smoothly and the first cluster of approximately 1,200 units was launched for pre-sales in September 2009, with over 80% of which taken-up by enthusiastic purchasers so far.

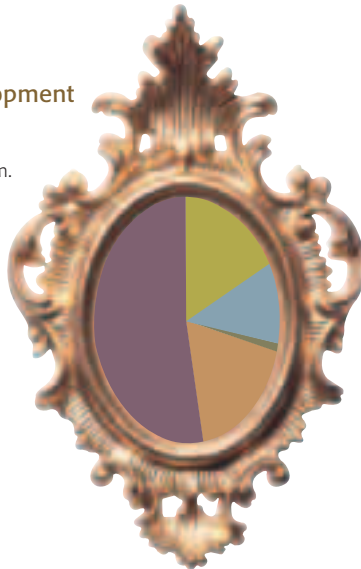
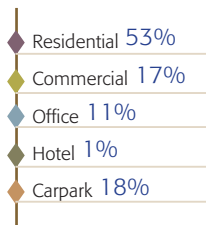


*Completed high-rise apartments of Shenyang New World Garden Phase I*



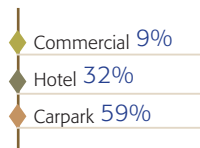
**Shenyang – development properties for sale**

Total GFA 3,949,089 sq.m.



**Shenyang – completed investment properties**

Total GFA 65,117 sq.m.



Shenyang New World Hotel Phase II located at Nanjin Street Commercial Area is about to commence construction. Designed to be a 40-storey serviced apartment tower with podium shopping mall, the development is set to become an important mixed-use building for the area upon completion.

Foundation work for Shenyang New World International Convention and Exhibition Centre had been completed, the construction of basement is about to commence. The project will be a new landmark for the future central business region of Heping District and the city of Shenyang upon completion.

**PROPERTY PORTFOLIO**

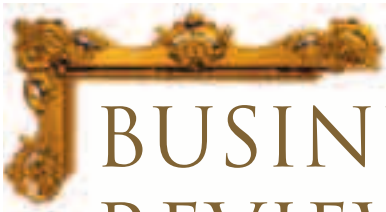
There are three major development property projects with total GFA of 3,949,089 sq.m.. We expect to build 247,319 sq.m. GFA in FY2011.

**INVESTMENT PROPERTIES**

There are two major completed investment properties with total GFA of 65,117 sq.m..



*Perspective of Shenyang New World International Convention and Exhibition Centre*



# BUSINESS REVIEW

## Anshan

### *Highlights*

Area : 9,252 KM<sup>2</sup>

The iron and steel industry represents an important pillar and growth niche for the economy of Anshan, which has identified the building of a world-class manufacturing base for stainless and special steel as its development goal. Construction has commenced for the two million-tonne vessel plates processing and distribution centre of China Shipbuilding Industry Corporation, a key project in the Dadaowan Industrial Zone. Upon completion, it will provide a strong impetus for the development of an industrial cluster in Anshan comprising deep-processing of steel and manufacturing of vessel parts and components.

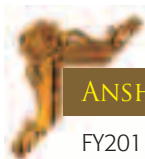
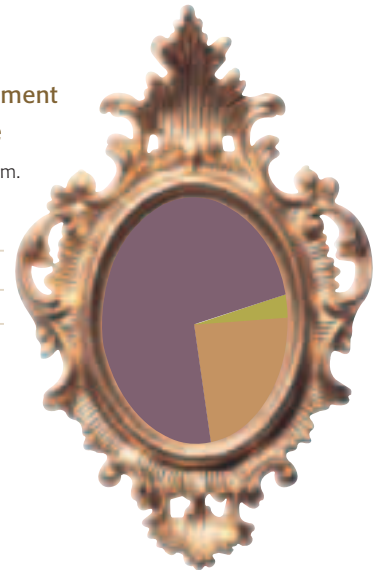
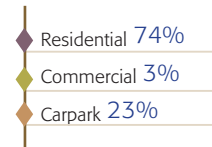






**Anshan – development properties for sale**

Total GFA 1,287,505 sq.m.



**ANSHAN — COMPLETION SCHEDULE**

**SQ.M.**

FY2011	Anshan New World Garden Phase IA	Residential, Commercial	137,890
<b>Total</b>			<b>137,890</b>

Commencing business in June 2009 as the largest and most comprehensive steel trading centre in Northeastern China, Liaoning North Steel Trading Centre will facilitate the transformation of Anshan from an iron and steel manufacturing centre to a centre for iron and steel trading, processing and logistics.

Construction of the Group's Anshan New World Garden has been progressing smoothly since commencement in September 2008. The first phase of construction involves five high-rise residential buildings providing about 780 units, it is slated for sales launching in the second quarter of 2010, and is scheduled for completion in late 2010 to give Anshan High-Tech Industrial Development Zone a brand new prestige residential community.

**PROPERTY PORTFOLIO**

There is one development property project with total GFA of 1,287,505 sq.m.. We expect to build 137,890 sq.m. GFA in FY2011.



*Bird's eye perspective of Anshan New World Garden Phase I*

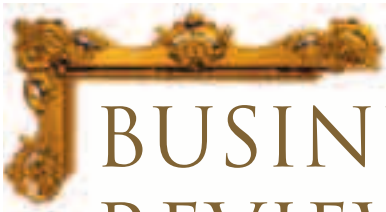


New Culture and Entertainment

# *A meltpot of urban flair*

This is my best choice of rendezvous during the day. Shopping, groceries and other daily activities all could be conveniently conducted in this community commercial centre. I usually run into some of my friends and neighbours and we have a pleasant afternoon having tea and chat together....





# BUSINESS REVIEW

## Wuhan

### *Highlights*

Area : 8,494 KM<sup>2</sup>

With the “Wuhan New Harbour Overall Planning” obtaining approval, the city plans to invest as much as RMB10 billion to build the New Harbour Area into the largest shipping centre in the mid-stream region of Yangtze River that provides Central China with a waterfront gate to the world.



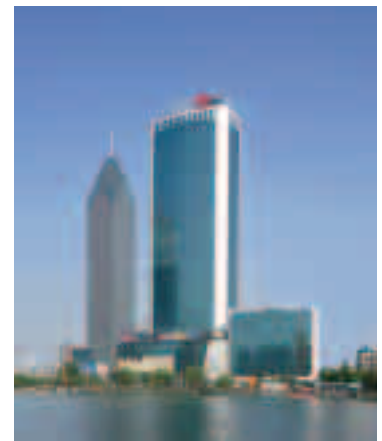
Wuhan New World Centre

Wuhan is also committed to develop into one of China's four major railway hubs. Construction of the new railway station, which claims a total investment of RMB14 billion, is progressing smoothly. Tianxingzhou Yangtze Bridge, the world's largest highway-railway bridge, has been completed and has opened for trial traffic in October 2009. The bridge is expected to provide a significant drive to the construction progress of Beijing-Guangzhou Railway.

Wuhan is actively developing itself into a base for corporate headquarters, in a bid to attract members of the world's top 500 to set up principal offices in the city. During the period under review, Siemens built an adaptor plant in Wuhan, being its third plant of the kind in China, while EDS, the world's largest service outsourcing provider, opened a global service centre in the city. EMC of the United States, the world's sixth-ranking software company, also established its presence in Wuhan's "Photon Valley of China." Meanwhile, Wuhan Economic and Technology Development Zone welcomed a joint venture of BASF of Germany, the world's largest supplier of auto parts and components, and Delphi of the United States, a world leader in chemical industry.










Wuhan Menghu Garden, a large-scale villa project in Hankou, Wuhan, developed by the Group, has been very popular with high-net-worth individuals who are enticed by its traffic convenience and comprehensive facilities. The 239 townhouses of Wuhan Menghu Garden Phase IIIA launched in January 2009 have been much sought after by house buyers and sales have been very strong.

As one of the largest residential communities developed by the Group in Wuhan, Changqing Garden remains a focus among buyers after more than a decade of development thanks to the availability of comprehensive facilities in the vicinity and a strong sense of neighbourhood and community. During the period under review, Changqing Garden had launched a total of 1,042 residential units for sale and almost sold out completely.



Wuhan New World International Trade Towers



-  Railway station
-  Bridge
-  Embankment
-  Wuhan Menghu Garden
-  Wuhan Changqing Garden
-  Wuhan New World Centre
-  Wuhan New World International Trade Towers
-  Wuhan Xin Hua Garden
-  New World Hotel Wuhan

WUHAN — COMPLETION SCHEDULE

SQ.M.

FY2009	Wuhan Changqing Garden Phase VII	Residential, Commercial, Carpark	167,172
	Wuhan Menghu Garden Phase III	Residential	16,416
	Wuhan Xin Hua Garden Phase IV	Residential, Commercial, Carpark	62,788
	<b>Total</b>		<b>246,376</b>
FY2010	Wuhan Changqing Garden Phase VII	Residential, Commercial	44,157
	Wuhan Menghu Garden Phase III	Residential	39,295
	Wuhan New World Centre	Commercial, Carpark	20,691
	<b>Total</b>		<b>104,143</b>
FY2011	Wuhan Changqing Garden Phase VII	Residential	95,000
	Wuhan Menghu Garden Phase III	Residential	45,526
	<b>Total</b>		<b>140,526</b>



Wuhan Changqing Garden



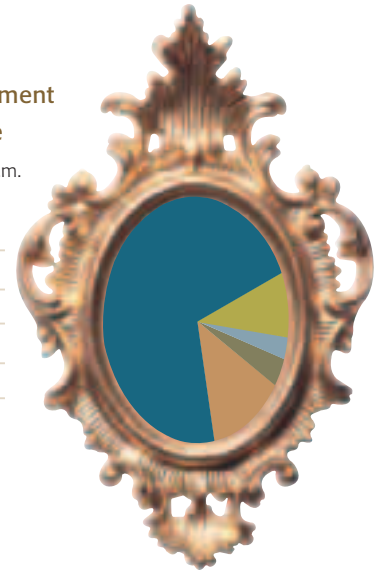
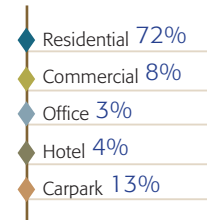
Wuhan Menghu Garden



Wuhan Xin Hua Garden

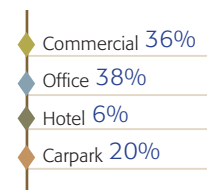
**Wuhan – development properties for sale**

Total GFA 1,823,588 sq.m.



**Wuhan – completed investment properties**

Total GFA 496,721 sq.m.



Located at the Jiefang Avenue, the traffic hub of Wuhan, New World Hotel Wuhan has been the favourite choice for high-end business travelers since it commenced operations in April 2008, thanks to its full range of facilities and exquisite services.

Wuhan, New World International Trade Towers, the Group’s flagship Grade A office building situated at Wuhan’s finance street, has maintained a 90% plus occupancy rate for the period under review, the Consulate General of the United States in Wuhan joined the list of its tenants in November 2008.

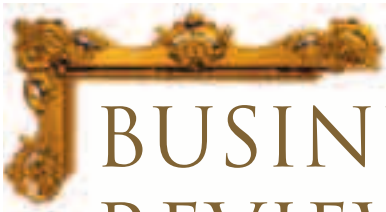
The Group’s another major investment property Wuhan New World Centre Office Towers have also recorded sound leasing performance with occupancy rate reaching 80%.

**PROPERTY PORTFOLIO**

There are three major development property projects with total GFA of 1,823,588 sq.m.. A saleable GFA of 167,479 sq.m. was completed during the year. We expect to build 83,452 sq.m. GFA in FY2010 and 140,526 sq.m. GFA in FY2011.

**INVESTMENT PROPERTIES**

There are five major completed investment properties with total GFA of 496,721 sq.m.. A total GFA of 78,897 sq.m. was completed during the year. We expect to build 20,691 sq.m. GFA in FY2010.



# BUSINESS REVIEW

# Changsha

## *Highlights*

Area : 11,820 KM<sup>2</sup>

Substantial progress has been reported for the development of the Changsha-Zhuzhou-Xiangtan city group, as the three cities become the first in China to unify their communication systems sharing the same rates and networks. Preparations for merging intra-city railway transport are smoothly underway and full-scale construction work is scheduled to commence next year.







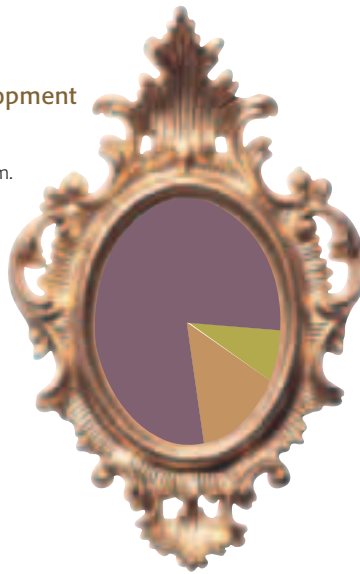
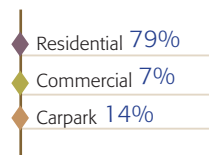
- ..... Railway
- 18 Changsha La Ville New World

<b>CHANGSHA — COMPLETION SCHEDULE</b>			<b>SQ.M.</b>
FY2009	Changsha La Ville New World Phase I	Residential	122,391
	<b>Total</b>		<b>122,391</b>
FY2010	Changsha La Ville New World Phase I	Residential, Commercial, Carpark	61,410
	<b>Total</b>		<b>61,410</b>
FY2011	Changsha La Ville New World Phase I	Residential	106,254
	<b>Total</b>		<b>106,254</b>



Changsha – development properties for sale

Total GFA 1,047,770 sq.m.



The new Changsha station for the passenger line of the Wuhan-Guangzhou Railway is close to completion and is expected to become operational by the end of 2009. Upon completion, it is set to provide an integrated transport hub that facilitates the development of the Sports New Town Area in eastern Changsha.

Located in Yuhua District adjacent to East Second Ring Road, Changsha La Ville New World is a premium residential community supported by a convenient traffic network and comprehensive facilities. It is well recognised by Changsha citizens as a leading indicator for the Sports New Town Area property market. Approximately 2,800 residential units have been launched under Phase I and over half of them have been sold.



*Lush landscaping is a prominent feature of Changsha La Ville New World*

### PROPERTY PORTFOLIO

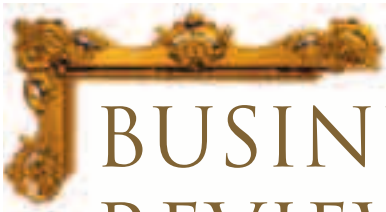
There is one development property project with total GFA of 1,047,770 sq.m.. A saleable GFA of 122,391 sq.m. was completed during the year. We expect to build 52,427 sq.m. GFA in FY2010 and 106,254 sq.m. GFA in FY2011.

### INVESTMENT PROPERTIES

We expect to build 8,983 sq.m. GFA in FY2010.



*Changsha La Ville New World Phase I comprises mostly of high-rise residential towers*



# BUSINESS REVIEW

## Guiyang

### *Highlights*

Area : 8,034 KM<sup>2</sup>

Guiyang, also known as the “City of the Forest” for its vast woodland that covers 35% of the city, is the first National Forest City in China. Leveraging this natural advantage for the tourism industry, Guiyang launched a brand new tourism campaign in 2008 that promoted the city as a heaven for summer vacation and registered a 50% growth in tourism revenue as a result. As ecology tourism becomes a new driver for Guiyang’s economic development, the municipal government has resolved to focus on promoting this image of a summer haven over the next five years.





Guiyang Jinyang Sunny Town

**GUIYANG — COMPLETION SCHEDULE**

**SQ.M.**

FY2009	Guiyang Jinyang Sunny Town Phase I	Residential, Carpark	88,992
	<b>Total</b>		<b>88,992</b>
FY2010	Guiyang Jinyang Sunny Town Phase I	Residential, Commercial	116,435
	<b>Total</b>		<b>116,435</b>
FY2011	Guiyang Jinyang Sunny Town Phase I	Residential	108,478
	<b>Total</b>		<b>108,478</b>



*Guiyang New World International School in Jinyang Sunny Town*



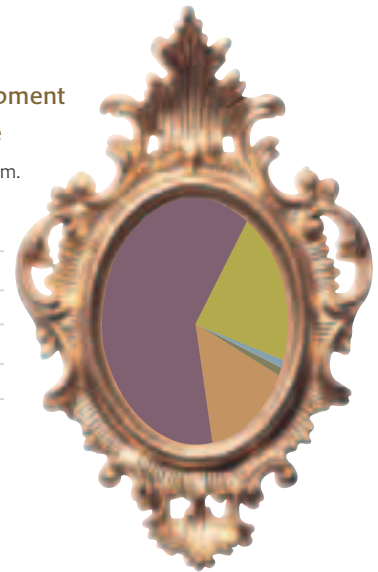
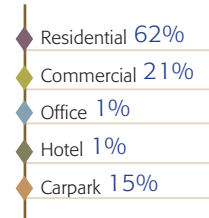
*School sports centre*



Jinyang Sunny Town, the large-scale residential community build by the Group in Jinyang New District of Guiyang, has been very popular with buyers who are attracted by its convenient transport network and comprehensive facilities. Market response was overwhelming as 210 residential units out of 270 were sold on the first day of launch in May 2009. The Group plans to further launch about 800 residential units for pre-sale before the end of 2009 to meet continued market demands. The project has also completed the construction of Guiyang New World International School (Secondary Section), a cooperation with the local Guiyang First Secondary School, to provide comprehensive education ancillary facility.

Guiyang – development properties for sale

Total GFA 4,355,916 sq.m.



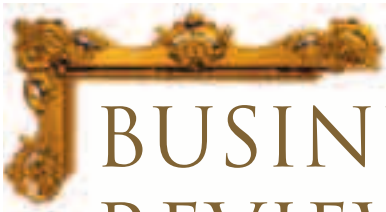
Guiyang Jinyang Sunny Town Phase I

PROPERTY PORTFOLIO

There is one development property project with total GFA of 4,355,916 sq.m.. A saleable GFA of 88,992 sq.m. was completed during the year. We expect to build 114,060 sq.m. GFA in FY2010 and 108,478 sq.m. GFA in FY2011.

INVESTMENT PROPERTIES

We expect to build 2,375 sq.m. GFA in FY2010.



# BUSINESS REVIEW

## Chengdu

### *Highlights*

Area : 12,390 KM<sup>2</sup>

Chengdu is striving to build itself as the fourth air transportation hub of China. The construction of the second runway and the new terminal of Shuangliu Airport commenced in December 2008 and, upon completion, Chengdu will become the fourth city in China claiming a second runway for its airport after Beijing, Shanghai and Guangzhou.

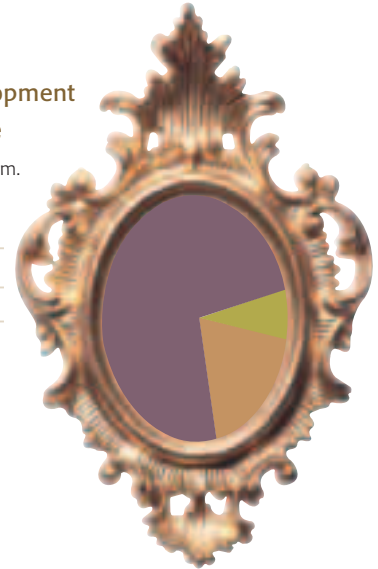
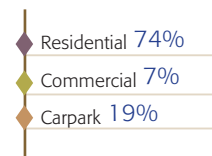






### Chengdu – development properties for sale

Total GFA 3,749,772 sq.m.



The establishment of Chengdu Bonded Logistics Centre has been approved by the State, making it the first approved bonded logistics centre in Southwest China.

Backed by the service of a bonded logistics centre, Chengdu secured the investment by DHL Logistics, a subsidiary of Deutsche Post DHL which is a service outsourcing specialist ranking among the global top 500. Chengdu is set to become a transshipment hub for the western regions connecting domestic/overseas logistics centres and international cargo transshipment bases.

Chengdu New World Riverside is the Group's large-scale community development project in Chengdu. Sitting on a prime location that oversees spectacular river views, it is set to become a landmark international community in South Chengdu with its offering of a variety of residences such as semi-detached villas, mid-rise and high-rise apartments in its first phase.

As the impact of the Wenchuan Earthquake waned, sales of New World Riverside saw significant improvements in the first half of 2009, where 80% of the launched 255 high-rise apartments have been sold. Market response has also been encouraging for the villas of the project which saw 80% of the 30 launched villas sold.



---●--- Subway line (Under construction)

== Bridge

17 Chengdu New World Riverside



054

055

## CHENGDU — COMPLETION SCHEDULE

SQ.M.

FY2010	Chengdu New World Riverside Phase IA	Residential	96,518
	<b>Total</b>		<b>96,518</b>



Chengdu New World Riverside

## PROPERTY PORTFOLIO

There is one development property project with total GFA of 3,749,772 sq.m.. We expect to build 96,518 sq.m. GFA in FY2010.



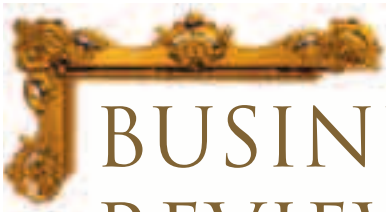
New Style of Leisure

# *More than One could expect*

You can't imagine the fun the kids are having when they harvest the vegetables they have planted by their own.

I used to think weekend golfing is mundane activity for my husband,  
surprisingly there are a lot more  
going on than I expected. The spa treatment I get under the palm tree is  
just amazing. Weekend will never be the same again....





# BUSINESS REVIEW

# Guangzhou

## *Highlights*

Area : 7,434 KM<sup>2</sup>

The service industries and the tertiary sector, which accounted 59% of Guangzhou's GDP in 2008, are designated as key sectors in Guangzhou's economic development. The Tianhe commercial area, in particular, has been a top priority in Guangzhou's development. At present, this commercial district is covering an area of over 700,000 sq.m. It will be extended to cover over 1 million sq.m. before the Asian Games open, which will make it the largest commercial area in China ahead of Huaihai Road and Xujiahui in Shanghai, Xidan and Wangfujing in Beijing and Dongmen in Shenzhen.



The much anticipated Guangzhou Subway Line No. 5 was completed in 2009 and will become operational by the end of the year. With Line No. 5, Huangpu District will be given closer connection with central city areas such as Tianhe. Along that line, at least 500,000 Guangzhou citizens will benefit from the "Half-hour Living Circle."

Elsewhere, substantial progress has been made in the merging of Guangzhou and Foshan into a single metropolitan region. In March 2009, an agreement was signed between the two cities, whereby collaborations will be made starting from the four key areas of industrial synergization, city planning, environmental protection and traffic infrastructure.

Guangzhou New World Oriental Garden Phase II, a high-end residential community developed by the Group, is strategically located in the heart of Tianhe District while enjoying all its conveniences. 730 residential units of Phase II have been launched during the period under review and about 60% have been sold.

Guangzhou Park Paradise has continued to be eagerly sought after by potential home buyers, given its central location within the Baiyun New Town and the sophisticated municipal facilities. A brand new cluster of 150 residential units, was greeted with enthusiastic response upon its launch in May 2009 as buyers were attracted by its exceptionally high floor area efficiency and fine views of the development. The units were quickly sold out and three rounds of additional launches had been made since then with a total of 570 residential units, they were also completely sold out.

Guangzhou Covent Garden is currently the largest landscaped residential complex with a full range of supporting facilities in Liwan District. Subway Line No. 5 will become operational shortly and connect directly to the project by an elevated corridor, it sets to provide additional traffic convenience for the residents. The project launched 100 residential units in May 2009 and were all sold out amid enthusiastic response from buyers. The Group plans to launch about 200 new residential units before the end of 2009.

The Group has also launched 392 residential units of Guangzhou Xintang New World Garden in Zengcheng, Guangzhou for sale during the period under review, over 90% have been sold so far.



*Perspective of Guangzhou New World Oriental Garden Phase II*



-  Railway station

---

-  Subway line

---

-  Subway line extension  
(Subject to approved planning)

---

-  Bridge

---

-  Guangzhou Dong Yi Garden

---

-  Guangzhou New World Oriental Garden

---

-  Guangzhou Central Park-view

---

-  Guangzhou Covent Garden

---

-  Guangzhou Park Paradise

---

-  Guangzhou Baiyun project

**GUANGZHOU — COMPLETION SCHEDULE**

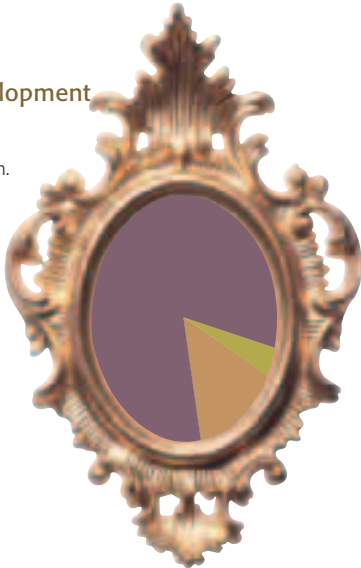
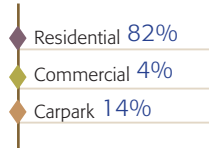
**SQ.M.**

FY2009	Guangzhou Covent Garden Phase III	Residential, Commercial, Carpark	40,672
	Guangzhou New World Oriental Garden Phase II	Residential, Carpark	13,006
	Guangzhou Park Paradise Phase II D2	Residential, Carpark	73,969
	Guangzhou Park Paradise Phase II D3	Residential, Carpark	46,269
	Guangzhou Park Paradise Phase II E1	Residential	14,450
	Guangzhou Xintang New World Garden Phase V	Residential	54,743
<b>Total</b>			<b>243,109</b>
FY2010	Guangzhou Park Paradise Phase II E2	Residential, Commercial, Carpark	96,679
	Guangzhou New World Oriental Garden Phase II	Residential, Commercial, Carpark	116,626
	Guangzhou Xintang New World Garden Phase IV	Residential, Carpark	32,091
	Guangzhou Xintang New World Garden Phase V	Residential, Commercial	47,249
<b>Total</b>			<b>292,645</b>
FY2011	Guangzhou Central Park-view Phase II A	Residential	112,139
	Guangzhou Park Paradise Phase II E2	Residential	74,190
<b>Total</b>			<b>186,329</b>



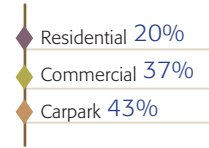
**Guangzhou – development properties for sale**

Total GFA 2,962,780 sq.m.



**Guangzhou – completed investment properties**

Total GFA 260,349 sq.m.



The Canton Place, an articulately developed commercial property project of the Group inside Guangzhou Central Park-view in Pearl River New Town, was opened in April 2009. It is intended to be developed into the most prestigious private clubhouse in Southern China, providing a platform for cultural as well as business exchanges for expatriates and business elites living and working in Guangzhou.

**PROPERTY PORTFOLIO**

There are seven major development property projects with total GFA of 2,962,780 sq.m.. A saleable GFA of 217,821 sq.m. was completed during the year. We expect to build 242,020 sq.m. GFA in FY2010 and 186,329 sq.m. in GFA in FY2011.

**INVESTMENT PROPERTIES**

There are six major completed investment properties with a total GFA of 260,349 sq.m.. A total GFA of 25,288 sq.m. was completed during the year. We expect to build 50,625 sq.m. GFA in FY2010.



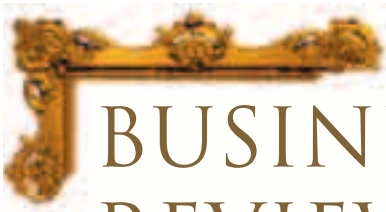
*Guangzhou Covent Garden Phase III perspective*



*Guangzhou Xintang New World Garden*



*The Canton Club inside Guangzhou New World Central Park-view*



# BUSINESS REVIEW

## Pearl River Delta

### *Highlights*

Area : 34,264 KM<sup>2</sup>

According to the Outline of the Reform and Development Planning for the Pearl River Delta approved by the State in January 2009, the Pearl River Delta should pursue industrial upgrades with special emphasis on modernized service industries and state-of-the-art manufacturing industries, while major efforts will be made to consolidate infrastructure building, industrial development, environmental initiatives, city planning and public services in the region. According to the plans, a consolidated Pearl River Delta economy will come into shape by 2012.



During the period under review, the Group reported smooth progress in the construction of Shunde New World Centre Phase III, a development comprising three residential towers (including one serviced apartment tower) each with 32 storeys and offering an aggregate GFA of approximately 50,000 sq.m.. The main building structure has been topped out as of now and, upon completion, the project is expected to feature prominently in Shunde District of Foshan as a top-class residential development.

The new Phase IIB of Changhuyuan in Huizhou, comprising 478 residential units, was met with overwhelming market response upon its launch in early 2009. The development is over 50% sold as of now.

The second batch of residential units in Phase II of Zhaoqing New World Garden has been gradually released to the market during the period under review. There is a total of 349 residential units in Phase II and almost 50% of which have been sold.



*Perspective of Zhaoqing New World Garden Phase II*



*Shenzhen New World Yi Shan Garden Phase II*



- ..... Railway

---

- Highway

---

- 27 Shenzhen Xilihu development

---

- 28 Shenzhen New World Yi Shan Garden

---

- 29 Shunde New World Centre

---

- 30 Huiyang Palm Island Resort

---

- 31 Zhaoqing New World Garden

---

- 32 Zhuhai New World Riviera Garden

---

- 33 Foshan Country Club

---

- 34 Huizhou Changhuyuan

---

- 57 Courtyard by Marriott Shunde

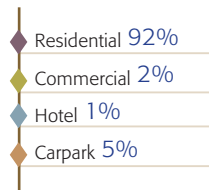
PEARL RIVER DELTA — COMPLETION SCHEDULE

SQ.M.

FY2009	Zhaoqing New World Garden Phase II	Residential, Commercial, Carpark	79,350
	<b>Total</b>		<b>79,350</b>
FY2010	Shunde New World Centre Phase III	Residential	51,000
	Huizhou Changhuyuan Phase II B	Residential, Commercial, Carpark	70,934
	<b>Total</b>		<b>121,934</b>
FY2011	Zhaoqing New World Garden Phase III	Residential	70,286
	<b>Total</b>		<b>70,286</b>

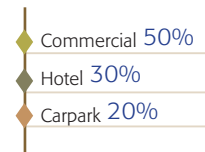
Pearl River Delta –  
development properties for  
sale

Total GFA 1,947,641 sq.m.



Pearl River Delta –  
completed investment  
properties

Total GFA 121,188 sq.m.



PROPERTY PORTFOLIO

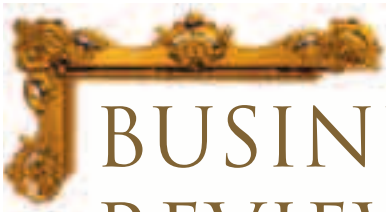
There are eight major development property projects with total GFA of 1,947,641 sq.m.. A saleable GFA of 64,288 sq.m. was completed during the year. We expect to build 111,778 sq.m. GFA in FY2010 and 70,286 sq.m. GFA in FY2011.

INVESTMENT PROPERTIES

There are five major completed investment properties with a total GFA of 121,188 sq.m.. A total GFA of 15,062 sq.m. was completed during the year. We expect to build 10,156 sq.m. GFA in FY2010.



Huizhou Changhuyuan Phase II



# BUSINESS REVIEW

## Haikou

### *Highlights*

Area : 2,305 KM<sup>2</sup>

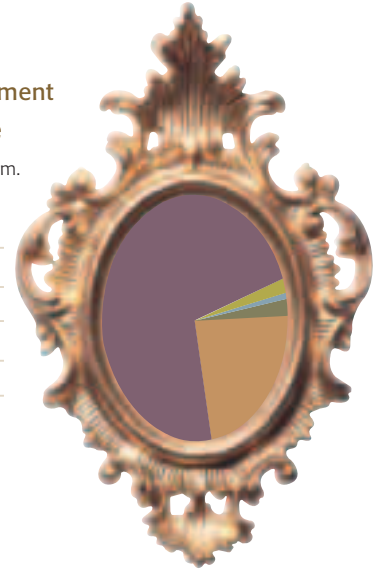
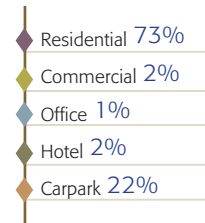
The upgrade of Haikou from a free trade zone to an comprehensive bonded area was officially approved by the State Council in January 2009. With a planned area of 1.93 sq. km, Haikou will become the fourth comprehensive bonded zone of the nation after Suzhou Industrial Park, Tianjin Binhai New District and Beijing Tianzhu Comprehensive Bonded Area, and major companies are expected to flock in and invest.





Haikou – development properties for sale

Total GFA 2,483,021 sq.m.



The Group's Meilisha project, which is situated in the prime coastal area in Haikou, is progressing smoothly with 80% of land reclamation and seawall work completed. The project will be developed into an international coastal community with a mixture of resorts, leisure, entertainment, business and residential development.

PROPERTY PORTFOLIO

There are two major development property projects with total GFA of 2,483,021 sq.m..



Perspective of Haikou Meilisha project Villa Estate



# MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW OF FY2009 RESULTS

During the year under review, the China property market has experienced the negative effects from both the austerity measures previously imposed by the Central Government and the global economic downturn triggered by the US sub-prime turmoil. With joint efforts from leading governments and central banks implementing various stimulus packages, the China property market and global economy at large have shown sign of recovery in the fourth quarter of FY2009. During the second quarter of FY2009, the Group has, in response to the slowed property market sentiment, rescheduled the completion progress of its property development projects and pre-sale launching program leading to a 26% drop in total gross floor area ("GFA") completed in FY2009 as compared to FY2008. However, the Group has secured property contracted sale of 546,426 sq.m. (GFA) in aggregate during FY2009, of which 237,161 sq.m. (GFA) contracted sale with gross sales proceed of RMB1.9 billion being generated are for those projects scheduled to be completed in FY2010 and their corresponding sales shall be recorded in the consolidated income statement in FY2010.

In FY2009, the Group recorded a profit of HK\$1,359.4 million, a decrease of 33% from FY2008. The decrease in profit for the year was mainly attributable to the decrease in effect from changes in fair value of investment properties which recorded at a gain of HK\$257.7 million from last year's gain of HK\$406.1 million as a result of downward adjustment in fair value of the Group's rental portfolio and also the effect of foreign exchange gain of HK\$38.7 million as opposed to a gain of HK\$515.0 million recorded during the last financial year end when Renminbi had appreciated by over 8%. Without taking into accounts the effect from abovementioned non-operating items and other exceptional items, the underlying core profit from the Group's four core business operations in fact reached HK\$1,426.9 million, representing a marginal increase of 2% over that of corresponding period last year.

With the backdrop of volume shrinkage and price correction in the overall property market, the Group's property sales operation was inevitably affected with overall sale volume drop by 47% and 18% decrease in gross contribution in attributable operating profit ("AOP") from property sales. These negative impacts were however mitigated by considerable cost savings achieved and contribution from various disposals of property development projects amounted to HK\$489.8 million. Furthermore, our rental operation enjoyed a growth of 13% in AOP contributions with the continuous improvement in rental rates and occupancies of our investment properties portfolio. On the other hand, the result from the Group's hotel operation was affected by global economy meltdown and the outbreak of H1N1 Swine flu which has discouraged travel.



## Analysis of Attributable operating profit ("AOP")

	FY2009 HK\$'000	FY2008 HK\$'000
Property sales	1,140,686	1,075,619
Rental operation	440,099	388,643
Hotel operation	(122,492)	(22,713)
Property management services	(12,117)	(3,027)
Others	(19,245)	(33,514)
AOP before provisions and finance costs	1,426,931	1,405,008
Gain on retained non-controlling interests	319,073	—
Gain on previously held equity interests as a jointly controlled entity and associated companies	88,876	—
Gain on repurchase of convertible bonds	67,366	—
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary/additional interest in a subsidiary	50,940	14,217
Provision for amount due by a jointly controlled entity	(36,500)	—
Provision for properties under/held for development	(54,841)	(54,000)
Tax indemnity from the ultimate holding company	6,224	369,620
Changes in fair value of investment properties, net of deferred taxation	257,659	406,074
Impairment of goodwill	(85,639)	(2,941)
Finance costs — project loans	(397,099)	(456,184)
AOP	1,642,990	1,681,794
Finance costs — corporate loans	(125,660)	(119,316)
Corporate administrative expenses	(204,270)	(158,703)
Net foreign exchange gains	38,744	515,013
Bank and other interest income	7,565	101,147
Profit attributable to equity holders of the Company	1,359,369	2,019,935

# MANAGEMENT DISCUSSION AND ANALYSIS

## Property sales

During the year under review, the Group has completed 11 property development projects in Dalian, Wuhan, Changsha, Guangzhou, Guiyang and Zhaoqing with a total gross floor area of 685,526 sq.m., representing a 26% drop year-on-year. The AOP of property sales achieved HK\$1,140.7 million or a slight increase of 6% against that of FY2008. With the slow and uncertain sentiment in the China property market during the 12 months period under review, the Group's performance in property sales has been impacted with a decrease in sales volume of 47% to a total of 472,110 sq.m. GFA sales, generating gross sale proceeds of over RMB3.4 billion. However the achieved average gross margin of the year's sales maintained at a stable level as that of last year's.

Development property projects completed in FY2009	Usage	Total GFA (sq.m.)	NWCL's interest
Dalian New World Tower (大連新世界大廈)	R	24,555	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	16,416	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R	95,247	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	R, C	55,816	60%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R	122,391	48%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R	11,742	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R	28,308	60%
Guangzhou Park Paradise Phase II D2 (廣州嶺南新世界二期D2)	R	64,825	60%
Guangzhou Park Paradise Phase II D3 (廣州嶺南新世界二期D3)	R	43,753	60%
Guangzhou Park Paradise Phase II E1 (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	54,743	63%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, P	88,992	50%
Zhaoqing New World Garden Phase II (肇慶新世界花園二期)	R, P	64,288	100%
<b>Total</b>		<b>685,526</b>	

R: Residential

C: Commercial

P: Carpark

## Rental operation

In FY2009, the Group's rental operation recorded an AOP of HK\$440.1 million, an increase of 13% compared to FY2008. The increase in AOP from rental operation was mainly attributable to higher occupancy rates of various office premises during the year, particularly prominent for Wuhan New World Centre and Wuhan New World International Trade Towers.

During the year under review, the Group's investment property portfolio has increased by 173,100 sq.m. from the completion of seven investment properties and car parks in Dalian, Wuhan, Guangzhou and Zhaoqing.

<b>Investment properties completed in FY2009</b>	<b>Usage</b>	<b>Total GFA (sq.m.)</b>	<b>NWCL's interest</b>
Dalian New World Tower (大連新世界大廈)	C, P	53,853	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	C, P	71,925	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	P	6,972	60%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	P	1,264	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	C, P	12,364	60%
Guangzhou Park Paradise Phase II D2 (廣州嶺南新世界二期D2)	P	9,144	60%
Guangzhou Park Paradise Phase II D3 (廣州嶺南新世界二期D3)	P	2,516	60%
Zhaoqing New World Garden Phase II (肇慶新世界花園二期)	C	15,062	100%
<b>Total</b>		<b>173,100</b>	

### Hotel operation

In FY2009, the construction of New World Hotel Dalian with 429 rooms has been completed and commenced operation in March 2009. In addition, the pentahotel Shanghai was opened with 260 rooms in the first half of FY2009.

During the year under review, the AOP from hotel operation recorded at a loss of HK\$122.5 million as opposed to a loss of HK\$22.7 million last year. The overall hotel operating results was affected by the decline in occupancy rate as a result from the H1N1 Swine flu outbreak in the second quarter of 2009. The pre-matured results from New World Hotel Dalian and New World Hotel Wuhan also dampened the contribution from hotel operation to the Group's underlying profit.

The Group's hotel portfolio currently comprises seven hotels with 2,549 rooms.

<b>Hotel portfolio</b>	<b>Number of rooms</b>
Courtyard by Marriot Beijing (北京萬怡酒店)	299
New World Mayfair Hotel Shanghai (上海巴黎春天大酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	260
New World Hotel Shenyang (瀋陽新世界酒店)	259
New World Hotel Dalian (大連新世界酒店)	429
New World Hotel Wuhan (武漢新世界酒店)	327
Courtyard by Marriot Shunde (順德萬怡酒店)	370
<b>Total</b>	<b>2,549</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

In FY2010, the Group plans to complete 12 projects with a total GFA of 826,725 sq.m..

Properties to be completed in FY2010	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Liang Guang Road Block VI (北京兩廣路住宅樓六號樓)	R, C	33,640	70%
Wuhan New World Centre (武漢新世界中心)	C, P	20,691	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	39,295	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	44,157	60%
Chengdu New World Riverside Phase IA (成都河畔新世界一期A)	R	96,518	30%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R, C, P	61,410	48%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C	116,435	50%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R, C, P	116,626	100%
Guangzhou Park Paradise Phase II E2 (廣州嶺南新世界二期E2)	R, C, P	96,679	100%
Guangzhou Xintang New World Garden Phase IV (廣州新塘新世界花園四期)	R, P	32,091	63%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R, C	47,249	63%
Shunde New World Centre Phase III (順德新世界中心三期)	R	51,000	35%
Huizhou Changhuyuan Phase II B (惠州長湖苑二期B)	R, C, P	70,934	63%
<b>Total</b>		<b>826,725</b>	

## LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2009, the Group's cash and bank deposits amounted to HK\$3,901 million (30th June 2008: HK\$4,825 million). The decrease in cash and bank deposits was mainly due to payment of development costs for new phases of development projects in Shanghai, Dalian and Shenyang and net cash consideration paid in respect of acquisition and disposal of interest in certain subsidiaries and associated companies as set out under section "Major acquisition or disposal". The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$13,187 million (30th June 2008: HK\$9,855 million), translating into a gearing ratio of 41% (30th June 2008: 32%). 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 2009 totalled HK\$16,017 million (30th June 2008: HK\$13,613 million) of which 14% were secured by way of charges over assets and 86% 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:

	2009 HK\$'million	2008 HK\$'million
Repayable:		
Within one year	3,297	4,426
Between one and two years	2,544	2,654
Between two and five years	10,176	6,533
<b>Total</b>	<b>16,017</b>	<b>13,613</b>

As at 30th June 2009, the Group's committed unutilised bank loan facilities amounted to HK\$2,127 million (30th June 2008: HK\$2,548 million).

#### Capital expenditure commitments

The capital expenditure commitments of the Group as at 30th June 2009 were HK\$724,864,000 (30th June 2008: HK\$173,711,000) of which HK\$616,864,000 (30th June 2008: HK\$65,711,000) were contracted but not provided for in the financial statements and HK\$108,000,000 (30th June 2008: 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 2008: 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.

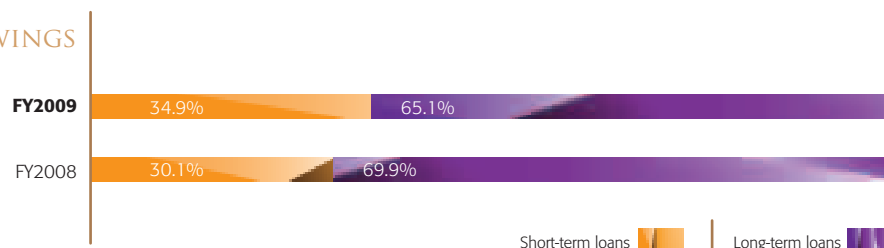
#### CONTINGENT LIABILITIES

As at 30th June 2009, the Group has contingent liabilities of approximately HK\$3,207,018,000 (30th June 2008: HK\$2,350,081,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The increase in contingent liabilities was mainly due to further drawdown of bank loans obtained by certain associated companies and jointly controlled entities during the year.

As at 30th June 2009, 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\$753,543,000 (30th June 2008: HK\$995,605,000).

# MANAGEMENT DISCUSSION AND ANALYSIS

## SOURCE OF BORROWINGS

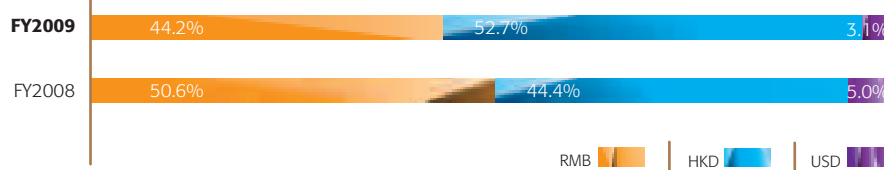


## INTEREST RATE AND MATURITY PROFILE

(HK\$'000)



## CURRENCY PROFILE OF BORROWINGS



## NATURE OF DEBT



## DETAILS OF CHARGES ON GROUP'S ASSETS

As at 30th June 2009, the Group's property, plant and equipment, investment properties, land use rights, properties held for development, properties under development and bank deposits of HK\$479,887,000 (30th June 2008: HK\$456,546,000), HK\$2,531,381,000 (30th June 2008: HK\$2,157,547,000), HK\$240,529,000 (30th June 2008: HK\$297,343,000), HK\$511,013,000 (30th June 2008: HK\$261,345,000), HK\$1,810,659,000 (30th June 2008: HK\$1,345,017,000), and HK\$258,494,000 (30th June 2008: HK\$456,468,000) respectively have been pledged as securities for short term and long term bank borrowings. As at 30th June 2008, completed properties held for sale of HK\$10,499,000 had been charged as securities for a long term bank borrowing. The bank borrowing was fully repaid during the year.

## EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2009, the Group has 4,560 full-time employees. Total staff related costs incurred during the year under review were HK\$271 million (2008: HK\$238 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

In March 2009, the Group acquired additional 25%, 50%, 60% and 5.9% equity interest in Ramada Property Ltd. ("Ramada Property"), Faith Yard Property Limited ("Faith Yard"), Fortune Star Worldwide Limited ("Fortune Star") and Shanghai New World Huai Hai Property Development Co., Ltd. ("Huai Hai") respectively from Golden Wealth Investment Limited ("Golden Wealth") for an aggregate total consideration of approximately HK\$1,039 million. The principal asset of Ramada Property is its holding of a portion of Shanghai Ramada Plaza located at 1525 Dingxi Road, Changning District, Shanghai, the PRC which is operating as two hotels through a project company. The principal assets of Faith Yard are the holding of a portion of Shanghai Ramada Plaza and Shanghai Belvedere Service Apartments located at 1555 Dingxi Road, Changning District, Shanghai, the PRC. Fortune Star is an investment holding company whose major assets are holding of interest in Zhaoqing New World Property Development Limited ("Zhaoqing Property") and Zhaoqing Fubang Property Management Limited. Zhaoqing Property is principally engaged in the development of Zhaoqing New World Garden, a residential development located beside the Banyue Lake, Zhaoqing, Guangdong Province, the PRC. The principal asset of Huai Hai is its holding of Shanghai Hong Kong New World Tower located at Huaihaizhong Road, Luwan District, Shanghai, the PRC.

In March 2009, the Group disposed of its entire interest in Shanghai New World Shangxian Lane Development Ltd. ("Shangxian Lane") and 20% interest in Shanghai Juyi Real Estate Development Co., Ltd. ("Shanghai Juyi") to Golden Wealth for an aggregate total consideration of approximately HK\$620 million. Shangxian Lane has obtained a development right in respect of a property project in Luwan District, Shanghai, the PRC. The principal activity of Shanghai Juyi is the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC. The above transactions gave rise to a net disposal gain of approximately HK\$370 million to the Group.



# CORPORATE GOVERNANCE REPORT

In pursuit of the objectives of achieving sustainable development, protecting shareholders' interest and enhancing shareholders' value, the Board strives to maintaining high standard of corporate governance practices by adopting various guidelines and procedures for the Company which adheres to the principles of corporate governance, with particular emphasis on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company has complied throughout the year with the Code on Corporate Governance Practices ("the Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for the deviations with considered reasons as explained below.

## DIRECTORS AND BOARD PRACTICES

### Composition and responsibilities

The Company is headed by the Board which currently comprises thirteen directors, including nine executive directors, one non-executive director and three independent non-executive directors. Their names, biographical details and relationship amongst them, if any, are set out on pages 84 to 89 of this annual report.

The Board, led by the Chairman, is collectively responsible for the management and operations of the Company. In particular, it is responsible for setting the business and strategic direction, financial performance of the Group and oversight of the management and is positioned to approve the interim and annual financial statements, annual budgets, business plans and other significant operational matters. The running of the day-to-day businesses of the Company is delegated by the Board to the management who is working under the leadership and supervision of the Managing Director and the Executive Committee to implement the policies laid down by the Board in connection with the conduct of the businesses of the Group.

### Chairman and Managing Director

Dr. Cheng Kar-shun, Henry is the Chairman and Managing Director of the Company. In his dual capacity as Chairman and Managing Director, Dr. Cheng Kar-shun, Henry 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 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. However, the Board believes that Dr. Cheng Kar-shun, Henry, in his dual capacity as the Chairman and Managing Director, will provide strong and consistent leadership for the development of the Group.

### Independent non-executive directors

Independent non-executive directors ("INED") have a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. In particular, they bring an impartial view to bear on issues of the Company's strategy, performance and control.



During the year, the Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of sufficient number of INED and is having INED with relevant professional qualifications or accounting or relating financial management expertise. A written annual confirmation of independence was received from each of the INED pursuant to Rule 3.13 of the Listing Rules and the Company considers each of the INED to be independent.

#### **Nomination of directors**

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the succession planning of directors and assessing the independence of independent non-executive directors. During the year under review, the Company had not established a nomination committee.

In evaluating whether an appointee is suitable to act as a director, the Board will consider the experience, qualification and other relevant factors. An induction will be given to newly appointed director to provide information regarding the businesses and operation of the Company as well as his/her responsibilities under the statutes, rules and regulations.

#### **Rotation of directors**

In accordance with the Company's articles of association, all directors are subject to retirement by rotation at least once every three years and each newly appointed director is subject to re-election by the shareholders at the first general meeting after his/her appointment. The names of directors who are eligible for re-election will be disclosed in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars.

The Code provides that non-executive director should be appointed for a specific term, subject to re-election. In this regard, the Company entered into service contracts with the non-executive directors of the Company whereby they are appointed for an initial term of three years commencing from 1st January 2006 subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's articles of association.

#### **Meetings**

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Seven full board meetings were

# CORPORATE GOVERNANCE REPORT

convened in the year under review, four of which were regular board meetings for reviewing and approving the financial operating performance of the Group. The attendance of each individual director at these board meetings is set out in the following table:

	<b>Number of board meetings attended/held</b>
<b>Executive directors</b>	
Dr. Cheng Kar-shun, Henry (Chairman)	7/7
Mr. Doo Wai-hoi, William (Vice-chairman)	4/7
Mr. Cheng Kar-shing, Peter	3/7
Mr. Cheng Chi-kong, Adrian	6/7
Mr. Leung Chi-kin, Stewart	7/7
Mr. Chow Kwai-cheung	5/7
Mr. Chow Yu-chun, Alexander	7/7
Mr. Fong Shing-kwong, Michael	7/7
Ms. Ngan Man-ying, Lynda	7/7
<b>Non-executive director</b>	
Mr. Fu Sze-shing	0/7
<b>Independent non-executive directors</b>	
Mr. Cheng Wai-chee, Christopher	6/7
Mr. Tien Pei-chun, James	6/7
Mr. Lee Luen-wai, John	7/7

All directors are supplied with relevant materials relating to the matters brought before the meetings at least 3 days before the meetings to ensure that the directors are given sufficient review time. They have separate access to the senior management and the Company Secretary at all time and may seek independent professional advices at the Company's expense. All directors have the opportunity to include matters in the agenda for board meetings. Reasonable notices of board meetings are given to the directors and board procedures are compliant with the relevant rules and regulations. The proceedings of the board meetings are normally conducted by the chairman of the Board who ensures that sufficient time is allowed for discussion among the directors and equal opportunities are being given to the directors to express their views and share their concerns. All minutes of board meetings are kept by the Company Secretary and are open for inspection at any reasonable time by the directors. Minutes record in sufficient detail the matters considered by the Board and the decisions reached.

### Board committees

The Board has set up three committees, namely, the Executive Committee, the Audit Committee and the Remuneration Committee to oversee various aspects of the Group's affairs.

#### (i) Executive committee

The Executive Committee serves as an executive arm of the Board in implementing the policies laid down by the Board and handling the day-to-day businesses of the Company. They are responsible for overseeing the management of the Company, considering issues regarding finance, investments, merger and acquisition, corporate governance and corporate communication matters. Members of the Executive Committee include Dr. Cheng Kar-shun, Henry as Chairman, Messrs. Doo Wai-hoi, William, Cheng Kar-shing, Peter, Cheng Chi-kong, Adrian, Chow Yu-chun, Alexander and Ms. Ngan Man-ying, Lynda as members. Meetings of the Executive Committee are held frequently as and when required.

#### (ii) Audit committee

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues. Their written terms of reference are in line with the Code provision and are available on the Company's website.

Members of the audit committee comprise three INEDs including Mr. Cheng Wai-chee, Christopher as Chairman, Messrs. Tien Pei-chun, James and Lee Luen-wai, John, as members.

The Audit Committee met twice during the fiscal year. During the meetings, the Audit Committee has reviewed the audit plans, internal control procedures and financial reporting system. They have also considered the interim and final results of the Group for the fiscal year as well as the audit report prepared by the external auditors relating to accounting issues and major findings in course of audit. They have also reviewed with the management the internal audit report in respect of certain property projects of the Group. Full minutes of the meetings are kept and sent to all members of the Committee.

The attendance of individual member of the Audit Committee at the meetings is set out in the following table:-

<b>Members of Audit Committee</b>	<b>Number of meetings attended/held</b>
Mr. Cheng Wai-chee, Christopher	2/2
Mr. Tien Pei-chun, James	1/2
Mr. Lee Luen-wai, John	2/2

# CORPORATE GOVERNANCE REPORT

## (iii) Remuneration committee

The Remuneration Committee is responsible for making recommendations to the board on the Company's policy and structure for all remuneration of the directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy. Their written terms of reference are in line with the Code provision and are available on the Company's website.

Members of the Remuneration Committee comprise three INEDs and one executive director including Mr. Cheng Wai-chee, Christopher as Chairman, Messrs. Tien Pei-chun, James, Lee Luen-wai, John and Chow Yu-chun, Alexander as members.

The Remuneration Committee convened one meeting during the fiscal year. The members have reviewed the remuneration policy of the Company and made recommendation to the Board regarding the amount of directors' fees for the fiscal year. They have also considered and approved the salary packages for and the grant of share options to the Executive Directors and senior management of the Company by reference to their duties and responsibilities with the Company, prevailing market situation and the Company's performance.

The attendance of individual member of the Remuneration Committee at the meeting is set out in the following table:-

<b>Members of Remuneration Committee</b>	<b>Number of meetings attended/held</b>
Mr. Cheng Wai-chee, Christopher	1/1
Mr. Tien Pei-chun, James	1/1
Mr. Lee Luen-wai, John	1/1
Mr. Chow Yu-chun, Alexander	1/1

## Remuneration of directors

In recognition of their services with the Company, directors are paid directors' fees annually with the approval of the shareholders of the Company. Monthly salaries are also paid to directors commensurable with their duties in the Group. To provide an opportunity for the directors to participate in the equity of the Company as well as to motivate them to optimise their performance, executive directors have been granted share options to subscribe for shares of the Company under the share option schemes of the Company. In addition, all directors are covered by appropriate insurance on directors' liabilities from their risk exposure arising from the management of the Group.

## Model code for securities transactions by directors and by relevant employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiries, all directors confirmed that they have complied with the standard set out in the Model Code during the year under review.

The Code provision A.5.4 provides that there should be written guidelines on no less exacting terms than the Model Code for the relevant employees in respect of their dealing in the securities of the Company.

During the fiscal year, the Company has not established guidelines 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.

In July 2009, the Company established and adopted written guidelines, "Code for Securities Transactions by Relevant Employees and Officers", on no less exacting terms than the Model Code for securities transactions by relevant employees and officers who are likely to be in possession of unpublished price-sensitive information of the Company.

Since then, the Company has complied with the requirement under Code provision A.5.4.

## FINANCIAL REPORTING AND INTERNAL CONTROL

### Financial reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted together with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants and appropriate accounting policies have been used and applied consistently.

The Board aims to present a clear, balanced and understandable assessment of the Group's performance in the annual and interim report to the shareholders, announcements and other financial disclosure. The annual and interim results are announced in timely manner within the limits of 4 months and 3 months respectively after the end of the relevant periods.

The reporting responsibilities of PricewaterhouseCoopers, the Company's external auditors, are stated in the Report of the Independent Auditor on pages 129 to 130 of this annual report.

### Internal control system

The Board is responsible for internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance of applicable laws, rules and regulations. The procedures provide reasonable assurance against material errors, losses or fraud. The key procedures involved are as follows:

- (1) A defined organisational structure has been set up with clear line of responsibility and authority. Division heads are assigned to the property projects in the PRC on regional basis to oversee and control the operational and financial aspects of the projects. Systems are in place to review, approve, and administer contract works, capital expenditures, sales and rental arrangement of the property projects.

# CORPORATE GOVERNANCE REPORT

- (2) A comprehensive management accounting system has been adopted to provide financial and operational performance indicators to the management in a timely manner. Proper controls are in place for the recording and verification of accounting data to provide accurate and timely management information.
- (3) The financial results of the property projects are measured against the annual operational and financial targets. Variances against the budgets are analysed and explained to identify areas of improvement and appropriate corrective actions to be taken.
- (4) Evaluation of the Group's internal control is conducted by the internal audit department on an on-going basis. The internal audit department performs risk-based audits to review the effectiveness of the Group's material internal controls so as to provide assurance that key business and operational risks are identified and managed. The work carried out by the internal audit department will ensure the internal controls are in place and functioning as intended. The internal audit department reports to the Board with its findings and makes recommendations to improve the internal control of the Group. The department also sent their reports to the Audit Committee for review and discussion.

During the course of audit performed by the external auditors, they will report on the weaknesses in the Group's internal control and accounting procedures which have come to their notice. Results of their finding and recommendations will be reported back to the Board through the Audit Committee which will monitor the corrective action to be taken.

The Board has also reviewed the adequacy of resources, qualifications and experiences of staff of the Company's accounting and financial reporting function and their training programmes and budget.

## External auditors' remuneration

Fees for auditing services and non-auditing services amounting to HK\$9,193,000 and HK\$895,000, respectively were provided in the Group's consolidated income statement for the year ended 30th June 2009.

## COMMUNICATION WITH SHAREHOLDERS

The Company acknowledges the importance of communicating with shareholders, investors and the public. Various channels of communication have been established and maintained to ensure that they are kept abreast of the Company's latest news and development. Information relating to the Company's financial results, corporate details, notifiable transactions, property projects and major events are disseminated through publication of interim and annual report, announcements, circulars, press release and newsletters. These publications can also be obtained from the Company's website ([www.nwcl.com.hk](http://www.nwcl.com.hk)).

In addition, the Chairman, members of the Board and external auditors will attend the annual general meetings of the Company where the directors will answer questions raised by the shareholders on the performance of the Group. To ensure the general meetings are conducted in a fair and transparent manner, the Chairman has demanded voting by poll on each resolutions considered at the general meetings held in the past year and appointed the branch Share Registrars as the scrutineers to count the votes and explain to the shareholders at the meetings the procedures for voting by poll. The poll

results were subsequently posted both on the websites of the Company and the Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

The Company also holds press and analysts conferences at least twice a year following the release of interim and full year results announcements at which the executive directors and senior management of the Group are available to answer questions regarding the performance of the Group. The Group has participated in a number of roadshows and meetings with investors and organised a number of site visits during the fiscal year 2009.

The Company is offering options to the shareholders to receive corporate communication of the Company by electronic means or in printed form. The Board believes that electronic means of communication will increase the efficiency in communication between the Company and the shareholders. The Company will review and improve the disclosure of information and effectiveness of communication with shareholders and the public from time to time.



# DIRECTORS' PROFILE



**Dr. Cheng Kar-shun, Henry *GBS***

**Mr. Doo Wai-hoi, William *JP***

## CHAIRMAN AND MANAGING DIRECTOR

---

### **Dr. Cheng Kar-shun, Henry *GBS* (aged 62)**

Dr. Cheng became the Chairman and Managing Director of New World China Land Limited in 1999. He is also a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Dr. Cheng is the Managing Director of New World Development Company Limited, a substantial shareholder of the Company, and the Chairman of NWS Holdings Limited, New World Department Store China Limited, Taifook Securities Group Limited and International Entertainment Corporation as well as an Independent Non-Executive Director of HKR International Limited and a Non-Executive Director of Lifestyle International Holdings Limited, all being listed public companies in Hong Kong. He was also the Chairman of New World Mobile Holdings Limited (a listed public company in Hong Kong), up to his resignation on 1st February 2007. In addition, Dr. Cheng is the Managing Director of New World Hotels (Holdings) Limited and a Director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited and Chow Tai Fook Enterprises Limited. He is the Chairman of the Advisory Council for The Better Hong Kong Foundation and a Standing Committee Member of the Eleventh Chinese People's Political Consultative Conference of the People's Republic of China. In 2001, Dr. Cheng was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the brother of Mr. Cheng Kar-shing, Peter, the brother-in-law of Mr. Doo Wai-hoi, William, and the father of Mr. Cheng Chi-kong, Adrian.

## VICE-CHAIRMAN

---

### **Mr. Doo Wai-hoi, William *JP* (aged 65)**

Mr. Doo was appointed the Vice-Chairman of New World China Land Limited in June 1999. He is also a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Mr. Doo is currently the Deputy Chairman and Non-Executive Director of NWS Holdings Limited, the Deputy Chairman and Executive Director of Tai Fook Securities Group Limited as well as an Executive Director of Lifestyle International Holdings Limited and an Independent Non-Executive Director of The Bank of East Asia, Limited, all being listed public companies in Hong Kong. He was also the Vice-Chairman of New World Mobile Holdings Limited (a listed public company in Hong Kong), up to his resignation on 1st February 2007. He is also a Director of New World Hotels (Holdings) Limited and Fung Seng Diamond Company Limited. Mr. Doo has served as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. In addition, he is a Member of the Standing Committee of the Eleventh Chinese People's Political Consultative Conference in Shanghai, and the Convener of the Shanghai Committee in Hong Kong and Macau. In June 2005, he was appointed as the Honorary Consul of the Kingdom of Morocco in Hong Kong. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter, and the uncle of Mr. Cheng Chi-kong, Adrian.





Mr. Cheng Kar-shing, Peter

Mr. Cheng Chi-kong, Adrian

## EXECUTIVE DIRECTORS

---

### **Mr. Cheng Kar-shing, Peter (aged 57)**

Mr. Cheng was appointed an Executive Director of New World China Land Limited in June 1999. He is also a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Mr. Cheng also acts as a Non-Executive Director of New World Development Company Limited, a substantial shareholder of the Company, and an Independent Non-Executive Director of King Fook Holdings Limited and Symphony Holdings Limited, all being listed public companies in Hong Kong. In addition, he is a Director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited and Chow Tai Fook Enterprises Limited, and a Director of NWS Service Management Limited, New World Hotels (Holdings) Limited and Polytown Company Limited. Mr. Cheng is the brother of Dr. Cheng Kar-shun, Henry, the brother-in-law of Mr. Doo Wai-hoi, William, and the uncle of Mr. Cheng Chi-kong, Adrian.

### **Mr. Cheng Chi-kong, Adrian (aged 29)**

Mr. Cheng was appointed an Executive Director of New World China Land Limited in March 2007. He is also a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Mr. Cheng is also an Executive Director of New World Development Company Limited, a substantial shareholder of the Company, New World Department Store China Limited and International Entertainment Corporation, all being listed public companies in Hong Kong. In addition, he is a Director of Centennial Success Limited and Chow Tai Fook Enterprises Limited, both substantial shareholders of the Company. Mr. Cheng has worked in a major international bank prior to joining the New World Group in September 2006 and has substantial experience in corporate finance. Mr. Cheng holds a Bachelor of Arts Degree (*Cum Laude*) from Harvard University. He is a Committee Member of All-China Youth Federation, a Member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference, a Consultant of the Beijing Municipal Committee of The Chinese People's Political Consultative Conference, Chairman of China Young Leaders Foundation and the Honorary Chairman of Fundraising Committee, Wu Zhi Qiao (Bridge to China) Charitable Foundation. Mr. Cheng is the son of Dr. Cheng Kar-shun, Henry, the nephew of both Mr. Doo Wai-hoi, William and Mr. Cheng Kar-shing, Peter.

# DIRECTORS' PROFILE



Mr. Leung Chi-kin, Stewart

Mr. Chow Kwai-cheung

**Mr. Leung Chi-kin, Stewart (aged 70)**

Mr. Leung was appointed an Executive Director of New World China Land Limited in June 1999. He is an Executive Director and the Group General Manager of New World Development Company Limited, a listed public company in Hong Kong and a substantial shareholder of the Company, as well as a Director of New World Hotels (Holdings) Limited and Hip Hing Construction Company Limited. He also acts as the Vice-Chairman of the Executive Committee of The Real Estate Developers Association of Hong Kong and is a member of the General Committee of The Chamber of Hong Kong Listed Companies.

**Mr. Chow Kwai-cheung (aged 67)**

Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is currently a non-executive Director of New World Development Company Limited, a listed public company in Hong Kong and a substantial shareholder of the Company, and a Director of Hip Hing Construction Company Limited. He has over 30 years experience in property development and investment businesses. Mr. Chow joined the New World Group in 1971 and is responsible for the construction and engineering operations of the Company and the New World Group.

**Mr. Chow Yu-chun, Alexander****Mr. Fong Shing-kwong, Michael****Mr. Chow Yu-chun, Alexander (aged 62)**

Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is also a member of the Executive Committee and the Remuneration Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Mr. Chow is an Independent Non-Executive Director of Playmates Toys Limited and Top Form International Limited, both are listed public companies in Hong Kong. He was also a Director of New World Mobile Holdings Limited, Playmates Holdings Limited and Yu Ming Investments Limited (now known as SHK Hong Kong Industries Limited), all being listed public companies in Hong Kong, up to his resignation on 1st February 2007, 28th December 2007 and 23rd May 2008, respectively. He is a fellow of the Association of Chartered Certified Accountants (UK) and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and has over 30 years of experience in property development and investment in Hong Kong. Mr. Chow joined the New World Group in 1973 and is responsible for the financial operations of the Company and the New World Group.

**Mr. Fong Shing-kwong, Michael (aged 61)**

Mr. Fong was appointed an Executive Director of New World China Land Limited in January 2003. He is also a director of certain subsidiaries of the Company. Mr. Fong is an Independent Non-Executive Director of Chuang's Consortium International Limited, a listed public company in Hong Kong, and a Director of several unlisted companies, including NWS Service Management Limited, New World Hotels (Holdings) Limited, Kiu Lok Service Management Co. Ltd., Kiu Lok Property Services (China) Ltd. and Urban Property Management Limited. Mr. Fong joined the New World Group in 1978 and was appointed an Executive Director of New World Hotels International Limited from 1983 to 1997. He is responsible for hotel corporate management and project development of the Company and the New World Group. Besides his over 30 years experience in the hospitality industry, Mr. Fong has extensive experience in property development, asset & facility management and investment business in the PRC.

# DIRECTORS' PROFILE



**Ms. Ngan Man-ying, Lynda**

**Mr. Cheng Wai-chee, Christopher**  
*GBS OBE JP*

## **Ms. Ngan Man-ying, Lynda (aged 43)**

Ms. Ngan was appointed an Executive Director of New World China Land Limited in January 2006. She is also a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Ms. Ngan is an Executive Director of New World Department Store China Limited, a listed public company in Hong Kong. Ms. Ngan joined the Group in 1999 and is the Financial Controller and a committee member of the Group's Operation Committee responsible for overseeing the Group's financial accounting, treasury management and corporate governance monitoring. Prior to joining the Company, Ms. Ngan worked for an international accounting firm in Hong Kong and a tax consulting company in Australia. Ms. Ngan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of United Kingdom and has over 22 years of experience in auditing, accounting, business advisory and tax consultancy. Ms. Ngan is the Company Secretary of New World China Land Limited.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### **Mr. Cheng Wai-chee, Christopher GBS OBE JP (aged 61)**

Mr. Cheng was appointed as an Independent Non-Executive Director of New World China Land Limited in June 1999. He also acts as the Chairman of the Audit Committee and the Remuneration Committee of the Board of Directors of the Company. Mr. Cheng is the Chairman of USI Holdings Limited and Winsor Properties Holdings Limited. He is an Independent Non-Executive Director of NWS Holdings Limited, PICC Property and Casualty Company Limited, Kingboard Chemical Holdings Limited, all being public listed companies in Hong Kong and an Independent Director of DBS Group Holdings Limited, a public listed company in Singapore. He is also a Non-Executive Director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust). Mr. Cheng has a keen interest in the public services. He is currently the Chairman of the Standing Committee on Judicial Salaries and Conditions of Service, a member of the Exchange Fund Advisory Committee, an Independent Non-Executive Director of the Securities and Futures Commission, and a steward of the Hong Kong Jockey Club. He also serves as a member of the honorary court of the Hong Kong University of Science and Technology, Council of the University of Hong Kong, the board of Overseers at Columbia Business School, the board of Temasek Foundation CLG Limited, and a charter member on the President's Council on International Activities of the Yale University. Mr. Cheng is the former Chairman of the Hong Kong General Chamber of Commerce, and council member of the Board of Hong Kong Trade Development Council. Mr. Cheng holds a BBA from the University of Notre Dame, Indiana, USA, and an MBA from Columbia University, New York.



Mr. Tien Pei-chun, James

Mr. Lee Luen-wai, John JP

Mr. Fu Sze-shing

**Mr. Tien Pei-chun, James (aged 62)**

Mr. Tien was appointed an Independent Non-Executive Director of New World China Land Limited in June 1999. He is a member of the Audit Committee and Remuneration Committee of the Board of Directors of the Company. Mr. Tien is Chairman of Manhattan Holdings Ltd., Manhattan Garments (International) Ltd., Manhattan Realty Ltd. and director of a number of private companies. Mr. Tien is also an Independent Non-Executive Director of Yeebo (International Holdings) Limited, a listed public company in Hong Kong. A legislative councillor from 1988 to 1991 and from 1993 to 2008, Mr. Tien is very active in the community and serves on government committees as well as non-government boards in Hong Kong. He is Chairman of the Hong Kong Tourism Board and a member of the Chinese People's Political Consultative Conference. Mr. Tien also serves as a member of the Hong Kong Trade Development Council, sits on the general committees of the Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries, and is a court member of the Hong Kong Polytechnic University.

**Mr. Lee Luen-wai, John JP (aged 60)**

Mr. Lee was appointed an Independent Non-Executive Director of New World China Land Limited in December 2004. He is a member of the Audit Committee and Remuneration Committee of the Board of Directors of the Company. Mr. Lee is the Managing Director and Chief Executive Officer of Lippo Limited, a Director of Lippo China Resources Limited and Hongkong Chinese Limited, and an Independent Non-Executive Director of New World Development Company Limited, a substantial shareholder of the Company, all being listed public companies in Hong Kong. He is also a Non-Executive Director of Export & Industry Bank, Inc. a listed company in the Republic of Philippines. He was a Non-Executive Director of Medco Holdings, Inc., a listed company in the Republic of Philippines, up to his resignation on 23rd July 2009. Mr. Lee is a Fellow Member of the Association of Chartered Certified Accountant and the Hong Kong Institute of Certified Public Accountant and an Associate Member of The Institute of Chartered Accountants in England and Wales. He was a partner of Pricewaterhouse in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong. He serves as a member on a number of Hong Kong Government Boards and Committees including a member of the Hospital Authority, Chairman of its Finance Committee and Main Tender Board and a Trustee of the Hospital Authority Provident Fund Scheme. He is also the Chairman of the Queen Elizabeth Hospital Governing Committee. In addition, Mr. Lee serves as a member of Non-local Higher and Professional Education Appeal Board.

## NON-EXECUTIVE DIRECTOR

**Mr. Fu Sze-shing (aged 60)**

Mr. Fu was appointed a Non-Executive Director of New World China Land Limited in June 1999. He is also a director of certain subsidiaries of the Company including New World Development (China) Limited. He is a Director of New World TMT Limited and a number of companies with investments in the PRC. He has over 20 years' experience in PRC property development and investment businesses.



# SENIOR MANAGEMENT PROFILE



*From left to right*

• CHAN Chi-wing, Wingo • WONG See-yuen • LAU Chung-chun, Desmond • FAN Chor-kwok, Ambrose  
• GENG Shu-sen, Kenneth • PUN Lap-fu, Alex • LEUNG Po-wing, Bowen • AU Wai-chuen, Albert

## **CHAN Chi-wing, Wingo (aged 47)**

Mr. Chan is a Regional Executive of the Group, looking after the Group's projects in Beijing and Jinan. Mr. Chan has more than 20 years experience in real estate development in Hong Kong and China. Besides a honour degree in Architectural Studies from the University of Hong Kong, Mr. Chan has MBA, LLB (Hon) and LLM degrees. He has also been called to the Bar in England and Wales. Mr. Chan joined New World Group in 1986. He has been working for the Group for more than 11 years.

## **WONG See-yuen (aged 53)**

Mr. Wong is a Regional Executive of the Group who primarily oversees the Group's project in Chengdu. Mr. Wong holds a Bachelor Degree in Construction Management from Pacific Southern University and Master Degree in Business Administration from Seattle International University. Mr. Wong has over 27 years of experience in real estate management, leasing and project development and management of various projects in Hong Kong. Mr. Wong is the Vice-Chairman Member of Chengdu Association of Enterprises with Foreign Investment. Mr. Wong joined the Group in 2001.

## **LAU Chung-chun, Desmond (aged 62)**

Mr. Lau is a Regional Executive of the Group who primarily oversees the Group's projects in Shenyang and Anshan. Mr. Lau has over 20 years of experience in real estate development in Hong Kong and the PRC. Mr. Lau is a Model Worker of the City of Shenyang, an Honorary Citizen of the City of Shenyang, Committee Member of the 10th, 11th and 12th Chinese People's Political Consultative Conference of Shenyang, Vice Chairman of the Membership Committee of Hong Kong CPPCC (Provincial) Members Association, Convenor (Shenyang Region) of Hong Kong CPPCC (Provincial) Members, Standing Committee Member of the 13th Chinese People's Political Consultative Conference of Shenyang and Vice-chairman of the Overseas Chinese Congress in Liaoning Province. Mr. Lau joined the Group in 1996.

**FAN Chor-kwok, Ambrose (aged 65)**

Mr. Fan is an Assistant General Manager and Regional Director – Central China of the Group, whose primary responsibility is to oversee the Group's projects in Central China including Wuhan and Changsha. Mr. Fan graduated from the University of Hong Kong with a Bachelor Degree in Architecture and the University of Toronto with a Master Degree in Business Administration. Mr. Fan is a Registered Architect in Hong Kong, Member of The Royal Architectural Institute of Canada and The Hong Kong Institute of Architects. Mr. Fan has more than 35 years of experience in architecture, project management and property development and has held a number of senior positions in international consulting firms, property development companies and financial institutions. Mr. Fan joined the New World Group in 1992, appointed as a Director of New World Project Management Limited in 1993 and appointed as an Assistant General Manager of New World Development (China) Limited in September 1997 and appointed as Regional Director – Central China of New World China Land Limited in 2008.

**GENG Shu-sen, Kenneth (aged 46)**

Mr. Geng is the Regional Director – Southern China of the Group who primarily oversees the Group's projects in Guangdong (include Guangzhou, Foshan, Zhuhai, Huizhou, Zhaoqing), Hainan and Guiyang. Mr. Geng holds Bachelor and Master Degrees in Science and is also a certified engineer in both the PRC and Australia. Mr. Geng has over 20 years of experience in real estate development in Hong Kong and the PRC. Mr. Geng is the Committee Member of the 10th Chinese People's Political Consultative Conference of Guangdong, the 11th Chinese People's Political Consultative Conference of Guangzhou, Routine Vice-chairman of Guangzhou Overseas Friendship Association. Mr. Geng joined the Group in 1999.

**PUN Lap-fu, Alex (aged 48)**

Mr. Pun is Assistant General Manager of the Group. Mr. Pun joined the New World Group in 1984 and has worked as Financial Controller in the hotels under the New World Group. He was then appointed as an Assistant to Managing Director of New World Group in 1994. Mr. Pun is Executive Director of the Group's investment company in Shanghai and a number of companies with real estate investments in the PRC. Mr. Pun is currently the Committee Member of the 12th Chinese People's Political Consultative Conference of Luwan District of Shanghai, Council Member of Shanghai Luwan District Commerce Committee, Council Member of the Overseas Chinese Congress of Luwan and Changning District of Shanghai, Vice-chairman of the Overseas Chinese Congress of Zhaoqing and Founding Vice-chairman of Hong Kong Association of China Business. He is also a registered Real Estate Agent of China and has obtained HKSJ Specialist Certificate – Asset Management. Mr. Pun graduated from the Oklahoma City University of the United States with a Master Degree in Business Administration.

**LEUNG Po-wing Bowen (aged 60)**

Mr. Leung is a Regional Executive of the Group who primarily oversees the Group's project in Tianjin, as well as a senior consultant to the Group. Mr. Leung is also an Independent Non-Executive Director of a number of companies in Hong Kong. Mr. Leung holds a Bachelor Degree in Social Sciences from the University of Hong Kong. Before Mr. Leung joined the Group in 2008, he had served for more than 32 years in the Hong Kong Government as a member of the Administrative Service, taking up posts including the Deputy Secretary for Planning, Environment and Lands, Private Secretary to the Governor, Secretary for Planning, Environment and Lands, and Director of Beijing Office.

**AU Wai-chuen, Albert (aged 62)**

Mr. Au is the Chief Business Development Executive - Northern China of the Group. Mr. Au has over 30 years of experience in real estate development and finance in Hong Kong and the PRC. Mr. Au is the Committee Member of the 10th and 11th Chinese People's Political Consultative Conference of Beijing, Executive Director of China Association of Enterprises with Foreign Investment, Council Member of China Overseas Chinese Enterprises Association, Deputy Chairman of Beijing Commercial Chamber for Overseas Chinese, Council Member of Beijing Chinese Overseas Friendship Association and Council Member of Wuhan Chinese Overseas Friendship Association. Mr. Au joined the Group in 1995.

# CORPORATE CITIZENSHIP

During the past year, New World China Land was focused on building its corporate citizenship in a more diverse and systematic manner. Our staff volunteers were involved in a variety of welfare initiatives in different parts of the nation, helping to improve the interaction between residents and the community and environment they live in. By showing concern for and offering services to our employees, property owners, the general public, minority groups and NGOs, we have helped to foster an amiable society and harmonious community. We cherish our responsibilities as a corporate citizen, and we are convinced that our persistent efforts in this regard will deliver long-term value to the Group as well as the society.

## 1 PHILANTHROPY AND CHARITABLE GIVING

### Donations for water treatment plant construction in Wenchuan County, Province of Sichuan

In response to the invitation by the Guangzhou Municipal Government, New World China Land and its property owners, provided partial funding for a new water treatment plant in Weizhou Township, Wenchuan County, being one of the first ten livelihood projects in post-earthquake rebuilding. Occupying a site of about 12.5 Mu with a gross floor area of 5,130 sq.m., the plant is capable of processing 10,000 cubic metres of water per day for the consumption of 30,000 residents in Weizhou Township and its neighbouring villages. The plant was completed and began its operation in July 2009.





## 2 COMMUNITY SERVICES AND EMPLOYEE VOLUNTEERING

### Chengdu organised volunteering campaign

On 5th March 2009, the Chengdu New World Volunteer Team organised a volunteering campaign in association with the Zongdong Community Volunteer Service Post under the theme of "Fostering New Lives Through Active Volunteering," as volunteers paid visits to the mentally-impaired and lone senior citizens.

### Guangzhou New World Volunteer Team celebrates 2nd anniversary in joint action with NWS Volunteer Alliance

On 8th November 2008, the Guangzhou New World Volunteer Team celebrated the second anniversary of their establishment by holding a reward ceremony for outstanding volunteers and organising community visits in joint action with some 30 members of NWS Volunteer Alliance. Volunteers from Guangzhou and Hong Kong visited senior citizens and certain disabled persons living in the old city areas of Fengyuanjie in Liwan District, Guangzhou, offering gifts and gaining insights of their needs. It has been a very fruitful exercise for the two teams as members from both sides shared their experience in social service.

### Guangzhou New World Volunteer Team in support of Guangzhou Asian Games

On 6th June 2009, the Guangzhou International Dragon Boat Invitational Tournament themed "Embrace the Asian Games and Create New Life" was held as one of the many promotional events leading up to the Asian Games. Some 40 Guangzhou New World volunteers were involved as special stewards attending to the needs of expatriate athletes with a professional and dedicated spirit.

### Shenyang New World Volunteers promoting the public code of conduct

In June 2009, the Shenyang New World Volunteer Team helped promote the public code of conduct by assisting traffic patrol officers to monitor compliance with pedestrian rules and educating citizens on the importance of observing such codes and rules.



# CORPORATE CITIZENSHIP

## 3 COMMUNITY ENVIRONMENTAL CAMPAIGN

### New World China Land in full support of “Earth Hour 2009”

New World China Land was in full support of the WWF initiative of “Earth Hour 2009”. Exterior neon lights and landscape lightings were turned off for one hour from 8:30 p.m. on 28 March 2009 at 14 commercial developments of the Group to show support for energy conservation and reduce carbon emission. With office towers, commercial complexes and hotels in Shenyang, Dalian, Beijing, Tianjin, Shanghai, Wuhan, Guangzhou and Shunde joining in the move, New World China Land was the most active supporter of the event among the nation’s real estate developers in terms of geographic coverage and number of properties involved.

### “Plant a Green New World Together” in Shenyang

On 12th April 2009, a tree planting activity was organised by the Shenyang New World Volunteer Team under the theme of “Planting a Green New World Together”, as 140 seedlings of “charity trees” were planted in the Forest Park at Tiexi District, Shenyang.

### New World China Land rendered full support to lights-out initiative at summer solstice 2009

On 21st June 2009, New World China Land again called on property owners of its developments to join the “lights-out at summer solstice 2009” organised by Friends of Nature to show their support for reducing carbon emission.

All property developments under New World China Land joined the initiative. Apart from turning off commercial lightings during the evening of the summer solstice, continuous efforts were made from June through August to reduce non-essential lightings at New World China Land commercial properties. Outdoor activities conducive to the cause of environmental protection were organised, such as astronomical observation and light doodle, in a bid to encourage the enjoyment of summer nights without undue energy consumption and carbon emission.



## 4 COMMUNITY ENVIRONMENTAL IMPACT DUE TO OPERATION

### Green office space at Jinan Sunshine Garden

Designed by a renowned local architect well-versed in the history and cultural traditions of the city, the new office space at Jinan Sunshine Garden captures the quintessence of the old Furong Street of Jinan through the economically viable solution of engaging "less technology and more affection." Environmental-friendly natural materials feature prominently in its interior design, such as plantations which help to improve indoor climate, lower energy consumption and purify the quality of the air, apart from creating a pleasant work environment.

### Geo-thermal heat supply at Shenyang New World Garden

The geo-thermal heat pump system has been employed at the new extension of Shenyang New World Garden sales centre for heat supply. Geo-thermal heat pumping is an energy-efficient air-conditioning system capable of heat supply and refrigeration utilising resources available at shallow geological levels (earth, underground water, surface water or reclaimed water). Its energy consumption level is typically 50%–70% less than other modes for heat generation and 40%–60% less for refrigeration. The geo-thermal heat pump system also offers significant savings in operating and maintenance costs.



## 5 EDUCATION

### At Guangzhou: books recycling

In February 2009, the Guangzhou New World Volunteer Team organised a book recycling campaign, calling for company staff to donate unwanted books for use by underprivileged kids. Close to 1,000 items were collected and delivered to poverty-stricken areas in Qingyuan as a result of this campaign.



### At Shenyang: donations for Hope School

New World China Land's employees in Shenyang have been providing assistance to the Mongolian Hope School in Dasha Lishi Village, Fuxing Township, Zhangwu County since 2007, helping the school to renovate its buildings for a better learning environment. In May 2009, a "Hope School charity donation campaign" was organised as staff of New World China Land and property owners personally delivered their donations of books and stationery to the students.



# CORPORATE CITIZENSHIP

## 6 PARTNERSHIP WITH ORGANISATION

### New World China Land property owners' field trip to the Sichuan "Child-Friendly School" project

Nine owners of New World China Land properties in Shenyang, Beijing, Jinan, Wuhan and Guangzhou were invited by New World China Land and UNICEF for a project field visit from 20th to 23rd October 2008. The owners and their families gained better understanding of the "Child-Friendly School – Remote Collaboration Learning" project organised by UNICEF in Chengdu and Cangxi County in Sichuan as they observed teacher training sessions, checked out computer facilities and listened to briefing reports by the students as well as teachers.

Since 2007, NWCL has raised over RMB1.50 million in donations from property owners for the "Child-Friendly School – Remote Collaboration Learning" project, which aims to build computer networks so that schools and teachers in developed areas may help their counterparts in poverty-stricken areas improve their standards through distant learning.

### The 9th Guangdong International Food Carnival at Guangzhou New World Central Park-view

On 2nd November 2008, the 9th Guangdong International Food Carnival was held in the Canton Club of Guangzhou New World Central Park-view, which was attended by more than 2,000 local and foreign friends. Hosted by Guangdong International Voluntary Service Group, the Guangdong International Food Carnival raised charity fund through sales of tickets and coupons, etc. to aid poverty-stricken families and provide life-saving relief.

The Guangzhou New World Volunteer Team assumed such voluntary responsibilities as charity sales of tickets and gifts, and providing services to the children's area and the stage area. This was the third time since 2006 New World China Land and Guangdong International Volunteer Service Group had joined hands in charity efforts.

### Charity sales of "New World Love Relay 2008" UNICEF Christmas cards

In December 2008, New World China Land and UNICEF jointly held charity sales of Christmas cards in 11 Chinese cities under the theme of "New World Love Relay 2008". RMB 374,000 was raised and donated to the UNICEF's "Child-Friendly School – Remote Collaboration Learning" project.



## 7 COMMUNITY CULTURE AND LEISURE

### Thousands cycling for the Olympics in Haikou

On 2nd August 2008, an event known as “Thousand Bikes for the Olympics” was organised in Haikou by Haikou TV with the sponsorship of New World China Land Haikou District. Over 1,000 cyclists, among them students, teachers, civil servants, retired officers and corporate staff, etc, joined in a ride to showcase their support for the Beijing Olympics.

The 15-km ride started off from the Haikou New World Garden and ended at Meishi Mayflower Plaza, where the bicycles were organised into a formation of the five rings of the Olympics.



### “The Charming Chongwen District and the Beautiful New World” Photos Contribution Campaign in Beijing

New World China Land Beijing District organised a photo contribution campaign under the theme of “The Charming Chongwen District and the Beautiful New World”, which lasted from August to October 2008. These photos showcased different aspects of life in the Chongwen District and allowed insights into New World China Land’s contributions to the rejuvenation of the district.



### New World China Land sponsored the 3rd French Music Festival in Wuhan

Hosted by the Wuhan Municipal Government and the Consulate General of France in Wuhan and sponsored by New World China Land Wuhan District, the 3rd French Music Festival was held during 20 to 21st June 2009. Performances were given at 12 locations in the city, including New World Centre Pedestrian Street and New World Hotel. Over 20 Chinese/Western bands and orchestras delivered a musical feast to 20,000 citizens of Wuhan in 15 spectacular performances. New World China Land Wuhan District has acted as the principal sponsor of the French Music Festival for the third time consecutively, and its dedication has been highly commended by the French Consulate General.



### New World China Land Southern Region organized Mid-Autumn Festival Cultural Night

On 30th September 2009, New World China Land Southern Region organized the “2009 Mid-Autumn Festival Cultural Night for a joyous New World” in Guangzhou. The festival night marked the first major event after the establishment of New World China Land Southern Region NWCL Club in March 2009. Over 3,300 Club members and property owners from Guangzhou, Guiyang, Zhuhai, Huizhou, Haikou, Zhaoqing and Foshan came together for this festivity, they planned and performed most of the shows themselves.



# CORPORATE CITIZENSHIP

## 8 COMMUNITY RECOGNITION

New World China Land named “China’s Best Corporate Citizen 2008” for the second year

On 6th December 2008, New World China Land received the “China’s Best Corporate Citizen Award 2008” for its excellent performance in community building and promotion of community service, being the only real estate developer and Hong Kong company among the 20 awarded Chinese and multinational companies selected from 500 contestants.

The adjudicators praised New World China Land’s persistence in the practice of corporate citizenship and its effective implementation at multiple levels.

New World China Land picked for best creativity award in WWF’s “Earth Hour” ceremony

On 27th April 2009, New World China Land received along with nine other corporations the “Earth Hour – Most Creative Enterprise Award” at the appreciation and award-giving ceremony held by WWF in Beijing to honour corporate participants of “Earth Hour,” which was attended by representatives of some 40 corporations, including the likes of Canon, Coca Cola and IKEA.

WWF praised the efforts of the participating enterprises, describing them as pioneers in honouring corporate social responsibility and a solid force in driving environmental protection.





# REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and financial statements for the year ended 30th June 2009.

## GROUP ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries, associated companies and jointly controlled entities are shown in note 46 to the financial statements.

## FINANCIAL STATEMENTS

The results of the Group of the year ended 30th June 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 131 to 224.

## DIVIDENDS

The directors have resolved to recommend a final dividend of HK\$0.06 per share (2008: HK\$0.02 per share) for the year ended 30th June 2009 to shareholders whose names appear on the register of members of the Company on 9th December 2009. The proposed final dividend will be paid on or about 28th December 2009 subject to approval at the forthcoming annual general meeting of the Company. Together with the interim dividend of HK\$nil per share (2008: HK\$0.04 per share), the total dividends for the year ended 30th June 2009 would thus be HK\$0.06 per share (2008: HK\$0.06 per share).

## SHARE CAPITAL

Details of the movements in the share capital during the year are set out in note 32 to the financial statements.

## RESERVES

Details of the movements in reserves are set out in note 33 to the financial statements.

## PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

On 14th October 2008, New World China Land Finance Limited, an indirect wholly-owned subsidiary of the Company, repurchased the USD settled zero coupon guaranteed convertible bonds due in 2012 ("Bonds") (stock code: 01517) issued by itself. Details of the repurchase were as follows:

<b>Units of Bonds purchased</b>	<b>Method of purchase</b>	<b>Aggregate consideration paid</b>
2,500 units of Bonds with face value of RMB100,000 each	Off market	USD24,904,775.86

The Bonds repurchased have been cancelled during the year. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

# REPORT OF THE DIRECTORS

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in note 16 to the financial statements.

## DONATION

Donation made by the Group during the year amounted to HK\$4,433,000 (2008: HK\$10,733,000).

## DIRECTORS

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

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

\* *Independent non-executive directors*

\* *Appointed on 1st August 2008 and resigned on 16th August 2008*

In accordance with Article 116 of the Company's Articles of Association, Mr. Cheng Kar-shing, Peter, Mr. Fong Shing-kwong, Michael, Ms. Ngan Man-ying, Lynda and Mr. Cheng Wai-chee, Christopher will retire by rotation at the forthcoming annual general meeting, and being eligible, will offer themselves for re-election. The remaining current directors continue in office.

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

## PRE-EMPTIVE RIGHTS

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



## DIRECTORS' INTEREST IN CONTRACTS

Save for contracts amongst group companies and the sale and purchase agreements dated 3rd December 2008 and 30th April 2009 between the Group, Mr. Doo Wai-hoi, William, a director of the Company, and his controlled corporations as described in paragraphs D(1) and D(3) in the section headed "Connected Transactions" below, no other contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its holding company or fellow subsidiaries is a party, and in which any director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## CONNECTED TRANSACTIONS

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

### A. Construction and property agency services

On 27th May 2008, a master service agreement ("Master Service Agreement") was entered into between the Company and New World Development Company Limited ("NWD"), the ultimate holding company of the Company, under which the Company agreed to engage the group companies of NWD ("NWD Group") to provide construction, engineering and property agency services for the property development projects undertaken by the Group in the People's Republic of China ("PRC"), on non-exclusive basis and subject to the terms and conditions of each operational agreement which shall be on normal commercial terms and at prices and terms comparable with the terms available to independent third parties, with effect from 1st July 2008 for a term of three years. Details of the Master Service Agreement were set out in the announcement of the Company dated 27th May 2008 and in a circular dated 10th June 2008.

The total amounts paid to the NWD Group under the Master Service Agreement for the construction and engineering services were HK\$1,535,206,000 (2008: HK\$520,637,000) and for property agency services were HK\$2,587,000 (2008: HK\$4,086,000) for the year ended 30th June 2009.

### B. Tenancy agreements

#### (1) Office tenancy agreements

Pursuant to the following tenancy agreements, the Company and its subsidiary had leased properties from New World Tower Company Limited ("NWT"), a wholly-owned subsidiary of NWD, for use as offices of the Group.

- (i) Tenancy agreement dated 29th June 2007 between NWT, as landlord, and the Company, as tenant, for lease of Room 901–910, 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong with gross floor area of 9,375 sq. ft. for two years from 1st July 2007 to 30th June 2009 at a monthly rental of HK\$375,000 together with monthly management fees and air-conditioning charges of HK\$42,187.50 (subject to adjustments by NWT).

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS *(Continued)*

### B. Tenancy agreements *(Continued)*

#### (1) Office tenancy agreements *(Continued)*

With effect from 1st July 2009, the Company had leased the whole of the 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong with gross floor area of 13,900 sq. ft. pursuant to a tenancy agreement dated 29th June 2009 between NWT and the Company with a term of three years up to 30th June 2012 at a monthly rental of HK\$583,800 together with monthly management fees and air-conditioning charges of HK\$62,550 (subject to adjustments by NWT).

- (ii) Tenancy agreement dated 16th October 2007 between NWT, as landlord, and the Company, as tenant, for lease of a portion of 34th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong with gross floor area of 4,937 sq. ft. for three years commencing from 1st October 2007 to 30th September 2010 at a monthly rental of HK\$217,228 together with monthly management fees and air-conditioning charges of HK\$22,216.50 (subject to adjustments by NWT).

By a letter agreement dated 7th July 2009 between NWT and the Company, the leased area under the aforesaid tenancy agreement was reduced to 4,509 sq. ft. and the monthly rental and management fees (including air-conditioning charges) were revised to HK\$198,396 and HK\$20,290.50 (subject to adjustments by NWT), respectively for the period from 2nd April 2009 to 30th September 2010.

- (iii) Tenancy agreement dated 20th January 2009 between NWT, as landlord, and New World Hotel Management Limited, an indirect wholly-owned subsidiary of the Company, as tenant, for lease of a portion of 36th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong with gross floor area of 5,884 sq. ft. for two years five months and five days commencing from 1st January 2009 to 5th June 2011 at a monthly rental of HK\$344,214 together with monthly management fees and air-conditioning charges of HK\$26,478 (subject to adjustments by NWT).

The total amounts paid for the leases in respect of the aforesaid premises at 9/F., 34/F., and 36/F. for the year ended 30th June 2009 were HK\$5,006,000 (2008: HK\$5,006,000), HK\$2,873,000 (2008: HK\$2,155,000) and HK\$2,224,000 (2008: Nil), respectively. Details of the tenancy agreements were set out in the announcements of the Company dated 29th June 2007, 16th October 2007, 20th January 2009 and 29th June 2009.

(2) *Master leasing agreement*

On 1st March 2007, the Company entered into a master leasing agreement (“First Master Leasing Agreement”) with New World Department Stores (Holdings) Limited (now known as New World Department Store (Investment) Limited) (“NWDSI”), an indirect subsidiary of NWD, whereby the Company through itself and/or its subsidiaries agreed to lease to the group companies of NWDSI, on a non-exclusive basis, the premises owned by the Group from time to time, subject to the terms and conditions of the subsequent agreements in relation to each particular premises. Details of the First Master Leasing Agreement were set out in the announcement of the Company dated 1st March 2007 and in a circular dated 21st March 2007.

The total amounts received under the First Master Leasing Agreement for the year ended 30th June 2009 were HK\$72,007,000 (2008: HK\$88,336,000).

On 22nd May 2009, a new master leasing agreement (“Second Master Leasing Agreement”) was entered into between the Company, New World Department Store China Limited (“NWDS”), an indirect subsidiary of NWD, and NWDSI to replace the First Master Leasing Agreement which was terminated on 1st July 2009 when the Second Master Leasing Agreement became effective. Pursuant to the Second Master Leasing Agreement, the Company agreed to lease or procure the leasing of the premises owned by the Group to the group companies of NWDS for a term of three years commencing from 1st July 2009 to 30th June 2012 subject to the terms and conditions of the subsequent agreements in relation to each particular premises at a price comparable to which such premises are leased to independent third parties in the ordinary course of business.

An ordinary resolution approving the Second Master Leasing Agreement was duly passed by the independent shareholders of the Company by poll at an extraordinary general meeting of the Company held on 29th June 2009. Details of the Second Master Leasing Agreement were set out in the announcement of the Company dated 22nd May 2009 and in a circular dated 12th June 2009.

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS *(Continued)*

### C. Hotel management services

- (1) On 10th January 2008, a management service contract was entered into between New World Hotel Management Limited ("NWHM"), then 65% owned subsidiary of the Company, and Beijing Jing-Guang Centre Co. Ltd ("Beijing Jing-Guang"), a subsidiary of NWD, under which NWHM agreed to provide management services to Jing Guang New World Hotel (the "Hotel"), a 5-Star hotel located at Hu Jia Lou, Chao Yang Qu, Beijing, the PRC, which is owned by Beijing Jing-Guang. The contract has an initial term of 20 full operating years commencing from 10th January 2008 and expiring on 31st December 2028 which is renewable for 10 years each time upon its expiry. Details of the management service contract were set out in the Company's announcement dated 10th January 2008. NWHM became an indirect 70.5% owned subsidiary of the Company since 27th February 2008 and an indirect wholly-owned subsidiary of the Company since 16th January 2009.

By a supplemental agreement dated 10th June 2008, NWHM has agreed with Beijing Jing-Guang to revise the initial term of the management service contract from 20 full operating years to 10 full operating years with an option given to NWHM to extend the term of the contract for further ten years.

The fees receivable by NWHM are calculated at: (a) for the basic management fees: 2% of the total revenue of the Hotel; and (b) for the incentive management fees: (i) 5% of the net operating profit ("NOP") of the Hotel, which represents the total revenue of the hotel less the cost of operation, basic management fees and reserve for capital items, for the period from 10th January 2008 to 31st December 2012; (ii) 6% of the NOP for the next five years up to 31st December 2017; and (iii) 7% of the NOP from 1st January 2018. The fees received in aggregate under the contract amounted to HK\$1,978,000 for the year ended 30th June 2009 (2008: HK\$324,000).

- (2) On 2nd June 2008, a management service contract was entered into between New World Hotel Management (Macau) Limited ("NWHM (Macau)"), then 70.5% owned subsidiary of the Company, Arc of Triumph Development Company Limited ("AOT Development") and Arc of Triumph Hotel Management Company Limited ("AOT Management") for the provision of management services by NWHM (Macau) to L'Arc New World Hotel Macau for an initial term of ten years commencing from the opening date of the hotel which is renewable for ten years each time upon its expiry. The management fees receivable will be HK\$500,000 per month commencing from the opening date of the hotel. NWHM (Macau) became an indirect wholly-owned subsidiary of the Company with effect from 16th January 2009. No amount has been received under the contract for the year ended 30th June 2009 (2008: Nil).

At the date of the contract, Chow Tai Fook Enterprises Limited ("CTF") was holding approximately 74.78% interest in International Entertainment Corporation which in turn was holding 40% interest in AOT Development. Accordingly, AOT Development and AOT Management, a 96% owned subsidiary of AOT Development, were regarded as associates of CTF which is regarded as a connected person of the Company by virtue of its holding of more than one-third of the issued share capital of NWD. Details of the management service contract were set out in the Company's announcement dated 2nd June 2008.

#### D. Acquisitions and disposals

- (1) On 3rd December 2008, the Company, New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary, Golden Wealth Investment Limited ("Golden Wealth") and Mr. Doo Wai-hoi, William ("Mr. Doo") entered into participation agreements ("Participation Agreements") for the granting of participating interests by the Company to Golden Wealth in the respective property projects undertaken by Shanghai Juyi Real Estate Development Co., Ltd. ("Juyi"), Shanghai Trio Property Development Co., Ltd. ("Trio") and Shanghai New World Huai Hai Property Development Co., Ltd ("Huai Hai"), determined at 30%, 52.5% and 55.9%, respectively for the purpose of restoring the positions of the interests held by the Company and Mr. Doo in Juyi, Trio and Huai Hai following the termination of the agreement dated 18th June 2008 (the "Reorganisation Agreement") relating to the re-organisation of Juyi, Trio and Huai Hai. The Reorganisation Agreement involved the pooling of interests beneficially owned by the Group and Mr. Doo in Juyi, Trio and Huai Hai into New World China Property Limited ("NWCP"), an indirect wholly-owned subsidiary of the Company, in preparation for the possible acquisition of the entire equity interests in each of Juyi, Trio and Huai Hai by a company listed on the Shenzhen Stock Exchange in exchange for certain new shares to be issued by that Shenzhen listed company to NWCP.

On the same date, the Company, NWDC, NWCP, Mr. Doo, Stanley Enterprises Limited ("SEL"), Grand China Enterprises Limited ("GCE") and Golden Wealth entered into an agreement ("Sale and Purchase Agreement") relating to the acquisitions by the Company of additional 25% interest in Ramada Property Ltd. ("Ramada"), 50% interest in Faith Yard Property Limited ("Faith Yard"), 60% interest in Fortune Star Worldwide Limited ("Fortune Star") and 5.9% interest in Huai Hai for a consideration of HK\$353,719,753, HK\$318,777,160, HK\$195,559,653 and HK\$166,228,437, respectively as well as the disposals by the Company of its 99% interest in Shanghai New World Shangxian Lane Development Ltd. ("Shangxian Lane") and 20% interest in Juyi for a consideration of HK\$237,957,002 and HK\$385,191,073, respectively.

The Sale and Purchase Agreement was completed on 31st March 2009 and the consideration had been adjusted by reference to the increase or decrease in the net asset values of Ramada, Faith Yard, Fortune Star, Huai Hai, Shangxian Lane and Juyi as at 31st March 2009 as compared with their audited net asset values as at 30th June 2008 in accordance with the terms of the Sale and Purchase Agreement. The consideration for the acquisitions of additional interest in Ramada, Faith Yard, Fortune Star and Huai Hai was determined at HK\$351,447,946, HK\$319,671,148, HK\$194,000,108 and HK\$174,375,887, respectively whilst the consideration for the disposals of interests in Shangxian Lane and Juyi was determined at HK\$237,565,676 and HK\$382,841,056, respectively on completion.

The total consideration payable for the acquisitions had been set-off against the consideration receivable for the disposals. The net consideration of HK\$419,088,357 after adjustment had been paid by the Group as to HK\$102,784,232, being 25% of the net consideration before adjustment, upon signing of the Sale and Purchase Agreement, HK\$205,568,464, being 50% of the net consideration before adjustment, within one month of the signing of the Sale and Purchase Agreement and HK\$110,735,661, being the remaining balance, upon completion.

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS *(Continued)*

### D. Acquisitions and disposals *(Continued)*

The purpose of entering into the Sale and Purchase Agreement is to enable the Group to acquire the entire control in Ramada, Faith Yard and Fortune Star, thus increasing its interest in Shanghai Ramada Plaza, Shanghai Belvedere Service Apartments and Zhaoqing New World Garden, respectively and to streamline the shareholding structure held by the Group and Mr. Doo in Huai Hai and Juyi. It also enables the Group to dispose of part of its interest in Juyi and its entire interest in Shangxian Lane which are considered to be beneficial to the Group in view of, among other things, the funding requirement of Juyi and the uncertainty of time required for resettlement of the existing residents on the site acquired by Shangxian Lane.

Mr. Doo is an executive director of the Company and is therefore a connected person of the Company. As at the date of the Participation Agreements and the Sale and Purchase Agreement, SEL, GCE and Golden Wealth were wholly-owned by Mr. Doo, and were therefore regarded as associates of a connected person of the Company under the Listing Rules. Accordingly, the entering into the aforesaid Participation Agreements and Sale and Purchase Agreement constituted connected transactions of the Company.

Ordinary resolutions approving the Participation Agreements and the Sale and Purchase Agreement were duly passed by the independent shareholders of the Company by poll at an extraordinary general meeting of the Company held on 31st December 2008. Details of the aforesaid agreements were set out in the announcement of the Company dated 3rd December 2008 and in a circular dated 15th December 2008. The Participation Agreements lapsed and were terminated upon the completion of the Sale and Purchase Agreement on 31st March 2009. Since then, Ramada, Faith Yard and Fortune Star became the Group's wholly-owned subsidiaries, Huai Hai and Juyi became the Group's 50% owned jointly controlled entities, Trio continued to be the Group's 47.5% owned jointly controlled entity and the Group ceased to have any interest in Shangxian Lane.

- (2) On 4th February 2009, Silver World H.K. Development Limited ("Silver World"), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with 海南中泓投資有限公司 (Hainan Zhonghong Investments Company Limited) ("Hainan Zhonghong") whereby Silver World agreed to acquire and Hainan Zhonghong agreed to sell 5% equity interest in Hunan Success New Century Investment Company Limited ("Hunan Success") for a consideration of RMB94,000,000 which was payable within three months after the issue of an approval certificate by the relevant regulatory authority in the PRC. Upon completion of the acquisition on 30th June 2009, Hunan Success became a 95% owned subsidiary of the Group.

Hunan Success is principally engaged in the development of a residential property project known as Changsha La Ville New World located in Yuhua District, Changsha City, Hunan Province, the PRC with a total gross floor area of approximately 1,111,600 sq. m. and car parking spaces of approximately 168,500 sq. m. as well as a land improvement project in Changsha City, Hunan Provinces, the PRC with a net site area of approximately 666,670 sq. m..

Hainan Zhonghong is a connected person of the Company by virtue of its holding of 10% interest in Hunan Success and 30% interest in another subsidiary of the Company. Accordingly, the acquisition contemplated in the aforesaid agreement constituted a connected transaction of the Company under the Listing Rules, details of which were set out in the announcement of the Company dated 4th February 2009.

- (3) On 30th April 2009, NWCP entered into an agreement with Guilherme Holdings (Hong Kong) Limited ("Guilherme") whereby NWCP conditionally agreed to acquire 52.5% equity interest in Trio from Guilherme for a consideration of HK\$523,308,026 and to dispose of 50% equity interest in Juyi to Guilherme for a consideration of HK\$953,169,139. Pursuant to the agreement, Trio will become a wholly-owned subsidiary of the Company and the Company will cease to have any interest in Juyi subject to completion of all conditions contained therein. The total consideration receivable by the Group for the disposal had been set-off against the considerable payable for the acquisition. The net consideration of HK\$429,861,113 was receivable by the Group as to 10% upon signing the Agreement and 90% would be receivable on or before 31st December 2009.

The acquisition of additional interest in Trio would enable the Group to obtain the entire control over Shanghai Zhongshan Square and its development undertaken by Trio and the disposal of the remaining interest in Juyi would facilitate the realisation of one of the Group's long term investments and enhance the working capital position of the Group.

At the date of the agreement, Guilherme was wholly-owned by Mr. Doo and was therefore regarded as an associate of a connected person of the Company under the Listing Rules. Accordingly, the entering into the agreement constituted a connected transaction of the Company. An ordinary resolution approving the agreement was duly passed by the independent shareholders of the Company by poll at an extraordinary general meeting of the Company held on 29th May 2009. Details of the agreement were set out in the announcement of the Company dated 30th April 2009 and in a circular dated 13th May 2009.

- (4) On 3rd September 2009, Ever Brisk Limited ("Ever Brisk"), a wholly-owned subsidiary of the Company, entered into an agreement with 天津市安居建設發展總公司 (Tianjin Anju Construction Development Company Limited) ("Tianjin Anju") whereby Tianjin Anju agreed to withdraw all of its 30% interests in 天津新世界房地產開發有限公司 (Tianjin New World Property Development Company Limited) ("Tianjin New World Property"), a co-operative joint venture enterprise for nil consideration. Upon completion of the registration procedure in respect of the withdrawal of Tianjin Anju, Ever Brisk would have 100% interests in Tianjin New World Property and Tianjin New World Property would become a wholly-owned subsidiary of the Company.

The principal business activity of Tianjin New World Property is the resettlement and demolition works in Nanshi Development, Heping District, Tianjin, the PRC with a site area of 58,885 sq.m..

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS *(Continued)*

### D. Acquisitions and disposals *(Continued)*

Tianjin Anju is a connected person of the Company by virtue of its holding of 30% interests in Tianjin New World Property. Accordingly, the entering into the agreement constituted a connected transaction of the Company under the Listing Rules, details of which were set out in the announcement of the Company dated 3rd September 2009.

- (5) On 6th October 2009, Sweet Prospects Enterprises Limited (“Sweet Prospects”) and 廣州新穗旅游中心有限公司(Guangzhou Xin Sui Tourism Centre Limited) (“Xin Sui”), wholly-owned subsidiaries of the Company, entered into an agreement with 廣州宏圖實業有限公司 (Guangzhou Hong Tu Industrial Co. Ltd.) (“Hong Tu”) whereby Hong Tu agreed to transfer all of its rights and obligations in 廣州集賢莊新世界城市花園發展有限公司 (Guangzhou Jixian Zhuang New World City Garden Development Limited)(“Jixian Zhuang”), a co-operative joint venture enterprise to Xin Sui for a consideration of RMB1. Subject to and upon completion of the registration procedure in respect of the transfer of all the rights and obligations in Jixian Zhuang by Hong Tu to Xin Sui, Xin Sui and Sweet Prospects would have a 40% and 60% interest in Jixian Zhuang, respectively and Jixian Zhuang would become a wholly-owned subsidiary of the Company.

The principal business activity of Jixian Zhuang is the development of the remaining phases of Guangzhou Park Paradise, a residential development in Rongtai Cun, Baiyun District, Guangzhou, Guangdong Province, the PRC with gross floor area of 365,418 sq.m..

Hong Tu is a connected person of the Company by virtue of its holding of 40% interest in Jixian Zhuang. Accordingly, the entering into the agreement constituted a connected transaction of the Company under the Listing Rules, details of which were set out in the announcement of the Company dated 6th October 2009.

### E. Provision of capital

On 23rd April 2009, NWDC entered into a capital contribution agreement with Guilherme whereby each of NWDC and Guilherme agreed to make equal capital contribution to Juyi in the amount of RMB200,000,000 to contribute to the increase in registered capital of Juyi from RMB765,000,000 to RMB1,165,000,000 in proportion to their beneficial interest in Juyi. The additional capital was payable within three months after the issue of an approval certificate by the relevant regulatory authority in the PRC. The additional funding will be utilised to finance the construction cost of the remaining phases of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC undertaken by Juyi.

At the date of the agreement, Juyi was owned as to 50% by Mr. Doo and was therefore regarded as his associate under the Listing Rules. Therefore, the provision of capital to Juyi constituted a connected transaction of the Company. Details of the capital contribution agreement were set out in the announcement of the Company dated 23rd April 2009.



**F. Co-operative contract**

On 26th May 2009, K Fai Investments Limited ("K Fai"), an indirect wholly-owned subsidiary of the Company, entered into a supplementary co-operative contract ("Contract") with 武漢市國營漢口漁場 (Wuhan State-owned Hankou Fisheries) ("Hankou Fisheries"), pursuant to which Hankou Fisheries agreed to waive its right to receive its 30% share of future profit from Wuhan Xinhua Development Co., Ltd. ("Wuhan Xinhua") and surrendered the participation right in the management control of Wuhan Xinhua to K Fai for a prepaid distribution of RMB91,800,000 out of the profit of Wuhan Xinhua. The consideration was payable as to RMB20,000,000 upon the signing of the Contract and the remaining balance will be payable within 15 days upon completion of the registration of the Contract and the amended articles of association of Wuhan Xinhua with the relevant regulatory authorities in the PRC.

Upon completion of the registration of the Contract with the regulatory authorities, K Fai will take up all the rights and obligations in Wuhan Xinhua and the profit and loss sharing in respect of the development of the remaining phase of Wuhan Villas de Nice, a property owned by Wuhan Xinhua in Tazi Lake, Jiangnan District, Wuhan City, Hubei Province, the PRC.

Hankou Fisheries is a connected person of the Company by virtue of its holding of 30% interest in Wuhan Xinhua. Accordingly, the entering into the Contract by K Fai constituted a connected transaction of the Company. Details of the Contract were set out in the announcement of the Company dated 26th May 2009. At the date of this report, the completion of necessary registration procedure in the PRC has not yet been completed.

**G. Other connected transaction**

In July 1999, a deed of tax indemnity was entered into between NWD and the Group whereby NWD undertakes to indemnify the Group in respect of, inter alia, certain PRC corporate income tax and land appreciation tax payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK\$6,224,000 (2008: HK\$369,620,000) was effected.

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS *(Continued)*

### H. Annual review of the continuing connected transactions

The independent non-executive directors of the Company had reviewed the continuing connected transactions arising from (i) the master service agreement (paragraph A above); (ii) the office tenancy agreements and the master leasing agreement (paragraph B above); and (iii) the hotel management service contract (paragraph C above) for the financial year ended 30th June 2009 and confirmed that the transactions were:

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

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

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

Save as disclosed above, a summary of significant related party transactions that do not constitute connected transactions made during the year was disclosed in note 44 to the financial statements.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th June 2009, the interests of the directors and their associates in shares, registered capital and underlying shares of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

### (A) Long position in shares

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital at 30th June 2009
	Personal interests	Family interests	Corporate interests		
<b>New World China Land Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	12,500,000	1,950,000	52,271,200 <sup>(1)</sup>	<b>66,721,200</b>	1.74
Mr. Doo Wai-hoi, William	8,750,000	—	69,010,000 <sup>(2)</sup>	<b>77,760,000</b>	2.03
Mr. Leung Chi-kin, Stewart	500,000	—	—	<b>500,000</b>	0.01
Mr. Chow Yu-chun, Alexander	6,550,000	—	—	<b>6,550,000</b>	0.17
Mr. Chow Kwai-cheung	126	—	—	<b>126</b>	0.00
Mr. Fong Shing-kwong, Michael	1,403,500	—	—	<b>1,403,500</b>	0.04
Ms. Ngan Man-ying, Lynda	100,000	—	—	<b>100,000</b>	0.003
<b>New World Development Company Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	<b>300,000</b>	0.008
Mr. Doo Wai-hoi, William	—	—	1,000,000 <sup>(2)</sup>	<b>1,000,000</b>	0.026
Mr. Leung Chi-kin, Stewart	134,538	—	—	<b>134,538</b>	0.003
Mr. Chow Kwai-cheung	54,919	—	—	<b>54,919</b>	0.001
Mr. Fong Shing-kwong, Michael	206,033	—	—	<b>206,033</b>	0.005
<b>NWS Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	—	8,000,000 <sup>(1)</sup>	<b>17,179,199</b>	0.83
Mr. Doo Wai-hoi, William	2,006,566	—	9,130,000 <sup>(2)</sup>	<b>11,136,566</b>	0.54
Mr. Cheng Kar-shing, Peter	201,025	—	2,967,575 <sup>(3)</sup>	<b>3,168,600</b>	0.15
Mr. Leung Chi-kin, Stewart	2,202,351	—	—	<b>2,202,351</b>	0.11
Mr. Chow Kwai-cheung	8,208	—	—	<b>8,208</b>	0.00
Mr. Fong Shing-kwong, Michael	1,620,707	—	—	<b>1,620,707</b>	0.08
Mr. Cheng Wai-chee, Christopher	762,337	—	—	<b>762,337</b>	0.04

# REPORT OF THE DIRECTORS

## DIRECTORS' INTERESTS IN SECURITIES (Continued)

### (A) Long position in shares (Continued)

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital at 30th June 2009
	Personal interests	Family interests	Corporate interests		
<b>New World Department Store China Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-kong, Adrian	—	—	1,107,000 <sup>(4)</sup>	<b>1,107,000</b>	0.07
Mr. Chow Yu-chun, Alexander	268,000	—	—	<b>268,000</b>	0.02
<b>Dragon Fortune Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 <sup>(5)</sup>	<b>15,869</b>	27.41
<b>Guangzhou Ronghe Real Estate Co., Ltd.</b>					
(Registered capital in RMB)					
Mr. Fu Sze-shing	—	—	4,666,500 <sup>(6)</sup>	<b>4,666,500</b>	5.00
<b>Mega Choice Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	3,710 <sup>(1)</sup>	<b>3,710</b>	34.61
<b>Shanghai Juyi Real Estate Development Co., Ltd.</b>					
(Registered capital in RMB)					
Mr. Doo Wai-hoi, William	—	—	1,165,000,000 <sup>(2)</sup>	<b>1,165,000,000</b>	100.00
<b>Shanghai Trio Property Development Co. Ltd.</b>					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	42,525,000 <sup>(7)</sup>	<b>42,525,000</b>	52.50
<b>Sun City Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 <sup>(8)</sup>	<b>3,650,000</b>	45.63
<b>Sun Legend Investments Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 <sup>(9)</sup>	<b>500</b>	50.00
<b>Taifook Securities Group Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Mr. Doo Wai-hoi, William	—	—	5,000,000 <sup>(2)</sup>	<b>5,000,000</b>	0.71
<b>YE Holdings Corporation</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	<b>37,500</b>	1.50

*Notes:*

1. These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
2. These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
3. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
4. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Chi-kong, Adrian.
5. 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
6. The interest is beneficially owned by a company of which Mr. Fu Sze-shing has 50% interest.
7. These interests were beneficially owned by a company wholly-owned by Mr. Doo Wai-hoi, William and there is a contract to sell these interests, subject to completion of all conditions contained therein.
8. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
9. Mr. Cheng Kar-shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

# REPORT OF THE DIRECTORS

## DIRECTORS' INTERESTS IN SECURITIES (Continued)

### (B) Long position in underlying shares – share options

#### (1) The Company

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

Name of director	Date of grant	Exercisable period (note)	Number of share options			Balance as at 30th June 2009	Exercise price per share HK\$
			Balance as at 1st July 2008	Granted during the year <sup>(4)</sup>	Exercised during the year		
Dr. Cheng Kar-shun, Henry	7th January 2008	(1)	2,000,000	–	–	<b>2,000,000</b>	6.972
	29th December 2008	(2)	–	1,600,000	–	<b>1,600,000</b>	1.500
Mr. Doo Wai-hoi, William	7th January 2008	(1)	800,000	–	–	<b>800,000</b>	6.972
	29th December 2008	(2)	–	650,000	–	<b>650,000</b>	1.500
Mr. Cheng Kar-shing, Peter	7th January 2008	(1)	800,000	–	–	<b>800,000</b>	6.972
	29th December 2008	(2)	–	650,000	–	<b>650,000</b>	1.500
Mr. Cheng Chi-kong, Adrian	25th July 2006	(3)	331,600	–	–	<b>331,600</b>	2.865
	7th January 2008	(1)	1,500,000	–	–	<b>1,500,000</b>	6.972
	29th December 2008	(2)	–	1,200,000	–	<b>1,200,000</b>	1.500
Mr. Leung Chi-kin, Stewart	7th January 2008	(1)	200,000	–	–	<b>200,000</b>	6.972
	29th December 2008	(2)	–	150,000	–	<b>150,000</b>	1.500
Mr. Chow Kwai-cheung	7th January 2008	(1)	200,000	–	–	<b>200,000</b>	6.972
	29th December 2008	(2)	–	150,000	–	<b>150,000</b>	1.500
Mr. Chow Yu-chun, Alexander	7th January 2008	(1)	500,000	–	–	<b>500,000</b>	6.972
	29th December 2008	(2)	–	500,000	–	<b>500,000</b>	1.500
Mr. Fong Shing-kwong, Michael	7th January 2008	(1)	500,000	–	–	<b>500,000</b>	6.972
	29th December 2008	(2)	–	150,000	(37,500) <sup>(5)</sup>	<b>112,500</b>	1.500
Ms. Ngan Man-ying, Lynda	7th January 2008	(1)	1,000,000	–	–	<b>1,000,000</b>	6.972
	29th December 2008	(2)	–	900,000	–	<b>900,000</b>	1.500
Mr. Fu Sze-shing	7th January 2008	(1)	200,000	–	–	<b>200,000</b>	6.972
	29th December 2008	(2)	–	150,000	–	<b>150,000</b>	1.500
Mr. Cheng Wai-chee, Christopher	7th January 2008	(1)	300,000	–	–	<b>300,000</b>	6.972
	29th December 2008	(2)	–	300,000	–	<b>300,000</b>	1.500
Mr. Tien Pei-chun, James	7th January 2008	(1)	300,000	–	–	<b>300,000</b>	6.972
	29th December 2008	(2)	–	300,000	–	<b>300,000</b>	1.500
Mr. Lee Luen-wai, John	7th January 2008	(1)	300,000	–	–	<b>300,000</b>	6.972
	29th December 2008	(2)	–	300,000	–	<b>300,000</b>	1.500
Total			8,931,600	7,000,000	(37,500)	<b>15,894,100</b>	

*Notes:*

1. Divided into 3 tranches, exercisable from 8th February 2008, 8th February 2009 and 8th February 2010, respectively to 7th February 2011.
2. Divided into 4 tranches, exercisable from 30th January 2009, 30th January 2010, 30th January 2011 and 30th January 2012, respectively to 29th January 2013.
3. Divided into 5 tranches, exercisable from 26th August 2006, 26th August 2007, 26th August 2008, 26th August 2009 and 26th August 2010, respectively to 25th August 2011.
4. The closing price per share immediately before 29th December 2008, the date of grant, was HK\$2.210.
5. The exercise date was 8th April 2009. On the trading date immediately before the exercise date, the closing price per share was HK\$3.090.
6. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

# REPORT OF THE DIRECTORS

## DIRECTORS' INTERESTS IN SECURITIES (Continued)

### (B) Long position in underlying shares – share options (Continued)

#### (2) New World Development Company Limited

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

Name of director	Date of grant	Exercisable period (note)	Number of share options			Balance as at 30th June 2009	Exercise price per share <sup>(4)</sup> HK\$
			Balance as at 1st July 2008	Adjusted during the year <sup>(4)</sup>	Exercised during the year		
Dr. Cheng Kar-shun, Henry	19th March 2007	(1)	36,500,000	210,652	–	<b>36,710,652</b>	17.654
Mr. Cheng Kar-shing, Peter	19th March 2007	(1)	200,000	1,153	–	<b>201,153</b>	17.654
		(2)	1,200,000	6,925	–	<b>1,206,925</b>	17.654
Mr. Cheng Chi-kong, Adrian	19th March 2007	(2)	500,000	2,885	–	<b>502,885</b>	17.654
Mr. Leung Chi-kin, Stewart	19th March 2007	(1)	35,500,000	204,880	–	<b>35,704,880</b>	17.654
Mr. Chow Kwai-cheung	19th March 2007	(2)	1,200,000	6,925	–	<b>1,206,925</b>	17.654
Mr. Chow Yu-chun, Alexander	19th March 2007	(2)	1,500,000	8,656	–	<b>1,508,656</b>	17.654
Mr. Fong Shing-kwong, Michael	19th March 2007	(3)	600,000	3,462	–	<b>603,462</b>	17.654
Mr. Fu Sze-shing	19th March 2007	(2)	750,000	4,327	–	<b>754,327</b>	17.654
Mr. Lee Luen-wai, John	19th March 2007	(1)	300,000	1,731	–	<b>301,731</b>	17.654
Total			78,250,000	451,596	–	<b>78,701,596</b>	

#### Notes:

- Exercisable from 19th March 2007 to 18th March 2012.
- Divided into 5 tranches exercisable from 19th March 2007, 19th March 2008, 19th March 2009, 19th March 2010 and 19th March 2011, respectively to 18th March 2012.
- Divided into 3 tranches exercisable from 19th March 2009, 19th March 2010 and 19th March 2011, respectively to 18th March 2012.
- NWD declared final dividend for the year ended 30th June 2008 and interim dividend for the six months ended 31st December 2008 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.756 to HK\$17.659 on 21st January 2009, and further to HK\$17.654 on 15th June 2009.
- The cash consideration paid by each of the directors for grant of the share options is HK\$10.



(3) *NWS Holdings Limited*

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

Name of director	Date of grant	Exercisable period (note)	Number of share options			Exercise price per share HK\$
			Balance as at 1st July 2008	Exercised during the year	Balance as at 30th June 2009	
Dr. Cheng Kar-shun, Henry	21st August 2007	(1)	1,200,511	–	<b>1,200,511</b>	16.193
		(2)	1,800,766	–	<b>1,800,766</b>	16.193
Mr. Doo Wai-hoi, William	21st August 2007	(1)	800,340	–	<b>800,340</b>	16.193
		(2)	1,200,511	–	<b>1,200,511</b>	16.193
Mr. Cheng Wai-chee, Christopher	21st August 2007	(1)	240,102	–	<b>240,102</b>	16.193
		(2)	360,153	–	<b>360,153</b>	16.193
Total			5,602,383	–	<b>5,602,383</b>	

*Notes:*

1. Exercisable from 21st August 2008 to 20th August 2012.
2. Divided into 3 tranches exercisable from 21st August 2009, 21st August 2010 and 21st August 2011, respectively to 20th August 2012.
3. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

# REPORT OF THE DIRECTORS

## DIRECTORS' INTERESTS IN SECURITIES (Continued)

### (B) Long position in underlying shares – share options (Continued)

#### (4) New World Department Store China Limited

Under the share option scheme of a fellow subsidiary, New World Department Store China Limited (“NWDS”), the following directors have personal interests in share options to subscribe for shares in NWDS and are accordingly regarded as interested in the underlying shares of NWDS. Details of the share options of NWDS held by them during the year are as follows:

Name of director	Date of grant	Exercisable period (note)	Number of share options			Exercise price per share HK\$
			Balance as at 1st July 2008	Exercised during the year	Balance as at 30th June 2009	
Dr. Cheng Kar-shun, Henry	27th November 2007	(1)	1,000,000	–	<b>1,000,000</b>	8.660
Mr. Cheng Chi-kong, Adrian	27th November 2007	(1)	500,000	–	<b>500,000</b>	8.660
Ms. Ngan Man-ying, Lynda	27th November 2007	(1)	500,000	–	<b>500,000</b>	8.660
Total			2,000,000	–	<b>2,000,000</b>	

#### Notes:

- Divided into 5 tranches exercisable from 27th November 2008, 27th November 2009, 27th November 2010, 27th November 2011 and 27th November 2012, respectively to 26th November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- The cash consideration paid by each of the directors for grant of the share options is HK\$1.

**(C) Long position in debentures**

The following directors have interest in the debentures issued by New World China Land Finance Limited ("NWCLF"), an indirect wholly-owned subsidiary of the Company. Details of the debentures of NWCLF held by them as at 30th June 2009 are as follows:

Name of director	Amount of debentures in RMB issued by NWCLF				Percentage to the total debentures in issue as at 30th June 2009
	Personal interests	Family interests	Corporate interests	Total	
Mr. Doo Wai-hoi, William	10,000,000 <sup>(1)</sup>	36,000,000 <sup>(2)</sup>	87,700,000 <sup>(3)</sup>	133,700,000	5.24
Mr. Cheng Chi-kong, Adrian	—	—	2,000,000 <sup>(4)</sup>	2,000,000	0.08
Total	10,000,000	36,000,000	89,700,000	135,700,000	

*Notes:*

1. These debentures are convertible into 1,300,172 shares of the Company, representing approximately 0.03% of the Company's issued share capital as at 30th June 2009, for the period from 26th June 2007 to 26th May 2012.
2. These debentures are convertible into 4,680,619 shares of the Company, representing approximately 0.12% of the Company's issued share capital as at 30th June 2009, for the period from 26th June 2007 to 26th May 2012, which are beneficially held by a company owned by the spouse of Mr. Doo Wai-hoi, William.
3. These debentures are convertible into 11,402,509 shares of the Company, representing approximately 0.30% of the Company's issued share capital as at 30th June 2009, for the period from 26th June 2007 to 26th May 2012, which are beneficially held by companies wholly-owned by Mr. Doo Wai-hoi, William.
4. These debentures are convertible into 260,034 shares of the Company, representing approximately 0.01% of the Company's issued share capital as at 30th June 2009, for the period from 26th June 2007 to 26th May 2012, which are beneficially held by a company wholly-owned by Mr. Cheng Chi-kong, Adrian.

Save as disclosed above, as at 30th June 2009, none of the directors, chief executive or any of their associates had or deemed to have any interest or short position in the shares, registered capital, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

# REPORT OF THE DIRECTORS

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

<b>Name of director</b>	<b>Name of entity with competing business</b>	<b>Business activity of the entity</b>	<b>Nature of interest of director in the entity</b>
Dr. Cheng Kar-shun, Henry	Centennial Success Limited ("CSL") group of companies	Property investment and development, hotel operations and transport	Director
	Guangzhou Metropolitan Properties Co. Ltd.	Property development in Guangzhou	Director
	Guangzhou New World Properties Development Co., Ltd.	Property development in Guangzhou	Director
	Hong Kong Jing-guang Development Limited	Hotel operation in Beijing	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
Mr. Doo Wai-hoi, William	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
	New Bei Fang Hotel Ltd. and its subsidiaries and associated companies	Property investment in Harbin	Director
	Fung Seng Estate Development (Shanghai) Co., Ltd.	Property development in Shanghai	Shareholder and Director
Mr. Cheng Kar-shing, Peter	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Shareholder and Director
	CSL group of companies	Property investment and development, hotel operations and transport	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
Mr. Cheng Chi-kong, Adrian	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
	CSL group of companies	Property investment and development, hotel operations and transport	Director
	Cheung Hung Development (Holdings) Limited	Property investment and development	Director

<b>Name of director</b>	<b>Name of entity with competing business</b>	<b>Business activity of the entity</b>	<b>Nature of interest of director in the entity</b>
Mr. Chow Kwai-cheung	廣州金湖住宅發展有限公司	Property development in Guangzhou	Director
	廣州紅丰房地產有限公司	Property development in Guangzhou	Director
Mr. Chow Yu-chun, Alexander	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Guangzhou Metropolitan Properties Co., Ltd.	Property development in Guangzhou	Director
	Guangzhou New World Properties Development Co., Ltd.	Property development in Guangzhou	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	New Bei Fang Hotel Ltd.	Property investment in Harbin	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
Mr. Fong Shing-kwong, Michael	Beijing Jing Guang Centre Co., Ltd.	Hotel operation in Beijing	Director
	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Wuxi New City Development Co., Ltd.	Hotel operation in Wuxi	Director
Ms. Ngan Man-ying, Lynda	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director

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

# REPORT OF THE DIRECTORS

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30th June 2009, the interests or short positions of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

### Interests and short positions of substantial shareholders in the shares of the Company

Name	Number of shares		Total	Percentage to the issued share capital as at 30th June 2009
	Beneficial interests	Corporate interests		
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (note 1)	—	2,714,858,780	<b>2,714,858,780</b>	70.76
Centennial Success Limited ("CSL") (note 1)	—	2,714,858,780	<b>2,714,858,780</b>	70.76
Chow Tai Fook Enterprises Limited ("CTF") (note 2)	—	2,714,858,780	<b>2,714,858,780</b>	70.76
New World Development Company Limited ("NWD") (note 3)	2,537,632,731	177,226,049	<b>2,714,858,780</b>	70.76

#### Notes:

1. CYTF holds 51% interest in CSL which in turn holds the entire interests in CTF. Therefore, CYTF and CSL are deemed to have interests in the shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
3. The number of shares held under the corporate interests of NWD includes 113,351,879 shares held by Easywin Enterprises Corporation Limited, its wholly-owned subsidiary, 22,508,064 shares held by Great Worth Holdings Limited, its 59% owned subsidiary, and 41,366,106 shares held by High Earnings Holdings Limited, its 57% owned subsidiary.

All the interests stated above represent long position. Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30th June 2009.

## SHARE OPTION SCHEME

On 18th December 2000, the Company adopted a share option scheme ("2000 Share Option Scheme") pursuant to which employees, including directors of the Group, were given opportunity to obtain equity holdings in the Company. The 2000 Share Option Scheme was subsequently terminated at the annual general meeting of the Company held on 26th November 2002 whereby a new share option scheme ("2002 Share Option Scheme") was adopted in compliance with the new requirements of the Listing Rules. Any share options which were granted under the 2000 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2000 Share Option Scheme. No share option has been granted, exercised, cancelled, lapsed or outstanding under the 2000 Share Option Scheme during the financial year ended 30th June 2009.

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

	<b>2000 Share Option Scheme</b>	<b>2002 Share Option Scheme</b>
Purpose of the schemes	As incentive to employees, including executive directors, of the Company or its subsidiaries	To provide an opportunity for the full-time or part-time employees, including directors, of the Group to participate in the equity of the Company as well as to motivate them to optimise their performance
Participants of the schemes	Full-time employees, including any directors, of the Company or its subsidiaries	Full-time or part-time employees, including directors, of the Company or its subsidiaries
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of this annual report	The Company had granted share options representing the rights to subscribe for 65,745,200 shares of the Company under the 2000 Share Option Scheme, together with share options representing 38,158,200 shares by way of adjustment on the number of share options as a result of the Company's issue of rights shares becoming unconditional on 8th April 2005. No further options will be granted under the 2000 Share Option Scheme	The Company had granted share options representing the rights to subscribe for 63,240,200 shares under the 2002 Share Option Scheme up to the date of this report, together with share options representing 6,465,900 shares by way of adjustment on the number of share options as a result of the Company's issue of rights shares becoming unconditional on 8th April 2005. The Company may further grant share options to subscribe for 48,382,179 shares of the Company, representing approximately 1.26% of the total issued share capital of the Company as at the date of this report

# REPORT OF THE DIRECTORS

## SHARE OPTION SCHEME (Continued)

	<b>2000 Share Option Scheme</b>	<b>2002 Share Option Scheme</b>
Maximum entitlement of each participant under the schemes	25% of the aggregate number of shares for the time being issued and issuable under the scheme	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by shareholders in general meeting
The period within which the shares must be taken up under an option	At any time during a period to be notified by the Directors, which period not to exceed 5 years commencing on the expiry of 1 month after the date on which the option is accepted and expiring on the last day of the 5-year period	At any time during a period to be notified by the Directors, which period not to exceed 5 years commencing on the expiry of 1 month after the date on which the option is accepted and expiring on a date not later than the last day of the 5-year period
The minimum period for which an option must be held before it can be exercised	1 month	1 month
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$10 is to be paid as consideration for the grant of option within 28 days from the date of offer	HK\$10 is to be paid as consideration for the grant of option within 28 days from the date of offer
The basis of determining the exercise price	<p>The exercise price shall be determined by the Directors, being the higher of:</p> <p>(a) not less than 80% of the average closing price of shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of offer; or</p> <p>(b) nominal value of a share</p>	<p>The exercise price shall be determined by the Directors, being at least the higher of:</p> <p>(a) the closing price of shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of offer, which must be a business day; and</p> <p>(b) the average closing price of shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer</p>
The remaining life of the schemes	The 2000 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 18th December 2000	The 2002 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 26th November 2002



During the year ended 30th June 2009, movement of share options granted to the directors and employees of the Group under the 2002 Share Option Scheme was as follows:

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

Date of grant	Number of share options <sup>(1)</sup>				Outstanding as at 30th June 2009	Exercise price per share HK\$
	Balance as at 1st July 2008	Granted during the year <sup>(5)</sup>	Exercised during the year <sup>(6)</sup>	Lapsed during the year		
25th March 2004 to 21st April 2004	330,600	—	(330,400)	(200)	—	2.252
18th June 2004 to 15th July 2004	104,800	—	(104,800)	—	—	1.650
4th November 2004 to 1st December 2004	121,200	—	(71,200)	—	<b>50,000</b>	2.484
22nd December 2004 to 18th January 2005	49,800	—	—	—	<b>49,800</b>	2.689
13th July 2005 to 9th August 2005	203,600	—	(53,600)	—	<b>150,000</b>	2.300
7th November 2005 to 2nd December 2005	20,000	—	(9,600)	—	<b>10,400</b>	2.620
28th March 2006 to 24th April 2006	2,103,600	—	—	(124,000)	<b>1,979,600</b>	3.915
28th June 2006 to 26th July 2006	58,000	—	—	—	<b>58,000</b>	2.865
17th October 2006 to 13th November 2006	464,400	—	—	(364,800)	<b>99,600</b>	3.340
28th December 2006 to 24th January 2007	1,002,000	—	—	(155,200)	<b>846,800</b>	4.712
19th March 2007 to 13th April 2007	735,200	—	—	—	<b>735,200</b>	4.500
14th June 2007 to 11th July 2007	1,922,400	—	—	(430,800)	<b>1,491,600</b>	6.710
17th October 2007 to 13th November 2007	1,709,200	—	—	(248,400)	<b>1,460,800</b>	8.070
28th December 2007 to 24th January 2008	1,102,400	—	—	(232,400)	<b>870,000</b>	6.972
28th December 2007 to 24th January 2008	4,580,000 <sup>(2)</sup>	—	—	(420,000)	<b>4,160,000</b>	6.972
22nd April 2008 to 19th May 2008	868,800	—	—	—	<b>868,800</b>	5.260
31st July 2008 to 27th August 2008	—	1,758,800	(5,200)	(846,000)	<b>907,600</b>	3.662
12th November 2008 to 9th December 2008	—	1,203,600	(155,600)	—	<b>1,048,000</b>	1.682
2nd December 2008 to 29th December 2008	—	1,688,000 <sup>(3)</sup>	(302,300)	(61,500)	<b>1,324,200</b>	1.500
2nd December 2008 to 29th December 2008	—	8,944,000 <sup>(4)</sup>	(563,750)	(396,750)	<b>7,983,500</b>	1.500
2nd December 2008 to 29th December 2008	—	2,368,000	(216,800)	—	<b>2,151,200</b>	1.500
3rd February 2009 to 2nd March 2009	—	934,800	(118,000)	—	<b>816,800</b>	1.980
26th June 2009 to 30th June 2009	—	834,000	—	—	<b>834,000</b>	4.550
Total	15,376,000	17,731,200	(1,931,250)	(3,280,050)	<b>27,895,900</b>	

# REPORT OF THE DIRECTORS

## SHARE OPTION SCHEME (Continued)

### (B) Movement of share options granted to employees was as follows (Continued):

Notes:

1. The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in notes 2, 3 and 4.
2. The share options are exercisable within three years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is about 33% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.
3. The share options are exercisable within two years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 50% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.
4. The share options are exercisable within four years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 25% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.
5. The closing price per share immediately before 31st July 2008, 12th November 2008, 2nd December 2008, 3rd February 2009 and 26th June 2009, the dates of offer to grant, was HK\$3.600, HK\$1.650, HK\$1.640, HK\$2.020 and HK\$4.390, respectively.
6. The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme was HK\$3.648.

The fair values of the share options granted during the year with exercise prices per share of HK\$3.662, HK\$1.682, HK\$1.500, HK\$1.980 and HK\$4.550 are estimated at HK\$1.37, HK\$0.65, HK\$0.46 to HK\$0.58, HK\$0.78 and HK\$1.85 respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 0.96% to 3.32% per annum with reference to the rate prevailing on the Exchange Fund Notes, a five-year period historical volatility of ranging from 46% to 61%, assuming dividend yield ranging from 0.85% to 1.45% and an expected option life of 2 to 5 years.

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

## CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES

### (A) Advances and guarantees to entities

In accordance with the requirements under rule 13.20 of the Listing Rules, the directors of the Company reported that none of the entities of which the Group made advances and guarantees individually exceeded 8% of the Company's total asset value as at 30th June 2009.

**(B) Financial assistance and guarantees to affiliated companies**

As at 30th June 2009, the Group had made loans and advances totalling HK\$7,556,095,000 to affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of affiliated companies in the amount of HK\$3,207,621,000. These amounts in aggregate exceed 8% of the Company's total asset value as at 30th June 2009. In accordance with the requirement under rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30th June 2009 are presented below:

	<b>Proforma combined balance sheet</b>	<b>Group's attributable interests</b>
	HK\$'000	HK\$'000
Non-current assets	20,427,176	12,948,484
Current assets	17,009,904	11,617,898
Current liabilities	(7,317,316)	(4,951,990)
Non-current liabilities	(7,941,642)	(5,001,780)
Shareholders' loans and advances	(7,584,602)	(7,556,095)
	<u>14,593,520</u>	<u>7,056,517</u>

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

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

On 12th June 2006 and 13th June 2006, the Company was granted loan facilities of up to HK\$800,000,000 and HK\$300,000,000 for a term of 4 years and 3 years, respectively to fund the general corporate funding requirement of the Company and its subsidiaries, including refinancing the Company's existing loans. The 3-year term loan facility of HK\$300,000,000 had been extended for further three years up to 12th June 2012.

On 8th June 2006, New World China Land Investments Company Limited, a wholly-owned subsidiary, was granted a 3-year term loan facility of RMB300,000,000 to finance the capital investment in its property projects in the PRC. The loan drawn under the aforesaid loan facility was fully repaid during the year.

On 30th October 2007 and 28th December 2007, New World China Finance (BVI) Limited ("NWCF") and Superb Wealthy Group Limited ("Superb Wealthy"), wholly-owned subsidiaries, were granted 5-year term/revolving loan facilities of HK\$2,700,000,000 and HK\$700,000,000, respectively. On 30th September 2008 and 16th October 2008, Superb Wealthy was further granted a 3-year term loan facility of HK\$700,000,000 and HK\$400,000,000, respectively. The facilities obtained by NWCF and Superb Wealthy will be utilised to finance the general working capital requirement of the Company and its subsidiaries.

# REPORT OF THE DIRECTORS

## CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES *(Continued)*

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

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

## STATEMENT OF PUBLIC FLOAT SUFFICIENCY

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

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's revenues were attributed by the Group's five largest customers and 61% of the Group's total purchases were attributed by the Group's five largest suppliers and 41% of the Group's total purchases were attributed by the Group's largest supplier. NWD Group is one of the five largest suppliers of the Group. Save as disclosed above, none of the directors, their associates, or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has any interest in any of the five largest suppliers of the Group.

## AUDITOR

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

On behalf of the Board

**Dr. Cheng Kar-shun, Henry**

*Chairman and Managing Director*

Hong Kong, 8th October 2009



# REPORT OF THE INDEPENDENT AUDITOR

**PRICEWATERHOUSECOOPERS** 

羅兵咸永道會計師事務所

**PricewaterhouseCoopers**  
22/F, Prince's Building  
Central, Hong Kong

**TO THE SHAREHOLDERS OF  
NEW WORLD CHINA LAND LIMITED**

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of New World China Land Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 131 to 224, which comprise the consolidated and company balance sheets as at 30th June 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

# REPORT OF THE INDEPENDENT AUDITOR

## AUDITOR'S RESPONSIBILITY *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th June 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 8th October 2009



# CONSOLIDATED INCOME STATEMENT

For the year ended 30th June 2009

	Note	2009 HK\$'000	2008 HK\$'000
Revenues	6	<b>2,038,623</b>	3,523,527
Cost of sales		<b>(1,336,861)</b>	(2,395,177)
Gross profit		<b>701,762</b>	1,128,350
Other income	7	<b>534,386</b>	949,203
Other gains, net	8	<b>1,007,542</b>	702,969
Changes in fair value of investment properties	17	<b>135,182</b>	201,676
Selling expenses		<b>(135,560)</b>	(128,530)
Administrative expenses		<b>(90,065)</b>	(72,621)
Other operating expenses		<b>(670,196)</b>	(651,163)
Operating profit before finance costs	9	<b>1,483,051</b>	2,129,884
Finance costs	10	<b>(274,796)</b>	(278,053)
Share of results of			
Associated companies		<b>171,783</b>	241,514
Jointly controlled entities		<b>93,547</b>	285,972
Profit before taxation		<b>1,473,585</b>	2,379,317
Taxation charge	13	<b>(179,362)</b>	(355,739)
Profit for the year		<b>1,294,223</b>	2,023,578
Attributable to:			
Equity holders of the Company		<b>1,359,369</b>	2,019,935
Non-controlling interests		<b>(65,146)</b>	3,643
		<b>1,294,223</b>	2,023,578
Dividends	14	<b>230,230</b>	230,034
Dividend per share	14		
Interim dividend		–	4.00 cents
Final dividend		<b>6.00 cents</b>	2.00 cents
		<b>6.00 cents</b>	6.00 cents
Earnings per share	15		
Basic		<b>35.45 cents</b>	52.70 cents
Diluted		<b>33.52 cents</b>	49.04 cents



# CONSOLIDATED BALANCE SHEET

As at 30th June 2009

	Note	2009 HK\$'000	2008 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	1,784,002	987,412
Investment properties	17	9,131,467	7,321,728
Land use rights	18	583,892	494,142
Goodwill	19	82,766	127,766
Properties held for development	21	7,344,944	6,870,382
Associated companies	22	383,246	1,947,102
Jointly controlled entities	23	13,284,317	11,278,973
Available-for-sale financial assets	24	217,910	209,275
Financial assets at fair value through profit or loss	25	—	120,308
Cash and bank balances, restricted	26	26,136	40,909
		<b>32,838,680</b>	29,397,997
<b>Current assets</b>			
Properties under development	27	7,341,319	7,889,265
Completed properties held for sale	28	2,293,663	1,496,675
Hotel inventories, at cost		3,494	1,024
Debtors, deposits and other receivables	29	7,020,922	6,761,477
Amounts due from group companies	30	33,638	27,663
Cash and bank balances, restricted	26	232,358	415,559
Cash and bank balances, unrestricted	26	3,642,416	4,368,149
		<b>20,567,810</b>	20,959,812
Non-current assets held for sale	31	985,159	—
		<b>21,552,969</b>	20,959,812
<b>Total assets</b>		<b>54,391,649</b>	50,357,809
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	32	383,647	383,450
Reserves	33	29,909,271	29,244,667
Proposed final dividend	33	230,230	76,692
		<b>30,523,148</b>	29,704,809
<b>Non-controlling interests</b>		<b>1,513,734</b>	1,331,697
<b>Total equity</b>		<b>32,036,882</b>	31,036,506



	Note	2009 HK\$'000	2008 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings	34	<b>11,117,308</b>	10,253,824
Deferred tax liabilities	35	<b>799,773</b>	551,554
		<b>11,917,081</b>	10,805,378
<b>Current liabilities</b>			
Creditors and accruals	36	<b>2,083,901</b>	2,313,463
Deposits received on sale of properties		<b>1,363,484</b>	724,612
Amounts due to group companies	30	<b>425,211</b>	281,197
Short term bank loans	37	<b>562,500</b>	449,545
Current portion of long term borrowings	34	<b>5,408,206</b>	3,976,239
Amounts due to non-controlling shareholders	38	<b>99,626</b>	343,306
Taxes payable	39	<b>494,758</b>	427,563
		<b>10,437,686</b>	8,515,925
<b>Total liabilities</b>		<b>22,354,767</b>	19,321,303
<b>Total equity and liabilities</b>		<b>54,391,649</b>	50,357,809
<b>Net current assets</b>		<b>11,115,283</b>	12,443,887
<b>Total assets less current liabilities</b>		<b>43,953,963</b>	41,841,884

**Dr. Cheng Kar-shun, Henry**  
Director

**Mr. Doo Wai-hoi, William**  
Director



# BALANCE SHEET

As at 30th June 2009

	Note	2009 HK\$'000	2008 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Subsidiaries	20	<b>23,550,730</b>	22,595,969
Available-for-sale financial asset	24	<b>—</b>	129,729
		<b>23,550,730</b>	22,725,698
<b>Current assets</b>			
Deposits and other receivables	29	<b>8,513</b>	232,644
Amounts due from group companies	30	<b>61,979</b>	137,927
Cash and bank balances, unrestricted	26	<b>250,189</b>	991,399
		<b>320,681</b>	1,361,970
<b>Total assets</b>		<b>23,871,411</b>	24,087,668
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	32	<b>383,647</b>	383,450
Reserves	33	<b>19,149,750</b>	19,997,267
Proposed final dividend	33	<b>230,230</b>	76,692
<b>Total equity</b>		<b>19,763,627</b>	20,457,409
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings	34	<b>3,163,212</b>	3,156,914
Deferred tax liabilities	35	<b>—</b>	4,702
		<b>3,163,212</b>	3,161,616
<b>Current liabilities</b>			
Creditors and accruals	36	<b>13,796</b>	37,018
Amounts due to group companies	30	<b>25,666</b>	126,458
Current portion of long term borrowings	34	<b>899,207</b>	300,000
Taxes payable	39	<b>5,903</b>	5,167
		<b>944,572</b>	468,643
<b>Total liabilities</b>		<b>4,107,784</b>	3,630,259
<b>Total equity and liabilities</b>		<b>23,871,411</b>	24,087,668

**Dr. Cheng Kar-shun, Henry**  
Director

**Mr. Doo Wai-hoi, William**  
Director



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th June 2009

	Note	2009 HK\$'000	2008 HK\$'000
Operating activities			
Net cash used in operations	43(a)	<b>(4,124,384)</b>	(3,754,319)
Tax paid		<b>(157,419)</b>	(164,354)
Net cash used in operating activities		<b>(4,281,803)</b>	(3,918,673)
Investing activities			
Dividend income from jointly controlled entities		–	77,890
Dividend received from available-for-sale financial assets		<b>8,839</b>	12,903
Interest received		<b>69,179</b>	457,470
Additions to property, plant and equipment, land use rights and investment properties		<b>(84,943)</b>	(298,667)
Increase in investments in associated companies		<b>(57,032)</b>	(118,008)
Increase in investments in jointly controlled entities		<b>(1,022,388)</b>	(2,711,153)
Decrease in investments in jointly controlled entities		<b>1,076,855</b>	2,120,683
Decrease in investments in associated companies		<b>56,333</b>	86,517
Acquisition of subsidiaries	43(c)	<b>(384,284)</b>	–
Acquisition of additional interests in subsidiaries		<b>(485,477)</b>	(81,504)
Disposal of subsidiaries	43(e)	<b>603,704</b>	417,292
Disposal of partial interest in a subsidiary		–	2,874
Disposal of available-for-sale financial assets		<b>117,928</b>	–
Disposal of property, plant and equipment and investment properties		<b>3,156</b>	71,751
Increase in available-for-sale financial assets		–	(102,862)
Increase in financial assets at fair value through profit or loss		–	(106,099)
Net cash used in investing activities		<b>(98,130)</b>	(170,913)
Financing activities			
Interest paid		<b>(505,295)</b>	(408,182)
Increase in long term borrowings		<b>4,785,731</b>	3,503,706
Repayment of long term borrowings		<b>(1,014,165)</b>	(568,553)
Repayment of long term payable		–	(132,898)
Net increase in short term bank loans		<b>112,954</b>	19,629
Capital contribution from non-controlling shareholders		<b>303,128</b>	142,422
(Decrease)/increase in amounts due to non-controlling shareholders		<b>(13,667)</b>	23,926
Increase in loans from fellow subsidiary companies		–	26,259
Issue of shares		<b>3,437</b>	8,534
Repurchase of convertible bonds		<b>(193,201)</b>	–
Dividends paid		<b>(76,692)</b>	(383,317)
Decrease in restricted bank balances		<b>197,974</b>	7,835
Net cash generated from financing activities		<b>3,600,204</b>	2,239,361
<b>Net decrease in cash and cash equivalents</b>		<b>(779,729)</b>	(1,850,225)
Cash and cash equivalents at beginning of the year		<b>4,368,149</b>	5,931,761
Exchange differences on cash and cash equivalents		<b>53,996</b>	286,613
<b>Cash and cash equivalents at end of the year</b>		<b>3,642,416</b>	4,368,149



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June 2009

	Attributable to equity holders of the Company			Non-controlling interests	Total equity
	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000	HK\$'000	HK\$'000
Balance at 1st July 2007	383,036	25,846,852	26,229,888	1,241,695	27,471,583
Translation differences	–	1,865,982	1,865,982	16,613	1,882,595
Change in fair value of available-for-sale financial assets, net of tax	–	22,165	22,165	–	22,165
Disposal of subsidiaries	–	(73,684)	(73,684)	(60,280)	(133,964)
Net income recognised directly in equity	–	1,814,463	1,814,463	(43,667)	1,770,796
Profit for the year	–	2,019,935	2,019,935	3,643	2,023,578
Total recognised income for the year	–	3,834,398	3,834,398	(40,024)	3,794,374
Issue of shares	414	8,120	8,534	–	8,534
Capital contribution from non-controlling interests	–	–	–	142,422	142,422
Disposal of partial interest in a subsidiary	–	–	–	713	713
Acquisition of additional interests in subsidiaries	–	–	–	(13,109)	(13,109)
Share-based payments	–	15,306	15,306	–	15,306
Dividends paid	–	(383,317)	(383,317)	–	(383,317)
	414	(359,891)	(359,477)	130,026	(229,451)
Balance at 30th June 2008	383,450	29,321,359	29,704,809	1,331,697	31,036,506
Balance at 1st July 2008	<b>383,450</b>	<b>29,321,359</b>	<b>29,704,809</b>	<b>1,331,697</b>	<b>31,036,506</b>
Translation differences	–	<b>39,893</b>	<b>39,893</b>	<b>(3,115)</b>	<b>36,778</b>
Change in fair value of available-for-sale financial assets, net of tax	–	<b>57,136</b>	<b>57,136</b>	–	<b>57,136</b>
Disposal of available-for-sale financial assets	–	<b>(15,290)</b>	<b>(15,290)</b>	–	<b>(15,290)</b>
Disposal of subsidiaries	–	<b>(233,455)</b>	<b>(233,455)</b>	<b>(130,527)</b>	<b>(363,982)</b>
Net income recognised directly in equity	–	<b>(151,716)</b>	<b>(151,716)</b>	<b>(133,642)</b>	<b>(285,358)</b>
Profit for the year	–	<b>1,359,369</b>	<b>1,359,369</b>	<b>(65,146)</b>	<b>1,294,223</b>
Total recognised income for the year	–	<b>1,207,653</b>	<b>1,207,653</b>	<b>(198,788)</b>	<b>1,008,865</b>
Issue of shares	<b>197</b>	<b>3,240</b>	<b>3,437</b>	–	<b>3,437</b>
Capital contribution from non-controlling interests	–	–	–	<b>303,128</b>	<b>303,128</b>
Acquisition of additional interests in subsidiaries	–	<b>(334,850)</b>	<b>(334,850)</b>	<b>77,697</b>	<b>(257,153)</b>
Share-based payments	–	<b>24,268</b>	<b>24,268</b>	–	<b>24,268</b>
Repurchase of convertible bonds	–	<b>(5,477)</b>	<b>(5,477)</b>	–	<b>(5,477)</b>
Dividends paid	–	<b>(76,692)</b>	<b>(76,692)</b>	–	<b>(76,692)</b>
	<b>197</b>	<b>(389,511)</b>	<b>(389,314)</b>	<b>380,825</b>	<b>(8,489)</b>
Balance at 30th June 2009	<b>383,647</b>	<b>30,139,501</b>	<b>30,523,148</b>	<b>1,513,734</b>	<b>32,036,882</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 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, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. 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 8th October 2009.

## 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 2009, the Group has adopted the following amendments to standards and interpretations which are mandatory for the financial year ended 30th June 2009:

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
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
HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments on Embedded Derivatives

The adoption of these amendments and interpretations does not have any impact on the results and financial position or changes in accounting policies of the Group. In addition, the Group has early adopted the following revised standards (which are prospectively applicable for the accounting periods beginning on or after 1st July 2009) for the year ended 30th June 2009:

HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS

## 2. BASIS OF PREPARATION (Continued)

### (a) The adoption of new or revised HKFRS (Continued)

HKFRS 3 (Revised) and HKAS 27 (Revised) are applied prospectively to transactions during the year ended 30th June 2009. The effect of early adopting HKFRS 3 (Revised) and HKAS 27 (Revised) are set out below.

HKFRS 3 (Revised) continued to apply the acquisition method to business combinations, with some certain significant changes. For example, all acquisition-related costs should be expensed. The cost of acquisition includes the fair value at acquisition date of any contingent purchase consideration. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at fair value and the difference between its fair value and carrying amount is recognised in the consolidated income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

As the Group has early adopted HKFRS 3 (Revised), it is required to early adopt HKAS 27 (Revised) at the same time. HKAS 27 (Revised) requires the transactions with non-controlling interests that do not result in the loss of control as equity transactions and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value, the difference between its fair value and carrying amount is recognised in the consolidated income statement.

The estimated effect of the changes in the accounting policies on the consolidated income statement for the year ended 30th June 2009 are as follows:

	<b>Increase/ (decrease) in profit for the year HK\$'000</b>
Other gains, net:	
Gain on retained non-controlling interests (note 8)	319,073
Gain on previously held equity interests as a jointly controlled entity and associated companies (note 8)	88,876
Administrative expenses	(4,175)
	<hr/>
Profit for the year	403,774
	<hr/>
Attributable to:	
Equity holders of the Company	403,774
Non-controlling interests	—
	<hr/>
	403,774
	<hr/>
Earnings per share (HK cents)	
Basic	10.53
Diluted	9.67
	<hr/>

The estimated effect of the changes in the accounting policies on the consolidated balance sheet as at 30th June 2009 are as follows:

	<b>Increase/ (decrease) HK\$'000</b>
Goodwill	(339,025)
Jointly controlled entities	319,073
Total assets	(19,952)
Reserves	(19,952)
Total equity	(19,952)

**(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 2009 or later periods but which the Group has not early adopted:

*Effective for the year ending 30th June 2010*

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 2 Amendments	Vesting Conditions and Cancellations
HKFRS 7 Amendments	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRS 1 (Revised) and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 Amendments	Eligible Hedged Items
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs Amendments	Improvements to HKFRSs 2008

# NOTES TO THE FINANCIAL STATEMENTS

## 2. BASIS OF PREPARATION *(Continued)*

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

*Effective for the year ending 30th June 2011*

HKFRS 1 Amendments	Additional Exemptions for First-time Adopters
HKFRS 2 Amendments	Group Cash-settled Share-based Payment Transactions
HKFRSs Amendments	Improvements to HKFRSs 2009

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operation and will give rise to changes in presentation, disclosures and measurements of certain items in the financial statements.

## 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.

#### (i) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over 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 de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.



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

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) *Transactions with non-controlling interests*

Non-controlling interest (previously known as minority interest) is the equity in a subsidiary which is not attributable, directly or indirectly, to a parent. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group, instead of transactions with parties external to the Group. For purchases of additional interests in subsidiaries from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling interests are also recorded in equity.

(iii) *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.

The Group recognises its interest in jointly controlled entities using equity method of accounting. 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/wholly foreign owned enterprises*

Equity joint ventures/wholly foreign owned enterprises 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### (a) Consolidation *(Continued)*

#### (iii) Joint ventures *(Continued)*

##### 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.

#### (iv) Associated companies

An associated company is a company other than a subsidiary and a jointly controlled entity, in which the Group has 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.

**(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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **(d) Land use rights**

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

### **(e) Investment properties**

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

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

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professionally qualified valuers on an open market value basis 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:

Other properties	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, for example goodwill, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **(h) Non-current assets held for sale**

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

### **(i) 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.

#### *(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.

#### *(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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **(j) 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.

### **(k) 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.

### **(l) 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.

### **(m) 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.

### **(n) 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.



**(o) 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.

**(p) 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, other than that assumed in a business combination, 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.

**(q) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### (q) **Current and deferred taxation** *(Continued)*

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.

### (r) **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, or capitalised on the basis set out in note(s), where appropriate.

### (s) **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.

### (t) **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.

**(u) 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, including the Mandatory Provident Fund Scheme and employee pension schemes established by municipal government in the PRC are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contribution, where applicable.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### (u) Employee benefits *(Continued)*

#### (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.

### (v) 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.

**(w) 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.

**(x) 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 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.

*(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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### (x) Revenue recognition *(Continued)*

#### (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.

### (y) 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.

### (z) 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 2009, the Group's entities with functional currency of Renminbi had net monetary liabilities denominated in Hong Kong dollar of HK\$9,283,051,000 (2008: HK\$6,423,869,000) and net monetary assets denominated in United States dollar of HK\$147,244,000 (2008: HK\$364,797,000). 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\$456,790,000 (2008: HK\$302,954,000) 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 2009 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 bank deposits and amounts due from jointly controlled entities. 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\$4,421,000 higher/lower (2008: HK\$46,358,000 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 consolidated 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 2009, 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\$54,478,000 (2008: HK\$52,319,000) 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 properties 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 2009, no provision has been made in the financial statements (2008: 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. At 30th June 2009, the Group's committed unutilised bank loan facilities amounted to HK\$2,127million (2008: HK\$2,548 million).

# NOTES TO THE FINANCIAL STATEMENTS

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

### (c) Liquidity risk *(Continued)*

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.

#### **Group**

	<b>Carrying amount HK\$'000</b>	<b>Total contractual undiscounted cashflow HK\$'000</b>	<b>Within 1 year HK\$'000</b>	<b>Over 1 year but within 5 years HK\$'000</b>	<b>After 5 years HK\$'000</b>
<b>At 30th June 2009</b>					
Creditors and accruals	<b>2,028,101</b>	<b>2,028,101</b>	<b>1,948,774</b>	<b>75,741</b>	<b>3,586</b>
Amounts due to jointly controlled entities	<b>1,191,196</b>	<b>1,191,196</b>	<b>1,191,196</b>	–	–
Amounts due to group companies	<b>425,211</b>	<b>425,211</b>	<b>425,211</b>	–	–
Amounts due to non-controlling shareholders	<b>99,626</b>	<b>99,626</b>	<b>99,626</b>	–	–
Short term bank loans	<b>562,500</b>	<b>584,592</b>	<b>584,592</b>	–	–
Long term borrowings	<b>16,525,514</b>	<b>17,903,914</b>	<b>6,123,623</b>	<b>10,519,114</b>	<b>1,261,177</b>
<b>At 30th June 2008</b>					
Creditors and accruals	2,273,957	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 due to group companies	281,197	281,197	281,197	–	–
Amounts due to non-controlling 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

**Company**

	<b>Carrying amount HK\$'000</b>	<b>Total contractual undiscounted cashflow HK\$'000</b>	<b>Within 1 year HK\$'000</b>	<b>Over 1 year but within 5 years HK\$'000</b>	<b>After 5 years HK\$'000</b>
<b>At 30th June 2009</b>					
Creditors and accruals	<b>13,796</b>	<b>13,796</b>	<b>13,796</b>	–	–
Amounts due to group companies	<b>25,666</b>	<b>25,666</b>	<b>25,666</b>	–	–
Long term borrowings	<b>4,062,419</b>	<b>4,097,196</b>	<b>914,361</b>	<b>475,502</b>	<b>2,707,333</b>
<b>At 30th June 2008</b>					
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

**(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.

# NOTES TO THE FINANCIAL STATEMENTS

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

### (d) Capital management *(Continued)*

The gearing ratios at 30th June 2009 and 30th June 2008 were as follows:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Consolidated gross debt	<b>17,088,014</b>	14,679,608
Less: cash and bank balances	<b>(3,900,910)</b>	(4,824,617)
Consolidated net debt	<b>13,187,104</b>	9,854,991
Total equity	<b>32,036,882</b>	31,036,506
Gearing ratio	<b>41.2%</b>	31.8%

The increase in gearing ratio at 30th June 2009 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 traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

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 bank balances, amounts due from/to group companies, creditors and accruals, short term bank loan and current portion of long term borrowings and amount due to non-controlling shareholders approximate their fair values due to the short term maturities of these assets and liabilities.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

### (a) Valuation of investment properties

The fair value of each investment property is individually determined at each balance sheet by independent valuers based on a market value assessment. 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 corporate 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

### (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.

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Sale of properties	<b>1,324,113</b>	2,796,182
Rental income	<b>393,331</b>	372,108
Income from hotel operation	<b>231,946</b>	255,508
Property management services fee income	<b>69,043</b>	57,965
Project management fee income	<b>20,190</b>	41,764
	<b>2,038,623</b>	3,523,527

- (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, goodwill, debtors, deposits and other receivables, amounts due from group companies, completed properties held for sale and non-current assets held for sale. They exclude cash and bank balances, financial assets and prepayment for proposed development projects held at corporate office. Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and amounts due to group companies. They exclude bank and other borrowings, deferred tax liabilities, 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.

<b>Year ended 30th June 2009</b>	<b>Property sales HK\$'000</b>	<b>Rental operation HK\$'000</b>	<b>Hotel operation HK\$'000</b>	<b>Property management services HK\$'000</b>	<b>Other operations HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenues	<b>1,345,503</b>	<b>434,161</b>	<b>231,946</b>	<b>27,013</b>	<b>–</b>	<b>2,038,623</b>
Segment results	<b>1,481,283</b>	<b>224,679</b>	<b>(108,154)</b>	<b>(10,666)</b>	<b>(24,186)</b>	<b>1,562,956</b>
Bank and other interest income						<b>7,565</b>
Corporate expenses						<b>(223,160)</b>
Gain on repurchase of convertible bonds						<b>67,366</b>
Increase in fair value of financial assets at fair value through profit or loss						<b>33,591</b>
Gain on disposal of available-for-sale financial assets						<b>15,065</b>
Net foreign exchange gains						<b>10,829</b>
Dividend income from available-for-sale financial assets						<b>8,839</b>
Operating profit before finance costs						<b>1,483,051</b>
Finance costs						<b>(274,796)</b>
Share of results of						
Associated companies	<b>(1,868)</b>	<b>173,825</b>	<b>(174)</b>	<b>–</b>	<b>–</b>	<b>171,783</b>
Jointly controlled entities	<b>(82,695)</b>	<b>236,812</b>	<b>(60,673)</b>	<b>(3,525)</b>	<b>3,628</b>	<b>93,547</b>
Profit before taxation						<b>1,473,585</b>
Taxation charge						<b>(179,362)</b>
Profit for the year						<b>1,294,223</b>
Capital expenditure	<b>29,847</b>	<b>1,380,658</b>	<b>95,726</b>	<b>1,208</b>	<b>5,699</b>	<b>1,513,138</b>
Depreciation and amortisation	<b>38,384</b>	<b>38,585</b>	<b>108,937</b>	<b>869</b>	<b>2,972</b>	<b>189,747</b>
Provision for properties under development	<b>–</b>	<b>16,926</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>16,926</b>
Provision for amount due by a jointly controlled entity	<b>–</b>	<b>–</b>	<b>36,500</b>	<b>–</b>	<b>–</b>	<b>36,500</b>
Impairment of goodwill	<b>57,385</b>	<b>28,254</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>85,639</b>
<b>As at 30th June 2009</b>						
Segment assets	<b>26,683,894</b>	<b>10,926,245</b>	<b>2,087,085</b>	<b>72,531</b>	<b>14,549</b>	<b>39,784,304</b>
Associated companies and jointly controlled entities	<b>6,783,168</b>	<b>6,212,947</b>	<b>679,347</b>	<b>(7,706)</b>	<b>(193)</b>	<b>13,667,563</b>
Unallocated assets						<b>939,782</b>
Total assets						<b>54,391,649</b>
Segment liabilities	<b>3,484,342</b>	<b>425,538</b>	<b>108,514</b>	<b>26,782</b>	<b>6,907</b>	<b>4,052,083</b>
Unallocated liabilities						<b>18,302,684</b>
Total liabilities						<b>22,354,767</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 6. REVENUES AND SEGMENT INFORMATION (Continued)

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						(178,747)
Increase in fair value of financial assets at fair value through profit or loss						6,313
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



## 7. OTHER INCOME

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Interest income from jointly controlled entities, net of withholding tax (note)	<b>431,667</b>	363,643
Bank interest income	<b>58,605</b>	142,174
Trademark fee income from jointly controlled entities	<b>29,051</b>	60,863
Dividend income from available-for-sale financial assets	<b>8,839</b>	12,903
Tax indemnity from the ultimate holding company (note 13)	<b>6,224</b>	369,620
	<b>534,386</b>	949,203

*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:*

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
<i>Share of shareholders' loan interest expenses of jointly controlled entities</i>	<b>(379,027)</b>	(251,458)

# NOTES TO THE FINANCIAL STATEMENTS

## 8. OTHER GAINS, NET

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Gain on disposal of subsidiaries	<b>489,800</b>	180,887
Gain on retained non-controlling interests (note 2(a))	<b>319,073</b>	—
Gain on previously held equity interests as a jointly controlled entity and associated companies (note 2(a))	<b>88,876</b>	—
Gain on repurchase of convertible bonds	<b>67,366</b>	—
Write back of provision for amount due by a jointly controlled entity	<b>61,468</b>	—
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary/additional interest in a subsidiary	<b>50,940</b>	14,217
Increase in fair value of financial assets at fair value through profit or loss	<b>33,591</b>	6,313
Net foreign exchange gains	<b>20,053</b>	515,381
Gain on disposal of available-for-sale financial assets	<b>15,065</b>	—
Gain on disposal of investment properties	<b>375</b>	40,951
Gain on disposal of partial interest in a subsidiary	<b>—</b>	2,161
Provision for properties under/held for development	<b>(16,926)</b>	(54,000)
Provision for amount due by a jointly controlled entity	<b>(36,500)</b>	—
Impairment of goodwill	<b>(85,639)</b>	(2,941)
	<b>1,007,542</b>	702,969

## 9. OPERATING PROFIT BEFORE FINANCE COSTS

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	<b>287,800</b>	247,194
Gain on disposal of investment properties	<b>375</b>	40,951
and after charging:		
Cost of properties sold	<b>921,588</b>	2,008,092
Staff costs (note 11)	<b>270,550</b>	237,988
Depreciation of property, plant and equipment	<b>177,110</b>	139,105
Outgoings in respect of investment properties	<b>128,720</b>	115,278
Rental for leased premises	<b>60,626</b>	55,633
Loss on disposals/write off of property, plant and equipment	<b>54,579</b>	2,965
Amortisation of land use rights (note)	<b>15,592</b>	14,242
Auditors' remuneration	<b>9,193</b>	7,317

Note: Amortisation of land use rights is stated after deduction of amount capitalised in properties held for development and properties under development of HK\$48,295,000 (2008: HK\$68,810,000) and HK\$36,973,000 (2008: HK\$62,832,000) respectively.

Contingent rent included in revenue amounted to HK\$1,537,000 for the year (2008: Nil).

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
The future minimum rental receivable under non-cancellable operating leases are as follows:		
Within one year	<b>263,823</b>	270,275
Between two and five years	<b>417,442</b>	505,134
Beyond five years	<b>700,334</b>	817,253
	<b>1,381,599</b>	1,592,662

Generally the Group's operating leases are for terms of two to five years except for fifteen (2008: seven) long term leases which are beyond five years.

# NOTES TO THE FINANCIAL STATEMENTS

## 10. FINANCE COSTS

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Interest on bank borrowings		
wholly repayable within five years	<b>457,956</b>	346,752
not wholly repayable within five years	—	14,411
Interest on loans from fellow subsidiaries wholly repayable within five years	<b>40,846</b>	82,096
Interest on loans from non-controlling shareholders not wholly repayable within five years	<b>3,099</b>	2,755
Interest on short term borrowings	<b>42,541</b>	67,378
Interest on advances from participating interest	<b>42,219</b>	49,728
Interest on convertible bonds wholly repayable within five years	<b>107,733</b>	104,302
	<b>694,394</b>	667,422
Amounts capitalised in properties held for/under development	<b>(419,598)</b>	(374,958)
Reimbursement from an associated company	—	(14,411)
	<b>274,796</b>	278,053

*Note: To the extent funds are borrowed generally and used for the purpose of financing certain properties held for/under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 2.07% (2008: 2.53%) for the year.*

## 11. STAFF COSTS

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Wages, salaries and other benefits	<b>240,246</b>	217,710
Pension costs – defined contribution plans (note)	<b>6,036</b>	4,972
Share-based payments	<b>24,268</b>	15,306
	<b>270,550</b>	237,988

*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\$6,036,000 (2008: HK\$4,972,000).*

# NOTES TO THE FINANCIAL STATEMENTS

## 12. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

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

Name of director	Fees HK\$'000	Other emoluments HK\$'000	Retirement benefits HK\$'000	Share option benefits HK\$'000	Total HK\$'000
<b>For the year ended 30th June 2009</b>					
Dr. Cheng Kar-shun, Henry	150	–	–	2,110	2,260
Mr. Doo Wai-hoi, William	150	750	–	847	1,747
Mr. Cheng Kar-shing, Peter	150	–	–	847	997
Mr. Cheng Chi-kong, Adrian	150	1,520	66	1,661	3,397
Mr. Leung Chi-kin, Stewart	150	–	–	208	358
Mr. Chow Kwai-cheung	150	–	–	208	358
Mr. Chow Yu-chun, Alexander	150	–	–	555	705
Mr. Fong Shing-kwong, Michael	150	1,200	60	460	1,870
Ms. Ngan Man-ying, Lynda	150	3,644	199	1,082	5,075
Mr. Fu Sze-shing	100	–	–	208	308
Mr. Cheng Wai-chee, Christopher	200	–	–	333	533
Mr. Tien Pei-chun, James	200	–	–	333	533
Mr. Lee Luen-wai, John	200	–	–	333	533
	<b>2,050</b>	<b>7,114</b>	<b>325</b>	<b>9,185</b>	<b>18,674</b>

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
	<b>2,050</b>	<b>6,718</b>	<b>281</b>	<b>5,112</b>	<b>14,161</b>

None of the directors has waived his/her right to receive his/her emoluments (2008: Nil).

- (ii) The five individuals whose emoluments were the highest in the Group for the year include one (2008: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2008: four) individuals during the year are as follows:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	<b>13,888</b>	10,760
Share option benefits	<b>2,275</b>	1,968
Contribution to retirement benefit scheme	<b>833</b>	789
	<b>16,996</b>	13,517

The emoluments fall within the following bands:

	<b>Number of individuals</b>	
	<b>2009</b>	2008
HK\$2,500,001 – HK\$3,000,000	–	2
HK\$3,000,001 – HK\$3,500,000	–	–
HK\$3,500,001 – HK\$4,000,000	<b>1</b>	2
HK\$4,000,001 – HK\$4,500,000	<b>2</b>	–
HK\$4,500,001 – HK\$5,000,000	<b>1</b>	–
	<b>4</b>	4

# NOTES TO THE FINANCIAL STATEMENTS

## 13. TAXATION CHARGE

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Current taxation		
PRC corporate income tax	<b>64,468</b>	128,226
PRC land appreciation tax	<b>70,768</b>	143,872
Deferred taxation		
Origination and reversal of temporary differences	<b>10,241</b>	33,222
Revaluation of investment properties	<b>33,885</b>	50,419
	<b>179,362</b>	355,739

Share of taxation of associated companies and jointly controlled entities for the year ended 30th June 2009 of HK\$28,410,000 (2008: HK\$71,875,000) and HK\$64,782,000 (2008: HK\$437,834,000) 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:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Profit before taxation	<b>1,473,585</b>	2,379,317
Share of results of		
Associated companies	<b>(171,783)</b>	(241,514)
Jointly controlled entities	<b>(93,547)</b>	(285,972)
	<b>1,208,255</b>	1,851,831
Calculated at a tax rate of 25% (2008: 25%)	<b>302,064</b>	462,957
Income not subject to taxation	<b>(403,923)</b>	(453,993)
Expenses not deductible for taxation purposes	<b>155,986</b>	153,670
Tax losses not recognised	<b>92,068</b>	61,393
Deduction from PRC land appreciation tax	<b>(17,692)</b>	(35,968)
Utilisation of previously unrecognised tax losses	<b>(18,806)</b>	(23,938)
Temporary differences not recognised	<b>(2,577)</b>	(321)
Deferred taxation on undistributed profits	<b>1,474</b>	37,790
Effect of change in tax rates	<b>–</b>	10,277
	<b>108,594</b>	211,867
PRC land appreciation tax	<b>70,768</b>	143,872
	<b>179,362</b>	355,739
Taxation charge	<b>179,362</b>	355,739



No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year (2008: Nil). PRC corporate income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2008: 25% and 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.

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 corporate income tax and land appreciation tax payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK\$6,224,000 (2008: HK\$369,620,000) was effected.

#### 14. DIVIDENDS

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Interim dividend paid of nil (2008: paid of HK\$0.04) per share	—	153,342
Final dividend proposed of HK\$0.06 (2008: paid of HK\$0.02) per share	<b>230,230</b>	76,692
	<b>230,230</b>	230,034

At a meeting held on 8th October 2009, the directors recommended a final dividend of HK\$0.06 per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30th June 2010.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. EARNINGS PER SHARE

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

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Profit attributable to equity holders of the Company	<b>1,359,369</b>	2,019,935
Interest expense on convertible bonds	<b>40,808</b>	34,778
Profit used to determine diluted earnings per share	<b>1,400,177</b>	2,054,713

	<b>Number of shares</b>	
	<b>2009</b>	2008
Weighted average number of shares for calculating basic earnings per share	<b>3,834,864,185</b>	3,833,135,529
Effect of dilutive potential shares:		
Share options	<b>3,741,202</b>	2,063,187
Convertible bonds	<b>338,909,614</b>	354,580,042
Weighted average number of shares for calculating diluted earnings per share	<b>4,177,515,001</b>	4,189,778,758

## 16. PROPERTY, PLANT AND EQUIPMENT

**Group**

	<b>Other properties HK\$'000</b>	<b>Leasehold improvements HK\$'000</b>	<b>Furniture, fixtures and equipment HK\$'000</b>	<b>Motor vehicles HK\$'000</b>	<b>Total HK\$'000</b>
<b>Cost</b>					
At 1st July 2008	<b>962,185</b>	<b>295,463</b>	<b>536,791</b>	<b>74,674</b>	<b>1,869,113</b>
Acquisition of subsidiaries	<b>2,389</b>	<b>503</b>	<b>293</b>	<b>1,046</b>	<b>4,231</b>
Additions	<b>2,973</b>	<b>10,201</b>	<b>114,335</b>	<b>6,555</b>	<b>134,064</b>
Transfer from properties under development	<b>892,853</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>892,853</b>
Disposals/write off	<b>(69,263)</b>	<b>(1,513)</b>	<b>(8,272)</b>	<b>(3,080)</b>	<b>(82,128)</b>
Disposal of subsidiaries	<b>(837)</b>	<b>–</b>	<b>(1,311)</b>	<b>(4,952)</b>	<b>(7,100)</b>
At 30th June 2009	<b>1,790,300</b>	<b>304,654</b>	<b>641,836</b>	<b>74,243</b>	<b>2,811,033</b>
<b>Accumulated depreciation and impairment</b>					
At 1st July 2008	<b>237,805</b>	<b>201,086</b>	<b>406,053</b>	<b>36,757</b>	<b>881,701</b>
Charge for the year	<b>65,862</b>	<b>36,516</b>	<b>65,013</b>	<b>9,719</b>	<b>177,110</b>
Disposals/write off	<b>(15,720)</b>	<b>(1,513)</b>	<b>(7,055)</b>	<b>(2,741)</b>	<b>(27,029)</b>
Disposal of subsidiaries	<b>(66)</b>	<b>–</b>	<b>(867)</b>	<b>(3,818)</b>	<b>(4,751)</b>
At 30th June 2009	<b>287,881</b>	<b>236,089</b>	<b>463,144</b>	<b>39,917</b>	<b>1,027,031</b>
<b>Net book value</b>					
At 30th June 2009	<b>1,502,419</b>	<b>68,565</b>	<b>178,692</b>	<b>34,326</b>	<b>1,784,002</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 16. 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
<b>Cost</b>					
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
<b>Accumulated depreciation and impairment</b>					
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
<b>Net book value</b>					
At 30th June 2008	724,380	94,377	130,738	37,917	987,412

As at 30th June 2009, certain other properties and furniture, fixtures and equipment with carrying amount of HK\$479,887,000 (2008: HK\$456,546,000) were pledged as securities for the Group's long term borrowings.

## 17. INVESTMENT PROPERTIES

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
At valuation		
At the beginning of the year	<b>7,321,728</b>	5,871,951
Translation differences	–	678,289
Acquisition of subsidiaries	<b>1,374,047</b>	–
Additions	<b>796</b>	280,589
Transfer from properties under development	<b>313,487</b>	643,352
Disposals	<b>(1,841)</b>	(39,319)
Disposal of a subsidiary	<b>(11,932)</b>	(285,568)
Transfer to other properties/land use rights	–	(29,242)
Increase in fair value	<b>135,182</b>	201,676
At the end of the year	<b>9,131,467</b>	7,321,728

The investment properties were revalued at 30th June 2009 on an open market value basis by Knight Frank Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Leases of over 50 years	<b>121,477</b>	79,011
Leases of between 10 to 50 years	<b>8,981,354</b>	7,242,717
Leases of below 10 years	<b>28,636</b>	–
	<b>9,131,467</b>	7,321,728

As at 30th June 2009, certain investment properties with carrying value of HK\$2,531,381,000 (2008: HK\$2,157,547,000) were pledged as securities for the Group's long term borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

## 18. LAND USE RIGHTS

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>494,142</b>	332,521
Translation differences	–	36,519
Additions	–	141,962
Transfer from properties under development	<b>102,387</b>	–
Transfer from investment properties	–	2,724
Disposal of a subsidiary	–	(5,708)
Amortisation	<b>(12,637)</b>	(13,876)
At the end of the year	<b>583,892</b>	494,142

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

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Leases of over 50 years	<b>1,382</b>	1,421
Leases of between 10 to 50 years	<b>582,510</b>	492,721
	<b>583,892</b>	494,142

As at 30th June 2009, land use rights with carrying amount of HK\$240,529,000 (2008: HK\$297,343,000) were pledged as securities for the Group's long term borrowings.

## 19. GOODWILL

	<b>Group</b>	
	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
At the beginning of the year	<b>127,766</b>	48,095
Acquisition of subsidiaries	<b>40,639</b>	—
Acquisition of additional interests in subsidiaries	<b>—</b>	82,612
Impairment	<b>(85,639)</b>	(2,941)
At the end of the year	<b>82,766</b>	127,766
Cost	<b>235,983</b>	195,344
Accumulated impairment	<b>(153,217)</b>	(67,578)
	<b>82,766</b>	127,766

Goodwill is allocated to the Group's cash generating units identified according to business segment. As at 30th June 2009, goodwill of HK\$66,088,000 (2008: HK\$111,088,000), HK\$7,511,000 (2008: HK\$7,511,000) and HK\$9,167,000 (2008: 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 with range from 2% to 5% 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% (2008: 7%).

## 20. SUBSIDIARIES

	<b>Company</b>	
	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Unlisted shares, at cost of HK\$4 (2008: HK\$10)	<b>—</b>	—
Amounts due by subsidiaries, net of provision	<b>23,550,730</b>	22,595,969
	<b>23,550,730</b>	22,595,969

The amounts receivable are unsecured, interest free and have no fixed terms of repayment.

Details of principal subsidiaries are given in note 46.

# NOTES TO THE FINANCIAL STATEMENTS

## 21. PROPERTIES HELD FOR DEVELOPMENT

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Land use rights	<b>4,529,548</b>	4,090,130
Development and incidental costs	<b>2,612,715</b>	2,628,657
Interest capitalised	<b>256,681</b>	205,595
	<b>7,398,944</b>	6,924,382
Less: provision	<b>(54,000)</b>	(54,000)
	<b>7,344,944</b>	6,870,382

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

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Leases of over 50 years	<b>3,996,783</b>	3,252,391
Leases of between 10 to 50 years	<b>532,765</b>	837,739
	<b>4,529,548</b>	4,090,130

As at 30th June 2009, the aggregate carrying value of properties held for development pledged as securities for long term borrowings amounted to HK\$511,013,000 (2008: HK\$261,345,000).



## 22. ASSOCIATED COMPANIES

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Group's share of net assets	<b>(53,576)</b>	949,871
Amounts due by associated companies, net of provision (note (i))	<b>436,822</b>	1,243,260
Amounts due to associated companies (note (i))	<b>—</b>	(246,029)
	<b>383,246</b>	1,947,102

Notes:

- (i) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.
- (ii) The Group's share of revenues, results, assets and liabilities of its associated companies are as follows:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Revenues	<b>154,168</b>	238,711
Profit for the year	<b>171,783</b>	241,514
Non-current assets	<b>377,031</b>	2,883,710
Current assets	<b>24,658</b>	441,756
Total assets	<b>401,689</b>	3,325,466
Non-current liabilities	<b>(452,310)</b>	(1,820,053)
Current liabilities	<b>(2,955)</b>	(555,542)
Total liabilities	<b>(455,265)</b>	(2,375,595)

- (iii) Details of principal associated companies are given in note 46.

# NOTES TO THE FINANCIAL STATEMENTS

## 23. JOINTLY CONTROLLED ENTITIES

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Equity joint ventures		
Group's share of net assets	<b>34,062</b>	328,672
Amounts due by jointly controlled entities		
Interest bearing (note (i))	–	53,944
Non-interest bearing (note (ii))	<b>65,126</b>	68,499
Amounts due to jointly controlled entities (note (ii))	<b>(209)</b>	(960)
	<b>98,979</b>	450,155
Wholly foreign owned enterprises		
Group's share of net assets	<b>1,614,929</b>	–
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (iv))	<b>63,180</b>	–
Non-interest bearing (note (ii))	<b>207,712</b>	–
Amounts due to jointly controlled entities (note (ii))	<b>(34,783)</b>	–
	<b>1,851,038</b>	–
Co-operative joint ventures		
Cost of investments	<b>4,922,772</b>	4,995,391
Goodwill	<b>12,704</b>	12,704
Share of undistributed post-acquisition results and reserves	<b>495,595</b>	277,926
	<b>5,431,071</b>	5,286,021
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (iii))	<b>5,578,104</b>	5,686,218
Non-interest bearing (note (ii))	<b>653,984</b>	635,607
Amounts due to jointly controlled entities (note (ii))	<b>(1,135,832)</b>	(1,871,359)
	<b>10,527,327</b>	9,736,487
Companies limited by shares		
Group's share of net assets	<b>425,352</b>	52,550
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (iv))	<b>108,144</b>	55,691
Non-interest bearing (note (ii))	<b>231,157</b>	941,735
Amounts due to jointly controlled entities (note (ii))	<b>(20,372)</b>	(20,337)
	<b>744,281</b>	1,029,639
Deposits for proposed joint ventures (note (v))	<b>62,692</b>	62,692
	<b>13,284,317</b>	11,278,973

## Notes:

- (i) The amount receivable as at 30th June 2008 was unsecured, carried interest at 10% per annum and had 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 Hong Kong prime rate to 10% (2008: 1% over London Interbank Offered Rate ("LIBOR") to 10%) per annum and have repayment terms as specified in the joint venture contracts.
- (iv) The amounts receivable are unsecured, carry interest ranging from 1% over LIBOR to 10% (2008: 1.5% above Hong Kong Interbank Offered Rate ("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:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Revenues	<b>2,494,035</b>	3,122,489
Profit for the year	<b>93,547</b>	285,972
Non-current assets	<b>12,571,715</b>	7,288,029
Current assets	<b>11,627,829</b>	17,609,470
Total assets	<b>24,199,544</b>	24,897,499
Non-current liabilities	<b>(11,746,759)</b>	(12,468,064)
Current liabilities	<b>(4,960,075)</b>	(6,774,896)
Total liabilities	<b>(16,706,834)</b>	(19,242,960)

- (vii) Details of principal jointly controlled entities are given in note 46.

# NOTES TO THE FINANCIAL STATEMENTS

## 24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Listed shares in Hong Kong, at fair value	217,910	129,729	–	129,729
Unlisted investments, at fair value	–	79,546	–	–
	<b>217,910</b>	209,275	<b>–</b>	129,729

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

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong dollar	217,910	129,729	–	129,729
Renminbi	–	79,546	–	–
	<b>217,910</b>	209,275	<b>–</b>	129,729

## 25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009 HK\$'000	2008 HK\$'000
Unlisted securities, at fair value	–	120,308

## 26. CASH AND BANK BALANCES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Restricted balances included under non-current assets	26,136	40,909	–	–
Restricted balances included under current assets	232,358	415,559	–	–
Unrestricted balances	3,642,416	4,368,149	250,189	991,399
	<b>3,900,910</b>	4,824,617	<b>250,189</b>	991,399

The effective interest rate on short-term bank deposits was ranging from 0.0001% to 1.71% (2008: 1.10% to 4.14%). These deposits have an average maturity of 2 to 30 days (2008: 1 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	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong dollar	<b>320,179</b>	1,117,828	<b>248,188</b>	991,220
Renminbi	<b>2,936,976</b>	2,715,433	—	—
United States dollar	<b>643,755</b>	991,356	<b>2,001</b>	179
	<b>3,900,910</b>	4,824,617	<b>250,189</b>	991,399

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.

## 27. PROPERTIES UNDER DEVELOPMENT

	Group	
	2009 HK\$'000	2008 HK\$'000
Land use rights	<b>2,312,822</b>	3,337,919
Development and incidental costs	<b>4,818,562</b>	4,239,508
Interest capitalised	<b>269,192</b>	354,169
	<b>7,400,576</b>	7,931,596
Less: provision	<b>(59,257)</b>	(42,331)
	<b>7,341,319</b>	7,889,265

# NOTES TO THE FINANCIAL STATEMENTS

## 27. PROPERTIES UNDER DEVELOPMENT *(Continued)*

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

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Leases of over 50 years	<b>1,983,343</b>	2,917,984
Leases of between 10 to 50 years	<b>329,479</b>	419,935
	<b>2,312,822</b>	3,337,919

Properties under development with an aggregate carrying value of HK\$1,810,659,000 (2008: HK\$1,345,017,000) were pledged as securities for the Group's long term borrowings.

## 28. COMPLETED PROPERTIES HELD FOR SALE

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Land use rights	<b>260,716</b>	76,249
Development costs	<b>1,934,008</b>	1,333,380
Interest capitalised	<b>98,939</b>	87,046
	<b>2,293,663</b>	1,496,675

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:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Leases of over 50 years	<b>181,390</b>	49,230
Leases of between 10 to 50 years	<b>79,326</b>	27,019
	<b>260,716</b>	76,249

As at 30th June 2009, there are no completed properties held for sale pledged as securities for long term borrowings.

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.

## 29. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade debtors (note a)	<b>375,984</b>	367,768	—	—
Deposits, prepayments and other receivables (note b)	<b>6,644,938</b>	6,393,709	<b>8,513</b>	232,644
	<b>7,020,922</b>	6,761,477	<b>8,513</b>	232,644

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	
	2009 HK\$'000	2008 HK\$'000
0 to 30 days	<b>186,858</b>	163,813
31 to 60 days	<b>31,091</b>	24,215
61 to 90 days	<b>10,904</b>	57,848
Over 90 days	<b>147,131</b>	121,892
	<b>375,984</b>	367,768

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 29. DEBTORS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (c) At 30th June 2009, trade debtors of HK\$92,628,000 (2008: HK\$69,120,000) 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:

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
0 to 30 days	<b>22,772</b>	19,938
31 to 60 days	<b>5,349</b>	4,097
61 to 90 days	<b>10,514</b>	2,170
Over 90 days	<b>53,993</b>	42,915
	<b>92,628</b>	69,120

- (d) During the year, impairment loss on trade debtors of HK\$24,738,000 (2008: HK\$19,328,000) 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.

## 30. AMOUNTS DUE FROM/TO GROUP COMPANIES

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Amounts due from group companies (note a)	<b>33,638</b>	27,663	<b>61,979</b>	137,927
Amounts due to group companies (note b)	<b>(425,211)</b>	(281,197)	<b>(25,666)</b>	(126,458)
	<b>(391,573)</b>	(253,534)	<b>36,313</b>	11,469



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:

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong dollar	<b>9,550</b>	18,306	<b>61,979</b>	137,927
Renminbi	<b>24,088</b>	9,357	–	–
	<b>33,638</b>	27,663	<b>61,979</b>	137,927

(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:

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong dollar	<b>(147,873)</b>	(126,477)	<b>(25,666)</b>	(126,458)
Renminbi	<b>(277,338)</b>	(154,720)	–	–
	<b>(425,211)</b>	(281,197)	<b>(25,666)</b>	(126,458)

### 31. NON-CURRENT ASSETS HELD FOR SALE

In April 2009, the Group entered into an agreement to dispose of a 50% equity interest in Shanghai Juyi Real Estate Development Co., Ltd. ("Juyi") which is engaged in property development in the PRC at a consideration of HK\$953,169,000, subject to adjustment for any changes in the attributable net asset value of Juyi as at the date of completion, which is expected to be on or before 30th November 2009. After the completion, the Group will cease to have any interest in Juyi.

Included in the balance is an amount due from Juyi of HK\$24,276,000 which is unsecured, interest free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

## 32. SHARE CAPITAL

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Authorised:		
8,000,000,000 shares of HK\$0.1 each	<b>800,000</b>	800,000
Issued and fully paid:		
3,836,471,082 (2008: 3,834,502,332) shares of HK\$0.1 each	<b>383,647</b>	383,450

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

	<b>Number of shares of HK\$0.1 each</b>	<b>HK\$'000</b>
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
Exercise of share options (note (i))	1,968,750	197
At 30th June 2009	3,836,471,082	383,647

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 2009 are as follows:

Date of offer to grant	Exercise price per share HK\$ (note 1)	Number of share options				Number of share options exercisable	
		At 1st July 2008	Granted during the year	Exercised during the year	Lapsed during the year	At 30th June 2009	At 30th June 2009
25th March 2004	2.252	330,600	—	(330,400)	(200)	—	—
18th June 2004	1.650	104,800	—	(104,800)	—	—	—
4th November 2004	2.484	121,200	—	(71,200)	—	50,000	50,000
22nd December 2004	2.689	49,800	—	—	—	49,800	49,800
13th July 2005	2.300	203,600	—	(53,600)	—	150,000	82,000
7th November 2005	2.620	20,000	—	(9,600)	—	10,400	640
28th March 2006	3.915	2,103,600	—	—	(124,000)	1,979,600	1,506,960
28th June 2006	2.865	389,600	—	—	—	389,600	133,760
17th October 2006	3.340	464,400	—	—	(364,800)	99,600	33,360
28th December 2006	4.712	1,002,000	—	—	(155,200)	846,800	423,600
19th March 2007	4.500	735,200	—	—	—	735,200	437,280
14th June 2007	6.710	1,922,400	—	—	(430,800)	1,491,600	596,640
17th October 2007	8.070	1,709,200	—	—	(248,400)	1,460,800	584,320
28th December 2007	6.972	14,282,400	—	—	(652,400)	13,630,000	8,856,800
22nd April 2008	5.260	868,800	—	—	—	868,800	347,520
31st July 2008	3.662	—	1,758,800	(5,200)	(846,000)	907,600	177,360
12th November 2008	1.682	—	1,203,600	(155,600)	—	1,048,000	85,120
2nd December 2008	1.500	—	20,000,000	(1,120,350)	(458,250)	18,421,400	4,183,250
3rd February 2009	1.980	—	934,800	(118,000)	—	816,800	68,960
26th June 2009	4.550	—	834,000	—	—	834,000	—
		24,307,600	24,731,200	(1,968,750)	(3,280,050)	43,790,000	17,617,370
Weighted average exercise price of each category (HK\$)		6.239	1.784	1.746	4.776	4.034	5.126

Notes:

- (1) At 30 June 2009, except for (i) the 12,760,000 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; and (ii) the 1,324,200 share options and 14,946,000 share options with exercise price per share of HK\$1.500 which are divided into 2 tranches and 4 tranches and exercisable within a period of 2 years and 4 years, respectively 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\$20,690,000 (2008: HK\$35,204,000). The significant inputs to the model was share price ranging from HK\$1.5 to HK\$4.55 (2008: HK\$5.24 to HK\$8.07) at the grant dates, exercise prices ranging from HK\$1.5 to HK\$4.55 (2008: HK\$5.26 to HK\$8.07), volatility of the share ranging from 46% to 61% (2008: 42% to 45%), expected life of options of 2 to 5 years (2008: 3 to 5 years), expected dividend yield ranging from 0.85% to 1.45% (2008: 0.83% to 1.20%), risk-free interest rate ranging from 0.96% to 3.32% (2008: 2.24% to 4.06%) and suboptimal exercise factor ranging from 1.5 to 1.87 times (2008: 1.5 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 33. RESERVES

### Group

	Contributed surplus HK\$'000	Share premium HK\$'000	Other reserve (note 1) 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 2008	13,995,757	7,529,491	202,237	20,031	425,757	22,165	2,619,452	4,506,469	29,321,359
Profit for the year	–	–	–	–	–	–	–	1,359,369	1,359,369
Premium on issue of shares	–	3,240	–	–	–	–	–	–	3,240
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	(334,850)	(334,850)
Disposal of subsidiaries	–	–	–	–	–	–	(233,455)	–	(233,455)
Change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	–	57,136	–	–	57,136
Disposal of available-for-sale financial assets	–	–	–	–	–	(15,290)	–	–	(15,290)
Share-based payments	–	–	–	24,268	–	–	–	–	24,268
Transfer of reserve upon exercise and lapse of share options	–	906	–	(5,150)	–	–	–	4,244	–
Repurchase of convertible bonds	–	–	–	–	(38,014)	–	–	32,537	(5,477)
Dividend paid	(76,692)	–	–	–	–	–	–	–	(76,692)
Translation differences	–	–	–	–	–	–	39,893	–	39,893
As at 30th June 2009 before proposed final dividend	13,919,065	7,533,637	202,237	39,149	387,743	64,011	2,425,890	5,567,769	30,139,501
Representing:									
As at 30th June 2009 after proposed final dividend	13,688,835	7,533,637	202,237	39,149	387,743	64,011	2,425,890	5,567,769	29,909,271
2009 proposed final dividend	230,230	–	–	–	–	–	–	–	230,230
	13,919,065	7,533,637	202,237	39,149	387,743	64,011	2,425,890	5,567,769	30,139,501
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

## Notes:

- (1) *Other reserve relates to fair value changes arising from business combination.*
- (2) *Effect on transfer from/to the non-controlling interest:*

	<b>2009</b>
	<b>HK\$'000</b>
<i>Total recognised income for the year attributable to the shareholders of the Company</i>	<b>1,207,653</b>
<i>Transfer from/to the non-controlling interest</i>	
<i>Acquisition of additional interests in subsidiaries</i>	<b>(334,850)</b>
<i>Total recognised income for the year attributable to the shareholders of the Company and net transfer from/to the non-controlling interest</i>	<b>872,803</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 33. RESERVES (Continued)

### Company

	Contributed surplus HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1st July 2008	14,015,918	7,529,491	4,015,433	20,031	22,165	(5,529,079)	20,073,959
Premium on issue of shares	–	3,240	–	–	–	–	3,240
Loss for the year	–	–	–	–	–	(622,630)	(622,630)
Change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	(6,875)	–	(6,875)
Disposal of available-for-sale financial assets	–	–	–	–	(15,290)	–	(15,290)
Share-based payments	–	–	–	24,268	–	–	24,268
Transfer of reserve upon exercise and lapse of share options	–	906	–	(5,150)	–	4,244	–
Dividend paid	(76,692)	–	–	–	–	–	(76,692)
As at 30th June 2009 before proposed final dividend	13,939,226	7,533,637	4,015,433	39,149	–	(6,147,465)	19,379,980
Representing:							
As at 30th June 2009 after proposed final dividend	13,708,996	7,533,637	4,015,433	39,149	–	(6,147,465)	19,149,750
2009 proposed final dividend	230,230	–	–	–	–	–	230,230
	13,939,226	7,533,637	4,015,433	39,149	–	(6,147,465)	19,379,980
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

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.

## 34. LONG TERM BORROWINGS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Bank loans (note (i))				
Secured	<b>2,036,834</b>	1,939,514	—	—
Unsecured	<b>8,021,275</b>	5,514,279	<b>1,193,357</b>	1,097,624
Loans from fellow subsidiaries (note (ii))	<b>2,722,188</b>	2,888,292	—	—
Loans from non-controlling shareholders (note (iii))	<b>92,159</b>	137,135	—	—
Advances from participating interest (note (iv))	<b>979,332</b>	929,760	<b>2,869,062</b>	2,359,290
Convertible bonds (note (v))	<b>2,673,726</b>	2,821,083	—	—
	<b>16,525,514</b>	14,230,063	<b>4,062,419</b>	3,456,914
Current portion included in current liabilities	<b>(5,408,206)</b>	(3,976,239)	<b>(899,207)</b>	(300,000)
	<b>11,117,308</b>	10,253,824	<b>3,163,212</b>	3,156,914

Notes:

(i) The bank loans are repayable as follows:

	Secured		Group Unsecured		Total		Company Unsecured	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Within one year	<b>632,988</b>	326,614	<b>2,001,076</b>	1,118,182	<b>2,634,064</b>	1,444,796	<b>899,207</b>	300,000
Between one and two years	<b>886,363</b>	538,600	<b>1,637,822</b>	1,758,078	<b>2,524,185</b>	2,296,678	—	797,624
Between two and five years	<b>517,483</b>	1,074,300	<b>4,382,377</b>	2,638,019	<b>4,899,860</b>	3,712,319	<b>294,150</b>	—
	<b>2,036,834</b>	1,939,514	<b>8,021,275</b>	5,514,279	<b>10,058,109</b>	7,453,793	<b>1,193,357</b>	1,097,624

# NOTES TO THE FINANCIAL STATEMENTS

## 34. LONG TERM BORROWINGS (Continued)

Notes: (Continued)

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

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>100,416</b>	2,531,443
Between one and two years	<b>19,593</b>	356,849
Between two and five years	<b>2,602,179</b>	–
	<b>2,722,188</b>	2,888,292

The loans from fellow subsidiaries are unsecured and bear interest ranging from three months HIBOR to 1.35% above LIBOR (2008: three months HIBOR to 1.35% above LIBOR) per annum.

- (iii) The loans from non-controlling shareholders are unsecured, bear interest at 5% (2008: 5% to 5.76%) 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.

During the year, the Group repurchased principal amount of RMB250,000,000 of convertible bonds (2008: Nil).



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

	2009			2008		
	Hong Kong dollar	Renminbi	United States dollar	Hong Kong dollar	Renminbi	United States dollar
Bank borrowings	1.34%	6.02%	4.15%	3.02%	7.35%	7.11%
Loans from fellow subsidiaries	0.36%	—	1.51%	2.34%	—	3.93%
Loans from non-controlling shareholders	5.00%	—	—	5.00%	5.76%	—
Advances from participating interest	4.31%	—	—	4.50%	—	—
Convertible bonds	—	4.08%	—	—	4.08%	—

(vii) The carrying amounts of bank borrowings, loans from fellow subsidiaries, loans from non-controlling 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 2009, which was estimated using cash flows discounted at a rate of 11.7% (2008: 8.78%) and at the exchange rate ruling at the balance sheet date, amounted to HK\$2,172,863,000 (RMB1,912,119,000) (2008: HK\$2,374,390,000 (RMB2,089,463,000)).

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

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong dollar	9,518,435	7,061,112	1,193,357	1,097,624
Renminbi	6,519,618	6,484,279	2,869,062	2,359,290
United States dollar	487,461	684,672	—	—
	<b>16,525,514</b>	14,230,063	<b>4,062,419</b>	3,456,914

(ix) For the interest-bearing borrowings, except for the loans from non-controlling shareholders of HK\$92,159,000 (2008: HK\$137,135,000) which reprice in more than five years, the rest of the borrowings reprice or mature (whichever is earlier) in one year or less.

# NOTES TO THE FINANCIAL STATEMENTS

## 35. 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxed levied by the same taxation authority on the taxable entity.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

### Group

#### Deferred tax assets/(liabilities)

	Accelerated tax depreciation HK\$'000	Revaluation of properties of HK\$'000	Revaluation of available- for-sale financial assets HK\$'000	Recognition of income from sale of properties HK\$'000	Fair value adjustment of properties 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 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	<b>(114,738)</b>	<b>(272,356)</b>	<b>(4,702)</b>	<b>(21,925)</b>	<b>(200,820)</b>	<b>87,164</b>	<b>(37,569)</b>	<b>13,392</b>	<b>(551,554)</b>
Credited/(charged) to income statement	<b>14,772</b>	<b>(33,885)</b>	–	<b>14,236</b>	<b>6,671</b>	<b>(43,816)</b>	<b>(1,474)</b>	<b>(630)</b>	<b>(44,126)</b>
Acquisition of interests in subsidiaries	–	–	–	–	(210,242)	–	–	–	(210,242)
Disposal of subsidiaries	–	<b>1,447</b>	–	–	–	–	–	–	<b>1,447</b>
Disposal of available-for-sale financial assets	–	–	<b>6,060</b>	–	–	–	–	–	<b>6,060</b>
Charged to equity	–	–	<b>(1,358)</b>	–	–	–	–	–	<b>(1,358)</b>
At 30th June 2009	<b>(99,966)</b>	<b>(304,794)</b>	–	<b>(7,689)</b>	<b>(404,391)</b>	<b>43,348</b>	<b>(39,043)</b>	<b>12,762</b>	<b>(799,773)</b>

**Company***Deferred tax liabilities*

	<b>Revaluation of available-for-sale financial assets HK\$'000</b>
At 30th June 2008	(4,702)
Disposal of available-for-sale financial asset	6,060
Charged to equity	(1,358)
At 30th June 2009	—

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\$593,806,000 (2008: HK\$384,016,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2014 (2008: 2013).

As at 30th June 2009, the aggregate amount of temporary differences associated with investments in subsidiaries and jointly controlled entities for which deferred tax liabilities have not been recognised totalled approximately HK\$881,562,000 (2008: 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.

**36. CREDITORS AND ACCRUALS**

	<b>Group</b>		<b>Company</b>	
	<b>2009 HK\$'000</b>	2008 HK\$'000	<b>2009 HK\$'000</b>	2008 HK\$'000
Trade creditors (note (i))	<b>1,080,032</b>	1,477,159	—	—
Other creditors and accruals (note (ii))	<b>1,003,869</b>	836,304	<b>13,796</b>	37,018
	<b>2,083,901</b>	2,313,463	<b>13,796</b>	37,018

# NOTES TO THE FINANCIAL STATEMENTS

## 36. CREDITORS AND ACCRUALS (Continued)

Notes:

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

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
0 to 30 days	<b>632,549</b>	348,988
31 to 60 days	<b>64,689</b>	55,401
61 to 90 days	<b>9,835</b>	4,531
Over 90 days	<b>372,959</b>	1,068,239
	<b>1,080,032</b>	1,477,159

The carrying amounts of the trade creditors of the Group are mainly denominated in Renminbi as at 30th June 2009 and 2008.

(ii) 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.

## 37. SHORT TERM BANK LOANS

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Secured	<b>218,182</b>	335,909
Unsecured	<b>344,318</b>	113,636
	<b>562,500</b>	449,545

The effective interest rates of the short term bank loans range from 4.78% to 5.04% (2008: 5.95% to 7.47%). Their carrying amounts approximate their fair values.

The short term bank loans are denominated in Renminbi as at 30th June 2009 and 2008.

## 38. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

The amounts due to non-controlling shareholders are unsecured, interest free and repayable on demand. The carrying amounts of the balances are mainly denominated in Renminbi as at 30th June 2009 and 2008 and approximate their fair values.

## 39. TAXES PAYABLE

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Corporate income tax payable	76,459	80,235	—	—
Withholding tax payable	137,218	94,229	5,903	5,167
Land appreciation tax payable	200,039	212,683	—	—
Other PRC taxes payable	81,042	40,416	—	—
	<b>494,758</b>	427,563	<b>5,903</b>	5,167

## 40. GUARANTEES

## (i) Corporate guarantees for banking facilities

*Group*

The Group has corporate guarantees of approximately HK\$3,207,018,000 (2008: HK\$2,350,081,000) given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 30th June 2009, 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\$2,014,538,000 (2008: HK\$1,575,223,000).

*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\$3,427,065,000 (2008: HK\$2,672,011,000), HK\$3,207,018,000 (2008: HK\$2,295,535,000) and nil (2008: HK\$54,545,000) respectively.

## (ii) Guarantees in respect of mortgage facilities

As at 30th June 2009, 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\$753,543,000 (2008: HK\$995,605,000). 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 40. GUARANTEES (Continued)

### (iii) Guarantee in respect of convertible bonds

As at 30th June 2009, the Company had provided guarantee in respect of the convertible bonds issued by a subsidiary and the outstanding balance of the convertible bonds of RMB2,550,000,000 (2008: RMB2,800,000,000) amounted to HK\$2,897,727,000 (2008: HK\$3,181,818,000) at the exchange rate ruling on the balance sheet date.

## 41. COMMITMENTS

### (i) Capital expenditure commitments

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

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	<b>108,000</b>	108,000
Contracted but not provided for		
Property, plant and equipment	<b>17,166</b>	25,256
Purchase consideration for proposed development projects	<b>599,698</b>	40,455
	<b>616,864</b>	65,711
	<b>724,864</b>	173,711

(b) The Group did not have any share of capital commitments of the jointly controlled entities (2008: Nil).

## (ii) Lease commitments

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
As at 30th June 2009, future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:				
The first year	<b>21,881</b>	51,532	<b>9,386</b>	7,107
The second to fifth years	<b>26,567</b>	168,973	<b>14,606</b>	3,258
After the fifth year	—	336,740	—	—
	<b>48,448</b>	557,245	<b>23,992</b>	10,365

## 42. BUSINESS COMBINATIONS

- (a) In July 2008, the Group acquired additional 40% equity interest in Haikou New Housing Development Limited ("Haikou New World") without consideration as a result of the withdrawal of the joint venture partner of Haikou New World from the co-operative joint venture entity. As a result, Haikou New World became a wholly owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$'000
Consideration transferred	—
Fair value of equity interest held in Haikou New World before the business combination	<b>192,668</b>
	<b>192,668</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 42. BUSINESS COMBINATIONS (Continued)

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	<b>HK\$'000</b>
Property, plant and equipment	<b>1,154</b>
Properties under development	<b>125,000</b>
Completed properties held for sales	<b>39,773</b>
Debtors, deposits and other receivables	<b>42,356</b>
Cash and bank balances, unrestricted	<b>108,846</b>
Creditors and accruals	<b>(50,919)</b>
Balance with a jointly controlled entity	<b>(8,541)</b>
Taxes payable	<b>(5,551)</b>
Deferred tax liabilities	<b>(8,510)</b>
Total identifiable net assets	<b>243,608</b>
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	<b>(50,940)</b>
	<b>192,668</b>

Since the date of acquisition, Haikou New World contributed revenues of approximately HK\$33,757,000 and incurred loss of approximately HK\$1,746,000. If the acquisition had occurred on 1st July 2008, there would not have been material effect on the Group's revenue and profit for the year.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$14,321,000 as a result of measuring at fair value of its 60% equity interest in Haikou New World before the business combination and excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.



- (b) In March 2009, the Group acquired additional 50% equity interest in Faith Yard Property Limited (“Faith Yard”) which is engaged in property investment, for a consideration of HK\$319,671,000. As a result, Faith Yard became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	<b>HK\$'000</b>
Consideration transferred	<b>319,671</b>
Fair value of equity interest held in Faith Yard before the business combination	<b>291,417</b>
	<b>611,088</b>

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	<b>HK\$'000</b>
Investment properties	<b>1,374,047</b>
Debtors, deposits and other receivables	<b>4,367</b>
Balance with an associated company	<b>(130,727)</b>
Creditors and accruals	<b>(448,904)</b>
Taxes payable	<b>(36,151)</b>
Long term borrowings	<b>(19,539)</b>
Deferred tax liabilities	<b>(160,259)</b>
Total identifiable net assets	<b>582,834</b>
Goodwill	<b>28,254</b>
	<b>611,088</b>

Since the date of acquisition, Faith Yard contributed revenues of approximately HK\$6,494,000 and profit of approximately HK\$1,515,000. If the acquisition had occurred on 1st July 2008, there would not have been material effect on the Group's revenue and profit for the year.

For the purpose of the business combination, the Group recognised a gain of HK\$9,173,000 as a result of measuring at fair value of its 50% equity interest in Faith Yard.

Goodwill can be attributable to the anticipated profitability of the acquired business.

# NOTES TO THE FINANCIAL STATEMENTS

## 42. BUSINESS COMBINATIONS (Continued)

- (c) In March 2009, the Group acquired additional 60% equity interest in Zhaoqing New World Property Development Limited ("Zhaoqing New World") which is engaged in property development, for a consideration of HK\$194,000,000. As a result, Zhaoqing New World became a wholly owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	<b>2009</b>
	<b>HK\$'000</b>
Consideration transferred	<b>194,000</b>
Fair value of equity interest held in Zhaoqing New World before the business combination	<b>121,077</b>
	<b>315,077</b>

The recognised amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	<b>HK\$'000</b>
Property, plant and equipment	<b>3,077</b>
Properties under development	<b>641,136</b>
Completed properties held for sales	<b>13,750</b>
Debtors, deposits and other receivables	<b>11,618</b>
Cash and bank balances, unrestricted	<b>20,541</b>
Creditors and accruals	<b>(20,366)</b>
Deposits received on sale of properties	<b>(97,812)</b>
Balance with an associated company	<b>(7,893)</b>
Long term borrowings	<b>(219,886)</b>
Deferred tax liabilities	<b>(41,473)</b>
Total identifiable net assets	<b>302,692</b>
Goodwill	<b>12,385</b>
	<b>315,077</b>

Since the date of acquisition, Zhaoqing New World contributed revenues of approximately HK\$113,117,000 and profit of approximately HK\$3,293,000. If the acquisition had occurred on 1st July 2008, there would not have been material effect on the Group's revenue and profit for the year.

For the purpose of the business combination, the Group recognised a gain of HK\$65,382,000 as a result of measuring at fair value of its 40% equity interest in Zhaoqing New World.

Goodwill can be attributable to the anticipated profitability of the acquired business.

## 43. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Operating profit before finance costs	<b>1,483,051</b>	2,129,884
Interest income	<b>(490,272)</b>	(505,817)
Depreciation and amortisation	<b>192,702</b>	153,347
Share-based payments	<b>24,268</b>	15,306
Dividend income from available-for-sale financial assets	<b>(8,839)</b>	(12,903)
Loss/(gain) on disposal/write off of property, plant and equipment and investment properties	<b>54,204</b>	(37,986)
Write back of provision for amount due by a jointly controlled entity	<b>(61,468)</b>	–
Provision for amount due by a jointly controlled entity	<b>36,500</b>	–
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary/additional interests in a subsidiary	<b>(50,940)</b>	(14,217)
Tax indemnity from the ultimate holding company	<b>(6,224)</b>	(369,620)
Provision for properties under/held for development	<b>16,926</b>	54,000
Increase in fair value of financial assets at fair value through profit or loss	<b>(33,591)</b>	(6,313)
Impairment of goodwill	<b>85,639</b>	2,941
Gain on disposal of subsidiaries	<b>(489,800)</b>	(180,887)
Gain on disposal of partial interest in a subsidiary	–	(2,161)
Gain on retained non-controlling interests	<b>(319,073)</b>	–
Gain on repurchase of convertible bonds	<b>(67,366)</b>	–
Gain on previously held interests as a jointly controlled entity and associated companies	<b>(88,876)</b>	–
Gain on disposal of available-for-sale financial asset	<b>(15,065)</b>	–
Increase in fair value of investment properties	<b>(135,182)</b>	(201,676)
Net foreign exchange gains	<b>(20,053)</b>	(515,381)
Operating profit before working capital changes	<b>106,541</b>	508,517
Increase in properties held for/under development and completed properties held for sale	<b>(4,027,860)</b>	(2,476,247)
Increase in debtors, deposits and other receivables	<b>(415,577)</b>	(2,434,390)
Change in balances with group companies	<b>218,329</b>	279,395
Increase/(decrease) in deposits received on sale of properties	<b>541,060</b>	(327,438)
(Decrease)/increase in creditors and accruals	<b>(546,877)</b>	695,844
Net cash used in operations	<b>(4,124,384)</b>	(3,754,319)

# NOTES TO THE FINANCIAL STATEMENTS

## 43. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

### (b) Acquisition of subsidiaries

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Net assets acquired		
Property, plant and equipment and investment properties	<b>1,378,278</b>	—
Properties under development	<b>766,136</b>	—
A jointly controlled entity and associated companies	<b>(147,161)</b>	—
Completed properties held for sale	<b>53,523</b>	—
Debtors, deposits and other receivables	<b>58,341</b>	—
Cash and bank balances	<b>129,387</b>	—
Creditors and accruals	<b>(520,188)</b>	—
Deposits received on sale of properties	<b>(97,812)</b>	—
Taxes payable	<b>(41,702)</b>	—
Long term borrowings	<b>(239,425)</b>	—
Deferred tax liabilities	<b>(210,242)</b>	—
	<b>1,129,135</b>	—
Interest originally held by the Group as a jointly controlled entity and associated companies	<b>(516,287)</b>	—
	<b>612,848</b>	—
Goodwill	<b>40,639</b>	—
Gain on previously held interests as a jointly controlled entity and associated companies	<b>(88,876)</b>	—
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	<b>(50,940)</b>	—
Consideration satisfied by cash	<b>513,671</b>	—

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

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Cash consideration	<b>513,671</b>	—
Cash and bank balances acquired	<b>(129,387)</b>	—
	<b>384,284</b>	—

## (d) Disposal of subsidiaries

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Net assets disposed		
Property, plant and equipment	<b>2,349</b>	2,959
Land use rights	–	5,708
Investment properties	<b>11,932</b>	285,568
Jointly controlled entities and associated companies	<b>(584,593)</b>	–
Amount due from an associated company	–	265,152
Available-for-sale financial assets	<b>79,546</b>	–
Completed properties held for sale	<b>80,832</b>	–
Properties under development	<b>2,858,811</b>	605,462
Debtors, deposits and other receivables	<b>265,609</b>	40,750
Cash and bank balances	<b>165,566</b>	49,598
Balances with group companies	–	(2,747)
Creditors and accruals	<b>(164,485)</b>	(404,140)
Taxes payable	<b>(4,394)</b>	(9,236)
Loan from non-controlling shareholder	<b>(49,668)</b>	(10,079)
Deferred tax liabilities	<b>(1,447)</b>	(87,058)
Long term borrowings	<b>(1,372,595)</b>	(321,970)
Non-controlling interests	<b>(130,527)</b>	(60,280)
	<b>1,156,936</b>	359,687
Interest retained by the Group as a jointly controlled entity	<b>(963,084)</b>	–
	<b>193,852</b>	359,687
Consideration satisfied by cash	<b>769,270</b>	466,890
	<b>575,418</b>	107,203
Realisation of reserves upon disposal		
capital reserve	–	41,538
exchange reserve	<b>233,455</b>	32,146
	<b>808,873</b>	180,887
Gain on disposal of subsidiaries and retained non-controlling interests		

# NOTES TO THE FINANCIAL STATEMENTS

## 43. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

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

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Cash consideration	<b>769,270</b>	466,890
Cash and bank balances disposed	<b>(165,566)</b>	(49,598)
	<b>603,704</b>	417,292

## 44. 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	<b>2009</b>	2008
		<b>HK\$'000</b>	HK\$'000
Interest expenses on loans from fellow subsidiaries	(a)	<b>40,846</b>	82,096
Rental expense for leased premises to a fellow subsidiary	(b)	<b>10,104</b>	7,507
Rental expense for leased premises to an associated company	(b)	<b>26,420</b>	33,333
Property agency fee paid to a fellow subsidiary	(c)	<b>2,587</b>	6,214
Interest income from jointly controlled entities	(d)	<b>485,858</b>	404,008
Estate management fee income from a fellow subsidiary and jointly controlled entities	(e)	<b>3,818</b>	3,642
Rental income from fellow subsidiaries	(f)	<b>72,007</b>	88,336
Trademark fee income from jointly controlled entities	(g)	<b>29,051</b>	60,863
Management service fee income from a fellow subsidiary	(h)	<b>1,978</b>	324
Rental income from an associated company	(f)	<b>5,114</b>	6,452

## Notes:

- (a) Interest is charged at rates as specified in note 34(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 23.
- (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 fees in accordance with the terms of the tenancy agreements.
- (g) Trademark fee income is charged at annual fee to jointly controlled entities 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\$1,535,206,000 (2008: HK\$524,723,000). 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 corporate income tax and land appreciation tax payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK\$6,224,000 (2008: HK\$369,620,000) was effected (note 13).
- (k) During the year, the Group acquired additional 25% interest in Ramada Property Ltd., 50% interest in Faith Yard Property Limited, 60% interest in Fortune Star Worldwide Limited and 5.9% interest in Shanghai New World Huai Hai Property Development Co., Ltd. for a consideration of HK\$351,448,000, HK\$319,671,000, HK\$194,000,000 and HK\$174,376,000, from Stanley Enterprises Limited ("SEL"), Grand China Enterprises Limited ("GCE") and Golden Wealth Investment Limited ("Golden Wealth") respectively. The Group disposed of 99% interest in Shanghai New World Shangxian Lane Development Ltd. and 20% interest in Juyi for a consideration of HK\$237,566,000 and HK\$382,841,000, to Golden Wealth respectively. SEL, GCE and Golden Wealth are wholly beneficially owned by a director of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 44. RELATED PARTY TRANSACTIONS (Continued)

### (ii) Key management compensation

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Salaries and other short-term employee benefits	<b>34,124</b>	26,509
Pension costs	<b>2,119</b>	1,716
Share option benefits	<b>13,758</b>	7,370
	<b>50,001</b>	35,595

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 22, 23 and 30 respectively.

## 45. EVENTS AFTER THE BALANCE SHEET DATE

- (1) On 1st August 2009, the Group entered into a supplementary co-operative contract with Guangzhou Fangchun Real Estate Development and Management Company Limited and Guangzhou Fangchun Real Estate Development General Company (collectively the "PRC Parties"), pursuant to which the PRC Parties agreed to change its profit sharing ratio in Guangzhou Fong Chuen New World Property Development Co., Ltd. ("Fong Chuen"), a co-operative joint venture ("CJV") of the Group, from 40% to 25% without consideration. Before and after the acquisition, the Group owned 60% and 75% equity interests in Fong Chuen respectively and Fong Chuen remains to be a CJV of the Group.
- (2) On 3rd September 2009, the Group entered into an agreement with Tianjin Anju Construction Development Company Limited ("Tianjin Anju") whereby Tianjin Anju agreed to withdraw all of its 30% interest in Tianjin New World Property Development Company Limited ("Tianjin New World Property"), a CJV without consideration. Upon completion of the registration procedure in respect of the withdrawal of Tianjin Anju, the Group would have 100% interests in Tianjin New World Property and Tianjin New World Property would become a wholly-owned subsidiary of the Group.



Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	<b>HK\$'000</b>
Consideration transferred	–
Fair value of equity interest held in Tianjin New World Property	<b>1,385,684</b>
	<b>1,385,684</b>

The amounts of identifiable assets acquired and liabilities assumed as at the date of acquisition are as follows:

	<b>HK\$'000</b>
Property, plant and equipment	<b>369</b>
Properties under development	<b>1,617,312</b>
Debtors, deposits and other receivables	<b>43,098</b>
Cash and bank balances, unrestricted	<b>48,499</b>
Creditors and accruals	<b>(376)</b>
Deposits received on sale of properties	<b>(191,530)</b>
Balance with a jointly controlled entity	<b>(24,350)</b>
Total identifiable net assets	<b>1,493,022</b>
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	<b>(107,338)</b>
	<b>1,385,684</b>

- (3) On 6th October 2009, the Group entered into an agreement with Guangzhou Hong Tu Industrial Co., Ltd (“Hong Tu”) whereby Hong Tu agreed to transfer its 40% interests in Guangzhou Jixian Zhuang New World City Garden Development Limited (“Jixian Zhuang”), a CJV of the Group, for a consideration of RMB1. Upon completion of the registration procedure in respect of the transfer of all the rights and obligations to the Group by Hong Tu, the Group would have 100% interests in Jixian Zhuang and Jixian Zhuang would become a wholly-owned subsidiary of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 46. 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 2009 are set out below:

Company name	Issued/registered and fully paid up share capital	Attributable interest held <sup>(note 1)</sup>				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
<b>Subsidiaries</b>						
<i>Incorporated and operating in Hong Kong</i>						
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares of HK\$1 each	—	—	<b>100%</b>	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	<b>78.6%</b>	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	<b>100%</b>	100%	Investment holding
Dragon Joy (China) Limited	HK\$1 1 ordinary share of HK\$1	—	—	<b>100%</b>	100%	Investment holding
Global Hero Holdings Limited	HK\$1 1 ordinary share of HK\$1	—	—	<b>100%</b>	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	—	—	<b>100%</b>	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	<b>100%</b>	100%	Investment holding
New World China Property Limited	HK\$2 2 ordinary shares of HK\$1 each	<b>100%</b>	100%	<b>100%</b>	100%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
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	—	—	100%	70.5%	Hotel management
Silver World H.K. Development Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Spread Glory Investments Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	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%	89.2%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Art Shadow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Art Bridge Development 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
Brilliant Alpha Investment Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding

# NOTES TO THE FINANCIAL STATEMENTS

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
<b>Subsidiaries (Continued)</b>						
<i>Incorporated in the British Virgin Islands (Continued)</i>						
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
Faith Yard Property Limited	US\$2 2 shares of US\$1 each	—	—	100%	—	Property investment
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	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
K Fai Investments 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 each	—	—	100%	100%	Investment holding
New World China Finance (BVI) 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)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
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	—	—	100%	70.5%	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
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

# NOTES TO THE FINANCIAL STATEMENTS

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
<b>Subsidiaries (Continued)</b>						
<i>Incorporated and operating in the PRC</i>						
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB50,000,000	—	—	<b>75%</b> (note 2)	75%	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	<b>100%</b>	100%	Property sales
Changsha Xiangxianghai Housing Development Co., Ltd.	RMB75,000,000	—	—	—	80%	Investment holding
Chengdu Xinyi Real Estate Development Co., Ltd.	US\$99,500,000	—	—	<b>60%</b> (note 2)	60%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	—	<b>88%</b>	88%	Property investment and development
Dalian New World Tower Co., Ltd.	US\$136,250,000	—	—	<b>100%</b>	100%	Property investment, development and hotel operation
Foshan Country Club Co., Ltd.	US\$52,923,600	—	—	<b>75.9%</b>	75.9%	Golf club operation and property development
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	—	—	<b>100%</b>	100%	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	—	—	<b>100%</b>	100%	Property development
Guangzhou Xin Sui Tourism Centre Ltd.	HK\$100,000,000	—	—	<b>100%</b>	100%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	<b>90.5%</b>	90.5%	Property investment and development

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
Guiyang New World Real Estate Co., Ltd.	US\$106,550,000	—	—	100% (note 2)	100%	Property development
Haikou New World Housing Development Ltd.	US\$8,000,000	—	—	100%	—	Property development
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB220,487,000	—	—	100%	100%	Investment holding and property investment
Hunan Success New Century Investment Company Limited	RMB375,989,430	—	—	95% (note 2)	90%	Property development
Jinan New World Sunshine Development Ltd.	US\$33,980,000	—	—	100%	100%	Property development
Nanjing Huawei Real Estate Development Co., Ltd.	US\$11,000,000	—	—	—	92%	Property development
Nanjing New World Real Estate Co., Ltd.	US\$1,000,000	—	—	100%	—	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000	—	—	100%	100%	Property investment and development
New World (Anshan) Property Development Co., Ltd.	RMB950,000,000	—	—	100%	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

# NOTES TO THE FINANCIAL STATEMENTS

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
<b>Subsidiaries (Continued)</b>						
<i>Incorporated and operating in the PRC (Continued)</i>						
New World Property (Wuhan) Co., Ltd.	US\$16,000,000	—	—	100%	100%	Property development
New World (Shenyang) Property Development Limited	RMB397,720,000	—	—	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	RMB431,879,000	—	—	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.	RMB203,209,000	—	—	70%	70%	Property development
Shanghai Juyi Real Estate Development Co., Ltd.	RMB765,000,000	—	—	—	70%	Property development
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	—	100%	75%	Property investment and hotel operation
Shenyang New World Hotel Co., Ltd.	RMB201,520,000	—	—	100%	100%	Hotel operation
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$202,160,000	—	—	100%	100%	Property development



Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$60,000,000	—	—	100%	100%	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
Zhaoqing New World Property Development Limited	US\$13,750,000	—	—	100%	—	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	100%	100%	Property development
<b>Associated companies</b>						
<i>Incorporated and operating in Hong Kong</i>						
Global Perfect Development Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	50%	50%	Investment holding
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	—	—	30.6%	30.6%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Faith Yard Property Limited	US\$2 2 shares of US\$1 each	—	—	—	50%	Property investment
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	—	40%	Investment holding

# NOTES TO THE FINANCIAL STATEMENTS

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
<b>Associated companies (Continued)</b>						
<i>Incorporated and operating in the PRC (Continued)</i>						
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	—	44.1%	Property investment
Zhaoqing New World Property Development Limited	US\$13,750,000	—	—	—	40%	Property development
<b>Jointly controlled entities</b>						
<i>Incorporated and operating in Hong Kong</i>						
World Target Development Limited	HK\$100 100 shares of HK\$1 each	—	—	—	50%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Concord Properties Holding (Guangzhou) Limited	US\$10 10 shares of US\$1 each	—	—	40%	40%	Investment holding
<i>Incorporated and operating in the PRC</i>						
<i>(i) Co-operative joint ventures</i>						
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

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
Guangzhou Fong Chuen New World Property Development Co., Ltd	RMB330,000,000	—	—	60%	60%	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%	Property development
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	62.5%	62.5%	Property development
Tianjin New World Housing Development Co., Ltd	RMB80,000,000	—	—	60%	60%	Property development
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	60%	60%	Property development
Wuhan Wuxin Hotel Co. Ltd.	US\$49,750,000	—	—	60%	60%	Hotel operation
<i>(ii) Equity joint ventures</i>						
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	39%	39%	Golf club and resort operation
<i>(iii) Wholly foreign owned enterprises</i>						
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	—	—	59%	59%	Property development
Guangzhou Bosson Real Estate Development Co., Ltd.	RMB50,003,000	—	—	62.5%	62.5%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	62.5%	62.5%	Property development

# NOTES TO THE FINANCIAL STATEMENTS

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
<b>Jointly controlled entities (Continued)</b>						
<i>Incorporated and operating in the PRC (Continued)</i>						
<i>(iii) Wholly foreign owned enterprises (Continued)</i>						
Shanghai Trio Property Development Co., Ltd.	US\$81,000,000	—	—	<b>47.5%</b>	47.5%	Property development
Tianjin New World Pan Bo Hai Real Estate Development Co., Ltd.	HK\$405,000,000	—	—	—	50%	Property development
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	<b>50%</b>	—	Property 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.



# FINANCIAL SUMMARY

## RESULTS

	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000
Revenues	<b>2,038,623</b>	3,523,527	2,474,238	1,691,320	1,618,023
Operating profit after finance costs	<b>1,208,255</b>	1,851,831	721,433	519,414	107,539
Share of results of					
Associated companies	<b>171,783</b>	241,514	141,133	121,921	42,945
Jointly controlled entities	<b>93,547</b>	285,972	452,276	305,349	61,074
Profit before taxation	<b>1,473,585</b>	2,379,317	1,314,842	946,684	211,558
Taxation charge	<b>(179,362)</b>	(355,739)	(132,054)	(190,266)	(44,976)
Profit for the year	<b>1,294,223</b>	2,023,578	1,182,788	756,418	166,582
Attributable to:					
Equity holders of the company	<b>1,359,369</b>	2,019,935	1,191,444	740,512	166,025
Non-controlling interests	<b>(65,146)</b>	3,643	(8,656)	15,906	557
	<b>1,294,223</b>	2,023,578	1,182,788	756,418	166,582

## ASSETS AND LIABILITIES

	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000
Property, plant and equipment, investment properties and land use rights	<b>11,499,361</b>	8,803,282	7,124,336	5,634,142	4,700,346
Properties held for development	<b>7,344,944</b>	6,870,382	7,852,456	4,243,616	3,918,668
Associated companies	<b>383,246</b>	1,947,102	1,746,047	1,598,564	1,527,193
Jointly controlled entities	<b>13,284,317</b>	11,278,973	10,484,071	10,377,155	9,936,477
Goodwill	<b>82,766</b>	127,766	48,095	73,720	—
Available-for-sale financial assets	<b>217,910</b>	209,275	71,427	—	115,876
Financial assets at fair value through profit or loss	<b>—</b>	120,308	—	—	—
Other non-current assets	<b>26,136</b>	40,909	—	121,041	166,896
Net current assets	<b>11,115,283</b>	12,443,887	10,444,692	7,608,032	7,323,498
Total assets less current liabilities	<b>43,953,963</b>	41,841,884	37,771,124	29,656,270	27,688,954
Long term borrowings and payable	<b>(11,117,308)</b>	(10,253,824)	(9,797,465)	(4,937,422)	(4,269,377)
Deferred tax liabilities	<b>(799,773)</b>	(551,554)	(502,076)	(507,152)	(311,712)
	<b>32,036,882</b>	31,036,506	27,471,583	24,211,696	23,107,865

Note: Certain comparatives have been restated for the year ended 2005 as a result of the adoption of Hong Kong Financial Reporting Standards.



# MAJOR PROJECT PROFILES

<b>Ref</b>	<b>Project Name</b>	<b>NWCL's Accounting Classification</b>	<b>NWCL's Attributable Interests</b>	<b>Total GFA (sq.m.)</b>
<b>Development Projects</b>				
1	Beijing Xin Yi Garden Remaining Phases	JCE	70%	89,253
2	Beijing Liang Guang Road Residential Block VI	JCE	70%	47,182
	Beijing Liang Guang Road Residential Block V			20,414
	Beijing New View Garden Remaining Phases			34,808
	Beijing New View Garden Commercial Centre			69,263
3	Beijing Xin Yu Garden Commercial Centre	JCE	70%	121,676
	Beijing Xin Yu Garden Remaining Phases			978,881
4	Beijing Yanjing Building	JCE	70%	32,691
5	Tianjin Nanshi Project	JCE	70%	297,541
6	Tianjin Xin Chun Hua Yuan Phase IV	JCE	60%	36,460
7	Jinan Sunshine Garden Phase IIIA	Subsidiary	100%	214,018
8	Shenyang New World Hotel Extension Project	Subsidiary	100%	87,219
9	Shenyang New World Garden Phase IIA	Subsidiary	90%	651,544
	Shenyang New World Garden Remaining Phases			2,008,015
10	Shenyang New World International Convention & Exhibition Centre	Subsidiary	90%	1,202,311
11	Anshan New World Garden Phase IA	Subsidiary	100%	287,788
	Anshan New World Garden Phase IB, IIA-C			608,377
	Anshan New World Garden Phase III			391,340
12	Dalian New World Tower	Subsidiary	100%	82,034
13	Shanghai Zhongshan Square Phase III	JCE	48%	142,074
14	Wuhan Menghu Garden Phase III	Subsidiary	70%	56,253
	Wuhan Menghu Garden Phase III Remaining Portion			51,204
15	Wuhan Changqing Garden Phase VII	JCE	60%	265,598
	Wuhan Changqing Garden Phase VII Remaining Portion			75,822
	Wuhan Changqing Garden Remaining Phases			1,353,627
16	Wuhan New World Centre	Subsidiary	100%	21,084
17	Chengdu New World Riverside Phase IA	Subsidiary	30%	96,518
	Chengdu New World Riverside Phase IB			368,383
	Chengdu New World Riverside Remaining Phases			3,284,871
18	Changsha La Ville New World Phase I	Subsidiary	48%	61,410
	Changsha La Ville New World Phase II			262,884
	Changsha La Ville New World Remaining Phases			723,476
19	Guiyang Jinyang Sunny Town Phase I	Subsidiary	50%	385,643
	Guiyang Jinyang Sunny Town Remaining Phases			3,970,273
20	Guangzhou Dong Yi Garden Remaining Phases	Subsidiary	100%	25,236

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Carpark (sq.m.)	Development Status	Expected Completion Date
	2,349	21,905	41,967	23,032	Under Planning	Jul-13
31,000	2,640			13,542	Under Development	Apr-10
18,146	2,268				Under Planning	Apr-12
	8,661	17,487		8,660	Under Planning	TBD
	10,842	37,181		21,240	Under Planning	Jun-13
	78,670			43,006	Under Planning	Sep-13
578,493	145,778			254,610	Under Planning	TBD
	21,634			11,057	Under Planning	Sep-12
162,841	36,000			98,700	Under Planning	Jul-12
36,460					Under Planning	Dec-12
145,201	6,587	21,820		40,410	Under Planning	Sep-11
45,378	25,557			16,284	Under Planning	Oct-12
426,555	34,353	29,547		161,089	Under Development	Dec-11
1,328,990	331,126	94,367		253,532	Under Planning	TBD
285,435	264,770	319,819	54,921	277,366	Under Planning	TBD
217,345	7,483			62,960	Under Development	Dec-11
444,877	11,500			152,000	Under Planning	Jan-13
286,980	18,700			85,660	Under Planning	Jan-14
82,034					Under Development	Dec-11
	22,265	96,712		23,097	Under Development	Dec-10
56,253					Under Development	Jun-11
51,204					Under Planning	Dec-12
256,772	8,826				Under Development	Dec-12
67,634	2,503			5,685	Under Planning	TBD
874,379	130,307	54,100	74,000	220,841	Under Planning	TBD
	13,460			7,624	Under Development	Dec-09
96,518					Under Development	Dec-09
291,564				76,819	Under Development	Jun-12
2,371,338	275,355			638,178	Under Planning	TBD
48,559	3,868			8,983	Under Development	Jun-10
177,090	40,557			45,237	Under Planning	Dec-11
601,899	32,126			89,451	Under Planning	TBD
274,501	28,944			82,198	Under Development	Oct-11
2,425,065	878,665	60,000	30,000	576,543	Under Planning	TBD
22,661	2,575				Under Planning	TBD

# MAJOR PROJECT PROFILES

<b>Ref</b>	<b>Project Name</b>	<b>NWCL's Accounting Classification</b>	<b>NWCL's Attributable Interests</b>	<b>Total GFA (sq.m.)</b>
21	Guangzhou New World Oriental Garden Phase II	Subsidiary	100%	116,739
	Guangzhou New World Oriental Garden Remaining Phases			82,822
22	Guangzhou Central Park-view Phase IIA	Subsidiary	91%	142,812
23	Guangzhou Covent Garden Phase III	JCE	60%	256,817
	Guangzhou Covent Garden Phase III Remaining Portion			87,218
	Guangzhou Covent Garden Remaining Phases			685,897
24	Guangzhou Park Paradise Phase IIE	JCE	60%	205,379
	Guangzhou Park Paradise Phase IIE Remaining Portion			133,164
	Guangzhou Park Paradise Phase Remaining Phases	Subsidiary	100%	741,518
25	Guangzhou Baiyun Project	Subsidiary	100%	187,326
26	Guangzhou Xintang New World Garden Phase IV	JCE	63%	32,091
	Guangzhou Xintang New World Garden Phase V			47,082
	Guangzhou Xintang New World Garden Phase V Remaining Portion			218,679
27	Shenzhen Xilihu Development Project	Subsidiary	100%	39,740
28	Shenzhen New World Yi Shan Garden Phase III	Subsidiary	100%	125,101
29	Shunde New World Centre Phase III	Assoc. Co.	35%	59,963
30	Huiyang Palm Island Resort Phases V	JCE	59%	131,026
	Huiyang Palm Island Resort Remaining Phases			116,000
31	Zhaoqing New World Garden Phase III	Subsidiary	100%	173,932
	Zhaoqing New World Garden Phase IV			44,941
32	Zhuhai New World Riviera Garden Phase IV	Subsidiary	100%	110,088
33	Foshan Country Club	Subsidiary	76%	933,544
34	Huizhou Changhuyuan Phase IIB	JCE	63%	70,934
	Huizhou Changhuyuan Phase III			142,372
35	Haikou Meilisha Project	Subsidiary	100%	2,338,327
36	Haikou New World Garden Phase IIIA	Subsidiary	100%	64,300
	Haikou New World Garden Phase IIIB			80,394

**Total (Properties under development or held for development)**

**25,773,377**



<b>Residential (sq.m.)</b>	<b>Commercial (sq.m.)</b>	<b>Office (sq.m.)</b>	<b>Hotel (sq.m.)</b>	<b>Carpark (sq.m.)</b>	<b>Development Status</b>	<b>Expected Completion Date</b>
112,939	437			3,363	Under Development	Mar-10
82,822					Under Planning	TBD
112,139	2,230			28,443	Under Development	Jul-11
194,726	11,736			50,355	Under Development	Nov-11
87,218					Under Planning	May-13
604,400	24,775			56,722	Under Planning	TBD
190,825	1,227			13,327	Under Development	Jun-12
66,012	67,152				Under Planning	TBD
559,309	6,424			175,785	Under Planning	TBD
143,156				44,170	Under Planning	TBD
12,677				19,414	Under Development	Sep-09
38,778	8,304				Under Development	Jan-10
188,629				30,050	Under Planning	Jun-13
27,140				12,600	Under Planning	TBD
99,225	88	488		25,300	Under Planning	TBD
59,963					Under Development	Jan-10
131,026					Under Planning	TBD
116,000					Under Planning	TBD
149,332	4,384			20,216	Under Development	Jun-13
38,956				5,985	Under Planning	TBD
98,504	8,666			2,918	Under Planning	TBD
898,544	15,000		20,000		Under Planning	TBD
60,778	2,157			7,999	Under Development	Feb-10
108,473	1,965			31,934	Under Planning	TBD
1,679,442	50,000	20,000	38,000	550,885	Under Planning	TBD
56,415				7,885	Under Planning	Dec-12
72,571				7,823	Under Planning	TBD
<b>17,695,171</b>	<b>2,652,914</b>	<b>773,426</b>	<b>258,888</b>	<b>4,392,978</b>		

# MAJOR PROJECT PROFILES

Ref	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interests	Total GFA (sq.m.)
<b>Completed Investment Property Projects</b>				
37	Beijing New World Centre Phase I	JCE	70%	121,219
38	Beijing New World Centre Phase II	JCE	70%	76,214
39	Beijing Zhengren Building	JCE	70%	16,415
40	Beijing New World Garden Phase I & II	JCE	70%	34,544
	Beijing Xin Yang Commercial Building			3,439
	Beijing Xin Cheng Commercial Building			8,051
1a	Beijing Xin Yi Garden	JCE	70%	32,341
2a	Beijing New View Garden	JCE	70%	63,792
3a	Beijing Xin Yu Garden	JCE	70%	24,800
42	Beijing Xin Kang Garden	JCE	70%	40,079
43	Tianjin Xin An New World Plaza	Subsidiary	100%	101,155
7a	Jinan Sunshine Garden	Subsidiary	100%	619
9a	Shenyang New World Garden	Subsidiary	90%	43,948
44	Dalian New World Plaza	Subsidiary	88%	69,196
12a	Dalian New World Tower	Subsidiary	100%	53,853
45	Shanghai Jiu Zhou Shopping Arcade	Subsidiary	100%	2,442
46	Shanghai Hong Kong New World Tower	JCE	50%	130,385
47	Shanghai Belvedere Service Apartment	Subsidiary	100%	37,935
	Shanghai Ramada Plaza (Lot A)			17,300
	Shanghai Ramada Plaza (Lot B)			17,040
48	Wuhan New World International Trade Tower I	Subsidiary	100%	121,828
	Wuhan New World International Trade Tower II	Subsidiary	100%	10,004
15a	Wuhan Changqing Garden	JCE	60%	121,459
16a	Wuhan New World Centre	Subsidiary	100%	142,013
49	Wuhan Xin Hua Garden	JCE	60%	72,006
50	Nanjing New World Centre	Subsidiary	100%	52,794
20a	Guangzhou Dong Yi Garden Phase I-IV	Subsidiary	100%	13,873
21a	Guangzhou New World Oriental Garden Phase I	Subsidiary	100%	29,556
	Guangzhou New World Oriental Garden Phase II			1,264
22a	Guangzhou Central Park-view	Subsidiary	91%	97,607
23a	Guangzhou Covent Garden	JCE	60%	12,627
24a	Guangzhou Park Paradise Phase I	Subsidiary	100%	22,220
	Guangzhou Park Paradise Phase II	JCE	60%	69,173
26a	Guangzhou Xintang New World Garden	JCE	63%	14,029
28a	Shenzhen New World Yi Shan Garden	Subsidiary	100%	14,162
29a	Shunde New World Centre	Assoc. Co.	35%	23,603
31a	Zhaoqing New World Garden	Subsidiary	100%	15,062
32a	Huizhou Changhuyuan	JCE	63%	31,837
	<b>Subtotal</b>			<b>1,759,884</b>
51	Courtyard by Marriott Beijing	JCE	55%	23,988
52	New World Hotel Shenyang	Subsidiary	100%	21,169
53	New World Hotel Dalian	Subsidiary	100%	50,223
54	New World Mayfair Hotel Shanghai	Subsidiary	100%	46,942
55	pentahotel Shanghai	Subsidiary	100%	13,353
56	New World Hotel Wuhan	JCE	60%	29,411
57	Courtyard by Marriott Shunde	Assoc. Co.	33%	36,524
	<b>Subtotal</b>			<b>221,610</b>
<b>Total (Completed investment and hotel properties)</b>				<b>1,981,494</b>

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Carpark (sq.m.)
2,991	74,232	24,040		19,956
	46,378	2,557		27,279
				16,415
				34,544
				3,439
				8,051
				32,341
	10,028			53,764
	3,603			21,197
	4,385	7,536		28,158
	80,439	9,432		11,284
	619			
	5,609			38,339
	49,413			19,783
	27,480			26,373
	2,442			
	35,474	80,549		14,362
37,935				
	9,155			8,145
	11,588			5,452
		104,556		17,272
		10,004		
	95,233	10,047		16,179
	45,766	62,714		33,533
	36,069			35,937
	41,712			11,082
	8,275			5,598
	22,928			6,628
				1,264
29,868	17,408			50,331
	11,914			713
22,220				
	20,970			48,203
	14,029			
	3,099			11,063
	23,603			
	15,062			
	18,825			13,012
<b>93,014</b>	<b>735,738</b>	<b>311,435</b>		<b>619,697</b>
			23,988	
			21,169	
			50,223	
			46,942	
			13,353	
			29,411	
			36,524	
			<b>221,610</b>	
<b>93,014</b>	<b>735,738</b>	<b>311,435</b>	<b>221,610</b>	<b>619,697</b>



# GLOSSARY OF TERMS

## GENERAL TERMS

<b>AGM:</b>	Annual General Meeting
<b>BVI:</b>	British Virgin Islands
<b>Company or NWCL:</b>	New World China Land Limited
<b>FY:</b>	Fiscal year, July 1 to June 30
<b>GFA:</b>	Gross floor area
<b>Group:</b>	New World China Land Limited and its subsidiaries
<b>New World Group:</b>	New World Development Company Limited and its subsidiaries
<b>HK:</b>	Hong Kong
<b>HK\$:</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>N/A:</b>	Not applicable
<b>China, PRC or Mainland China:</b>	The People's Republic of China
<b>RMB:</b>	Renminbi, the lawful currency of The People's Republic of China
<b>SAR or HKSAR:</b>	Special Administrative Region – A status granted to Hong Kong to own an independent government and legislative system and to enjoy a degree of autonomy from the PRC Government under the principle of "one country, two systems"
<b>SEHK:</b>	The Stock Exchange of Hong Kong Limited
<b>TBD:</b>	To be determined
<b>US:</b>	The United States of America
<b>US\$:</b>	United States dollar(s), the lawful currency of the United States of America

## FINANCIAL TERMS

<b>Attributable Operating Profit:</b>	Profit attributable to shareholders before head office items
<b>Basic Earnings Per Share or EPS:</b>	$\frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$
<b>Current Ratio:</b>	$\frac{\text{Current assets}}{\text{Current liabilities}}$
<b>HIBOR:</b>	Hong Kong Interbank Offered Rate
<b>LIBOR:</b>	London Interbank Offered Rate
<b>Net Debt:</b>	The aggregate of borrowings, net of cash and bank balances
<b>Net Debt to Equity Ratio:</b>	$\frac{\text{Net debt}}{\text{Total equity}}$

## MEASUREMENT

<b>Sq.ft.:</b>	Square feet
<b>Sq.m. or m<sup>2</sup>:</b>	Square meter
<b>Km.:</b>	Kilometer
<b>Sq.km.:</b>	Square kilometer



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. Cheng Kar-shun, Henry  
*(Chairman and Managing Director)*  
Mr. Doo Wai-hoi, William  
*(Vice-chairman)*  
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  
Ms. Ngan Man-ying, Lynda

### Non-Executive Director

Mr. Fu Sze-shing

### Independent Non-Executive Directors

Mr. Cheng Wai-chee, Christopher  
Mr. Tien Pei-chun, James  
Mr. Lee Luen-wai, John

## COMPANY SECRETARY

Ms. Ngan Man-ying, Lynda

## AUDITOR

PricewaterhouseCoopers

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of Communications Co., Ltd.  
The Bank of East Asia, Limited  
China Merchant Bank Co., Limited  
CITIC Ka Wah Bank Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Sumitomo Mitsui Banking Corporation

## WEBSITE

[www.nwcl.com.hk](http://www.nwcl.com.hk)

## REGISTERED OFFICE

P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9/F., New World Tower 1  
18 Queen's Road Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman KY1-1107  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited  
26/F., Tesbury Centre  
28 Queen's Road East  
Hong Kong

## STOCK CODE

Hong Kong Stock Exchange 00917

## INVESTOR INFORMATION

For more information about the Group,  
please contact the Corporate Communications Department at:  
New World China Land Limited  
9/F., New World Tower 1  
18 Queen's Road Central  
Hong Kong  
Tel: (852) 2131 0201  
Fax: (852) 2131 0216  
Email: [enquiry@nwcl.com.hk](mailto:enquiry@nwcl.com.hk)





## New World China Land Limited

(incorporated in the Cayman Islands with limited liability)

9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong

Tel : (852) 2131 0201 Fax : (852) 2131 0216

[www.nwcl.com.hk](http://www.nwcl.com.hk)