

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus (as defined herein) or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

A copy of each of the Prospectus Documents (as defined herein), having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance. The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the Shares (as defined herein) and the Rights Shares (as defined herein) in their nil-paid form and fully-paid form may be settled through CCASS (as defined herein) operated by HKSCC (as defined herein) and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

If you have sold or transferred all or part of your Shares, you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Neither this Prospectus nor any copy thereof may be released into or distributed in the United States or any other jurisdiction where such release or distribution might be unlawful, or distributed to any United States persons. Securities may not be offered or sold in the United States absent registration or an exemption from registration, and the securities described herein will be sold in accordance with all applicable laws and regulations.



New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 917)

RIGHTS ISSUE OF RIGHTS SHARES OF HK\$0.10 EACH AT HK\$2.55 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD

Joint Underwriters of the Rights Issue
(in alphabetical order)



BOC INTERNATIONAL



The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on the Acceptance Date (as defined herein). The procedure for acceptance and payment or transfer of the Rights Shares is set out on pages 14 and 15 of this Prospectus. The Underwriting Agreement (as defined herein) in respect of the Rights Issue (as defined herein) contains provisions entitling the Joint Underwriters (as defined herein) by giving notice to the Company to terminate the obligations of the Joint Underwriters thereunder at any time at or prior to the Latest Time for Termination (as defined herein) on the occurrence of certain events including force majeure events. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 20 to 21 of this Prospectus.

If the Joint Underwriters exercise such right of termination, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Upon the giving of written notice of termination, all the obligations of the Joint Underwriters, the Company and NWD under the Underwriting Agreement (save in respect of certain rights or obligations under the Underwriting Agreement) shall cease and no party shall have any Claim (as defined herein) against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (other than in respect of any antecedent breaches) provided that the Company shall remain liable to pay the Joint Underwriters costs, fees and expenses in accordance with the Underwriting Agreement.

It should also be noted that the Shares have been dealt in on an ex-rights basis from Thursday, 22 October 2009 and that the Rights Shares are expected to be dealt in their nil-paid form from Friday, 30 October 2009 to Friday, 6 November 2009 (both days inclusive). Any dealings in the Shares from now up to the date on which all conditions to which the Rights Issue is subject are required to be fulfilled (which is expected to be Monday, 16 November 2009), or any dealings in the Rights Shares in their nil-paid form from the date hereof to Friday, 6 November 2009 (both days inclusive), are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders (as defined herein) and potential investors in the Company should therefore exercise caution when dealing in the Shares or the Rights Shares in their nil-paid form, and if they are in any doubt about their position, they should consult their professional advisers.

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DEFINITIONS

In the Prospectus, unless the context otherwise requires, the following expressions have the meanings respectively set opposite to them:

“Acceptance Date”	Wednesday, 11 November 2009, being the latest time for acceptance of and payment for the Rights Shares
“Announcement”	the joint announcement of the Company and NWD dated 9 October 2009 relating to, inter alia, the Rights Issue
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors or a duly authorised executive committee thereof
“BOCI”	BOCI Asia Limited, a corporation registered with the SFC and licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Business Day”	a day on which banks are generally open for normal banking business in Hong Kong other than Saturdays and Sundays
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Claim(s)”	any claims, actions, litigation, proceedings or investigations (whether by governmental or regulatory bodies or otherwise) demands, judgements or awards
“Committed Shares”	the 1,325,492,304 Rights Shares which NWD has irrevocably undertaken to accept or procure the acceptance of in the Rights Issue
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time
“Company”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules

DEFINITIONS

“Convertible Bonds”	the US Dollar Settled Zero Coupon Guaranteed Convertible Bonds due 2012 of an aggregate principal amount of RMB2.8 billion issued by the Convertible Bonds Issuer on 11 June 2007 and 28 June 2007 and guaranteed by the Company (of which an aggregate principal amount of RMB250,000,000 have been repurchased by the Group) (Stock Name: NWCLFL B1206) (Stock Code: 1517)
“Convertible Bonds Issuer”	New World China Land Finance Limited, a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue
“Easywin”	Easywin Enterprises Corporation Limited, a wholly-owned subsidiary of NWD
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Joint Underwriters”	BOCI and HSBC (in alphabetical order)
“Last Closing Price”	the closing price of HK\$4.12 per Share as quoted on the Stock Exchange on the Last Trade Day
“Last Trade Day”	Thursday, 8 October 2009, being the last full trading day for the Shares before the release of the Announcement
“Latest Practicable Date”	Saturday, 24 October 2009, being the latest practicable date prior to the printing of the Prospectus for ascertaining certain information contained herein
“Latest Time for Termination”	4:00 p.m. on the third Business Day after the Acceptance Date which is expected to be Monday, 16 November 2009
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Macau”	the Macau Special Administrative Region of the PRC
“Non-Qualifying Shareholder(s)”	any Overseas Shareholder(s) in respect of whom the Directors, based on legal advice, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange and which is the controlling shareholder of the Company
“NWD’s Convertible Bonds”	the outstanding Convertible Bonds with a principal amount of RMB46,000,000 convertible into 6,691,975 Shares being held by NWD, in respect of which NWD has irrevocably undertaken to the Company and the Joint Underwriters not to exercise the conversion rights attaching thereto at any time prior to 5:00 p.m. on the Record Date
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at 5:00 p.m. on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of the Prospectus excludes Hong Kong, Macau and Taiwan
“Prospectus”	this prospectus to be issued by the Company for the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Prospectus Posting Date”	28 October 2009 (or such other date as may be agreed in writing between the Company and the Joint Underwriters)
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s) (if any), whose name(s) appear on the register of members of the Company at 5:00 p.m. on the Record Date
“Record Date”	Friday, 23 October 2009 or such other time and date as the Joint Underwriters may agree in writing with the Company as the time and date by reference to which entitlements of the Qualifying Shareholders to subscribe for the Rights Shares are to be determined

DEFINITIONS

“Registrar”	Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the issue by way of rights of one Rights Share for every two Shares in issue at 5:00 p.m. on the Record Date at a price of HK\$2.55 per Rights Share
“Rights Shares”	1,918,584,241 new Shares to be allotted and issued under the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Date”	the date being the third Business Day following the Acceptance Date
“SFC”	the Securities and Futures Commission in Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option(s)”	the option(s) to subscribe for Share(s) granted under the Share Option Scheme as at the Latest Practicable Date
“Share Option Scheme”	the share option scheme adopted by the Company on 26 November 2002
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$2.55 per Rights Share
“Supplementary Prospectus”	any supplementary prospectus published by the Company pursuant to Rule 11.13 of the Listing Rules
“Underwriting Agreement”	the conditional underwriting agreement dated 9 October 2009 entered into amongst the Company, NWD and the Joint Underwriters in relation to the underwriting of the Underwritten Rights Shares and certain other arrangements in respect of the Rights Issue
“Underwritten Rights Shares”	the Rights Shares other than the Committed Shares underwritten by the Joint Underwriters pursuant to the terms of the Underwriting Agreement
“%”	per cent

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of the Prospectus:

Number of Rights Shares to be issued	1,918,584,241
Amount to be raised	Approximately HK\$4,892.4 million before expenses
Subscription price	HK\$2.55 per Rights Share payable in full on acceptance
Latest time for payment and acceptance	4:00 p.m. on the Acceptance Date (or such other date as the Joint Underwriters may agree in writing with the Company as the last date for acceptance of, and payment for, the Rights Shares)
Basis of the Rights Issue	One Rights Share for every two Shares held at 5:00 p.m. on the Record Date
Excess applications	Qualifying Shareholders may apply for Rights Shares in excess of the provisional allotments

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

2009

First day of dealings in nil-paid Rights Shares	Friday, 30 October
Latest time for splitting of nil-paid Rights Shares	4:30 p.m., Tuesday, 3 November
Last day of dealings in nil-paid Rights Shares	Friday, 6 November
Latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares . . .	4:00 p.m., Wednesday, 11 November
Rights Issue expected to become unconditional	after 4:00 p.m., Monday, 16 November
Publication of the announcement of results of acceptance of and excess application for the Rights Issue	Tuesday, 17 November
Refund cheques for wholly or partially unsuccessful applications for excess Rights Shares to be despatched on or before	Wednesday, 18 November
Share certificates for fully-paid Rights Shares to be despatched on or before	Wednesday, 18 November
First day of dealings in fully-paid Rights Shares	Friday, 20 November

Note: All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in this Prospectus are indicative only and may be extended or varied by agreement between the Company and the Joint Underwriters. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as appropriate.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on the Acceptance Date if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

EXPECTED TIMETABLE

If the latest time for acceptance of and payment for the Rights Shares does not take place on the Acceptance Date, the dates mentioned in the section headed “Expected timetable” above may be affected. The Company will notify the Shareholders by way of an announcement of any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriting Agreement contains provisions granting the Joint Underwriters, by notice in writing to the Company, the right to terminate the Underwriting Agreement on the occurrence of certain events.

The Joint Underwriters may at any time prior to the Latest Time for Termination terminate the Underwriting Agreement if:

- (1) any material breach of any of the warranties or the undertakings given by the Company and NWD in the Underwriting Agreement comes to the knowledge of either of the Joint Underwriters, or there has been a material breach on the part of the Company or NWD of any other provision of the Underwriting Agreement; or
- (2) any event occurs or matter arises, which, if it had occurred before the date of the Underwriting Agreement or before any of the times on which the warranties given by the Company and NWD in the Underwriting Agreement are deemed to be given, would have rendered any of those warranties untrue, incorrect or misleading in any material respect; or
- (3) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or
- (4) the Company is required to produce a Supplementary Prospectus; or
- (5) there is any adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the opinion of the Joint Underwriters acting in good faith is material in the context of the Rights Issue; or
- (6) permission to deal in and listing of all the Rights Shares (in their nil paid and fully paid forms) has been withdrawn by the Stock Exchange; or
- (7) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (i) any change in, or any event or series of events resulting in a change in (whether or not permanent) local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any declaration by the PRC, Hong Kong or the United States of a national emergency, any outbreak or escalation of hostilities, any acts of terrorism, or any other epidemics, calamity or crisis, in any of those places); or
 - (ii) the declaration of a banking moratorium by Hong Kong authorities; or
 - (iii) any moratorium, suspension or material restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange; or
 - (iv) any suspension of dealings in the Shares for more than a period of three consecutive Business Days (other than as a result of announcing the Rights Issue); and

the effect of any of the matters listed in (i) to (iv) above (in the opinion of the Joint Underwriters acting in good faith): (a) is materially adverse to, or will materially and prejudicially affect, the Group or its prospects; (b) is material in the context of the Rights Issue; or (c) will or may materially and prejudicially affect the success of the Rights Issue, or make it inadvisable or inexpedient to proceed with the Rights Issue.

TERMINATION OF THE UNDERWRITING AGREEMENT

In the event the Joint Underwriters exercise their rights to terminate the Underwriting Agreement, all the obligations of the Joint Underwriters, the Company and NWD under the Underwriting Agreement (save in respect of certain rights or obligations under the Underwriting Agreement), shall cease and no party to the Underwriting Agreement will have any Claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (other than in respect of any antecedent breaches) provided that the Company shall remain liable to pay the Joint Underwriters costs, fees and expenses in accordance with the Underwriting Agreement.

If the Joint Underwriters exercise such right, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.



New World China Land Limited
新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 917)

Executive Directors

Dr. Cheng Kar-shun, Henry *GBS*
(Chairman and Managing Director)
Mr. Doo Wai-hoi, William *JP (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

Registered Office

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

Non-executive Director

Mr. Fu Sze-shing

***Principal place of business in
Hong Kong***

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

Independent Non-executive Directors

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

28 October 2009

*To the Qualifying Shareholders,
and for information only, holders of the Convertible Bonds
and Share Options and the Non-Qualifying Shareholders (if any)*

Dear Sir or Madam,

**RIGHTS ISSUE OF RIGHTS SHARES
OF HK\$0.10 EACH AT HK\$2.55 PER RIGHTS SHARE
ON THE BASIS OF ONE RIGHTS SHARE FOR
EVERY TWO SHARES HELD**

I. INTRODUCTION

The Board announced on 9 October 2009, that the Company entered into the Underwriting Agreement in relation to the Rights Issue. The Company proposes to raise approximately HK\$4,892.4 million before expenses by way of a rights issue of 1,918,584,241 Rights Shares on the basis of one Rights Share in nil-paid form for every two Shares held by the Qualifying Shareholders at 5:00 p.m. on the Record Date at the Subscription Price of HK\$2.55 per Rights Share payable in full on acceptance. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders (if any).

LETTER FROM THE BOARD

As at the Latest Practicable Date, NWD and Easywin held 2,537,632,731 Shares and 113,351,879 Shares, respectively, representing in aggregate approximately 69.09% of the issued share capital of the Company. Pursuant to the Underwriting Agreement, NWD has irrevocably undertaken to the Company and the Joint Underwriters, among other things, to accept or procure the acceptance of, the provisional allotment of the Committed Shares, which represent in aggregate approximately 69.09% of the Rights Shares and not to exercise any conversion rights attaching to the Convertible Bonds held by it at any time prior to the Record Date. Each of the Joint Underwriters has conditionally and severally agreed to underwrite 50% of the Underwritten Rights Shares.

The purpose of the Prospectus is to provide you with further details of the Rights Issue, including information on dealings in and transfer of Rights Shares in their nil-paid form and the procedure for the acceptance of provisional allotments of Rights Shares and certain financial and other information of the Group.

The Company considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

II. TERMS OF THE RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	One Rights Share for every two Shares held at 5:00 p.m. on the Record Date by the Qualifying Shareholders
Number of Shares in issue	3,837,168,482 Shares as at the Latest Practicable Date
Number of Rights Shares	1,918,584,241 Shares
Subscription price per Rights Share	HK\$2.55 per Rights Share
Joint Underwriters (in alphabetical order)	BOCI and HSBC
Enlarged issued share capital upon completion of the Rights Issue	5,755,752,723 Shares

As at the Latest Practicable Date:

- (1) there were outstanding Convertible Bonds (including NWD's Convertible Bonds) with an aggregate principal amount of RMB2,550,000,000 convertible into 370,968,211 Shares at the conversion price of HK\$6.98 per Share (subject to adjustments) using a fixed exchange rate of HK\$1 = RMB0.9848; and
- (2) there were outstanding Share Options in respect of 44,950,000 Shares.

LETTER FROM THE BOARD

Save for the outstanding Convertible Bonds and Share Options as mentioned above, the Company had no other outstanding convertible securities or options in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

The aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 50% of the Company's issued share capital as at the Record Date and represents approximately 33% of the Company's enlarged issued share capital immediately after the completion of the Rights Issue.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. To the extent reasonably practicable, the Company will send copies of the Prospectus to each of the Non-Qualifying Shareholders (if any) and the respective holders of the Convertible Bonds and the Share Options for their information only but will not send any PAL or EAF to them.

To qualify for the Rights Issue, a Shareholder or an investor must: (i) have been registered as a member of the Company at 5:00 p.m. on the Record Date; and (ii) not be a Non-Qualifying Shareholder.

The latest time for acceptance of and payment for the Rights Shares is expected to be 4:00 p.m. on the Acceptance Date. An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his or her entitlement under the Rights Issue, his or her proportionate shareholding in the Company will be diluted.

Rights of Non-qualifying Shareholders (if any)

The Prospectus Documents will not be registered or filed under the applicable securities legislation or equivalent legislation of any jurisdiction other than Hong Kong.

Based on the register of members of the Company at 5:00 p.m. on the Record Date, the Company had a total of two Shareholders with registered addresses outside Hong Kong, one being situated in Macau and the other one situated in Australia.

The Directors have, in compliance with Rule 13.36(2)(a) of the Listing Rules, made enquiries regarding the legal restrictions under the laws of Australia and Macau and the requirements of the relevant regulatory bodies or stock exchanges.

The Company has been advised by its legal advisers on the laws of Australia and Macau that there is no onerous restriction on extending the Rights Issue to the Shareholders in Australia and Macau. On that basis, the Directors believe that all Shareholders on the register of members of the Company as at 5:00 p.m. on the Record Date were Qualifying Shareholders and there was no Non-Qualifying Shareholder.

LETTER FROM THE BOARD

If however there were Non-Qualifying Shareholders, arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in nil-paid Rights Shares end if a premium in excess of all expenses of sale can be achieved. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (if any) (pro-rata to their shareholdings at 5:00 p.m. on the Record Date), provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any unsold Rights Shares to which such Non-Qualifying Shareholders (if any) would otherwise have been entitled will be made available for excess application on EAFs by the Qualifying Shareholders.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Company.

Subscription Price

The Subscription Price is HK\$2.55 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (1) a discount of approximately 38.11% to the Last Closing Price;
- (2) a discount of approximately 29.17% to the theoretical ex-rights price of approximately HK\$3.60 per Share, which is calculated on the Last Closing Price;
- (3) a discount of approximately 33.42% to the average of the closing prices of approximately HK\$3.83 per Share as quoted on the Stock Exchange for the five consecutive trading days ending on the Last Trade Day;
- (4) a discount of approximately 33.25% to the average of the closing prices of approximately HK\$3.82 per Share as quoted on the Stock Exchange for the ten consecutive trading days ending on the Last Trade Day; and
- (5) a discount of approximately 67.92% to the audited consolidated net asset value attributable to equity holders of the Company per Share as at 30 June 2009 of approximately HK\$7.95.

The Subscription Price was determined by the Directors with reference to the market price of the Shares under the prevailing market conditions and the current financial position of the Group.

After taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and use of proceeds” below, the Directors consider that the terms of the Rights Issue, including the Subscription Price and the discounts to the relative values as indicated above, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of the provisional allotment shall be one Rights Share for every two Shares held by the Qualifying Shareholders at 5:00 p.m. on the Record Date.

LETTER FROM THE BOARD

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares arising from such aggregation will be available to meet excess applications by Qualifying Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the then existing Shares in issue, such that holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

The Directors would like to inform Shareholders and potential investors that fully-paid Rights Shares shall entitle the holders thereof to the final dividend of HK\$0.06 per Share for the financial year ended 30 June 2009 as recommended by the Directors on 8 October 2009, as the Rights Shares will be issued before Wednesday, 9 December 2009, being the date for determining entitlement to the final dividend. All transfers accompanied by the relevant share certificates must be lodged with the Registrar not later than 4:30 p.m. on Friday, 4 December 2009 to establish entitlements to the proposed final dividend.

Procedure for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at or before 4:00 p.m. on the Acceptance Date. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "New World China Land Limited — Provisional Allotment Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar at or before 4:00 p.m. on the Acceptance Date, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation at or before 4:30 p.m. on Tuesday, 3 November 2009 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations required

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which will be available for collection from the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier's orders for the Rights Shares will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Joint Underwriters exercise their rights to terminate the Underwriting Agreement or if any of the conditions of the Rights Issue are not fulfilled at or before the time and date specified in the Underwriting Agreement, the monies received in respect of acceptances of the Rights Shares will be refunded to the applicants without interest by means of cheque(s) to be dispatched by ordinary post at the risk of such applicants on or before Wednesday, 18 November 2009.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders (if any), any unsold Rights Shares created by adding together fractions of the Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Qualifying Shareholders who wish to apply for any Rights Shares in addition to their provisional allotment, must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar by no later than 4:00 p.m. on the Acceptance Date or such later time and/or date as may be agreed between the Company and the Joint Underwriters. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "New World China Land Limited — Excess Application Account" and crossed "Account Payee Only". The Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them. An announcement of results of acceptance of and excess applications for the Rights Issue will be published on Tuesday, 17 November 2009.

Applications for excess Rights Shares can be made only by Qualifying Shareholders and only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Board will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (2) subject to the availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e., Qualifying

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Shareholders applying for smaller number of Rights Shares will be allocated a higher percentage of the excess Rights Shares they have applied for whereas Qualifying Shareholders applying for a larger number of Rights Shares will be allocated a lower percentage of the excess Rights Shares they have applied for (although they will still receive a greater number of Rights Shares than those applying for a smaller number)).

Investors whose Shares are held by a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to them individually.

If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full by ordinary post and at his own risk on or before Wednesday, 18 November 2009. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to him by ordinary post and at his own risk on or before Wednesday, 18 November 2009.

If the Joint Underwriters exercise the right to terminate their obligations under the Underwriting Agreement before the Latest Time for Termination, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques dispatched by ordinary post at the risk of such applicants on or before Wednesday, 18 November 2009.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any EAF in respect of which a cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for fully-paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk on or before Wednesday, 18 November 2009. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants by ordinary post at their own risk on or before Wednesday, 18 November 2009. Dealings in the fully-paid Rights Shares are expected to commence on or about Friday, 20 November 2009.

Application for listing of the Rights Shares on the Stock Exchange

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares on the Stock Exchange, in both their nil-paid and fully-paid forms. The Rights Shares do not constitute a new class of securities to be listed on the Stock Exchange. No part of the Shares is listed, or dealt in, or for which listing or permission to deal is being or is proposed to be sought, on any other stock exchange. The nil-paid and fully-paid Rights Shares are expected to have the same board lot size as the Shares (i.e., 400 Shares in one board lot).

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day after the date of the transaction.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Adjustments to the prices of the Convertible Bonds and Share Options

As at the Latest Practicable Date, there were outstanding Convertible Bonds (including NWD's Convertible Bonds) with an aggregate principal amount of RMB2,550,000,000 convertible into 370,968,211 Shares at the conversion price of HK\$6.98 per Share (subject to adjustments) using a fixed exchange rate of HK\$1 = RMB0.9848. There were also outstanding Share Options in respect of 44,950,000 Shares.

As a result of the Rights Issue, the conversion price of the outstanding Convertible Bonds was adjusted in accordance with the terms and conditions of the Convertible Bonds. Please refer to the announcement of the Company dated 23 October 2009 for details of such adjustment. In addition, the exercise price of the outstanding Share Option will be adjusted in accordance with the terms and conditions of the Share Option Scheme. Further announcement will be made on the appropriate adjustment.

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Underwriting arrangements

Principal Terms of the Underwriting Agreement

Date:	9 October 2009
Parties:	The Company, NWD and the Joint Underwriters
Number of Underwritten Rights Shares:	593,091,937 Rights Shares
	Each of the Joint Underwriters will underwrite 50% of the Underwritten Rights Shares on a several basis
Joint Underwriters' Commission:	The commission payable by the Company in respect of the Rights Issue is 2.25% of the aggregate Subscription Price in respect of the actual number of Underwritten Rights Shares as determined at 5:00 p.m. on the Record Date

The Board considers the terms of the Underwriting Agreement including the rate of commission to be fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional. The obligations of the Joint Underwriters under the Underwriting Agreement are conditional upon:

- (1) permission to deal in and listing of all the Rights Shares (in their nil paid and fully paid forms) being granted (subject only to allotment and despatch of the appropriate documents of title) by the Stock Exchange by no later than the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully paid forms respectively) and such permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (2) all relevant consents and approvals being obtained from the regulatory authorities, including the Stock Exchange and the SFC, as the case may require in connection with the Rights Issue by the relevant time that each consent and approval is required;
- (3) compliance with and performance of the obligations of the Company taking place by the times specified in the Underwriting Agreement in connection with the making of the Rights Issue and the allotment and offer of the Rights Shares;
- (4) compliance with and performance of the obligations of NWD taking place by the times specified in the Underwriting Agreement in connection with its irrevocable undertaking under the Underwriting Agreement; and
- (5) receipt by the Joint Underwriters (in a form and substance satisfactory to them) of all relevant documents to be provided by the Company by the times specified in the Underwriting Agreement.

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The Company and NWD shall use their reasonable endeavours to procure the fulfilment of each of the above conditions by the due time and/or date referred to in each case (or if no date is specified, by the Latest Time for Termination) and to procure that each of such conditions is fulfilled in sufficient time so that the date on which the Latest Time for Termination occurs falls on or before Monday, 30 November 2009 (or such later date as the Company and the Joint Underwriters may jointly agree) and in particular shall furnish such information, supply such documents, pay (in the case of the Company) such fees, give such undertakings and do all such acts and things as may reasonably be required by the Joint Underwriters and the Stock Exchange in connection with the making of the Rights Issue and the listing of the Rights Shares.

The Joint Underwriters shall have the right, in their absolute discretion, by giving written notice to the Company and NWD on or before the latest time at which, or the latest day on which, any of the above conditions may be fulfilled:

- (1) to extend the deadline for the fulfilment of any condition by such time or number of days or in such manner as the Joint Underwriters may determine;
- (2) to waive such condition (other than conditions (1) and (2) above), and such waiver may be made subject to such terms and conditions as the Joint Underwriters may determine.

Lock-up

The Company has undertaken to the Joint Underwriters, and NWD has undertaken to the Joint Underwriters to procure that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days from the date of completion of the Rights Issue (which is expected to be on Monday, 16 November 2009), except with the prior written consent of the Joint Underwriters (such consent not to be unreasonably withheld or delayed), the Company will not (except for the Rights Shares and save pursuant to: (1) the terms of the Share Option Scheme; or (2) the terms of the Convertible Bonds) (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares; (ii) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any Shares; (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or (iv) announce any intention to enter into or effect any such transaction described in (i), (ii) or (iii) above.

NWD has undertaken that it will not, and shall procure that (so far as applicable) Easywin shall not, without first having obtained the prior written consent of the Company and the Joint Underwriters:

- (1) transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any Share or any interest therein between the date of the Underwriting Agreement and the Record Date; or

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- (2) transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire (except by taking up Rights Shares provisionally allotted to it pursuant to the Rights Issue and pursuant to the Underwriting Agreement or acquiring nil-paid rights or submitting EAFs or acquiring Shares in circumstances which do not contravene the Listing Rules) any Share or any interest therein between the Record Date and 4:00 p.m. on the Acceptance Date.

NWD has further undertaken to the Company and the Joint Underwriters that for a period of 90 days from the date on which the Latest Time for Termination occurs, except with the prior written consent of the Joint Underwriters (such consent not to be unreasonably withheld or delayed) it will not and will procure that Easywin (whether directly or indirectly) will not:

- (1) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Rights Shares) or any interests therein beneficially owned or held by NWD or such controlled companies or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests;
- (2) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (1) or (2) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (3) announce any intention to enter into or effect any such transaction described in (1) or (2) above.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Joint Underwriters, by notice in writing to the Company, the right to terminate the Underwriting Agreement on the occurrence of certain events.

The Joint Underwriters may at any time prior to the Latest Time for Termination terminate the Underwriting Agreement if:

- (1) any material breach of any of the warranties or the undertakings given by the Company and NWD in the Underwriting Agreement comes to the knowledge of either of the Joint Underwriters, or there has been a material breach on the part of the Company or NWD of any other provision of the Underwriting Agreement; or
- (2) any event occurs or matter arises, which, if it had occurred before the date of the Underwriting Agreement or before any of the times on which the warranties given by the Company and NWD in the Underwriting Agreement are deemed to be given, would have rendered any of those warranties untrue, incorrect or misleading in any material respect; or
- (3) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or
- (4) the Company is required to produce a Supplementary Prospectus; or

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- (5) there is any adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the opinion of the Joint Underwriters acting in good faith is material in the context of the Rights Issue; or
- (6) permission to deal in and listing of all the Rights Shares (in their nil paid and fully paid forms) has been withdrawn by the Stock Exchange; or
- (7) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (i) any change in, or any event or series of events resulting in a change in (whether or not permanent) local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any declaration by the PRC, Hong Kong or the United States of a national emergency, any outbreak or escalation of hostilities, any acts of terrorism, or any other epidemics, calamity or crisis, in any of those places); or
 - (ii) the declaration of a banking moratorium by Hong Kong authorities; or
 - (iii) any moratorium, suspension or material restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange; or
 - (iv) any suspension of dealings in the Shares for more than a period of three consecutive Business Days (other than as a result of announcing the Rights Issue); and

the effect of any of the matters listed in (i) to (iv) above (in the opinion of the Joint Underwriters acting in good faith): (a) is materially adverse to, or will materially and prejudicially affect, the Group or its prospects; (b) is material in the context of the Rights Issue; or (c) will or may materially and prejudicially affect the success of the Rights Issue, or make it inadvisable or inexpedient to proceed with the Rights Issue.

In the event the Joint Underwriters exercise their rights to terminate the Underwriting Agreement, all the obligations of the Joint Underwriters, the Company and NWD under the Underwriting Agreement (save in respect of certain rights or obligations under the Underwriting Agreement), shall cease and no party to the Underwriting Agreement will have any Claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (other than in respect of any antecedent breaches) provided that the Company shall remain liable to pay the Joint Underwriters costs, fees and expenses in accordance with the Underwriting Agreement.

If the Joint Underwriters exercise such right, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Further announcement will be made by the Company if the Underwriting Agreement is terminated by the Joint Underwriters.

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Irrevocable undertaking from NWD

As at the Latest Practicable Date, NWD and Easywin were the beneficial owners of 2,537,632,731 Shares and 113,351,879 Shares, respectively, representing in aggregate approximately 69.09% of the issued share capital of the Company.

Pursuant to the Underwriting Agreement, NWD has irrevocably undertaken to the Company and the Joint Underwriters, among other things, to accept, or procure the acceptance of, the provisional allotment of the Committed Shares, which are to be allotted to it and Easywin under the Rights Issue in full and not to exercise any conversion rights attaching to the Convertible Bonds held by it at any time prior to 5:00 p.m. on the Record Date.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Shares have been dealt in on an ex-rights basis from Thursday, 22 October 2009. Dealings in the Rights Shares in the nil-paid form are expected to take place from Friday, 30 October 2009 to Friday, 6 November 2009 (both dates inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional. If the conditions of the Rights Issue are not fulfilled (or waived) or if the Joint Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed.

Any Shareholder or other person contemplating selling or purchasing Shares or the Rights Shares in their nil-paid form or any other securities of the Company and who is in any doubt about his position, is recommended to consult his professional adviser. Any Shareholder or other person dealing in Shares or other securities of the Company up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Joint Underwriters' right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Friday, 30 October 2009 to Friday, 6 November 2009 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Reasons for the Rights Issue and use of proceeds

The Company is principally engaged in property development and property related investments as well as rental and hotel operation in the PRC.

The Directors consider that taking into account the prevailing market conditions, it would be in the best interests of the Company and the Shareholders as a whole to raise long-term equity funding for refinancing the Company's existing borrowings and debts, including the possible redemption or repurchase of the outstanding Convertible Bonds. Pursuant to the terms of the Convertible Bonds, on 11 June 2010, each of the bondholders has the right to require the Convertible Bonds Issuer to redeem all or some of the Convertible Bonds held by them on that day.

Having considered other fund raising alternatives for the Group, including issuance of debt securities and share placements and taking into account the benefits and costs of each alternative, the Directors consider that the Rights Issue is the preferred means for the Group to raise long-term funds without subjecting itself to interest burden or additional debt. The Rights Issue also offers existing Shareholders the opportunity to avoid dilution. The Directors consider that the net proceeds of the Rights Issue will also strengthen the Company's capital base and enhance the Group's financial resilience, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms.

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The Directors believe that the Rights Issue is in the interests of the Group and the Shareholders as a whole for the reasons mentioned above.

The estimated gross proceeds from the Rights Shares will be approximately HK\$4,892.4 million before expenses.

The estimated expenses in relation to the Rights Issue, including underwriting commission, financial, legal, subsequent issue fee, printing, registration, translation and other related expenses, of approximately HK\$38.4 million, will be borne by the Company. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$2.53.

The estimated net proceeds of the Rights Issue, after the deduction of all estimated expenses of HK\$38.4 million, will be approximately HK\$4,854.0 million. The Directors currently intend to apply the net proceeds from the Rights Issue for:

- refinancing the Company's existing borrowings and debts, including the possible redemption or repurchase of the outstanding Convertible Bonds; and
- meeting the future funding requirements for the Group's property development and property related investment in the PRC and as additional general working capital of the Group.

Previous fund raising exercise of the Company

Save for the Rights Issue, the Company has not undertaken any equity fund raising exercise in the 12-month period immediately preceding the date of this Prospectus.

Possible change in the shareholding structure of the Company as a result of the Rights Issue

The shareholdings in the Company as at the Latest Practicable Date and immediately after the completion of the Rights Issue were and will be as follows:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Rights Shares are taken up by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming no Rights Shares are taken up by the Qualifying Shareholders (save for NWD and Easywin))	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
NWD	2,537,632,731	66.13	3,806,449,096	66.13	3,806,449,096	66.13
Easywin	113,351,879	2.96	170,027,818	2.96	170,027,818	2.96
NWD's affiliated Companies	63,874,170	1.66	95,811,255	1.66	63,874,170	1.11
Directors	136,283,226	3.55	204,424,839	3.55	136,283,226	2.37
	<u>2,851,142,006</u>	<u>74.30</u>	<u>4,276,713,008</u>	<u>74.30</u>	<u>4,176,634,310</u>	<u>72.57</u>
Public						
— Joint Underwriters	—	—	—	—	593,091,937	10.30 ⁽¹⁾
— Other Public Shareholders	<u>986,026,476</u>	<u>25.70</u>	<u>1,479,039,715</u>	<u>25.70</u>	<u>986,026,476</u>	<u>17.13</u>
Total	<u><u>3,837,168,482</u></u>	<u><u>100.00</u></u>	<u><u>5,755,752,723</u></u>	<u><u>100.00</u></u>	<u><u>5,755,752,723</u></u>	<u><u>100.00</u></u>

(1) Each of the Joint Underwriters has agreed to underwrite 50% of the Underwritten Rights Shares on a several basis, representing approximately 5.15% of the issued share capital of the Company immediately after completion of the Rights Issue.

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Business review, trend and prospects of the Group

The Group is primarily engaged in the development and sale of property projects in the PRC, focusing on large-scale multi-phased residential real estate projects, targeted at middle to high income group customers. The Group is now operating in over 12 major cities and developing over 36 property projects with a total gross floor area of 18 million square metres. In addition to property development, the Group is also engaged in property investment which derives rental income from its investment property portfolio comprising primarily retail shopping arcades and office premises. The Group also operates 7 self-developed hotels with an aggregate capacity of over 2,500 hotel rooms.

The occurrence of the global financial crisis in the last quarter of 2008 exposed the economy of the PRC to difficult challenges inducing unfavourable market conditions in its property market which suffered from slow sentiment and inevitable suppression of domestic demand. In response to this sudden market shrinkage, the Group has rescheduled some of the property completion progress and pre-sale launching with a slower pace. This strategic adjustment resulted in an expected decrease in completion and reduction in sales volume recorded during the year ended 30 June 2009. With various stimulus measures implemented by the Central Government of the PRC, the Directors believe that the negative impact from the financial crisis has been no more protracted than anticipated, the economy has been reviving since the second quarter of 2009 and increased domestic housing demand has returned to the property market.

During the three months ended 30 September 2009, the Group has secured contracted sales amounting to RMB2.1 billion, together with presale proceeds from contracted sales amounting to RMB1.9 billion in relation to projects not yet completed during the year ended 30 June 2009 (“FY2009”). Contracted sales not yet recorded reached RMB4.0 billion in aggregate, representing over 118% of FY2009’s total recorded gross sale proceeds.

The promising performance of the Group’s investment properties portfolio has been continuing, with increasing occupancies sustained, in particular in relation to the Group’s office premises portfolio. The rental contribution from the Group’s retail shopping arcade has been satisfactory with increase in overall rental revenue meeting market expectation. In August 2009, the Galleria, the Group’s flagship retail mall in Dalian, PRC, was soft-opened with over 60% occupancy rate achieved which supplements its recurrent rental base.

Confronted with a depressed hospitality industry in the PRC as a result of the PRC Central Government discouraging travelling due to the outbreak of swine flu in the second quarter of 2009 and operating results being impacted adversely by the opening of new hotels, the Group’s performance in hotel operations deteriorated for the year ended 30 June 2009. The Group’s hotel occupancy rate embarked on an improving trend during the first few months of operation for the year ending 30 June 2010 as impact from negative factors gradually faded out.

Financial and trading prospects of the Group

The Group continues to adopt prudent and cautious financial management policies and enhances its cash flow management capability through accelerating the realisation of the Group’s developing assets. By striving to achieve a well-balanced leverage, the Group endeavours to monitor and maintain a healthy financial position. Upon receipt of the proceeds from the Rights Issue, the financial position of the Group will be further strengthened with reduced gearing which will enhance the Group’s financial capacity and resilience.

Under the current fostering condition of the PRC economy, the Group is cautiously optimistic about the Group’s business. In the short-term, it would not be surprising to see a slight contraction in transaction volume and a further price increase. In the medium and long term, rapid urbanisation and increased housing demand will underpin the healthy growth and development of the property market in the PRC.

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Government policy will be a key to market development in the PRC. Given that exports are still weak, the PRC Central Government is likely to implement policies to encourage domestic consumption to fuel economic growth. It is widely expected that the PRC Central Government will not make a major shift from its current policies. Nevertheless, there would be minor adjustments to pace the market and economic rhythm.

The Group will continue a prudent approach in managing its business in the PRC. Overall, the Group is cautiously optimistic about the PRC property market and is monitoring the market closely. Furthermore, the Group will continue its selective expansion of its solid recurrent income base from rental income.

Taxation

Qualifying Shareholders and Non-Qualifying Shareholders (if any) are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of, as regards Qualifying Shareholders, holding or disposal of, or dealing in the Rights Shares and as regards the Non-Qualifying Shareholders (if any), their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liability of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

III. LISTING RULES IMPLICATIONS

As the completion of the proposed Rights Issue would increase the issued share capital of the Company by no more than 50 per cent, the Rights Issue is not conditional on approval by the Shareholders pursuant to Rule 7.19(6)(a) of the Listing Rules.

IV. FURTHER INFORMATION

Your attention is drawn to the additional information set out in appendices I to III to the Prospectus.

Yours faithfully,
For and on behalf of the Board of
New World China Land Limited
Cheng Kar-shun, Henry
Chairman and Managing Director

I. SUMMARY OF FINANCIAL INFORMATION FOR EACH OF THE THREE YEARS ENDED 30 JUNE 2007, 2008 AND 2009

The following is a summary of the consolidated results of the Group for each of the three years ended 30 June 2007, 2008 and 2009, and the consolidated balance sheets as at 30 June 2007, 2008 and 2009 as extracted from the published annual reports of the Company.

Consolidated Income Statement

	Year ended 30th June		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Revenues	2,474,238	3,523,527	2,038,623
Cost of sales	<u>(1,627,044)</u>	<u>(2,395,177)</u>	<u>(1,336,861)</u>
Gross profit	847,194	1,128,350	701,762
Other income and other gains, net	703,080	1,652,172	1,541,928
Changes in fair value of investment properties	72,682	201,676	135,182
Selling expenses	(103,950)	(128,530)	(135,560)
Administrative expenses	(71,125)	(72,621)	(90,065)
Other operating expenses	<u>(495,658)</u>	<u>(651,163)</u>	<u>(670,196)</u>
Operating profit before finance costs	952,223	2,129,884	1,483,051
Finance costs	(230,790)	(278,053)	(274,796)
Share of results of			
Associated companies	141,133	241,514	171,783
Jointly controlled entities	<u>452,276</u>	<u>285,972</u>	<u>93,547</u>
Profit before taxation	1,314,842	2,379,317	1,473,585
Taxation charge	<u>(132,054)</u>	<u>(355,739)</u>	<u>(179,362)</u>
Profit for the year	<u>1,182,788</u>	<u>2,023,578</u>	<u>1,294,223</u>
Attributable to:			
Equity holders of the Company	1,191,444	2,019,935	1,359,369
Minority interests/non-controlling interests	<u>(8,656)</u>	<u>3,643</u>	<u>(65,146)</u>
	<u>1,182,788</u>	<u>2,023,578</u>	<u>1,294,223</u>
Dividends	<u>306,566</u>	<u>230,034</u>	<u>230,230</u>
Dividend per share			
Interim dividend	2.00 cents	4.00 cents	—
Final dividend	<u>6.00 cents</u>	<u>2.00 cents</u>	<u>6.00 cents</u>
	<u>8.00 cents</u>	<u>6.00 cents</u>	<u>6.00 cents</u>
Earnings per share			
Basic	31.20 cents	52.70 cents	35.45 cents
Diluted	<u>31.07 cents</u>	<u>49.04 cents</u>	<u>33.52 cents</u>

Consolidated Balance Sheet

	As at 30th June		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	919,864	987,412	1,784,002
Investment properties	5,871,951	7,321,728	9,131,467
Land use rights	332,521	494,142	583,892
Goodwill	48,095	127,766	82,766
Properties held for development	7,852,456	6,870,382	7,344,944
Associated companies	1,746,047	1,947,102	383,246
Jointly controlled entities	10,484,071	11,278,973	13,284,317
Available-for-sale financial assets	71,427	209,275	217,910
Financial assets at fair value through profit or loss	—	120,308	—
Cash and bank balances, restricted	—	40,909	26,136
	<u>27,326,432</u>	<u>29,397,997</u>	<u>32,838,680</u>
Current assets			
Properties under development	4,133,351	7,889,265	7,341,319
Completed properties held for sale	1,240,554	1,496,675	2,293,663
Hotel inventories, at cost	833	1,024	3,494
Debtors, deposits and other receivables	3,870,289	6,761,477	7,020,922
Amounts due from group companies	146,544	27,663	33,638
Cash and bank balances, restricted	464,303	415,559	232,358
Cash and bank balances, unrestricted	5,931,761	4,368,149	3,642,416
	<u>15,787,635</u>	<u>20,959,812</u>	<u>20,567,810</u>
Non-current assets held for sale	—	—	985,159
	<u>15,787,635</u>	<u>20,959,812</u>	<u>21,552,969</u>
Total assets	<u>43,114,067</u>	<u>50,357,809</u>	<u>54,391,649</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	383,036	383,450	383,647
Reserves	25,616,877	29,244,667	29,909,271
Proposed final dividend	229,975	76,692	230,230
	<u>26,229,888</u>	<u>29,704,809</u>	<u>30,523,148</u>
Minority interests/non-controlling interests	1,241,695	1,331,697	1,513,734
Total equity	<u>27,471,583</u>	<u>31,036,506</u>	<u>32,036,882</u>

	As at 30th June		
	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	9,797,465	10,253,824	11,117,308
Deferred tax liabilities	502,076	551,554	799,773
	<u>10,299,541</u>	<u>10,805,378</u>	<u>11,917,081</u>
Current liabilities			
Creditors and accruals	1,630,188	2,313,463	2,083,901
Deposits received on sale of properties	1,052,050	724,612	1,363,484
Amounts due to group companies	483,117	281,197	425,211
Short term bank loans	486,735	449,545	562,500
Current portion of long term borrowings	980,615	3,976,239	5,408,206
Current portion of long term payable	132,878	—	—
Amounts due to minority shareholders/ non-controlling shareholders	302,284	343,306	99,626
Taxes payable	275,056	427,563	494,758
	<u>5,342,943</u>	<u>8,515,925</u>	<u>10,437,686</u>
Total liabilities	<u>15,642,484</u>	<u>19,321,303</u>	<u>22,354,767</u>
Total equity and liabilities	<u>43,114,067</u>	<u>50,357,809</u>	<u>54,391,649</u>
Net current assets	<u>10,444,692</u>	<u>12,443,887</u>	<u>11,115,283</u>
Total assets less current liabilities	<u>37,771,124</u>	<u>41,841,884</u>	<u>43,953,963</u>

II. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

Set out below are the audited consolidated financial statements of the Group for the year ended 30 June 2009 together with the relevant notes thereto as extracted from the Company's published annual report for the year ended 30 June 2009.

Consolidated Income Statement

	<i>Note</i>	Year ended 30th June	
		2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues	6	2,038,623	3,523,527
Cost of sales		<u>(1,336,861)</u>	<u>(2,395,177)</u>
Gross profit		701,762	1,128,350
Other income	7	534,386	949,203
Other gains, net	8	1,007,542	702,969
Changes in fair value of investment properties	17	135,182	201,676
Selling expenses		(135,560)	(128,530)
Administrative expenses		(90,065)	(72,621)
Other operating expenses		<u>(670,196)</u>	<u>(651,163)</u>
Operating profit before finance costs	9	1,483,051	2,129,884
Finance costs	10	(274,796)	(278,053)
Share of results of			
Associated companies		171,783	241,514
Jointly controlled entities		<u>93,547</u>	<u>285,972</u>
Profit before taxation		1,473,585	2,379,317
Taxation charge	13	<u>(179,362)</u>	<u>(355,739)</u>
Profit for the year		<u><u>1,294,223</u></u>	<u><u>2,023,578</u></u>
Attributable to:			
Equity holders of the Company		1,359,369	2,019,935
Non-controlling interests		<u>(65,146)</u>	<u>3,643</u>
		<u><u>1,294,223</u></u>	<u><u>2,023,578</u></u>
Dividends	14	<u><u>230,230</u></u>	<u><u>230,034</u></u>
Dividend per share	14		
Interim dividend		—	4.00 cents
Final dividend		<u>6.00 cents</u>	<u>2.00 cents</u>
		<u><u>6.00 cents</u></u>	<u><u>6.00 cents</u></u>
Earnings per share	15		
Basic		35.45 cents	52.70 cents
Diluted		<u>33.52 cents</u>	<u>49.04 cents</u>

Consolidated Balance Sheet

		As at 30th June	
		2009	2008
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
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
		<u>32,838,680</u>	<u>29,397,997</u>
Current assets			
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
		<u>20,567,810</u>	<u>20,959,812</u>
Non-current assets held for sale	31	985,159	—
		<u>21,552,969</u>	<u>20,959,812</u>
Total assets		<u><u>54,391,649</u></u>	<u><u>50,357,809</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	32	383,647	383,450
Reserves	33	29,909,271	29,244,667
Proposed final dividend	33	230,230	76,692
		<u>30,523,148</u>	<u>29,704,809</u>
Non-controlling interests		<u>1,513,734</u>	<u>1,331,697</u>
Total equity		<u><u>32,036,882</u></u>	<u><u>31,036,506</u></u>

Consolidated Balance Sheet (continued)

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

Balance Sheet

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

Consolidated Cash Flow Statement

	<i>Note</i>	Year ended 30th June	
		2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Operating activities			
Net cash used in operations	43(a)	(4,124,384)	(3,754,319)
Tax paid		<u>(157,419)</u>	<u>(164,354)</u>
Net cash used in operating activities		<u>(4,281,803)</u>	<u>(3,918,673)</u>
Investing activities			
Dividend income from jointly controlled entities		—	77,890
Dividend received from available-for-sale financial assets		8,839	12,903
Interest received		69,179	457,470
Additions to property, plant and equipment, land use rights and investment properties		(84,943)	(298,667)
Increase in investments in associated companies		(57,032)	(118,008)
Increase in investments in jointly controlled entities		(1,022,388)	(2,711,153)
Decrease in investments in jointly controlled entities		1,076,855	2,120,683
Decrease in investments in associated companies		56,333	86,517
Acquisition of subsidiaries	43(c)	(384,284)	—
Acquisition of additional interests in subsidiaries		(485,477)	(81,504)
Disposal of subsidiaries	43(e)	603,704	417,292
Disposal of partial interest in a subsidiary		—	2,874
Disposal of available-for-sale financial assets		117,928	—
Disposal of property, plant and equipment and investment properties		3,156	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		<u>(98,130)</u>	<u>(170,913)</u>
Financing activities			
Interest paid		(505,295)	(408,182)
Increase in long term borrowings		4,785,731	3,503,706
Repayment of long term borrowings		(1,014,165)	(568,553)
Repayment of long term payable		—	(132,898)
Net increase in short term bank loans		112,954	19,629
Capital contribution from non-controlling shareholders		303,128	142,422
(Decrease)/increase in amounts due to non-controlling shareholders		(13,667)	23,926
Increase in loans from fellow subsidiary companies		—	26,259
Issue of shares		3,437	8,534
Repurchase of convertible bonds		(193,201)	—
Dividends paid		(76,692)	(383,317)
Decrease in restricted bank balances		197,974	7,835
Net cash generated from financing activities		<u>3,600,204</u>	<u>2,239,361</u>
Net decrease in cash and cash equivalents		<u>(779,729)</u>	<u>(1,850,225)</u>
Cash and cash equivalents at beginning of the year		4,368,149	5,931,761
Exchange differences on cash and cash equivalents		53,996	286,613
Cash and cash equivalents at end of the year		<u>3,642,416</u>	<u>4,368,149</u>

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company			Non-controlling interests	Total equity
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	Shareholders' funds <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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

Consolidated Statement of Changes in Equity (continued)

	Attributable to equity holders of the Company			Non-controlling interests	Total equity
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	Shareholders' funds <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st July 2008	383,450	29,321,359	29,704,809	1,331,697	31,036,506
Translation differences	—	39,893	39,893	(3,115)	36,778
Change in fair value of available-for-sale financial assets, net of tax	—	57,136	57,136	—	57,136
Disposal of available-for- sale financial assets	—	(15,290)	(15,290)	—	(15,290)
Disposal of subsidiaries	—	(233,455)	(233,455)	(130,527)	(363,982)
Net income recognised directly in equity	—	(151,716)	(151,716)	(133,642)	(285,358)
Profit for the year	—	1,359,369	1,359,369	(65,146)	1,294,223
Total recognised income for the year	—	1,207,653	1,207,653	(198,788)	1,008,865
Issue of shares	197	3,240	3,437	—	3,437
Capital contribution from non-controlling interests	—	—	—	303,128	303,128
Acquisition of additional interests in subsidiaries	—	(334,850)	(334,850)	77,697	(257,153)
Share-based payments	—	24,268	24,268	—	24,268
Repurchase of convertible bonds	—	(5,477)	(5,477)	—	(5,477)
Dividends paid	—	(76,692)	(76,692)	—	(76,692)
	197	(389,511)	(389,314)	380,825	(8,489)
Balance at 30th June 2009	383,647	30,139,501	30,523,148	1,513,734	32,036,882

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

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:

	Increase/(decrease) in profit for the year HK\$'000
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	<u>(4,175)</u>
Profit for the year	<u><u>403,774</u></u>
Attributable to:	
Equity holders of the Company	403,774
Non-controlling interests	<u>—</u>
	<u><u>403,774</u></u>
Earnings per share (HK cents)	
Basic	10.53
Diluted	<u><u>9.67</u></u>

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

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

(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

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.

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.

(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.

(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.

(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.

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.

(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.

(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 a 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 arise.

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.

(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\$2,127 million (2008: HK\$2,548 million).

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

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted cashflow <i>HK\$'000</i>	Within 1 year <i>HK\$'000</i>	Over 1 year but within 5 years <i>HK\$'000</i>	After 5 years <i>HK\$'000</i>
At 30th June 2009					
Creditors and accruals	2,028,101	2,028,101	1,948,774	75,741	3,586
Amounts due to jointly controlled entities	1,191,196	1,191,196	1,191,196	—	—
Amounts due to group companies	425,211	425,211	425,211	—	—
Amounts due to non-controlling shareholders	99,626	99,626	99,626	—	—
Short term bank loans	562,500	584,592	584,592	—	—
Long term borrowings	<u>16,525,514</u>	<u>17,903,914</u>	<u>6,123,623</u>	<u>10,519,114</u>	<u>1,261,177</u>
At 30th June 2008					
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	<u>14,230,063</u>	<u>15,763,678</u>	<u>4,603,691</u>	<u>11,132,800</u>	<u>27,187</u>
Company					
At 30th June 2009					
Creditors and accruals	13,796	13,796	13,796	—	—
Amounts due to group companies	25,666	25,666	25,666	—	—
Long term borrowings	<u>4,062,419</u>	<u>4,097,196</u>	<u>914,361</u>	<u>475,502</u>	<u>2,707,333</u>
At 30th June 2008					
Creditors and accruals	37,018	37,018	37,018	—	—
Amounts due to group companies	126,458	126,458	126,458	—	—
Long term borrowings	<u>3,456,914</u>	<u>3,515,201</u>	<u>383,042</u>	<u>897,571</u>	<u>2,234,588</u>

(d) Capital management

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

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

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

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

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

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.

(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.

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

- (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.

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

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

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

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

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

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:

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

8. Other gains, net

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

9. Operating profit before finance costs

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

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).

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

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.

10. Finance costs

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

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

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
For the year ended 30th June 2009					
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
	<u>2,050</u>	<u>7,114</u>	<u>325</u>	<u>9,185</u>	<u>18,674</u>
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
	<u>2,050</u>	<u>6,718</u>	<u>281</u>	<u>5,112</u>	<u>14,161</u>

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:

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

The emoluments fall within the following bands:

	Number of individuals	
	2009	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	1	2
HK\$4,000,001–HK\$4,500,000	2	—
HK\$4,500,001–HK\$5,000,000	1	—
	<u>4</u>	<u>4</u>

13. Taxation charge

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

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:

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

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
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	<u>230,230</u>	<u>76,692</u>
	<u><u>230,230</u></u>	<u><u>230,034</u></u>

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.

15. Earnings per share

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

	2009 HK\$'000	2008 HK\$'000
Profit attributable to equity holders of the Company	1,359,369	2,019,935
Interest expense on convertible bonds	<u>40,808</u>	<u>34,778</u>
Profit used to determine diluted earnings per share	<u><u>1,400,177</u></u>	<u><u>2,054,713</u></u>
	Number of shares	
	2009	2008
Weighted average number of shares for calculating basic earnings per share	3,834,864,185	3,833,135,529
Effect of dilutive potential shares:		
Share options	3,741,202	2,063,187
Convertible bonds	<u>338,909,614</u>	<u>354,580,042</u>
Weighted average number of shares for calculating diluted earnings per share	<u><u>4,177,515,001</u></u>	<u><u>4,189,778,758</u></u>

16. Property, plant and equipment

Group

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

Group

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

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

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

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:

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

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.

18. Land use rights

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

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

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

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

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

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

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

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

Details of principal subsidiaries are given in note 46.

21. Properties held for development

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

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

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

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

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

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:

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

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

23. Jointly controlled entities

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

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

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

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	—	—
	<u>217,910</u>	<u>209,275</u>	<u>—</u>	<u>129,729</u>

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	—	—
	<u>217,910</u>	<u>209,275</u>	<u>—</u>	<u>129,729</u>

25. Financial assets at fair value through profit or loss

	Group	
	2009 HK\$'000	2008 HK\$'000
Unlisted securities, at fair value	—	120,308
	<u>—</u>	<u>120,308</u>

26. Cash and bank balances

	Group		Company	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	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	<u>3,642,416</u>	<u>4,368,149</u>	<u>250,189</u>	<u>991,399</u>
	<u>3,900,910</u>	<u>4,824,617</u>	<u>250,189</u>	<u>991,399</u>

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	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong dollar	320,179	1,117,828	248,188	991,220
Renminbi	2,936,976	2,715,433	—	—
United States dollar	<u>643,755</u>	<u>991,356</u>	<u>2,001</u>	<u>179</u>
	<u>3,900,910</u>	<u>4,824,617</u>	<u>250,189</u>	<u>991,399</u>

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

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

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

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

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

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:

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

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

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

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

- (b) Deposits, prepayments and other receivables include utility and other deposits, interest and other receivables and prepayments for the land cost and proposed development projects. The carrying amounts of deposits, prepayments and other receivables of the Group and the Company are mainly denominated in Renminbi.
- (c) At 30th June 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:

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

- (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

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

Notes:

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

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

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

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

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

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

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.

32. Share capital

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

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

	Number of shares of HK\$0.1 each	<i>HK\$'000</i>
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 <i>HK\$ (note 1)</i>	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	—
		<u>24,307,600</u>	<u>24,731,200</u>	<u>(1,968,750)</u>	<u>(3,280,050)</u>	<u>43,790,000</u>	<u>17,617,370</u>
Weighted average exercise price of each category (HK\$)		<u>6.239</u>	<u>1.784</u>	<u>1.746</u>	<u>4.776</u>	<u>4.034</u>	<u>5.126</u>

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.

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	<u>13,919,065</u>	<u>7,533,637</u>	<u>202,237</u>	<u>39,149</u>	<u>387,743</u>	<u>64,011</u>	<u>2,425,890</u>	<u>5,567,769</u>	<u>30,139,501</u>
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
	<u>13,919,065</u>	<u>7,533,637</u>	<u>202,237</u>	<u>39,149</u>	<u>387,743</u>	<u>64,011</u>	<u>2,425,890</u>	<u>5,567,769</u>	<u>30,139,501</u>

	Contributed surplus <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>(note 1)</i> <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Convertible bonds – equity component <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>13,995,757</u>	<u>7,529,491</u>	<u>202,237</u>	<u>20,031</u>	<u>425,757</u>	<u>22,165</u>	<u>2,619,452</u>	<u>4,506,469</u>	<u>29,321,359</u>
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	<u>76,692</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>76,692</u>
	<u>13,995,757</u>	<u>7,529,491</u>	<u>202,237</u>	<u>20,031</u>	<u>425,757</u>	<u>22,165</u>	<u>2,619,452</u>	<u>4,506,469</u>	<u>29,321,359</u>

Note:

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

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

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	<u>13,939,226</u>	<u>7,533,637</u>	<u>4,015,433</u>	<u>39,149</u>	<u>—</u>	<u>(6,147,465)</u>	<u>19,379,980</u>
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	<u>230,230</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>230,230</u>
	<u>13,939,226</u>	<u>7,533,637</u>	<u>4,015,433</u>	<u>39,149</u>	<u>—</u>	<u>(6,147,465)</u>	<u>19,379,980</u>
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	<u>14,015,918</u>	<u>7,529,491</u>	<u>4,015,433</u>	<u>20,031</u>	<u>22,165</u>	<u>(5,529,079)</u>	<u>20,073,959</u>
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	<u>76,692</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>76,692</u>
	<u>14,015,918</u>	<u>7,529,491</u>	<u>4,015,433</u>	<u>20,031</u>	<u>22,165</u>	<u>(5,529,079)</u>	<u>20,073,959</u>

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

Notes:

- (i) The bank loans are repayable as follows:

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

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

	Group	
	2009	2008
	HK\$'000	HK\$'000
Within one year	100,416	2,531,443
Between one and two years	19,593	356,849
Between two and five years	2,602,179	—
	2,722,188	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	—	—
	<u>16,525,514</u>	<u>14,230,063</u>	<u>4,062,419</u>	<u>3,456,914</u>

- (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.

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 <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Revaluation of available-for- sale financial assets <i>HK\$'000</i>	Recognition of income from sale of properties <i>HK\$'000</i>	Fair value adjustment of properties arising from acquisition <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Undistributed profits of subsidiaries, associated companies and jointly controlled entities <i>HK\$'000</i>	Provisions <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30th June 2007	(123,688)	(236,726)	—	(30,532)	(224,395)	97,098	—	16,167	(502,076)
Exchange differences	(16,452)	(21,581)	—	1,899	(21,389)	7,520	221	1,589	(48,193)
Credited/(charged) to income statement	10,052	(50,419)	—	6,708	—	(7,828)	(37,790)	(4,364)	(83,641)
Disposal of subsidiaries	15,350	36,370	—	—	44,964	(9,626)	—	—	87,058
Charged to equity	—	—	(4,702)	—	—	—	—	—	(4,702)
At 30th June 2008	(114,738)	(272,356)	(4,702)	(21,925)	(200,820)	87,164	(37,569)	13,392	(551,554)
Credited/(charged) to income statement	14,772	(33,885)	—	14,236	6,671	(43,816)	(1,474)	(630)	(44,126)
Acquisition of interests in subsidiaries	—	—	—	—	(210,242)	—	—	—	(210,242)
Disposal of subsidiaries	—	1,447	—	—	—	—	—	—	1,447
Disposal of available-for-sale financial assets	—	—	6,060	—	—	—	—	—	6,060
Charged to equity	—	—	(1,358)	—	—	—	—	—	(1,358)
At 30th June 2009	<u>(99,966)</u>	<u>(304,794)</u>	<u>—</u>	<u>(7,689)</u>	<u>(404,391)</u>	<u>43,348</u>	<u>(39,043)</u>	<u>12,762</u>	<u>(799,773)</u>

Company

Deferred tax liabilities

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

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

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

Notes:

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

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

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

	Group	
	2009 HK\$'000	2008 HK\$'000
Secured	218,182	335,909
Unsecured	344,318	113,636
	562,500	449,545
	562,500	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	—	—
	494,758	427,563	5,903	5,167
	494,758	427,563	5,903	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.

(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:

	Group	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised but not contracted for		
Purchase consideration for proposed development projects	108,000	108,000
	-----	-----
Contracted but not provided for		
Property, plant and equipment	17,166	25,256
Purchase consideration for proposed development projects	599,698	40,455
	-----	-----
	616,864	65,711
	-----	-----
	724,864	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	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	21,881	51,532	9,386	7,107
The second to fifth years	26,567	168,973	14,606	3,258
After the fifth year	—	336,740	—	—
	-----	-----	-----	-----
	48,448	557,245	23,992	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:

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

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

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

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:

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

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

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

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.

- (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:

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

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

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

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

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

(b) Acquisition of subsidiaries

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

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

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

(d) Disposal of subsidiaries

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

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

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

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:

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

(ii) **Key management compensation**

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

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:

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

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

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

- (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.

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 (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
<i>Subsidiaries</i>						
<i>Incorporated and operating in Hong Kong</i>						
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	78.6%	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Dragon Joy (China) Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Global Hero Holdings Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2009	2008	2009	2008	
Lingal Limited	HK\$2,000 1,800 ordinary shares of HK\$1 each 200 non-voting deferred shares of HK\$1 each	—	—	100%	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
New World China Property Limited	HK\$2 2 ordinary shares of HK\$1 each	100%	100%	100%	100%	Investment holding
New World Development (China) Limited	HK\$4 2 ordinary shares of HK\$1 each 2 non-voting deferred shares of HK\$1 each	100%	100%	100%	100%	Investment holding
New World Hotel Management Limited	HK\$1 1 ordinary share of HK\$1	—	—	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

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	
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
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
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

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	
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
<i>Incorporated and operating in the PRC</i>						
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB50,000,000	—	—	75% (note 2)	75%	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	100%	100%	Property sales
Changsha Xiangxianghai Housing Development Co., Ltd.	RMB75,000,000	—	—	—	80%	Investment holding
Chengdu Xinyi Real Estate Development Co., Ltd.	US\$99,500,000	—	—	60% (note 2)	60%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	—	88%	88%	Property investment and development
Dalian New World Tower Co., Ltd.	US\$136,250,000	—	—	100%	100%	Property investment, development and hotel operation

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	
Foshan Country Club Co., Ltd.	US\$52,923,600	—	—	75.9%	75.9%	Golf club operation and property development
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	—	—	100%	100%	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	—	—	100%	100%	Property development
Guangzhou Xin Sui Tourism Centre Ltd.	HK\$100,000,000	—	—	100%	100%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	90.5%	90.5%	Property investment and development
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
New World Property (Wuhan) Co., Ltd.	US\$16,000,000	—	—	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	
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
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

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	
<i>Associated companies</i>						
<i>Incorporated and operating in Hong Kong</i>						
Global Perfect Development Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	50%	50%	Investment holding
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	—	—	30.6%	30.6%	Investment holding
<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
<i>Incorporated and operating in the PRC</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
<i>Jointly controlled entities</i>						
<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

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	
<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
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

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 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
Shanghai Trio Property Development Co., Ltd.	US\$81,000,000	—	—	47.5%	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	—	—	50%	—	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.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 June 2009.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 30 June 2009 or any future date.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group as at 30 June 2009 and adjusted to reflect the effect of the Rights Issue:

Audited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2009 HK\$'000 Note 1	Estimated net proceeds from Rights Issue HK\$'000 Note 2	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets per Share HK\$ Note 3
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Based on 1,918,235,541 Rights Shares
at subscription price of HK\$2.55 per
Rights Share

<u>30,427,678</u>	<u>4,853,142</u>	<u>35,280,820</u>	<u>6.13</u>
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Notes:

- The consolidated net tangible assets of the Group attributable to the Shareholders as at 30 June 2009 is extracted from the published annual report of the Group for the year ended 30 June 2009 set out in Appendix I to this Prospectus, which is based on the audited consolidated net assets of the Group attributable to the Shareholders as at 30 June 2009 of HK\$30,523,148,000 with an adjustment for the goodwill arising from acquisition of subsidiaries and jointly controlled entities of HK\$95,470,000.
- The estimated net proceeds from the Rights Issue are based on 1,918,235,541 Rights Shares to be issued at the subscription price of HK\$2.55 per Rights Share, after deduction of the related expenses of approximately HK\$38,359,000.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on the unaudited pro forma consolidated adjusted net tangible assets attributable to the Shareholders and 3,836,471,082 Shares in issue as at 30 June 2009 and assuming that none of the Share Options were exercised nor Convertible Bonds were converted from 1 July 2009 up to the Record Date and 1,918,235,541 Rights Shares were issued under the Rights Issue as if the Rights Issue has been completed on 30 June 2009.
4. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2009, including but not limited to the final dividend of HK\$230,230,000 proposed for the year ended 30 June 2009, and the issuance of 697,400 Shares upon the exercise of Share Options from 1 July 2009 to the Record Date.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.



羅兵咸永道會計師事務所

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

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF NEW WORLD CHINA LAND LIMITED

We report on the unaudited pro forma financial information of New World China Land Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages II-1 to II-2 under the heading of "Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group" (the "Unaudited Pro Forma Financial Information") in Appendix II of the Company's prospectus dated 28 October 2009 (the "Prospectus"), in connection with the proposed rights issue of the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed rights issue might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-2 of the Prospectus.

Respective Responsibilities of Directors of the Company and the Reporting Accountant

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the audited consolidated net assets of the Group as at 30 June 2009 with the audited consolidated balance sheet of the Group as at 30 June 2009 as set out in the section headed "Financial Information of the Group" in the Prospectus, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the adjusted consolidated net tangible assets of the Group as at 30 June 2009 or any future date.

Opinion

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 October 2009

1. RESPONSIBILITY STATEMENT

The Prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were, and immediately following completion of the Rights Issue will be, as follows:

Authorised:	<i>HK\$</i>
<u>8,000,000,000</u> Shares of HK\$0.10 each as at 5:00 p.m. on the Record Date	<u>800,000,000</u>
<i>Issued and to be issued:</i>	
3,837,168,482 Shares in issue as at the Latest Practicable Date	383,716,848
<u>1,918,584,241</u> Rights Shares to be allotted and issued under the Rights Issue	<u>191,858,424</u>
<u>5,755,752,723</u> Shares in issue immediately after completion of the Rights Issue	<u>575,575,272</u>

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

Authorised representatives	Mr. Chow Yu-chun, Alexander 9th Floor New World Tower 1 18 Queen's Road Central Hong Kong
	Ms. Ngan Man-ying, Lynda 9th Floor New World Tower 1 18 Queen's Road Central Hong Kong
Legal advisers to the Company	<i>As to Hong Kong law:</i> Stephen Mok & Co. in association with Eversheds LLP 21st Floor, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
	<i>As to Cayman Islands law:</i> Maples and Calder 53rd Floor, The Center 99 Queen's Road Central Hong Kong
Joint Underwriters (in alphabetical order)	BOCI Asia Limited 26th Floor, Bank & China Tower 1 Garden Road, Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong
Legal advisers to the Joint Underwriters	Norton Rose Hong Kong 38th Floor, Jardine House 1 Connaught Place Hong Kong
Auditor and Reporting Accountant	PricewaterhouseCoopers Certified Public Accountants 22nd Floor, Prince's Building Central, Hong Kong
Principal bankers	Bank of China (Hong Kong) Limited 1 Garden Road, Central, Hong Kong
	Bank of Communications Co., Ltd. 20 Pedder Street, Central, Hong Kong

The Bank of East Asia, Limited
10 Des Voeux Road Central, Hong Kong

China Merchant Bank Limited
21st Floor, Bank of America Tower, 12 Harcourt Road
Central, Hong Kong

CITIC Ka Wah Bank Limited
232 Des Voeux Road Central, Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central, Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central, Hong Kong

Industrial and Commercial Bank
of China (Asia) Limited
33rd Floor, ICBC Tower, 3 Garden Road, Central
Hong Kong

Sumitomo Mitsui Banking Corporation
7–8th Floor, One International Finance Centre
11 Harbour View Street, Central, Hong Kong

Registrar and transfer office

Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

Company secretary

Ms. Ngan Man-ying, Lynda FCCA CPA

4. DISCLOSURE OF INTERESTS

Directors and chief executives of the Company

As at Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, were as follows:

(I) Interests and short positions in the Shares, underlying Shares and debentures of the Company*(a) Long positions in issued Shares*

Name of Director	Number of Shares			Total	Percentage of the issued share capital as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests		
Dr. Cheng Kar-shun, Henry	12,500,000	1,950,000	52,271,200 ⁽¹⁾	66,721,200	1.74
Mr. Doo Wai-hoi, William	8,750,000	—	52,258,400 ⁽²⁾	61,008,400	1.59
Mr. Leung Chi-kin, Stewart	500,000	—	—	500,000	0.01
Mr. Chow Yu-chun, Alexander	6,550,000	—	—	6,550,000	0.17
Mr. Chow Kwai-cheung	126	—	—	126	0.00
Mr. Fong Shing-kwong, Michael	1,403,500	—	—	1,403,500	0.04
Ms. Ngan Man-ying, Lynda	100,000	—	—	100,000	0.003

Notes:

- (1) These Shares are beneficially-owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.
- (2) These Shares are beneficially-owned by companies wholly-owned by Mr. Doo Wai-hoi, William.

(b) Long positions in underlying Shares

Under the share option scheme of the Company adopted on 26 November 2002, share options were granted to the undermentioned Directors which entitle them to subscribe for Shares and accordingly they are regarded as interested in the underlying Shares. Details of the share options held by them as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per Share HK\$
Dr. Cheng Kar-shun, Henry	7 January 2008	(1)	2,000,000	6.972
	29 December 2008	(2)	1,600,000	1.500
Mr. Doo Wai-hoi, William	7 January 2008	(1)	800,000	6.972
	29 December 2008	(2)	650,000	1.500
Mr. Cheng Kar-shing, Peter	7 January 2008	(1)	800,000	6.972
	29 December 2008	(2)	650,000	1.500
Mr. Cheng Chi-kong, Adrian	25 July 2006	(3)	331,600	2.865
	7 January 2008	(1)	1,500,000	6.972
	29 December 2008	(2)	1,200,000	1.500
Mr. Leung Chi-kin, Stewart	7 January 2008	(1)	200,000	6.972
	29 December 2008	(2)	150,000	1.500
Mr. Chow Kwai-cheung	7 January 2008	(1)	200,000	6.972
	29 December 2008	(2)	150,000	1.500
Mr. Chow Yu-chun, Alexander	7 January 2008	(1)	500,000	6.972
	29 December 2008	(2)	500,000	1.500
Mr. Fong Shing-kwong, Michael	7 January 2008	(1)	500,000	6.972
	29 December 2008	(4)	112,500	1.500
Ms. Ngan Man-ying, Lynda	7 January 2008	(1)	1,000,000	6.972
	29 December 2008	(2)	900,000	1.500
Mr. Fu Sze-shing	7 January 2008	(1)	200,000	6.972
	29 December 2008	(2)	150,000	1.500
Mr. Cheng Wai-chee, Christopher	7 January 2008	(1)	300,000	6.972
	29 December 2008	(2)	300,000	1.500
Mr. Tien Pei-chun, James	7 January 2008	(1)	300,000	6.972
	29 December 2008	(2)	300,000	1.500
Mr. Lee Luen-wai, John	7 January 2008	(1)	300,000	6.972
	29 December 2008	(2)	300,000	1.500

Notes:

- (1) Divided into 3 tranches, exercisable from 8 February 2008, 8 February 2009 and 8 February 2010, respectively to 7 February 2011.
- (2) Divided into 4 tranches, exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
- (3) Divided into 5 tranches, exercisable from 26 August 2006, 26 August 2007, 26 August 2008, 26 August 2009 and 26 August 2010, respectively to 25 August 2011.
- (4) Divided into 3 tranches, exercisable from 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.

(II) *Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company*

(a) Long positions in the shares of the associated corporations of the Company

	Number of shares/amount of registered capital				Percentage of the relevant issued/registered capital as at Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
NWD					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	300,000	0.008
Mr. Doo Wai-hoi, William	—	—	1,000,000 ⁽¹⁾	1,000,000	0.026
Mr. Leung Chi-kin, Stewart	134,538	—	—	134,538	0.003
Mr. Chow kwai-Cheung	54,919	—	—	54,919	0.001
Mr. Fong Shing-kwong, Michael	206,033	—	—	206,033	0.005

	Number of shares/amount of registered capital				Percentage of the relevant issued/registered capital as at Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	—	8,000,000 ⁽²⁾	17,179,199	0.83
Mr. Doo Wai-hoi, William	2,006,566	—	9,130,000 ⁽¹⁾	11,136,566	0.54
Mr. Cheng Kar-shing, Peter	201,025	—	2,967,575 ⁽³⁾	3,168,600	0.15
Mr. Leung Chi-kin, Stewart	2,202,351	—	—	2,202,351	0.11
Mr. Chow Kwai-cheung	8,208	—	—	8,208	0.00
Mr. Fong Shing-kwong, Michael	1,620,707	—	—	1,620,707	0.08
Mr. Cheng Wai-chee, Christopher	762,337	—	—	762,337	0.04
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-kong, Adrian	—	—	1,107,000 ⁽⁴⁾	1,107,000	0.07
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 ⁽⁵⁾	15,869	27.41
Guangzhou Ronghe Real Estate Co., Ltd.					
(Registered capital in RMB)					
Mr. Fu Sze-shing	—	—	4,666,500 ⁽⁶⁾	4,666,500	5.00

	Number of shares/amount of registered capital				Percentage of the relevant issued/registered capital as at Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
Mega Choice Holdings Limited (Ordinary shares of HK\$1.00 each) Dr. Cheng Kar-shun, Henry	—	—	3,710 ⁽²⁾	3,710	34.61
Shanghai Juyi Real Estate Development Co., Ltd. (Registered capital in RMB) Mr. Doo Wai-hoi, William	—	—	1,165,000,000 ⁽¹⁾	1,165,000,000	100.00
Shanghai Trio Property Development Co. Ltd. (Registered capital in US\$) Mr. Doo Wai-hoi, William	—	—	42,525,000 ⁽⁷⁾	42,525,000	52.50
Sun City Holdings Limited (Ordinary shares of HK\$1.00 each) Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 ⁽⁸⁾	3,650,000	45.63
Sun Legend Investments Limited (Ordinary shares of HK\$1.00 each) Mr. Cheng Kar-shing, Peter	—	—	500 ⁽⁹⁾	500	50.00

	Number of shares/amount of registered capital				Percentage of the relevant issued/registered capital as at Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total	
Taifook Securities Group Limited					
(Ordinary shares of HK\$0.10 each)					
Mr. Doo Wai-hoi, William	—	—	5,000,000 ⁽¹⁾	5,000,000	0.71
YE Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	37,500	1.50

Notes:

- (1) These interests are beneficially-owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
- (2) These shares are beneficially-owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
- (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 interest are beneficially-owned by a company wholly-owned by Mr. Doo Wai-hoi, William who has contracted to sell these interest, subject to completion of all conditions contained in the relevant agreement.
- (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.

*(b) Long positions in underlying shares in the associated corporations of the Company**(i) NWD*

Under the share option scheme of the holding company, 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 as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	19 March 2007	(1)	36,710,652	17.654
Mr. Cheng Kar-shing, Peter	19 March 2007	(1)	201,153	17.654
		(2)	1,206,925	17.654
Mr. Cheng Chi-kong, Adrian	19 March 2007	(2)	502,885	17.654
Mr. Leung Chi-kin, Stewart	19 March 2007	(1)	35,704,880	17.654
Mr. Chow Kwai-cheung	19 March 2007	(2)	1,206,925	17.654
Mr. Chow Yu-chun, Alexander	19 March 2007	(2)	1,508,656	17.654
Mr. Fong Shing-kwong, Michael	19 March 2007	(3)	603,462	17.654
Mr. Fu Sze-shing	19 March 2007	(2)	754,327	17.654
Mr. Lee Luen-wai, John	19 March 2007	(1)	301,731	17.654

Notes:

- (1) Exercisable from 19 March 2007 to 18 March 2012.
- (2) Divided into 5 tranches exercisable from 19 March 2007, 19 March 2008, 19 March 2009, 19 March 2010 and 19 March 2011, respectively to 18 March 2012.
- (3) Divided into 3 tranches exercisable from 19 March 2009, 19 March 2010 and 19 March 2011, respectively to 18 March 2012.

(ii) 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 as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	21 August 2007	(1)	1,200,511	16.193
		(2)	1,800,766	16.193
Mr. Doo Wai-hoi, William	21 August 2007	(1)	800,340	16.193
		(2)	1,200,511	16.193
Mr. Cheng Wai-chee, Christopher	21 August 2007	(1)	240,102	16.193
		(2)	360,153	16.193

Notes:

- (1) Exercisable from 21 August 2008 to 20 August 2012.
- (2) Divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011, respectively to 20 August 2012.

(iii) 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 as at the Latest Practicable Date are as follows:

Name of Director	Date of grant	Exercisable period	Number of share options	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	27 November 2007	(note)	1,000,000	8.660
Mr. Cheng Chi-kong, Adrian	27 November 2007	(note)	500,000	8.660
Ms. Ngan Man-ying, Lynda	27 November 2007	(note)	500,000	8.660

Note: Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012, respectively to 26 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.

(c) Long positions in the Convertible Bonds

The following Directors have interest in the Convertible Bonds, details of which as at the Latest Practicable Date are as follows:

Name of Director	Amount of Convertible Bonds in RMB			Total	Percentage of the total Convertible Bonds in issue as at the Latest Practicable Date
	Personal Interest	Family interest	Corporate interest		
Mr. Doo Wai-hoi, William	10,000,000 ⁽¹⁾	36,000,000 ⁽²⁾	87,700,000 ⁽³⁾	133,700,000	5.24
Mr. Cheng Chi-kong, Adrian	—	—	2,000,000 ⁽⁴⁾	2,000,000	0.08

Notes:

- (1) These Convertible Bonds are convertible into 1,454,777 Shares, representing approximately 0.04% of the Company's issued share capital as at the Latest Practicable Date, during the period from 26 June 2007 to 26 May 2012.
- (2) These Convertible Bonds are beneficially held by a company owned by the spouse of Mr. Doo Wai-hoi, William and are convertible into 5,237,198 Shares, representing approximately 0.14% of the Company's issued share capital as at the Latest Practicable Date, during the period from 26 June 2007 to 26 May 2012.
- (3) These Convertible Bonds are beneficially held by companies wholly-owned by Mr. Doo Wai-hoi, William and are convertible into 12,758,396 Shares, representing approximately 0.33% of the Company's issued share capital as at the Latest Practicable Date, during the period from 26 June 2007 to 26 May 2012.
- (4) These Convertible Bonds are beneficially held by a company wholly-owned by Mr. Cheng Chi-kong, Adrian and are convertible into 290,955 Shares, representing approximately 0.01% of the Company's issued share capital as at the Latest Practicable Date, during the period from 26 June 2007 to 26 May 2012.

Save as disclosed in this Prospectus, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(III) Directors' interests in competing business

As at the Latest Practicable Date, according to the Listing Rules, the following Directors had interests in the following businesses (“Competing Businesses”) which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group other than those business where the Directors were appointed as directors to represent the interests of the Company and/or the Group pursuant to the Listing Rules:

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Dr. Cheng Kar-shun, Henry	Centennial Success Limited (“CSL”) group of companies	Property investment and development, hotel operation 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
	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
	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Mr. Doo Wai-hoi, William	Fung Seng Estate Development (Shanghai) Co., Ltd.	Property development in Shanghai	Shareholder and Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Shareholder
Mr. Cheng Kar-shing, Peter	CSL group of companies	Property investment and development, hotel operation and transport	Director
	New Bei Fang Hotel Ltd.	Property investment in Harbin	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
Mr. Cheng Chi-kong, Adrian	CSL group of companies	Property investment and development, hotel operation and transport	Director
	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
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

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
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
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director	

Name of Director	Name of entity which businesses are considered to compete or likely to compete with the business of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Mr. Fong Shing-kwong, Michael	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Jing Guang Centre Co., Ltd.	Hotel operation 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
	New Bei Fang Hotel Ltd.	Property Investment in Harbin	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

The Company does not rely on any of the Competing Businesses in the carrying on of the Company's business. The Directors are of the view that the Company is capable of carrying on its business independently of, and at arm's length from the Competing Businesses.

(IV) Other Directors' interests

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group respectively, since 30 June 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, save for the conditional sale and purchase agreement dated 30th April 2009 between New World China Property Limited (“NWCP”) and Guilherme Holdings (Hong Kong) Limited (“Guilherme”), a company wholly-owned by Mr. Doo Wai-hoi, William (“Mr. Doo”), a director of the Company, relating to the acquisition by NWCP of 52.5% equity interest in Shanghai Trio Property Development Co., Ltd. (“Trio”) from Guilherme for a consideration of HK\$523,308,026 and the disposal by NWCP of 50% equity interest in Shanghai Juyi Real Estate Development Co., Ltd. (“Juyi”) to Guilherme for a consideration of HK\$953,169,139 (details of which were contained in an announcement of the Company dated 30 April 2009), none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this Prospectus which is significant to the business of the Group.

As at the Latest Practicable Date, the following Directors were also directors of the following companies, each of which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of substantial shareholder
Dr. Cheng Kar-Shun, Henry	Cheng Yu Tung Family (Holdings) Limited Centennial Success Limited Chow Tai Fook Enterprises Limited NWD
Mr. Cheng Kar-Shing, Peter	Cheng Yu Tung Family (Holdings) Limited Centennial Success Limited Chow Tai Fook Enterprises Limited NWD
Mr. Cheng Chi-Kong, Adrian	NWD
Mr. Leung Chi-Kin, Stewart	NWD
Mr. Chow Kwai-Cheung	NWD
Mr. Lee Luen-Wai, John	NWD

Substantial Shareholders of the Group

- (a) As at the Latest Practicable Date, so far as the Directors are aware, each of the following persons, not being a Director or chief executive of the Company, had an interest in the Shares which falls to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO:

Long position in issued Shares

Name	Beneficial Interest	Corporate Interest	Number of Rights Shares to be taken up	Total	Percentage to the issued share capital as at the Latest Practicable Date
Cheng Yu Tung Family (Holdings) Limited (“CYTF”) ⁽¹⁾	—	2,721,550,755	1,325,492,304 ⁽²⁾	4,047,043,059	105.47 ⁽³⁾
Centennial Success Limited (“CSL”) ⁽¹⁾	—	2,721,550,755	1,325,492,304 ⁽²⁾	4,047,043,059	105.47 ⁽³⁾
Chow Tai Fook Enterprises Limited (“CTF”) ⁽⁴⁾	—	2,721,550,755	1,325,492,304 ⁽²⁾	4,047,043,059	105.47 ⁽³⁾
NWD	2,544,324,706 ⁽⁵⁾	177,226,049 ⁽⁶⁾	1,325,492,304 ⁽²⁾	4,047,043,059	105.47 ⁽³⁾
Central Safe Investments Limited (“CSI”) ⁽⁷⁾	—	—	382,456,017	382,456,017	9.97 ⁽⁸⁾
Bank of China Limited (“BOCL”) ⁽⁷⁾	—	—	382,456,017	382,456,017	9.97 ⁽⁸⁾
BOC International Holdings Limited (“BOCIH”) ⁽⁷⁾	—	—	382,456,017	382,456,017	9.97 ⁽⁸⁾
BOCI	—	—	382,456,017 ⁽⁹⁾	382,456,017	9.97 ⁽⁸⁾
HSBC Holdings Inc.	—	—	382,456,017 ⁽¹⁰⁾	382,456,017	9.97 ⁽⁸⁾

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 and the Rights Shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 4 below.
2. These are the number of Rights Shares that NWD has undertaken to apply for, and to procure Easywin to apply for, pursuant to the Underwriting Agreement.
3. The percentage of shareholding in the Company is 70.31% if calculated on the basis of 5,755,752,723 Shares in issue immediately after the Rights Issue.
4. 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 and the Rights Shares in which NWD is interested or deemed to be interested.
5. These include the beneficial interest in 2,537,632,731 Shares and the interest derived from the holding of the Convertible Bonds which were convertible into 6,691,975 Shares.
6. The number of Shares held under the corporate interests of NWD includes the interest in 113,351,879 Shares held by Easywin Enterprises Corporation Limited, its 100% 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.
7. CSI holds 67.53% interest in BOCL which in turn holds the entire interests in BOCIH. As BOCI is wholly-owned by BOCIH, CSI, BOCL and BOCIH are deemed to be interested in the Rights Shares in which BOCI is taken to be interested under the Underwriting Agreement.
8. The percentage of shareholding in the Company is 6.64% if calculated on the basis of 5,755,752,723 Shares in issue immediately after the Rights Issue.
9. These are the number of Rights Shares that BOCI is taken to be interested under the Underwriting Agreement.
10. These are the number of Rights Shares that HSBC Holdings Inc. is taken to be interested under the Underwriting Agreement.

- (b) As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company and save as otherwise disclosed in this Prospectus, the persons (other than a Director or chief executive of the Company or his controlled corporations or a member of the Group) who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name of substantial shareholder	Name of subsidiary	Number of shares/amount of equity interest held
Dalian Commercial Network Construction and Development Company	Dalian New World Plaza International Co., Ltd.	RMB6,960,000 (12% of the equity interest)
Hing Pang Petroleum Chemicals (H.K.) Limited	Chengdu Xinyi Real Estate Development Co., Ltd.	US\$19,900,000 (20% of the equity interest)
Huamei Wealth (Beijing) International Property Investment Co., Ltd.	Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB12,500,000 (25% of the equity interest)
Melbourne Enterprises Ltd.	Billion Park Investment Limited	142,900 shares (14.29% of the equity interest)
貴陽市南明區金水食府	Guiyang Jinyang Heng Tai Catering Investment Co., Ltd.	RMB1,000,000 (16.67% of the equity interest)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 2 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 3 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 4 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 5 Limited	10% (note)
Shenyang Zhengju Enterprises Ltd.	New World (Shenyang) Property Development No. 6 Limited	10% (note)

Name of substantial shareholder	Name of subsidiary	Number of shares/amount of equity interest held
Hainan Zhonghong Investments Company Limited	New World Zhonghong Property Co., Ltd.	RMB105,000,000 (30% of the equity interest)
成都深港石化有限公司	Chengdu Xinyi Real Estate Development Co., Ltd.	US\$19,900,000 (20% of the equity interest)
佛山市祥福房地產開發有限公司	Foshan Country Club Real Estate Development Limited	10% (note)
武漢市國營漢口漁場	Wuhan Xin Han Development Co., Ltd.	30% (note)
北京勵升豪廷房地產顧問有限公司	北京新世界商建房地產開發有限公司	RMB4,500,000 (15% of the equity interest)
北京商建房地產開發有限公司	北京新世界商建房地產開發有限公司	RMB3,000,000 (10% of the equity interest)
北京崇遠投資經營公司	北京新世界物業管理有限公司	RMB664,000 (11.9% of the equity interest)

Note: Referred to as profit sharing ratio as set out in the relevant co-operative joint venture contracts.

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than a Director or chief executive of the Company or his controlled corporations or a member of the Group), who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contract expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. INDEBTEDNESS

Borrowings

At the close of business on 31 August 2009, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had outstanding borrowings of approximately HK\$19,199,970,000, details of which are set out as follows:

	<i>HK\$'000</i>
Bank loans	
Secured	3,653,587
Unsecured	9,020,353
Loans from fellow subsidiaries, unsecured	2,723,761
Loans from non-controlling shareholders, unsecured	92,632
Advances from participating interest	1,017,434
Convertible bonds	<u>2,692,203</u>
	<u><u>19,199,970</u></u>

Bank loans of approximately HK\$3,653,587,000 were secured by the Group's certain investment properties, property, plant and equipment, land use rights, properties under development, properties held for development and bank deposits.

Contingent liabilities

At the close of business on 31 August 2009, the Group had contingent liabilities of approximately HK\$3,058,951,000 relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 31 August 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\$2,022,614,000.

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 August 2009, the Group did not have any outstanding loan capital, bank overdrafts, loan, mortgage, charges or other similar indebtedness, or hire purchase of finance lease commitments, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities.

7. WORKING CAPITAL

Taking into account the financial resources available to the Group, including the internally generated funds, cash and cash equivalents on hand, the available banking facilities and the estimated net proceeds of the Rights Issue, the Directors of the Company, are of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Prospectus.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice, which is contained or referred to in this Prospectus:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants

As at the Latest Practicable Date, PricewaterhouseCoopers:

- (a) has given and has not withdrawn its written consent to the issue of the Prospectus with the inclusion of its report and references to its name, in the form and context in which they are included;
- (b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had since 30 June 2009, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by, or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

9. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse changes in the financial or trading position of the Company since 30 June 2009, being the date to which the latest published audited financial statements of the Group were made up.

10. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any other member of the Group.

11. EXPENSES

The estimated expenses in connection with the Rights Issue, including but not limited to underwriting commission, financial, legal, subsequent issue fee, printing, registration, translation and other related expenses are estimated to amount to approximately HK\$38.4 million and will be borne by the Company.

12. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by the Group within the period commencing the two years preceding the Latest Practicable Date and are, or may be, material:

- (1) An equity transfer agreement dated 30 April 2008 between New World Development (China) Company Limited (“NWDC”) and Golden Dragon Corporation Limited (“Golden Dragon”) whereby NWDC agreed to sell and Golden Dragon agreed to acquire 100% interest in Fung Seng Estate Development (Shanghai) Co., Ltd. for a consideration of HK\$143,330,411.
- (2) A sale and purchase agreement dated 5 May 2008 between NWDC, Viewtop International Limited (“Viewtop”) and Billion Glory Group Limited (“Billion Glory”) whereby Viewtop agreed to acquire from NWDC the entire issued share capital of Billion Glory and the outstanding shareholder’s loan of Billion Glory owed to NWDC in the total amount of HK\$174,501,516 as of 31 December 2007 for an aggregate consideration of HK\$270,000,000.
- (3) A reorganisation agreement dated 18 June 2008 entered into among the Company, NWDC and Mr. Doo relating to the reorganisation of Shanghai New World Huai Hai Property Development Co., Ltd. (“Huai Hai”), Juyi and Trio (collectively, the “Target Companies”) whereby NWDC and Mr. Doo agreed to transfer all their respective interest in the Target Companies to NWCP in turn for the allotment of shares by NWCP to the Company and Golden Wealth Investment Limited (“Golden Wealth”), a wholly-owned company of Mr. Doo.
- (4) A shareholders’ agreement dated 18 June 2008 entered into between the Company, Golden Wealth and NWCP pursuant to the arrangement contemplated under the reorganisation agreement as described in item (3) above. NWCP whereby agreed to issue a total number of 100,000 shares, of which a number of 56,460 shares and 43,540 shares would be allotted to the Company and Golden Wealth respectively.
- (5) A participation agreement dated 3 December 2008 entered into between the Company, NWDC, Golden Wealth and Mr. Doo whereby the Company agreed to granting Golden Wealth the participating interests, determined as 30% of indirect interest of the Company in the respective property projects undertaken by Juyi in return for contribution by Golden Wealth of 30% of all costs and expenses payable for the property project undertaken by Juyi.
- (6) A participation agreement dated 3 December 2008 entered into between the Company, NWDC, Golden Wealth and Mr. Doo whereby the Company agreed to granting Golden Wealth the participating interests, determined as 52.5% of indirect interests of the Company in the respective property projects undertaken by Trio in return for contribution by Golden Wealth of 52.5% of all costs and expenses payable for the property project undertaken by Trio.
- (7) A participation agreement dated 3 December 2008 entered into between the Company, NWDC, Golden Wealth and Mr. Doo whereby the Company agreed to granting Golden Wealth the participating interests, determined as 55.9% of indirect interest of the Company in the respective property projects undertaken by Huai Hai in return for contribution by Golden Wealth of 55.9% of all costs and expenses payable for the property project undertaken by Huai Hai.

- (8) A sale and purchase agreement dated 3 December 2008 among the Company, NWDC, NWCP, Mr. Doo, Stanley Enterprises Limited (“SEL”), Grand China Enterprises Limited (“GCE”) and Golden Wealth relating to the acquisitions by the Group of 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 Huai Hai for a consideration of HK\$353,719,753, HK\$318,777,160, HK\$195,559,653 and HK\$166,228,437 (subject to adjustments), respectively as well as the disposals by the Group of its 99% interest in Shanghai New World Shangxian Lane Development Ltd. and 20% interest in Juyi for a consideration of HK\$237,957,002 and HK\$385,191,073 (subject to adjustments), respectively.
- (9) A share transfer agreement dated 4 February 2009 between Silver World H.K. Development Limited (“Silver World”), 海南中泓投資有限公司 (Hainan Zhonghong Investments Company Limited) (“Hainan Zhonghong”) and 湖南成功新世紀投資有限公司 (Hunan Success New Century Investment Company Limited) (“Hunan Success”) whereby Silver World agreed to acquire and Hainan Zhonghong agreed to sell 5% equity interest in Hunan Success for a consideration of RMB94,000,000.
- (10) A sale and purchase agreement dated 30 April 2009 between NWCP and Guilherme whereby NWCP conditionally agreed to acquire 52.5% equity interest in Trio from Guilherme for a consideration of HK\$523,308,026 (subject to adjustments) and to dispose of 50% equity interest in Juyi to Guilherme for a consideration of HK\$953,169,139 (subject to adjustments).
- (11) A supplemental co-operative contract dated 26 May 2009 between K Fai Investments Limited (“K Fai”) and 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 Xinhan Development Co., Ltd. (“Wuhan Xinhan”) and surrendered the participation right in the management control of Wuhan Xinhan to Kai Fai for a prepaid distribution of RMB91,800,000 out of the profit of Wuhan Xinhan.
- (12) The Underwriting Agreement.

13. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

(a) Qualification of the Directors

Executive Directors

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

Dr. Cheng became the Chairman and Managing Director of the Company 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 NWD, 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 companies in Hong Kong. He was also the Chairman of New World Mobile Holdings Limited (a listed company in Hong Kong), up to his resignation on 1 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, and the father of Mr. Cheng Chi-kong, Adrian.

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

Mr. Doo was appointed the Vice-Chairman of the Company 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 companies in Hong Kong. He was the Vice-Chairman of New World Mobile Holdings Limited (a listed company in Hong Kong), up to his resignation on 1 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 (aged 57)

Mr. Cheng was appointed an Executive Director of the Company 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 NWD and an Independent Non-Executive Director of King Fook Holdings Limited and Symphony Holdings Limited, all being listed 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, and the uncle of Mr. Cheng Chi-kong, Adrian.

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

Mr. Cheng was appointed an Executive Director of the Company 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 NWD, New World Department Store China Limited and International Entertainment Corporation, all being listed 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 and Mr. Cheng Kar-shing, Peter.

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

Mr. Leung was appointed an Executive Director of the Company in June 1999. He is an Executive Director and the Group General Manager of NWD, 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 the Company in June 1999. He is currently a non-executive Director of NWD, 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 (aged 62)

Mr. Chow was appointed an Executive Director of the Company 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 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 1 February 2007, 28 December 2007 and 23 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 the Company 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.

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

Ms. Ngan was appointed an Executive Director of the Company 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 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 the Company.

Non-Executive Director

Mr. Fu Sze-shing (aged 60)

Mr. Fu was appointed a Non-Executive Director of the Company 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.

Independent Non-Executive Directors

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

Mr. Cheng was appointed an Independent Non-Executive Director of the Company 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 and Kingboard Chemical Holdings Limited, all being listed companies in Hong Kong and an Independent Director of DBS Group Holdings Limited, a 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 degree from the University of Notre Dame, Indiana, USA, and a MBA degree from Columbia University, New York, USA.

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

Mr. Tien was appointed an Independent Non-Executive Director of the Company 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 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 the Company 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 NWD, all being listed 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 23 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.

(b) Senior Management of the Company**Mr. 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 the PRC. Besides holding a honour degree in Architectural Studies from the University of Hong Kong, Mr. Chan also holds MBA, LLB (Hon) and LLM degrees. He has also been called to the Bar in England and Wales. Mr. Chan joined the New World Group in 1986. He has been working for the Group for more than 11 years.

Mr. 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 a MBA degree 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.

Mr. 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.

Mr. Pun Lap-fu, Alex (aged 48)

Mr. Pun is an Assistant General Manager of the Group. Mr. Pun joined the New World Group in 1984 and has worked as Financial Controller in a number of hotels under the New World Group. He was appointed an Assistant to Managing Director of the New World Group in 1994. Mr. Pun is an 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 HKSI Specialist Certificate — Asset Management. Mr. Pun graduated from the Oklahoma City University, USA with a MBA degree.

Mr. 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 MBA degree. 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, was appointed a Director of New World Project Management Limited in 1993, an Assistant General Manager of New World Development (China) Limited in September 1997 and a Regional Director — Central China of the Company in 2008.

Mr. 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, and 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 and Routine Vice-chairman of Guangzhou Overseas Friendship Association. Mr. Geng joined the Group in 1999.

Mr. 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, the Executive Director of China Association of Enterprises with Foreign Investment, the Council Member of China Overseas Chinese Enterprises Association, the Deputy Chairman of Beijing Commercial Chamber for Overseas Chinese, the Council Member of Beijing Chinese Overseas Friendship Association and the Council Member of Wuhan Chinese Overseas Friendship Association. Mr. Au joined the Group in 1995.

Mr. 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 Government of Hong Kong 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.

The business address of the Directors and the senior management of the Group is the same as the address of the Company's principal place of business in Hong Kong which is at 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong.

14. CONSTITUTIVE DOCUMENTS AND CAYMAN ISLANDS LAW

Pursuant to Rules 19.10(2) and (3) of the Listing Rules, the Company is required to include a summary of all provisions of the constitutive documents of the Company in so far as they may affect shareholders' rights and protections and directors' powers, and a summary of the relevant Cayman Islands regulatory provisions. The Company was granted a waiver by the Stock Exchange from strict compliance with the requirements of Rules 19.10(2) and (3) of the Listing Rules.

15. MISCELLANEOUS

- (a) The Prospectus is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.
- (b) Under existing foreign exchange regulations in the PRC, remittance of dividends out of the PRC may be processed through designated banks in the PRC licensed to engage in foreign currency transactions upon production of certain specified documents. However, remittance of capital payments requires the prior approval of the State Administration of Foreign Exchange or its designated local branch in the PRC.
- (c) The registered office of the Company is situated at P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.
- (d) The head office and principal place of business of the Company is situated at 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong.

16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent of PricewaterhouseCoopers referred to in the paragraph headed "Expert and consent" in this appendix has been delivered to the Registrar of Companies of Hong Kong pursuant to section 342C of the Companies Ordinance.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the head office of the Company at 9th

Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong up to and including 10 November 2009:

- (a) the memorandum and articles of association of the Company;
- (b) the written consent referred to in the paragraph headed "Expert and consent" in this appendix;
- (c) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (d) the annual reports of the Company for the two financial years ended 30 June 2008 and 30 June 2009, respectively;
- (e) the report in respect of the unaudited pro forma financial information of the Group in respect of the Rights Issue, the text of which is set out in Appendix II;
- (f) a copy of each circular issued by the Company pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since 30 June 2009, being the date of the Company's latest published audited accounts;
- (g) the Companies Law (2007 Revision) of the Cayman Islands; and
- (h) the Prospectus.