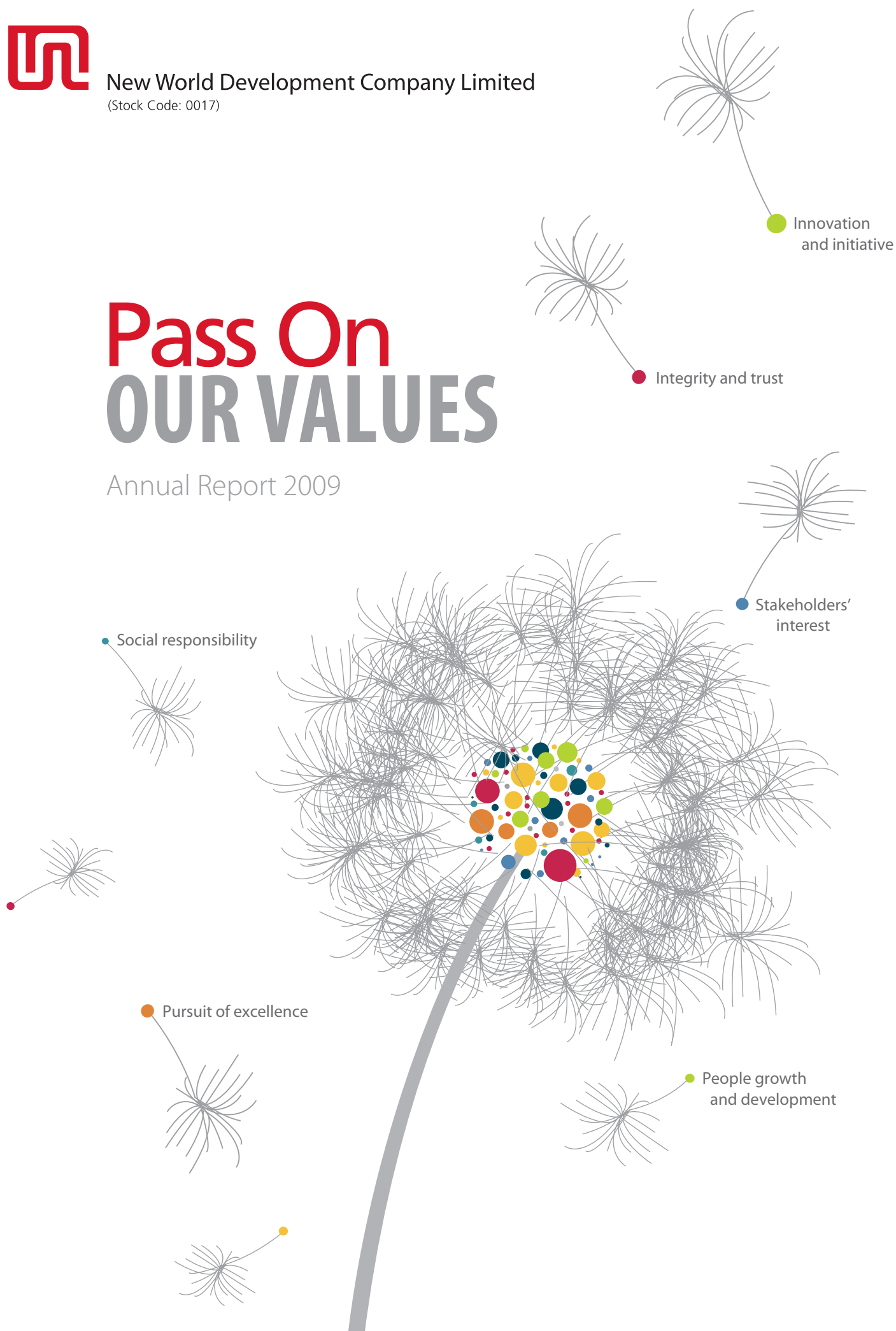




New World Development Company Limited
(Stock Code: 0017)

Pass On OUR VALUES

Annual Report 2009



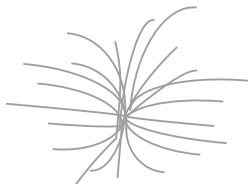
Corporate Philosophy





• **Vision**

To build a better society through innovation and sustainable growth



• **Mission**

- PIONEER URBAN LIVING STANDARD THROUGH THE DELIVERY OF SUPERB QUALITY PRODUCTS
- DELIVER SUPERIOR CUSTOMER SERVICES THAT WIN CUSTOMERS' TRUST
- COMMIT TO LONG-TERM VALUE CREATION FOR SHAREHOLDERS VIA DISTINGUISHED LEADERSHIP
- NURTURE A PROFESSIONAL AND ENERGETIC STAFF FORCE WITH COMMITMENT AND PRIDE
- CARE FOR THE COMMUNITIES WE SERVE AND RESPECT THE ENVIRONMENT WE LIVE IN



• **Core Values**

- INNOVATION AND INITIATIVE
- PURSUIT OF EXCELLENCE
- INTEGRITY AND TRUST
- PEOPLE GROWTH AND DEVELOPMENT
- SOCIAL RESPONSIBILITY
- STAKEHOLDERS' INTEREST

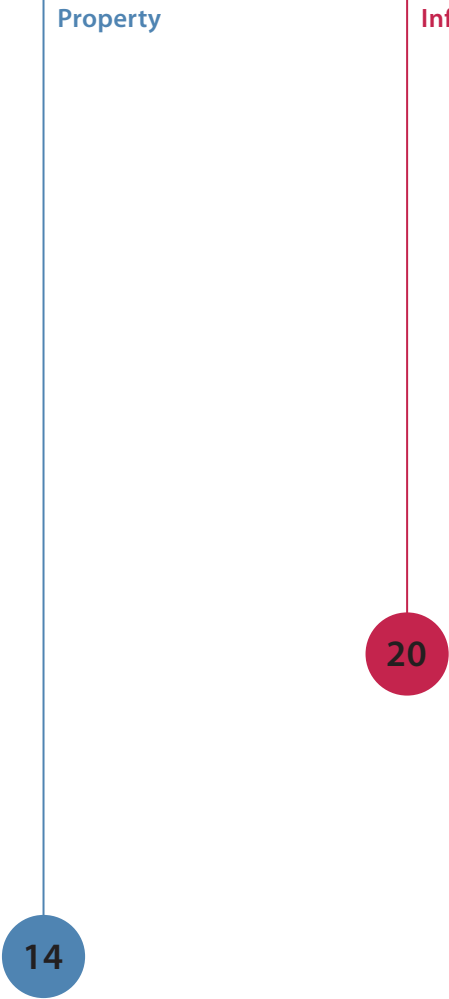
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Corporate Profile



Property



Our property development portfolio is focused on **residential usage** in Hong Kong and Mainland China. This is complemented by a sizable **investment property** portfolio comprising shopping malls, offices, hotels and service apartments. Our property arm in Mainland China, New World China Land, is one of the leading national property developers in Mainland China.



Infrastructure



Our infrastructure portfolio includes **roads, energy, water and ports & logistics** projects in Hong Kong, Mainland China and Macau.





Service



Our service businesses comprise
facilities management, contracting & transport
and financial services.



Department Store



New World Department Store
operates and manages renowned department
store chain in 17 major cities in China.





Property



Infrastructure



Service



Department
Store

Corporate Structure



New World Development Company Limited

(HK stock code: 0017)

Hong Kong property (development & investment)
Hotels (Hong Kong, Mainland China, Southeast Asia)
New World Strategic Investment Limited (direct investment)

LISTED COMPANIES



NWS HOLDINGS LIMITED

(HK stock code: 0659)

- Infrastructure
- Service



New World China Land Limited

(HK stock code: 0917)

- Mainland China property (development & investment)



New World Department Store China Limited

(HK stock code: 0825)

- Department store business

OTHER BUSINESSES

- CSL New World Mobility Group (23.6%)
- New World Telecommunications Limited
- New World TMT Limited
- New World China Enterprises Projects Limited



Financial Highlights

	FY2009 HK\$m	FY2008 HK\$m (restated)
Revenues	24,415.0	29,360.8
Segment results*	5,224.1	8,898.9
Profit before taxation	4,191.3	14,192.9
Profit attributable to shareholders of the Company	2,083.5	9,685.7
Earnings per share (HK\$)	0.55	2.59
Dividend per share (HK\$)		
Interim	0.09	0.18
Final	0.21	0.25
Full-year	0.30	0.43
Total assets	176,519.3	165,757.5
Net debt	34,187.5	26,929.7
Gearing ratio	35.1%	28.4%

* including share of results of jointly controlled entities and associated companies



Chairman's Statement

TO OUR SHAREHOLDERS,

As the Chinese generally believe, "no man can place himself in society without integrity; no family will be blessed with harmony without mutual trust among its members; no trade can flourish without credit; and no nation can enjoy peace without public confidence". To lead a meaningful life, one must build trust with others. To enjoy peace, a nation must win the confidence and support of its people. To achieve stable growth, an enterprise must live up to its conviction. Since its founding, New World Group has gone through adversities and changes and fully understands that only with unwavering conviction can an enterprise stand out from the crowd.

The Group's chronicle of development spanning 40 years is characterized by the New World Centre in the 70s, the Hong Kong Convention and Exhibition Centre in the 80s, Old Cities Rehabilitation Projects in the 90s and numerous infrastructure construction projects including roads, bridges as well as water and power supplies, undertaken in the PRC in recent years. The success we are now taking pride in is the natural outcome of our adhesion to our principles to start with: an enterprise shall take care of the people's livelihood, through thick and thin; an enterprise shall help

the people overcome all difficulties to savor the fruit to be borne on the motherland, come rain or shine.

In 1973 when Hong Kong stock market witnessed an unprecedented slump with Hang Seng Index plunging by over 90% in a year, the Group built the New World Centre in Tsim Sha Tsui, Hong Kong through the acquisition of Holt's Wharf. In doing so we broke the dominance of the UK-based conglomerates and, as if a shot in the arm, initiated the course of weaving the companies with Chinese capital into the economic fabric of Hong Kong.

In 1984, the Sino-British talks on the future of Hong Kong triggered a confidence crisis. Daunted by the uncertainties over the colony's future, most developers shied away from construction projects that took considerable time to complete. In that year the Group recognized what the community needed and actively responded to the government's call for a landmark convention and exhibition venue of international standard to be built in Hong Kong. The Group turned out to be the only developer willing to take financial and operating risks on a long-term basis, thereby laying a solid foundation for Hong Kong to host international conventions and





**To achieve
stable growth,
an enterprise must
live up to
its conviction.**

exhibitions. Coupled with its excellent services, Hong Kong soon secured world-wide recognition as an ideal spot for conferences and exhibitions.

In 1992, the implementation of the reform and opening up policy in the PRC was on the right track. Improvement to living environment was in need. The Group took the initiative to lobby the local government of Chongwen district in Beijing for the Old City Rehabilitation Project and was committed to bearing all the costs and expenses required. We then proceeded to revamp other old cities like Wuhan, Shenyang, Tianjin and Jinan, merely hoping to contribute to a better living environment for the country and, in turn, the well-being of my fellow countrymen.

In recent years the PRC has been keen on promoting the transportation and infrastructure development across the nation and procuring the progress of its people. In contrast with others who craved for instant benefits, the Group, eyeing the long-term development of the national transportation system, succeeded in securing cooperation with the Ministry of Railways to construct in stages 18 rail container terminals in 18 major cities.

With our compatriots in mind and backed by our conviction, we remain committed to investing wholeheartedly to improve the people's living conditions, regardless of all uncertainties. With the motherland in mind and based on our confidence, we remain committed to investing to put her on track to greater success, against all odds.

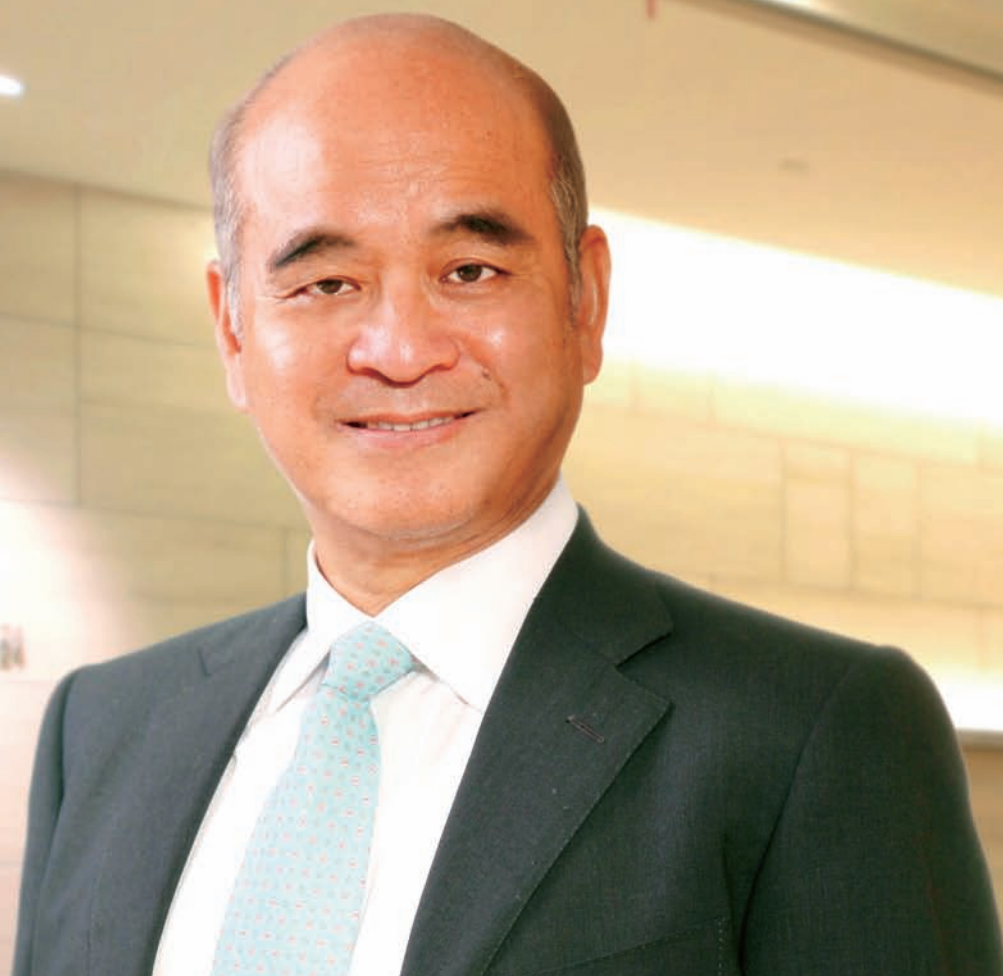
The arrival of the 21st century precedes the onslaught of turmoil and tsunami. Business environment has become unpredictable and the global economy even harsher. Notwithstanding the ups and downs of the economic cycles, New World Group remains adamant as always. Underpinned by its faith in the motherland and judging the situation at commanding heights, we survive the market volatility and political changes. We cater for the actual need of the people and keep pace with the country. These explain for New World Group's steady growth amid adversities over the past decades.

Dr Cheng Yu-Tung
Chairman

Hong Kong, 8 October 2009



Managing Director's Report



TO OUR SHAREHOLDERS,

Since the third quarter of 2008, the global financial crisis has created a lot of uncertainties and risks. For FY2009, the Group recorded revenue of HK\$24,415.0 million and profit attributable to shareholders amounted to HK\$2,083.5 million.

For the year under review, the contribution from property sales segment amounted to HK\$507.3 million in the prevailing weak market sentiment. At the same time, China property market has experienced negative effects from both the austerity measures previously imposed by the Central Government and the global economic downturn. A total GFA of 472,110 sq m were sold in FY2009 to generate gross sale proceeds of approximately RMB3.4 billion. The average gross margin maintained at a stable level of 33.2% in FY2009.

The global financial tsunami has drowned quite a number of multinational corporations. The big waves also triggered a lot of companies downsizing and even closing their operations in Hong Kong. The demand and rental rates of prime office buildings were greatly reduced. However, limited supply of prime office spaces and the global economic boosting measures mitigated the weak market sentiment. Retail market in Hong Kong was also adversely affected by the economic downturn. However, the consumption of the Mainland tourists provided a strong cushion effect.

In FY2009, Hong Kong hotel industry also experienced the rigorous challenges. The global economic downturn triggered by US sub-prime turmoil led to a substantial decrease of corporate and individual travellers. Postponement of corporate business trips and cancellation of leisure travels dampened the overall arrival volumes and the hotel occupancies. Travellers'

reluctance to patronize high-end luxury hotels and intensified competition among peers led to lower average room rate.

The infrastructure segment sustained a drop in contribution mainly due to the rising coal price that attacked the profitability of the energy division. The service segment experienced a decrease in contributions mainly attributable to a substantial decline in earnings from the core business of Taifook Securities Group Limited as a result of the financial crisis.

For the fiscal year ended 30 June 2009, our department store business reported a steady growth. The revenue of NWDS grew by 15.6% to HK\$1,721.2 million. Profit attributable to equity holders increased 14.8% to HK\$547.3 million. The operating margin grew from 39.6% to 40.4%, representing an increase of 0.8 percentage points. NWDS maintained a steady same-store sales growth of 9% for all stores and 5% for self-owned stores.

As at 30 June 2009, the Group's cash and bank balances stood at HK\$14,363.3 million and the consolidated net debt amounted to HK\$34,187.5 million. The net debt to equity ratio was 35.1%, an increase of 6.7 percentage points as compared with FY2008. The increase was mainly due to the increase in bank borrowings for financing the payment of land premium for two development projects.

After the onset of the financial tsunami, stimulus packages were soon announced by various central banks including China. The stabilization effect has been observed since the second quarter of 2009. The recent positive performance of the equity market further helped the public regain confidence in the economy.



The stabilization effect of the stimulus packages has been observed since 2Q of 2009. The recent positive performance of the equity market further helped the public regain confidence in the economy.

The Group's recurrent operations will generate stable cashflow. Low interest environment and the tight supply pipeline will continue to favour the Hong Kong property market. Local homebuyers are regaining confidence with improved affordability. Transaction volume and property prices are both growing healthily. Our luxury trophy project, The Masterpiece (名鑄), has received overwhelming market responses when launched in August 2009. Signs of stabilization have recently been observed in the office market.

K11, the first Art Mall in the world, is scheduled to be opened in the fourth quarter of 2009. The renowned shopping mall is of 340,000 sq ft, six-storey high. K11, together with the deluxe hotel, Hyatt Regency Hong Kong, Tsim Sha Tsui and luxury residences, The Masterpiece, is situated at the Group's trophy downtown development project overlooking the Victoria Harbour.

Currently, the Group has a landbank of 4.6 million sq ft total GFA for immediate development. The Group also has a total of over 21.5 million sq ft of agricultural land reserve pending conversion. The Group is now negotiating with the government on the land premium for conversion of 6.6 million sq ft agricultural land, most of them designated for residential usage.

We believe the Central Government will continue its stance in the economic boosting measures. Mainland property market should be on track along its broad base rebound since late March 2009 with significant increase in prices and sales volume.

China United International Rail Containers Co., Ltd. ("CUIRC"), the joint venture company that develops 18 rail container terminals in Mainland China, was established in March 2007. The current standalone facility in Kunming is operated smoothly in FY2009. The construction of the terminals in Zhengzhou, Chongqing and Dalian is expected to be completed in late

2009. The construction works of the next batch of terminals in Qingdao, Chengdu, Xian and Wuhan are also underway and expected to be completed in 2010. Upon the completion of these new terminals, an initial railway terminal network for CUIRC will be established, serving strategic locations at major seaports and inland cities in Mainland China.

Construction works for the extension of Hong Kong Convention and Exhibition Centre ("HKCEC") were completed in April 2009. The total rental space has been increased to 91,500 sq m, enabling HKCEC to host bigger and better mega-sized exhibitions and maintain its leading position in the market.

The overall impact of the global financial tsunami on the water market to date has been relatively small although demand growth may slow down. Environmental issue remains a top priority on the government's agenda. The Central Government has increased spending on various environmental initiatives, covering waste water treatment in particular.

In June 2009, NWDS announced its rebranding project of adopting the new operational concept of "Fashion Style" and "Living Style", offering customers an entirely new shopping experience. The whole project is expected to be completed in two years.

On the whole, the Group will keep monitoring the risks affecting our operations and adjust our plans and executions for the best interests of the Group's stakeholders.

Dr Cheng Kar-Shun, Henry
Managing Director

Hong Kong, 8 October 2009



Property

Our sizable property portfolio in Hong Kong and Mainland China embraces residential estates, office buildings, shopping centres, hotels and convention centres. Merging nature, design and technology, we enrich people's daily living, and turn their dreams into reality.



Harbour Place



Emerald Green



K11/The Masterpiece

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	439,458
Kowloon	1,155,499
New Territories (excluding areas pending agricultural land conversion)	3,022,580
Total	4,617,537

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,491,500	13,090,000
Sha Tin/Tai Po	3,412,000	2,526,000
Fanling	2,260,000	2,260,000
Sai Kung	1,265,000	1,028,000
Tuen Mun	120,000	120,000
Total	21,548,500	19,024,000

HONG KONG PROPERTY DEVELOPMENT

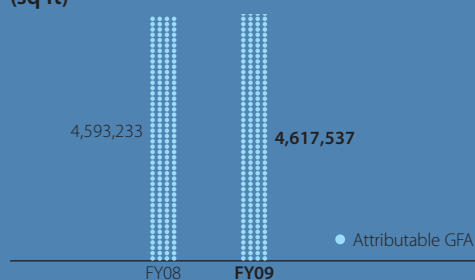
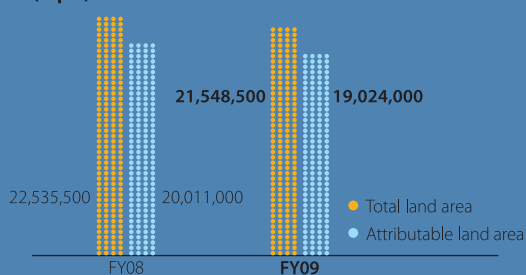
Starting from September 2008, Hong Kong economy, including the property market, had been inevitably affected by the global financial turmoil. The worry of economic downturn and the tightening of liquidity cradled a negative sentiment for the property market. Transaction volume and property values recorded substantial reduction. In order to avoid economic depression, the central banks of many nations announced generous economic and liquidity stimulus packages.

In the second quarter of 2009, following the Mainland property market, the property market in Hong Kong shared signs of stabilization. Low interest rate and encouraging performance of the stock market triggered the turnaround of market sentiment. Local homebuyers regained confidence with improved affordability. Transaction volume and property prices were both growing healthily.

During the period under review, the Group's effective share of property sales amounted to approximately HK\$1,653.7 million. The contributions were mainly from the re-launch of Harbour Place (海濱南岸), sales of Block A of Wylie Court (衛理苑A座), Prince Ritz (太子匯) and other inventories.

Our project in Yuen Long, the Emerald Green (翹翠峰), was launched in March 2009. As at 30 June 2009, over 64% of the residential units were sold. Our luxury trophy project, The Masterpiece (名鑄), has received overwhelming market responses since its launch in August 2009.



**Total Landbank
(sq ft)****Total Agricultural Landbank
(sq ft)**

Wylie Court



New World Centre

In the pipeline, the Group will launch five new projects with over 1,337 units to the market in 2010 and 2011. They are 42–44 Belcher's Street in Western District (西環卑路乍街42–44號), 9–12 Chun Fai Terrace in Tai Hang (大坑春暉臺9–12號), Tong Yan San Tsuen Phase I in Yuen Long (元朗唐人新村一期), 55 Conduit Road at Mid-Levels (半山干德道55號) and the Che Kung Temple Station Project in Sha Tin (沙田車公廟站項目).

During the period under review, the Group paid approximately HK\$4 billion of land premium for two property projects, namely Lung Tin Tsuen Project in Yuen Long (元朗龍田村項目) and Che Kung Temple Station Project in Sha Tin (沙田車公廟站項目). Total gross floor area ("GFA") involved is approximately 1.9 million sq ft.

Currently, the Group has a landbank of 4.6 million sq ft total GFA for immediate development. The Group also has a total of over 21.5 million sq ft of agricultural land reserve pending conversion.

The Group is now negotiating with the government on the land premium for conversion of 6.6 million sq ft agricultural land, most of them designated for residential usage, including the Wu Kai Sha Project (烏溪沙項目), the Tai Tong Road Project (大棠路項目) and the Tai Po Tsai Project (大埔仔項目). These three projects are expected to provide an approximately 1.8 million sq ft attributable GFA to the Group.

In addition to farmland conversion, the Group is also seeking various sources to replenish its landbank, including public auctions, private acquisition and tendering for development projects offered by Urban Renewal Authority and the MTRC.

HONG KONG PROPERTY INVESTMENT

The global financial tsunami drowned quite a number of multinational corporations. The big waves also triggered a lot of companies downsizing and even closing their operations in Hong Kong. The demand and rental rates of prime office buildings were greatly reduced. However, limited supply of prime office spaces and the global economic boosting measures mitigated the weak market sentiment. Signs of stabilization have recently been observed in the office market.

Nevertheless, the existing average rental rates of portfolio of Hong Kong landlords were behind the reduced asking rate in the prevailing market. Positive rental reversion was still going on. In FY2009, the Group's gross rental income in Hong Kong maintained positive growth and amounted to HK\$1,259.1 million, an increase of 4% year-on-year. All the major projects in the Group's investment portfolio attained satisfactory occupancy.

Retail market in Hong Kong was also adversely affected by the economic downturn. However, the consumption of the Mainland tourists provided a strong cushion effect.

K11, the first Art Mall in the world, is scheduled to be opened in the fourth quarter of 2009. Located at the hub of the city, this 340,000 sq ft, six-storey shopping mall has already attracted a number of new designer boutiques, flagship stores, food and beverage outlets, including international brands newly introduced to Hong Kong. The renowned shopping mall, together with the deluxe hotel, Hyatt Regency Hong Kong, Tsim Sha Tsui and luxury residences, The Masterpiece, is situated at the Group's trophy downtown development project overlooking the Victoria Harbour.



Property



New World Hotel Dalian



Hyatt Regency Hong Kong, Sha Tin

HOTEL

Hong Kong hotel industry has experienced rigorous challenges since the third quarter of 2008. The global economic downturn triggered by US sub-prime turmoil led to a substantial decrease of corporate and individual travellers. Postponement of corporate business trips and cancellation of leisure travels dampened the overall arrival volumes and hotel occupancies. Travellers' reluctance to patronize high-end luxury hotels and intensified competition among peers led to a lower average room rate.

The situation was further deteriorated due to the outbreak of H1N1 in April 2009. Nevertheless, as the global economy has shown signs of stabilization and travellers' concerns about the disease have gradually receded, the decline in arrivals to Hong Kong has been narrowed.

During the period under review, the Group's hotels in Hong Kong recorded a drop in contributions to the Group as a result of the weak economy and the threat of the infectious disease. Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Renaissance Kowloon Hotel recorded an average occupancy of 72%, and the average room rate was modestly affected with 11% decrease.

Excluding global economic downturn and the spread of H1N1, the drop of contribution from the hotel segment was mainly due to the partial renovation of Courtyard by Marriott Beijing and New World Mayfair Hotel Shanghai, the pre-mature results of the newly launched New World Hotel Wuhan, New World Hotel Dalian and Hyatt Regency Hong Kong, Sha Tin, together with the pre-opening expenses charged to income statement for Hyatt Regency Hong Kong, Tsim Sha Tsui during the period under review.

The Group's pentahotel Shanghai, Hyatt Regency Hong Kong, Sha Tin and New World Hotel Dalian have been operating smoothly since operational in FY2009. These three hotels providing 1,256 rooms in total in Mainland and Hong Kong have further enhanced our existing hotel portfolio. Also, the Hyatt Regency Hong Kong, Tsim Sha Tsui was opened in October 2009 to provide 381 rooms.

The reinforcement in promoting Hong Kong as an international tourist hub by the government across the region and the confirmation of tourism-related initiatives in the CEPA's supplement should continue to boost the travel sentiment and help foster the development of Hong Kong's tourism.





Wuhan Menghu Garden



Guiyang Jinyang Sunny Town

During the period under review, China property market has experienced negative effects from both the austerity measures previously imposed by the Central Government and the global economic downturn triggered by the US sub-prime turmoil. In order to stimulate the economy by achieving a year-on-year 8% growth in GDP, Central Government has ambitiously adopted a series of stimulus policies, including monetary easing and support measures for various sectors, to promote stable and fairly fast economic growth since early 2009. The record lending spree recorded in the first half of 2009 not only boosted the economic growth, but also improved the sentiment of property market. The China property market has shown signs of recovery since the end of the first quarter of 2009 with a significant increase in prices and sales volume.

In FY2009, New World China Land Limited ("NWCL") recorded a profit of HK\$1,359.4 million, a decrease of 33% from FY2008. The decrease in profit for the year was mainly attributable to the effect from changes in fair value of investment properties which recorded

a gain of HK\$257.7 million as compared to last year's gain of HK\$406.1 million and also the effect of foreign exchange gain of HK\$38.7 million as opposed to a gain of HK\$515.0 million in the last financial year end when Renminbi appreciated by over 8%. Without taking into account the effect of the aforementioned non-operating items and other exceptional items, the underlying core profit from NWCL's four core business operations in fact reached HK\$1,426.9 million, representing a marginal increase of 2% over last year.

During the period under review, the overall property sales performance of NWCL was dampened by the poor market sentiment and uncertain property market outlook, with 47% drop in sales volume to a total GFA of 472,110 sq m with gross sale proceeds of over RMB3.4 billion. These negative impacts were however mitigated by considerable cost savings achieved and contribution from various disposals of property development projects. The achieved average gross margin maintained at a stable level of 33.2% in FY2009.



Property



Guangzhou Park Paradise



Chengdu Riverside New World



Changsha La Ville New World Garden

In FY2009, NWCL has completed 11 property development projects in Dalian, Wuhan, Changsha, Guangzhou, Guiyang and Zhaoqing with a total gross floor area of 685,526 sq m, representing a 26% decrease year-on-year. The decrease was mainly due to the rescheduling of the completion progress and the pre-sale launching programme under the weaker sentiment of property market.

Development property projects completed in FY2009	Usage	Total GFA (sq m)	NWCL's interest
Dalian New World Tower (大連新世界大廈)	R	24,555	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	16,416	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R	95,247	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	R, C	55,816	60%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R	122,391	48%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R	11,742	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R	28,308	60%
Guangzhou Park Paradise Phase II D2 (廣州嶺南新世界二期D2)	R	64,825	60%
Guangzhou Park Paradise Phase II D3 (廣州嶺南新世界二期D3)	R	43,753	60%
Guangzhou Park Paradise Phase II E1 (廣州嶺南新世界二期E1)	R	14,450	60%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R	54,743	63%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, P	88,992	50%
Zhaoqing New World Garden Phase II (肇慶新世界花園二期)	R, P	64,288	100%
Total		685,526	

R: Residential

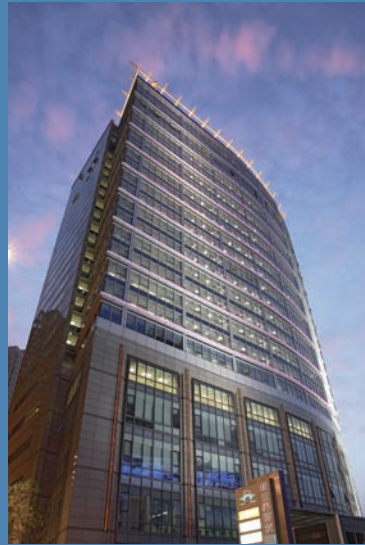
C: Commercial

P: Carpark





Shanghai Hong Kong New World Tower



Wuhan New World Centre



Beijing New World Centre

Benefited from the high occupancy rates of our investment property portfolio, namely Shanghai Hong Kong New World Tower, Wuhan New World Centre and Wuhan New World International Trade Tower, NWCL has achieved an increase of 13% to HK\$440.1 million in contributions from rental operation.

In FY2009, NWCL's investment property portfolio has increased by 173,100 sq m from the completion of seven investment properties and carparks in Dalian, Wuhan, Guangzhou and Zhaoqing.

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

C: Commercial

P: Carpark



Infrastructure

Our investments in infrastructure projects span over Hong Kong, Mainland China and Macau, operating vital utility services and infrastructure facilities. We bring warmth and light to millions of homes; we facilitate high mobility of people and goods; we accelerate the advancement of our country.



Guangzhou City Northern Ring Road



Tianjin Jieyuan Water Plant



Xiamen New World Xianyu Terminals

roads

energy

water

ports & logistics

The recent period of economic uncertainty has posed a limited negative effect on the NWS Holdings Limited ("NWSH") well-managed portfolio which has been proved to be highly sustainable. Despite the worldwide economic downturn, and excluding the standalone effect of the sale of the Harbour Place residential flats, NWSH's profits for FY2009 stood at a healthy HK\$2,191 million, representing a mild decrease of less than 1% as compared to HK\$2,204 million for FY2008.

The Infrastructure operation sustained a drop in contribution mainly due to the high coal price that attacked the profitability of the energy division. Nevertheless, a series of restructuring initiatives were accomplished in several roadways in Guangxi Province, Wuhan Airport Expressway and Wenzhou Zhuangyuan Ao New World International Terminals Company Limited during the year, resulting in a net gain of HK\$215.7 million.

The global financial tsunami has adversely impacted the economic activities of Mainland China, especially within the Pearl River Delta Region. Average daily traffic flow of Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway — Guangzhou-Zhuhai Section decreased by 2% and 11% respectively. Toll income of Tangjin Expressway — Tianjin North Section grew by 25% with an increase of 28% in average daily traffic flow, which was partly due to the diversion of traffic to the expressway during the Olympic period and partly due to the economic development of the Bohai Rim region.





Tangjin Expressway (Tianjin North Section)



Tianjin Five Continents International Container Terminal

In FY2009, the combined electricity sales of Zhujiang Power Plants fell by 17% due to the economic downturn. Although there were two tariff hikes in FY2009, the results of the power plant were severely impaired by the high fuel costs during the year. Electricity sales of Macau Power grew by 4% despite the delays and suspension of works of some mega-sized construction projects in Macau. Chengdu Jintang Power Plant reported a growth of 19% in electricity sales in FY2009, as the two generation units commenced operation in June and October 2007 respectively.

The acquisitions of 7.5% interest in Chongqing Water Group and an effective 26.03% interest in Tianjin Jieyuan Water Plant were completed in August 2008 and March 2009 respectively and have contributed positively to the Group in FY2009.

During the period under review, Xiamen New World Xiangyu Terminals Co., Ltd. reported a 7% reduction in throughput volume to 696,000 TEUs mainly due to sluggish trade. As a result of competition from new terminals and the economic downturn, the throughputs of Tianjin Orient Container Terminals Co., Ltd. and Tianjin Five Continents International Container Terminal Co., Ltd. fell by 24% to 857,000 TEUs and 4% to 1,920,000 TEUs respectively.

ATL Logistics Centre recorded a steady profit with a staggering average occupancy rate at 99% in FY2009. Owing to the time lag effect of its leasing business, an increase in overall average rental was observed as the impact of global freight market downturn was not fully reflected during this year. However, both container freight station revenue and gate charge revenue were reduced when compared to FY2008 as a result of a significant drop in sea-freight and air-freight cargo volumes in Hong Kong.

China United International Rail Containers Co., Ltd. ("CUIRC"), the joint venture company that develops 18 rail container terminals in Mainland China, was established in March 2007. The current standalone facility in Kunming is operating smoothly with a total throughput of 159,000 TEUs handled in FY2009. The construction of the terminals in Zhengzhou, Chongqing and Dalian is expected to be completed in late 2009. The construction works of the next batch of terminals in Qingdao, Chengdu, Xian and Wuhan are also underway and expected to be completed in 2010. Upon the completion of these new terminals, an initial railway terminal network for CUIRC will be established, serving strategic locations at major seaports and inland cities in Mainland China.



Service

Our service businesses provide an unrivalled breadth and depth of expertise that stretches from facilities management, contracting & transport to financial services. As we move forward, we continue to support economic development and sustain the nation's growth.



Taifook Securities



Hong Kong Convention and Exhibition Centre

**facilities
management**

**contracting &
transport**

financial services

Hong Kong Convention and Exhibition Centre ("HKCEC") continued to provide a steady source of income and cash inflow to the Group. A total of 1,076 events were held during the year and patronage exceeded 4.2 million. Construction works for the Atrium Link extension were substantially completed in April 2009 and its total rental space has been increased to 91,500 sq m. The purpose-built exhibition hall space of 66,000 sq m enables HKCEC to host bigger and better mega-sized exhibitions and maintain its leading position in the market.

Free Duty, the duty free tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong, achieved very satisfactory results in FY2009. Benefiting from the steady traffic growth via railway between Hong Kong and Mainland China, Free Duty in Lo Wu and Hung Hom MTR Stations, which commenced in January 2008, produced outstanding results in FY2009. However, the ongoing global economic recession together with the human swine influenza outbreak have caused a decline in patronage at the Hong Kong International Airport.

The Facility Services business, including property management, security guarding, professional cleaning services and laundry, continued to contribute a stable profit and cashflow to the Group in FY2009. Our property management portfolio covers over 16.5 million sq m of commercial, industrial and residential areas in Hong Kong and Mainland China.





Free Duty



Urban Property Management



New World First Bus/ Citybus

The Contracting business recorded a drop in contribution in FY2009. Macau projects still remained to be the major profit contributor of the Contracting business. Contributions from Hong Kong projects decreased as a result of an additional provision of approximately HK\$180.0 million made for one major project due to potential claims for liquidated damages and foreseeable loss. As at 30 June 2009, the gross value of contracts on hand for the Construction Group was approximately HK\$20.5 billion.

During the year, through joint ventures with partners, NWSH succeeded in securing the design and build project of Tseung Kwan O Hospital in Hong Kong and the Masdar Institute of Science and Technology project in Abu Dhabi. Although the impact of the global financial tsunami is yet to be fully reflected, the management is cautiously optimistic about the medium to long-term prospects in Hong Kong. NWSH is well positioned to take advantage of the mega-sized projects. The performance of the mechanical and engineering business remained satisfactory with an improved gross profit margin. The total contracts on hand as at 30 June 2009 amounted to HK\$6.0 billion.

Transport business achieved a significant increase in contribution over FY2008. It was primarily due to the gain on disposal of fixed assets and the drop in fuel costs during the year. The improved results were also due to the one-off impairment provision made for an investment in Mainland China last year. Without the aforementioned disposal gain and impairment provision, the Transport business in effect recorded a 22% increase in profit over FY2008.

A significant drop in contribution from Taifook Securities Group Limited ("Taifook Securities") was chiefly due to the substantial decline in earnings from its core operations including brokerage service, corporate finance and margin finance for FY2009. Its businesses seriously deteriorated due to the lack of turnover volume in the equity markets and contraction in fund-raising activities from IPOs as a consequence of the global financial tsunami. Although the equity trading activities turned slow during FY2009, the demand for brokering services for futures and other commodities remained strong and helped to mitigate the decline in earning. Moreover, the market has shown clear signs of rebound since March 2009 with increased turnover and significant improvement in contribution recorded in the second quarter of 2009. It is expected that the financial market will remain volatile until concrete signs of global economic recovery emerge.

As a global professional services provider specializing in integrated business, corporate and investor services, Tricor has successfully expanded into 21 cities in 12 countries/territories throughout Asia and worldwide. Caught in the global financial market slowdown, Tricor's revenue for FY2009 dropped slightly as compared to FY2008.



Department Store

From fashion, accessories, cosmetics to household items, our department stores throughout major cities in Mainland China offer one-stop shopping experience with variety and quality. We strive to provide scrupulous care to customers. We bring comfort, relaxation and style to their daily shopping.



Harbin Store



Shanghai Wujiaochang Branch Store

In FY2009, the total revenue of New World Department Store China Limited ("NWDS") amounted to HK\$1,721.2 million, a growth of 15.6% year-on-year. Net profit stood at HK\$547.3 million, an increase of 14.8% compared to the previous year.

In the year under review, NWDS opened three new stores in Beijing, Wuhan and Taizhou. They included two self-owned stores of Wuhan Hanyang Branch Store (武漢漢陽店) and Taizhou Store (台州店), as well as one managed store of Beijing Liying Store (北京利瑩店). The expansion of Harbin Store (哈爾濱店) has been in phased operation starting from May 2009.

NWDS made two acquisitions during the period under review. Two managed stores, namely Kunming Store (昆明店) and Ningbo Trendy Store (寧波匯美店), were acquired and converted to self-owned stores in March and April 2009 respectively. After the acquisition, NWDS owns its first self-owned store in Southwestern China, which helps consolidate its market position in the region.

At the end of June 2009, NWDS business network comprised 22 self-owned stores and 11 managed stores, with a total GFA of about 1,063,470 sq m. Located in five operational regions, namely Northeastern China, Northern China, Eastern China, Central China and Southwestern China, the stores covered 17 major cities in the PRC. These included Wuhan, Shenyang, Wuxi, Harbin, Tianjin, Ningbo, Beijing, Shanghai, Dalian, Kunming, Lanzhou, Taizhou, Changsha, Chongqing, Chengdu, Anshan and Nanjing.

In the period under review, the Central China Region contributed the most to NWDS's revenue, accounting for 31.8% of total revenue, followed by the Eastern China Region and the Northeastern China Region, accounting for 28.6% and 25.1% respectively.

In June 2009, NWDS announced to rebrand its image with new operation concept of "Fashion Style" and "Living Style", offering customers an entirely new shopping experience. The new NWDS concept abandons the conventional class-basis positioning and initiates "Fashion Style" and "Living Style" concept in the retail industry by categorizing the stores into two types: "Fashion Gallery" and "Living Gallery". Stores with a smaller GFA will be converted to "Fashion Gallery" while selected stores with a larger GFA will be transformed into "Living Gallery".

Rebranding of NWDS will be implemented by phases in different regions. Northeastern region will be the first region to be inaugurated with Shenyang as the pilot city. Northern region and Eastern region will commence the rebranding project in 2010 with Beijing and Shanghai as the pilot cities respectively. Central region and Southwestern region will start the revamp in 2011 whereas Wuhan and Chengdu as the respective cities to embark on. The whole project is expected to be completed in two years.

The rebranding project will be implemented by three stages in order to offer a refreshing outlook to consumers. Revamping the merchandize mix will be the first phase; refining the graphic design and decoration of the stores will be the second phase; upgrading the exterior and interior design as well as the shopping atmosphere of the stores will be the third phase.





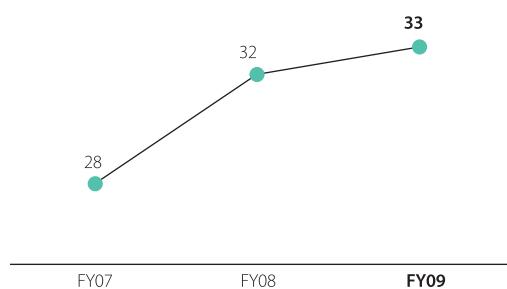
Wuhan Hanyang Branch Store



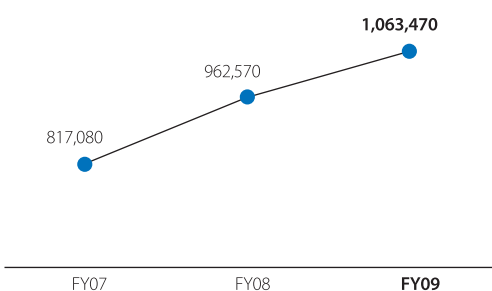
Kick-off Ceremony of NWDS rebranding

Region	City	No. of Stores	GFA (sq m)
Northeastern China	Harbin, Shenyang, Dalian, Anshan	6	185,690
Central China	Wuhan, Changsha	7	237,650
Eastern China	Shanghai, Wuxi, Ningbo, Nanjing, Taizhou	12	296,430
Northern China	Beijing, Tianjin, Lanzhou	5	259,600
Southwestern China	Chongqing, Kunming, Chengdu	3	84,100
Total		33	1,063,470

Number of stores by year



GFA by year (sq m)



Direct Investment



Investment in Biomax Environment



Listing of Renhe Commercial

New World Strategic Investment Limited ("NWSI") is a wholly-owned subsidiary and the direct investment arm of New World Group. Since its establishment in August 2007, NWSI has been setting its sight on pre-IPO and value-enhancing investment opportunities, focusing on investing in fast-growing private companies one to three years before they go public, and with a view to maximizing the return for both NWSI and our partners through our synergies.

In pursuit of its "new strategy, new thinking" objective, NWSI continues to identify investment projects with development potential in various areas. In 2007, NWSI together with its affiliates invested in Renhe Commercial Holdings Company Limited ("Renhe

Commercial"). Renhe Commercial is principally engaged in the operation and construction of underground shopping centres mainly for the wholesale of garments, apparel and accessories in the PRC. Renhe Commercial succeeded in listing its shares on the main board of the Stock Exchange of Hong Kong Limited in October 2008.

During the period under review, NWSI also invested in such promising sectors as commercial retail, resources and renewable energy, so as to capitalize on the opportunities arising from the rapid economic growth of the PRC.



Other Businesses



Internet Data Centre of NWT



Carrier-grade facilities of NWT

NEW WORLD TELECOMMUNICATIONS LIMITED ("NWT")

During the year under review, NWT endeavored to restructure its business to trim off unprofitable business and impose stringent cost control measure. NWT broke even in FY2009.

CSL NEW WORLD MOBILITY GROUP ("CSLNWM")

The Group owns 23.6% of CSLNWM. In FY2009, CSLNWM recorded revenue of HK\$5,675 million, down 11.3%. The revenue decline has predominantly been driven by lower volume of handset sales following a significant slowdown in consumer spending. Additionally, CSLNWM has experienced lower local voice revenue, lower outbound roaming voice revenue and prepaid revenue. Outbound roaming voice revenue has been particularly impacted by the global economic climate and the reduction in travel out of Hong Kong. In the context of a challenging economic environment, EBITDA has declined by 24.2% for FY2009. The EBIT recorded a loss of HK\$312 million and the decline was impacted by accelerated depreciation on the company's old networks, following the decision to invest in new network technologies and acceleration in the phasing out of the old networks. The acceleration commenced in the second half of fiscal 2008 and finished in June 2009, resulting in a year-on-year increase of HK\$370 million in depreciation expenses.

NEW WORLD CHINA ENTERPRISES PROJECTS LIMITED ("NWCEP")

NWCEP not only acts as investment and project manager for New World Enterprise Holdings Limited, but also acts as project manager for a China focused private equity fund, namely New World Liberty China Ventures Limited ("NWLCV"). The total accumulated investment amount of NWCEP is about US\$163 million for over 20 projects.

During the financial year, NWLCV disposed its interest in a paper product manufacturer with approximately 40% of overall investment return.

NEW WORLD TMT LIMITED ("NWTMT")

The NWTMT business strategy is based on providing profit generating services and applications in the Mainland China and the Asia Pacific region TMT arena. NWTMT is well positioned to benefit from regional liberalization initiatives and technological advancement. By way of providing managerial expertise, strategic partnerships and capital, the company aims to maximize returns and create shareholder value for a portfolio of enterprises in which NWTMT has significant equity interest.



Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices and procedures. For the year under review, the Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, except for the deviations as disclosed in this report.

The board of Directors (the "Board") will review and improve the corporate governance practices from time to time to ensure that the Group is under the leadership of an effective board to optimise return for shareholders.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions. Having made specific enquiry of all Directors, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the year ended 30 June 2009.

As required under code provision A.5.4 of the CG Code, the Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees in respect of their dealings in the securities of the Company. The Board has established guidelines for employees in respect of their dealings in the securities of the Company but they are not on no less exacting terms than the Model Code. The deviation is mainly due to the fact that the Company currently has over 55,000 employees and operates diversified businesses, it will cause immense administrative burden for processing written notifications from the relevant employees by the Company.

BOARD OF DIRECTORS

The Board oversees the management, businesses, strategic directions and financial performance of the Group. The Board currently comprises a total of 14 Directors, with six Executive Directors, four Non-executive Directors and four Independent Non-executive Directors. The biographies of the Directors are set out on pages 63 to 67 of this annual report.

The Company has received annual confirmation of independence from all the Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the Independent Non-executive Directors are independent in accordance with the Listing Rules.

The Board has delegated an Executive Committee comprising all Executive Directors of the Board, with authority and responsibility for handling the management functions and day-to-day operations of the Group, while reserving certain key matters such as the declaration of interim dividend, making recommendation of final dividend or other distributions for the approval by the Board. The Executive Committee meets regularly as when necessary.

CHAIRMAN AND MANAGING DIRECTOR

The Board has appointed a Chairman who provides leadership for the Board and ensures that the Board works effectively and that all important issues are discussed in a timely manner. The Managing Director takes the lead in the Group's operations and business development. The positions of the Chairman and the Managing Director are held by separate individuals so as to maintain an effective segregation of duties.



NON-EXECUTIVE DIRECTORS

Non-executive Directors (including the Independent Non-executive Directors) serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group. The Non-executive Directors are not appointed for a specific term as is stipulated in Code provision A.4.1, but are subject to retirement by rotation in accordance with the articles of association of the Company. Article 103(A) of the articles of association of the Company provides that at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

REMUNERATION OF DIRECTORS

The Company established the Remuneration Committee on 22 September 2005 with specific written terms of reference. The Remuneration Committee is responsible for making recommendations on the Company's policy and structure for the remuneration of all the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy for approval by the Board. The Remuneration Committee met once during the year to review the remuneration policy for Directors and senior management of the Company. Current Members of the Remuneration Committee are Mr. Leung Chi-Kin, Stewart (Chairman), Mr. Yeung Ping-Leung, Howard, Dr. Cha Mou-Sing, Payson, Mr. Ho Hau-Hay, Hamilton and Mr. Lee Luen-Wai, John.

The remuneration for the Executive Directors comprises basic salary, pensions and discretionary bonus. Share options were granted to all Directors to subscribe for shares in the Company under the Company's share options scheme. In addition to the above, certain Directors had been granted options under share option schemes of various listed subsidiaries to enable the Directors to subscribe for shares in those subsidiaries. Details of the amount of emoluments of Directors paid for the financial year ended 30 June 2009 are set out in Note 16 to the financial statements.

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a Director on the basis of the candidate's qualification, experience, integrity and potential contribution to the Company, and approving and terminating the appointment of a Director. A candidate to be appointed as Independent Non-executive Director must also meet the independence requirement set out in Rule 3.13 of the Listing Rules. During the year under review, the Company had not established a nomination committee.

AUDIT COMMITTEE

The Audit Committee, established in fiscal year 1999 with specific written terms of reference, currently consists of four Independent Non-executive Directors of the Board. Due to the amendments to the CG Code effective from 1 January 2009, the terms of reference of the Audit Committee were updated during the year. The Audit Committee is responsible for the review and supervision of the Group's financial reporting process and internal controls. To assist the Audit Committee to carry out its duties, briefing sessions conducted by heads of the Group's key business segments were organised for the Audit Committee during the year to provide its Members a better understanding of the Group.

During the year, the Audit Committee reviewed with the auditors the audited financial statements for the year ended 30 June 2008 and the unaudited interim financial statements for the six months ended 31 December 2008 with recommendations to the Board for approval, reviewed reports on internal control system of the Group, and discussed with the management and the external auditors the accounting policies and practices which may affect the Group and financial reporting matters. The Audit Committee reviewed the system of internal control and the financial statements for the year ended 30 June 2009 with recommendation to the Board for approval. Current Members of the Audit Committee are Dr. Cha Mou-Sing, Payson (Chairman), Mr. Yeung Ping-Leung, Howard, Mr. Ho Hau-Hay, Hamilton and Mr. Lee Luen-Wai, John.



Corporate Governance Report

ATTENDANCE AT MEETINGS OF THE BOARD, THE AUDIT COMMITTEE AND THE REMUNERATION COMMITTEE

Name of Directors	Number of Meetings Attended/Eligible to attend for the year ended 30 June 2009		
	Board	Audit Committee	Remuneration Committee
Executive Directors			
Dato' Dr. Cheng Yu-Tung (<i>Chairman</i>)	4/4		
Dr. Cheng Kar-Shun, Henry (<i>Managing Director</i>)	4/4		
Dr. Sin Wai-Kin, David	4/4		
Mr. Liang Chong-Hou, David	4/4		
Mr. Leung Chi-Kin, Stewart	4/4		1/1
Mr. Cheng Chi-Kong, Adrian	4/4		
Non-executive Directors			
Lord Sandberg, Michael*	0/2		
Mr. Cheng Kar-Shing, Peter	2/4		
Mr. Chow Kwai-Cheung	3/4		
Mr. Liang Cheung-Biu, Thomas	4/4		
Ms. Ki Man-Fung, Leonie JP^	1/2		
Independent Non-executive Directors			
Mr. Yeung Ping-Leung, Howard	3/4	3/3	1/1
Dr. Cha Mou-Sing, Payson JP	2/4	1/3	1/1
Mr. Ho Hau-Hay, Hamilton	4/4	3/3	1/1
Mr. Lee Luen-Wai, John JP	3/4	3/3	1/1

* retired on 2 December 2008

^ appointed on 5 December 2008

AUDITORS' REMUNERATION

During the year ended 30 June 2009, the total fee paid/payable in respect of audit and non-audit services provided by the Group's external auditors is set out below:

Type of services	Fee paid/payable for the year ended 30 June	
	2009 HK\$m	2008 HK\$m
Audit services	52.3	52.8
Non-audit services	6.3	6.9
Total	58.6	59.7





DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board, supported by the accounts department, is responsible for the preparation of the financial statements of the Company and the Group. The Board has prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors of the Company and the Group regarding their reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditors' Report on page 103 of this annual report.

INTERNAL CONTROL

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance of applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

An internal audit department has been established to conduct audits of the Company and its subsidiaries, jointly controlled entities and associated companies. The internal audit department performs

risk-based audits to review the effectiveness of the Group's material internal controls so as to provide assurance that key businesses and operational risks are identified and managed. The work carried out by the internal audit department will ensure the internal controls are carried out appropriately and functioning as intended. The internal audit department reports to the Board with its findings and makes recommendations to improve the internal control of the Group.

The Audit Committee also receives the report from the internal audit department and takes such report into consideration when it makes its recommendation to the Board for approval of the half-yearly or annual results of the Group.

COMMUNICATION WITH SHAREHOLDERS

The Board and senior management maintain a continuing dialogue with the Company's shareholders and investors through various channels including the Company's annual general meeting. The Chairman, Managing Director, other members of the Board and external auditors attend the annual general meeting. The Directors will answer questions raised by the shareholders on the performance of the Group. The Company holds press and analysts conferences at least twice a year following the release of interim and full year results announcements at which the Executive Directors and senior management of the Group are available to answer questions regarding the performance of the Group. Our corporate website which contains corporate information, interim and annual reports, announcements and circulars issued by the Group as well as the recent developments of the Group enables the Company's shareholders to have a timely and updated information of the Group.



Corporate Citizenship



We fulfil corporate social responsibility and value it as the basis of the establishment, development and success of our businesses.

TO OUR SHAREHOLDERS,

After years of development, New World Group has grown and established diversified businesses, and contributed substantially to the economic and social development of Mainland China and Hong Kong. In addition to the Group's focus on business development, we fulfil corporate social responsibility and value it as the basis of the establishment, development and success of our businesses. Backed by our people-oriented corporate culture and core value, we strive not only to outperform our industry counterparts, but also become a true pioneer of corporate citizenship and achieve ongoing advancement.

Youngsters are innovators for the future social development, giving us hope for the future and driving a sustainable society. At New World Group, we hope to help them in establishment of positive values of life, goal-setting and leadership development via youth development activities. A few months ago, the Home Affairs Bureau appointed New World Facilities Management Company Limited, a wholly-owned subsidiary of New World Group, for the provision of management and operation services for Youth Square in Chai Wan. Leveraging our experience and expertise in facilities management and our passion for youth development, we aim at turning Youth Square into a platform devoted to youngsters by organizing various youth activities. Youth Square is expected to facilitate youth development by unleashing youngsters' potential and unlocking their passion. Moreover, we have continued to support youth programmes including youth arts project, social enterprise, summer internship programme, etc. and encourage youngsters to reach their untapped potential.

Caring about Mainland China's development, New World Group is devoted to promoting cultural exchange between Mainland China and Hong Kong. Particularly, the Group encourages youngsters to understand more about our mother country and widen their horizons. We have organized "New Youth New World" Summer Internship Programme for two consecutive years, supporting over a hundred of local university students to work in Mainland China each year, allowing them to experience work and life in the Mainland. We also supported Wu Zhi Qiao (Bridge to China) Charitable Foundation by sponsoring students and the Group's volunteers to build a footbridge named New World Wu Zhi Qiao

in Taibai village, Ganzu, improving the livelihood of the people in the remote area. Furthermore, we organized a Wenchuan Cultural Exchange Tour for Hong Kong youngsters, during which they had the opportunities to understand the economic development programmes in the wake of the devastating Wenchuan earthquake and the Qiang culture.

We strongly believe the Group's long-term success is dependent on sustainable development. To secure a better future for the global village and our next generation, we have endeavoured to implement green office policies, raise employee awareness of environmental concerns, and participate in green activities initiated by the government and green groups. We also tried our best in eliminating the impact of our businesses on the environment.

Internally, New World Group also adheres to its people-oriented principle. We recognize the importance of employee development by offering professional training for employees to unlock higher performance. We treasure management-employee communication and the building of team spirits. Moreover, we have contributed substantially to charities and volunteering, and successfully motivated the whole Group to participate in charitable events actively and serve the community wholeheartedly to give back to society. On the other hand, we value investor relations by providing a high level of transparency and ensuring shareholders' thorough understanding of the Group. We have always stayed in good communication with our investors.

Corporate citizenship is the core value of the Group, and represents the commitment of every member of our team to society and the environment. We pledge to create a better new world in the coming days by continuing to treasure our people-oriented management value, shoulder corporate social responsibility and innovate diversified contribution means.

Cheng Chi-Kong, Adrian
Executive Director

Hong Kong, 8 October 2009



Sharing Love and Care Building a Harmonious New World

NEW WORLD GROUP HAS ALWAYS BEEN COMMITTED TO PARTICIPATING IN COMMUNITY AFFAIRS AND CARING FOR THE PEOPLE IN NEED. AS A RESPONSIBLE CORPORATE CITIZEN, THE GROUP ALWAYS CARES FOR THE COMMUNITY WE SERVE AND RESPECTS THE ENVIRONMENT WE LIVE IN. THEREFORE, THE GROUP HAS ACTIVELY SUPPORTED VARIOUS COMMUNITY EVENTS, PROMOTED EXCHANGE BETWEEN HONG KONG AND MAINLAND CHINA, AND FORMED CORPORATE VOLUNTEER TEAMS TO PROVIDE SERVICES FOR THE NEEDY. THE GROUP HAS ALSO BEEN DEVOTED TO NURTURING PROFESSIONAL AND ENERGETIC STAFF WITH COMMITMENT AND PRIDE, AND TARGETED TO BUILD A BETTER SOCIETY THROUGH INNOVATION AND SUSTAINABLE GROWTH.

NWD AND MORE THAN 20 OF ITS GROUP COMPANIES HAVE BEEN DEVOTED TO CORPORATE SOCIAL RESPONSIBILITY AND AWARDED THE CARING COMPANY LOGO BY THE HONG KONG COUNCIL OF SOCIAL SERVICE, RECOGNIZING THEIR OUTSTANDING PERFORMANCE IN IMPLEMENTING CORPORATE SOCIAL SERVICES.

NURTURING ALL-ROUND DEVELOPMENT OF YOUNGSTERS

New World Group values local young people as an important asset and future leaders of our society. The Group has put great emphasis on nurturing young people and providing training and artistic creation opportunities for all-round youth development. We hope that the young people can unleash their full potential and develop professionalism for contribution to the society in the future.



PROVIDING MANAGEMENT AND OPERATION SERVICES FOR YOUTH SQUARE

New World Group understands the importance of providing a diverse development platform for youngsters and has been committed to promoting all-round youth development. New World Facilities Management Company Limited, a wholly-owned subsidiary of the Group, has been appointed by the Home Affairs Bureau to provide management and operation services for Youth Square in Chai Wan, on a non-profit making basis, starting from 23 April 2009. Youth Square, being the first of its kind, serves as the base of the youth development activities. It comprises an auditorium, multi-purpose halls, offices as well as retail shops, providing space and facilities for a variety of youth activities.

Moreover, Youth Square is equipped with a youth hostel, providing 150 rooms for accommodation of Hong Kong-Mainland and international exchange activities.

Since its commencement of services, Youth Square has offered a platform for diversified youth activities by organizing various activities, including "Organic Life Fair", "Youth Square Career Seminar", Anti-drug Concert and more.



Corporate Citizenship

“PEOPLE POWER IN A NEW WORLD” YOUTH ARTS PROJECT

New World Group has put great emphasis on nurturing arts development among young people, igniting their creativity and encouraging the integration of arts into daily life. Since 2008, New World Group has launched the “People Power in A New World” Youth Arts Project with China Young Leaders Foundation and Hong Kong Youth Arts Foundation, inviting primary and secondary school students to create artworks by bringing arts into daily life.

In 2009, the Group organized “People Power in A New World” Youth Arts Project for the second year. By working with “Road to Green — Striving for a Young New World” (“Road to Green”), a social enterprise set up by NWD and Tuen Mun Youths Association, we continued the project as “People Power in A New World” 2009 Recycled Clothing Sculpture Making Project, with a theme of collecting recycled clothes and promoting environmental protection. The project invited around 1,000 primary and secondary school students and trainees from “Road to Green” to collect unwanted clothes from their families and friends and turn the clothes into innovative fabric sculptures by using tying and knotting skills to promote clothes recycling and environmental protection. The Group hopes to ignite the creativity of the young people and foster their care to society through the project.



“ROAD TO GREEN — STRIVING FOR A YOUNG NEW WORLD” SOCIAL ENTERPRISE

New World Group has supported youth development work and encouraged young people to develop their potential and contribute to society in the future. Since 2008, the Group has joined hands with Tuen Mun Youths Association to set up a social enterprise, “Road to Green — Striving for a Young New World”, providing on-the-job training and job opportunities for low-skilled young people aged from 15 to 25 with a lack of working experience, and supporting them to rebuild confidence and reintegrate into society. In addition, the Group arranges visits for the trainees to its subsidiaries of different businesses to allow them to understand different business models and be well-prepared for their future. We also encourage the trainees to participate in various voluntary activities, including donating clothes, painting doors and visiting the elderly to foster care to society. As of September 2009, “Road to Green” has organized four intakes of training for a total of 73 youngsters aged from 17 to 20.



THE SCHOOL-COMPANY PARTNERSHIP

New World Group has been dedicated to nurturing the young generation as tomorrow's leaders. The Group participated in the "School-Company Partnership" programme organized by the Young Entrepreneurs Development Council, and was paired up with Tuen Mun Government Secondary School. The Group arranged company visits and career-oriented seminars for the students, and invited senior management to share their views and experience in various fields, such as Corporate Communication, Accounting & Finance and Training & Development to inspire the students, encouraging them to plan their own career path and be well-prepared for their career.



SUMMER INTERNSHIP PROGRAMME FOR THE SCHOOL OF HOTEL AND TOURISM MANAGEMENT

NWD's Hotel Division has shared its strong belief in the Group's corporate philosophy of people and youth development. This year, the Hotel Division joined hands with The School of Hotel and Tourism Management of The Chinese University of Hong Kong ("CUHK") in the Summer Internship Programme, offering internship opportunities in six hotels, including Grand Hyatt Hong Kong, Renaissance Harbour View Hotel in Hong Kong, New World Mayfair Hotel in Shanghai, New World Hotel Wuhan, Renaissance Kuala Lumpur Hotel as well as Hyatt Hotel and Casino Manila. The three-month Summer Internship Programme commenced in mid-May 2009 and the students had the opportunity to rotate in various departments within the property. The School of Hotel and Tourism Management of CUHK has been one of the most prestigious hospitality programmes in the Asia-Pacific region. By sponsoring the programme, NWD strongly believes that it can help provide a valuable opportunity for the students to excel their skill set and broaden their exposure outside school. It is also an illustration of the Group's continued dedication and commitment to the development of the hospitality industry in Hong Kong.



Corporate Citizenship

BRIDGING THE RELATIONS BETWEEN MAINLAND CHINA AND HONG KONG

Founded in Hong Kong, New World Group always concerns the development of Mainland China and actively promotes cultural exchange between the Mainland and Hong Kong. In addition to organizing disaster relief activities, the Group has encouraged local young people to learn about their home country and care about their motherland by arranging students to join internships and cultural exchange programmes in the Mainland.

“NEW YOUTH NEW WORLD” 2009 SUMMER INTERNSHIP PROGRAMME

New World Group has partnered with Hong Kong United Youth Association to launch “New Youth New World” Summer Internship Programmes since 2008. In 2009, the programme provided internship opportunities in Beijing, Shanghai and Dalian for about 150 Hong Kong university students. New World Group itself provided a total of 35 internship postings in Shanghai headquarters of New World Department Store, Beijing Chow Tai Fook Jewellery and New World Hotel Dalian. Apart from working, students were arranged to visit government departments and well-known corporations and interact with leaders from a broad spectrum of fields. The Group hopes that the students can grasp the golden opportunity to better equip themselves and be well-prepared for the future.



WENCHUAN CULTURAL EXCHANGE TOUR

New World Group has been devoted to the reconstruction and social and economic development in Mainland China in the wake of the Sichuan Earthquake in 2008. The Group provided timely response to the disaster by pledging supplies and a cash donation of around RMB80 million in total. Meanwhile, NWCL supported the Guangzhou Municipality by assisting the construction of Weizhou Town Waterworks in Wenchuan.

To encourage local youngsters to understand more about the development in our home country, New World Group jointly organized a Wenchuan Cultural Exchange Tour with NWCL, China Young Leaders Foundation and Roundtable Community in August 2009 to Wenchuan, Sichuan. A total of 14 Hong Kong tertiary students joined the tour. They were provided with opportunities to know more about the local Qiang culture, the progress of reconstruction works after the Sichuan earthquake and the preparation work of Wenchuan to develop into a tourism city.



THE BUILDING OF “NEW WORLD WU ZHI QIAO”

New World Group has been a long-term supporter of Wu Zhi Qiao (Bridge to China) Charitable Foundation (“WZQ”). The Group’s volunteer team participated in a bridge building programme for Taibai village in Ganzu from 25 July to 2 August 2009, with around 80 teachers and students from Xian University of Architecture & Technology, The Hong Kong Polytechnic University, The Chinese University of Hong Kong, The University of Hong Kong and other overseas countries. They shared a common goal to allow local villagers to cross river safely and conveniently with a bridge instead of stones and tree trunks, and improve their livelihood substantially. After successful completion, the bridge was named as “New World Wu Zhi Qiao” and has started serving the villagers since 1 August 2009.



PROTECTING THE ENVIRONMENT FOR A GREENER SOCIETY

Environment protection is a most-concerned global issue today, and New World Group deeply understands the importance of protecting the environment. As a responsible corporate citizen, the Group has carried out internal green policies and actively supported and participated in various environmental protection activities organized by the government and the community, hoping to contribute more to environmental protection.



“6.21 DIM IT” CAMPAIGN

New World Group is committed to protecting the environment by supporting “6.21 Dim it” campaign organized by Friends of Earth (HK). 61 buildings under the Group, including HKCEC, New World Centre, Avenue of Star, Discovery Park Shopping Centre, and more, have signed the Dim It Charter, and promised to switch off outdoor neon signs or decorative lightings from midnight starting 21 June 2009 to save energy consumption and show their support to the reduction of light pollution. In addition, some of the buildings under the Group joined the lights-off activity organized by Friends of Earth (HK) on 21 June 2009 by switching off lights for two hours starting from 8pm, turning the Tsim Sha Tsui promenade into the biggest star station.

Furthermore, New World Group participated in the “Earth Hour 2009” lights off event organized by World Wild Fund for Nature by switching off all the exterior lighting and landscape lights for an hour to show its determination to protect the environment.

GREEN OFFICE

New World Group has actively supported environmental protection activities and successfully implemented “Green Office” along with its subsidiaries for energy saving and waste reduction. Last year, the Group organized various collections of goods for recycling, such as environmental bags, books, clothes, and more, and has successfully obtained the “Class of Excellence” WastewiSe Label from Hong Kong Awards for Environmental Excellence in recognition of its commitment to protecting the environment.

GREEN HONG KONG — CARBON AUDIT CAMPAIGN

New World Group is devoted to turning Hong Kong into a greener city and supporting various kinds of carbon reduction activities. In November 2006, the Group signed the “Clean Air Charter”, a joint effort of the Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition on the Environment, and became one of the first “Carbon Audit — Green Partners” carried out by the Environmental Protection Department in July 2008. The Group promised to implement and promote carbon audit among its buildings, and launch relevant carbon reduction campaigns to help improve the air quality in Hong Kong.



Corporate Citizenship

SPREADING CARE IN THE COMMUNITY

As a responsible corporate citizen, New World Group has always supported various charitable activities. The Group has encouraged its subsidiaries to set up corporate volunteer teams to care for the needy in the community, foster friendship among staff and build team spirits. New World Group has actively supported various events organized by the Community Chest and has been awarded with “Merits of Awards” for years, recognizing our services and contribution to society.



MSF DAY

New World Group has participated in the “MSF Day” since 2006 and encouraged its staff members to support the event by donating one day’s income, just as volunteering for MSF’s worldwide medical aid work for one day. In 2009, the Group successfully raised a total amount of HK\$480,000, in which HK\$300,000 came from NWDS, making it the corporation raising the highest amount again. This was the third time for the Group to receive such an accolade in addition to its participation in 2006 and 2007.

CHARITABLE ACTIVITIES TO RAISE FUND FOR SICHUAN

New World Group has concerned the development of society and has been committed to building a harmonious society. Volunteers from the Group have joined forces with five disabled persons to participate in a wheelchair design and decoration competition and a fund raising wheelchair parade activity organized by Hong Kong Rehabilitation Power on 10 May 2009, aiming at raising fund for setting up a rehabilitation centre in Sichuan. The team demonstrated strong team spirits while decorating the wheelchair and parading along the Avenue of Stars in Tsim Sha Tsui. This helped disseminate the positive message of community inclusion.



VOLUNTEER TEAMS AT NEW WORLD GROUP

New World Group has always been devoted to spreading love and care to the community by encouraging its management and staff members to participate in voluntary services, give support to the people in need and understand the society they are living in. There are two volunteer teams in the Group, “NWCL Corporate Volunteer Team” comprising NWCL staff members and “NWS Volunteer Alliance” comprising NWS staff members. With more than 2,000 volunteers, the volunteer teams have provided community services for the needy in Hong Kong and Mainland China.



CARING FOR THE TEAM ENJOYING IN NEW WORLD

New World Group always takes talented professionals as our valuable assets and the key to drive the Group's growth and development in the fast-changing world. Therefore, the Group has invested heavily in training and endeavoured to create an ideal working environment to attract, develop and retain the talents by offering competitive employment package.

NURTURING PROFESSIONAL TEAM

As at 30 June 2009, New World Group had over 55,000 employees. The Group has endeavoured in providing staff training to unleash staff members' full potential and unlock higher staff performance. In August 2008, the Group launched its first two-year "Corporate Management Officer Training Programme" to nurture young talents for the Group. New World Group has also cooperated with Richard Ivey School of Business of The University of Western Ontario to launch the "New World Star Executive Development Programme", providing 15-month leadership training to our experienced executives, building up a strong professional team for the Group and enhancing overall management.

Moreover, the Group has arranged various kinds of internal staff training to enhance their skills in leadership, customer services, occupational safety, interpersonal communication, self-improvement, etc, to widen participants' horizons and enhance the efficiency and productivity of the Group. Meanwhile, the Group has provided staff with education subsidies to fully develop their working skills and knowledge. In order to assess employee performance effectively, the Group introduced a new Staff Performance Appraisal System to encourage more communication between staff and their supervisors so that the staff can achieve better performance.



CREATING AN OPEN COMMUNICATION PLATFORM

New World Group believes effective communication can help enhance the sense of belongings among its employees. Our staff members have been kept abreast of the latest development of the Group via monthly newsletter, intranet, email and staff magazine. The Group publishes up-to-date information, including the latest news, business developments, management interviews as well as employee sharing in its staff magazine, *New World • New Words*.

In addition, the Group has set up the "Speaking with Adrian" blog for Mr Adrian Cheng, Executive Director of New World Group, at which he shares his views on the Group's development and current affairs with staff, creating a bilateral and open communication platform.



HARMONIOUS WORKING ENVIRONMENT

New World Group cares about staff development and encourages its staff to live a balanced life. To encourage its staff to enjoy balance between family and work, the Group has actively supported the "Work-Life Balance" programme organized by The Chinese YMCA of Hong Kong.

In addition, the Group has set up a Sports and Recreation Committee in 2008 to organize various sports and recreational activities regularly, including spring dinner, Christmas party, birthday parties, fruit week, sports and recreational activities and company tours. The Group has invited staff members and their families to join the activities in order to build friendship among staff and create a harmonious working environment.



Corporate Citizenship

CARING ABOUT INVESTOR RELATIONS

New World Group values good investor relations and has been committed to maintaining effective communication with investors. We have always offered in a high level of transparency and strived to ensure shareholders' comprehensive and thorough understanding of the Group. We have actively participated in different forums and overseas road-shows, and conducted numerous site visits and meetings with the media and investment community for effective mutual communication.

New World Group understands the importance of maintaining effective communication with investors and has been committed to maintaining a high level of transparency for the Group's information. In order to enhance communication and provide the general public with up-to-date information, English, traditional Chinese and simplified Chinese versions of the corporate website have been available, allowing easy access and browsing by visually-disabled people and all those in need. Our website was awarded the Gold Prize in e-Inclusion Campaign 2008 organized by the Internet Professional Association. We have been committed to carrying on with our efforts to enhance the design, functionality and information transparency on our website in order to allow the general public and investors to obtain up-to-date information of the Group, including latest developments, share prices, financial performance, announcements, code of corporate governance, and more.

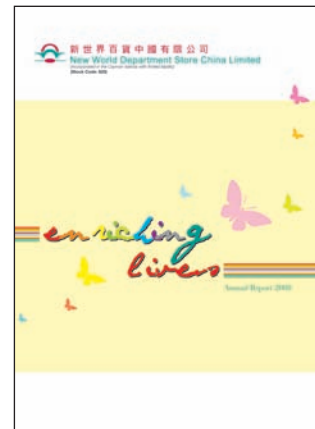
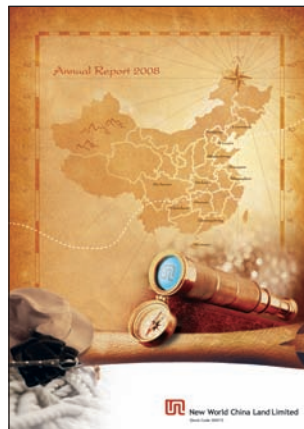
In addition, the Group believes that annual reports are the most important and effective channel to disseminate the Group's information. Therefore, it has put great effort in their design and disclosure of information so that our investors know more about the Group in a convenient way. Our annual reports have received awards in numerous international contests over the years. At the 2009 International ARC Awards, the widely recognized "Academy Awards of Annual Reports", FY2008 annual report of NWCL won the Silver Award for "Cover Photo/Design — Housing Related Products/Services" while FY2008 annual report of NWS clinched the Bronze Award for "Overall Annual Report — Conglomerate"

and Honours Award for "Overall Annual Report — Diversified Business". FY2008 annual report of NWDS was presented the Honours Awards for "Cover Photo/Design — Retail: Convenience & Department Store".

At the 22nd Annual International Mercury Awards, NWD won the Silver Award in "Annual Reports — Overall Presentation: Multi-industry"; NWS won the Bronze Award in "Annual Reports — Overall Presentation: Conglomerate"; NWCL won the Gold Awards in "Annual Report Covers — Graphics, Illustrations, Typographics" and "Annual Reports — Overall Presentation: Housing Development & Sales" and NWDS won the Bronze Award in "Annual Reports — Overall Presentation: Department Store".

Furthermore, at the 19th International Astrid Awards, NWD clinched the Bronze Award in "Covers: Annual Reports — Photography (People, Place, Products)"; NWCL won the Silver Award in "Photography: Landscape/Places" and "Annual Report — Overall Presentation — Corporations: Traditional Format Over 160 pages" categories and Bronze Award in "Photography: Annual Report" category and NWDS won the Bronze Award in "Covers: Annual Report — Artistic (Graphics/Illustrations)" category.

The marvelous performance of the Group's annual reports has proved that our effective dissemination of information to the public and maintenance of high level of transparency, equipping investors with thorough understanding of the Group's development and prospects.



Management Discussion and Analysis

For the year under review, the Group recorded a profit attributable to shareholders amounting to HK\$2,083.5 million, down 78% year-on-year. If stripping out the exceptions, the underlying profits recorded HK\$3,574.5 million, down 6.5%. Segment contributions from operations such as property sales, rental, infrastructure and service recorded a negative growth due to the economic downturn during the period under review. Total segment results amounted to HK\$5,224.1 million, down 41%.

Revenues decreased 17% to HK\$24,415.0 million from HK\$29,360.8 million. The decrease was the results of the decline in contribution from property sales, rental, infrastructure, hotel operations and service operations.

CONSOLIDATED INCOME STATEMENT

	FY2009 HK\$m	FY2008 HK\$m (restated)
Revenues	24,415.0	29,360.8
Cost of sales	(17,421.8)	(20,844.8)
Gross profit	6,993.2	8,516.0
Other income	265.2	109.8
Other gains, net	1,714.5	2,174.7
Selling and marketing expenses	(405.2)	(441.4)
Administrative expenses	(1,635.9)	(1,968.4)
Other operating expenses	(2,761.2)	(2,531.1)
Changes in fair value of investment properties	(1,841.2)	4,022.6
Operating profit	2,329.4	9,882.2
Financing income	807.3	1,016.9
Financing cost	(1,068.9)	(1,282.0)
	2,067.8	9,617.1
Share of results of		
Jointly controlled entities	2,055.6	3,613.4
Associated companies	67.9	962.4
Profit before taxation	4,191.3	14,192.9
Taxation	(439.4)	(1,444.0)
Profit for the year	3,751.9	12,748.9
Attributable to:		
Shareholders of the Company	2,083.5	9,685.7
Non-controlling interests	1,668.4	3,063.2

REVENUES — BREAKDOWN BY BUSINESS SEGMENTS

	FY2009 HK\$m	FY2008 HK\$m
Property development	2,112.6	4,632.9
Property investment	1,496.5	1,433.2
Infrastructure	278.1	327.4
Service	14,719.0	16,851.5
Department stores	2,368.2	2,236.0
Hotel operations	2,267.7	2,505.0
Telecommunications	892.8	962.1
Others	280.1	412.7
Consolidated	24,415.0	29,360.8

In FY2009, revenue dropped 17% to HK\$24,415.0 million. The drop was the results of weak property sales, contraction of construction market, decrease in financial services due to overall lower trading volume of stock market and weaker demand in hospitality industry.

ANALYSIS OF SEGMENT RESULTS (INCLUDING SHARE OF RESULTS OF JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES)

	FY2009 HK\$m	FY2008 HK\$m (restated)
Property development	507.3	2,704.1
Property investment	1,607.6	2,137.5
Infrastructure	1,187.6	1,304.3
Service	1,189.2	1,498.8
Department stores	524.5	434.3
Hotel operations	220.9	618.1
Telecommunications	(57.7)	18.3
Others	44.7	183.5
Consolidated	5,224.1	8,898.9

Management Discussion and Analysis

PROPERTY DEVELOPMENT

For the year under review, the contribution from property sales segment decreased to HK\$507.3 million against HK\$2,704.1 million, mainly due to the lack of Hong Kong projects completed in FY2009 coupled with the prevailing weak market sentiment. In FY2009, the Group's effective share of property sales in Hong Kong amounted to approximately HK\$1,653.7 million, down 45% year-on-year. The contributions were mainly from the re-launch of Harbour Place (海濱南岸), sales of Block A of Wylie Court (衛理苑A座), Prince Ritz (太子匯) and other inventories.

Our project in Yuen Long, the Emerald Green (靚翠峰), was launched in March 2009. As at 30 June 2009, over 64% of the residential units were sold. Our luxury trophy project, The Masterpiece (名鑄), has received overwhelming market responses since launched in August 2009.

For the properties in Mainland China, a total GFA of 472,110 sq m, down 47% year-on-year, were sold in FY2009 with gross sale proceeds of approximately RMB3.4 billion, down 45% year-on-year. The average gross margin maintained at a stable level of 33.2% in FY2009 and the average selling price of RMB7,250 per sq m was achieved.

PROPERTY INVESTMENT

Rental business contributed HK\$1,607.6 million, down 25% from HK\$2,137.5 million in the previous financial year, due to deficit in change of fair value of investment properties held by jointly controlled entities. The Group's gross rental income in Hong Kong maintained positive growth and amounted to HK\$1,259.1 million, increase 4% year-on-year. All the major projects in the Group's investment portfolio attained satisfactory occupancy.

HOTEL OPERATIONS

In FY2009, hotel operations contributed HK\$220.9 million, down 64% from last year. The overall hotel operating results were unfavourable. Excluding global economic downturn and the spread of H1N1, the drop was mainly due to the partial renovation of Courtyard by Marriott Beijing and New World Mayfair Hotel Shanghai, the pre-matured results of the newly launched New World Hotel Wuhan, New World Hotel Dalian and Hyatt Regency Hong Kong, Sha Tin, together with the pre-opening expenses charged to income statement for Hyatt Regency Hong Kong, Tsim Sha Tsui during the period under review.

INFRASTRUCTURE

In FY2009, infrastructure posted a segment result of HK\$1,187.6 million, down 9%. The drop in contribution of infrastructure segment was mainly due to the rising coal price that attacked the profitability of the energy division. Water business contribution to the segment was maintained as the overall impact of the global financial tsunami on the business was small when compared to other operations.

Despite the road and expressway projects within the Pearl River Delta Region has been adversely impacted by the slowdown of the economic activities and the improved performance of Tangjin Expressway due to toll-by-weight policy.

ATL Logistics Centre recorded a steady profit with a staggering average occupancy rate at 99% in FY2009. Owing to the time lag effect of its leasing business, an increase in overall average rental was observed as the impact of global freight market downturn was not fully reflected during this year.

SERVICE

In FY2009, the service segment experienced a decrease in contributions mainly attributable to a substantial decline in earnings from the core business of Taifook Securities Group Limited as a result of the financial crisis. The segment contribution from service operations decreased 21% to HK\$1,189.2 million.

Macau projects still remained to be the major profit contributor of Contracting businesses. Contributions from Hong Kong projects decreased as a result of an additional provision of approximately HK\$180.0 million made for one major project due to potential claims for liquidated damages and foreseeable loss. We are planning to gradually scale down our presence in China as prices are extremely competitive while various new legislations and policies further increase our costs.

The Facilities Management business is expected to deliver solid profit contributions as a result of HKCEC's position as a market leader in the region which remains as the major profit contributor to the segment. Transport business achieved a significant increase over FY2008. It was primarily due to the gain in disposal of fixed assets and the drop in fuel costs during the year. The improved results were also due to the one-off impairment provision made for an investment in Mainland China last year.

DEPARTMENT STORES

Segment contribution from department stores business grew 21% to HK\$524.5 million. In the year under review, NWDS opened three new stores in Beijing, Wuhan and Taizhou. They included two self-owned stores of Wuhan Hanyang Branch Store and Taizhou Store, as well as one managed store of Beijing Liying Store. The expansion of Harbin Store has been in phased operation starting from May 2009. The new stores and the expanded store together brought our total GFA to approximately 1,063,470 sq m.

NWDS made two acquisitions during the period under review. Two managed stores, namely Kunming Store and Ningbo Trendy Store, were acquired and converted to self-owned stores in March and April 2009 respectively.

TELECOMMUNICATIONS

Telecommunications segment recorded a loss of HK\$57.7 million from a profit of HK\$18.3 million last year. The substantial drop was mainly due to the accelerated depreciation on the CSLNWM's old networks, following the decision to invest in new network technologies and acceleration in the phasing out of the old networks in FY2009.

OTHERS

Others segment contributed a gain of HK\$44.7 million against HK\$183.5 million last year. Despite the increase of dividend income from investment, the swing was due to no net exchange gains recorded this year when compared with last year.

OTHER GAINS, NET

Other gains, net amounted to HK\$1,714.5 million, dropped from HK\$2,174.7 million last year. In FY2008, there was a deemed disposal gain of HK\$1.6 billion due to the listing of NWDS on the Hong Kong Stock Exchange.

CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

Changes in fair value of investment properties recorded a deficit of HK\$1,841.2 million from a gain of HK\$4,022.6 million last year. The global financial tsunami drowned quite a number of multinational corporations. The big waves also triggered a lot of companies downsizing and even closing their operations in Hong Kong. The demand and rental rates of prime office buildings were greatly reduced.

LIQUIDITY AND CAPITAL RESOURCES

Gross Debt	FY2009 HK\$m	FY2008 HK\$m
Consolidated gross debt	48,550.8	40,733.6
NWSH	8,806.0	8,790.9
NWCL	16,016.5	13,612.7
NWDS	—	—
Gross debt (exclude listed subsidiaries)	23,728.3	18,330.0

Net Debt	FY2009 HK\$m	FY2008 HK\$m
Consolidated Net debt	34,187.5	26,929.7
NWSH	3,600.9	4,666.7
NWCL	12,115.6	8,788.1
NWDS-cash and bank balances	(2,923.5)	(3,127.6)
Net debt (exclude listed subsidiaries)	21,394.5	16,602.5

The Group's debts were primarily denominated in Hong Kong dollar and Renminbi. The Group maintains an appropriate level of external borrowings in Renminbi for natural hedging of the Group's operation in Mainland China. Apart from this, the Group does not have any material foreign exchange exposure.

The Group's borrowings were mainly arranged on a floating rate basis. The Group used interest rate swaps to convert the rate from floating to fixed rate basis to hedge part of the Group's underlying exposure. As at 30 June 2009, the Group had outstanding floating-to-fixed interest rate swaps contracts in the aggregate amount of HK\$2 billion.

As at 30 June 2009, HK\$33,358.4 million (2008: HK\$26,971.3 million) of total Group's assets were pledged as securities for certain banking facilities of the Group.

Management Discussion and Analysis

As at 30 June 2009, the Group's cash and bank balances stood at HK\$14,363.3 million (2008: HK\$13,803.9 million) and the consolidated net debt amounted to HK\$34,187.5 million (2008: HK\$26,929.7 million). The net debt to equity ratio was 35.1%, an increase of 6.7 percentage points as compared with FY2008. The increase was mainly due to the increase in bank borrowings for financing the payment of land premium for two development projects namely Che Kung Temple Station Development in Sha Tin and Lung Tin Tsuen in Yuen Long and development costs for projects under development.

As at 30 June, 2009, the Group's long-term bank loans and convertible bonds amounted to HK\$41,370.1 million. Short-term bank and other loans as at 30 June 2009 were HK\$7,180.7 million. The maturity of long-term bank loans and convertible bonds as at 30 June 2009 is as follows:

	HK\$m
Within one year	7,796.2
In the second year	6,385.5
In the third to fifth year	26,977.4
After the fifth year	211.0
	41,370.1

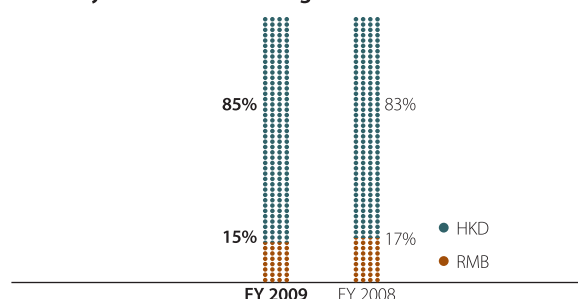
Equity of the Group as at 30 June 2009 increased to HK\$97,483.0 million against HK\$94,904.7 million as restated as at 30 June 2008.

INTEREST RATE AND MATURITY PROFILE

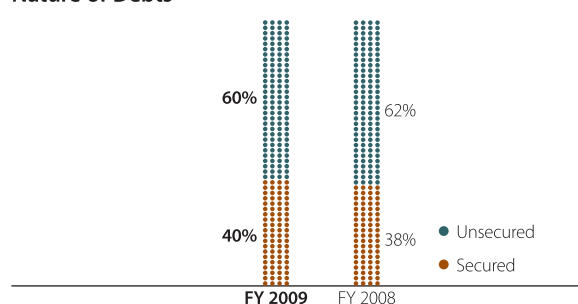
Amount of long term borrowings due within FY2009 amounted to HK\$7,796.2 million. Our cash and bank balances as of 30 June 2009 were HK\$14,363.3 million. The combination of cash and bank balances, together with cash inflow from operation and our remaining undrawn banking facilities, should enable the Group to satisfy its debt repayment commitments and working capital requirements.

Approximately 79% of the Group's total debts are on a floating rate basis, whilst fixed rate borrowings are mainly related to the RMB loan facilities and convertible bonds. Effective interest rates are shown in Note 42(b) and (d) to the financial statements.

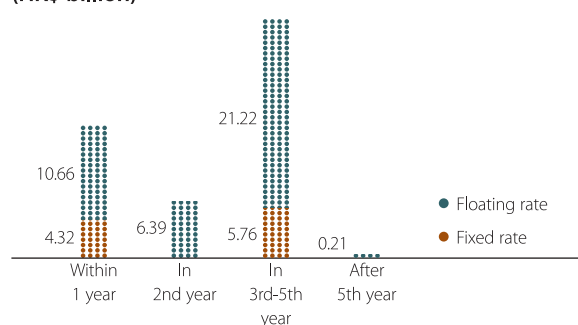
Currency Profile of Borrowings



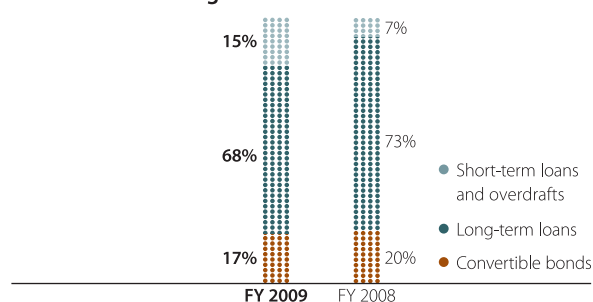
Nature of Debts



Interest Rate and Maturity Profile (HK\$ billion)



Source of Borrowings



Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dato' Dr. Cheng Yu-Tung (*Chairman*)
 Dr. Cheng Kar-Shun, Henry (*Managing Director*)
 Dr. Sin Wai-Kin, David
 Mr. Liang Chong-Hou, David
 Mr. Leung Chi-Kin, Stewart
 Mr. Cheng Chi-Kong, Adrian

NON-EXECUTIVE DIRECTORS

Mr. Cheng Kar-Shing, Peter
 Mr. Chow Kwai-Cheung
 Mr. Liang Cheung-Biu, Thomas
 Ms. Ki Man-Fung, Leonie JP

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Ping-Leung, Howard
 Dr. Cha Mou-Sing, Payson JP
 Mr. Cha Mou-Zing, Victor
(alternate director to Dr. Cha Mou-Sing, Payson)
 Mr. Ho Hau-Hay, Hamilton
 Mr. Lee Luen-Wai, John JP

COMPANY SECRETARY

Mr. Leung Chi-Kin, Stewart

JOINT AUDITORS

PricewaterhouseCoopers
 H.C. Watt & Company Limited

SOLICITORS

Woo, Kwan, Lee & Lo
 Kao, Lee & Yip
 Vincent T.K. Cheung, Yap & Co
 K.C. Yung & Co
 Yung, Yu, Yuen & Company

SHARE REGISTRARS AND TRANSFER OFFICE

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 28 Queen's Road East,
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REGISTERED OFFICE

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 Tel: (852) 2523 1056
 Fax: (852) 2810 4673

PRINCIPAL BANKERS

Bank of China
 Bank of Communications
 Bank of East Asia
 China Merchants Bank
 Citibank N.A.
 DBS Bank
 Hang Seng Bank
 Industrial and Commercial Bank of China (Asia) Ltd.
 Nanyang Commercial Bank
 Sumitomo Mitsui Banking Corporation
 Standard Chartered Bank
 The Hongkong and Shanghai Banking Corporation
 The Bank of Tokyo-Mitsubishi UFJ

STOCK CODE

Hong Kong Stock Exchange 0017
 Reuters 0017HK
 Bloomberg 17HK

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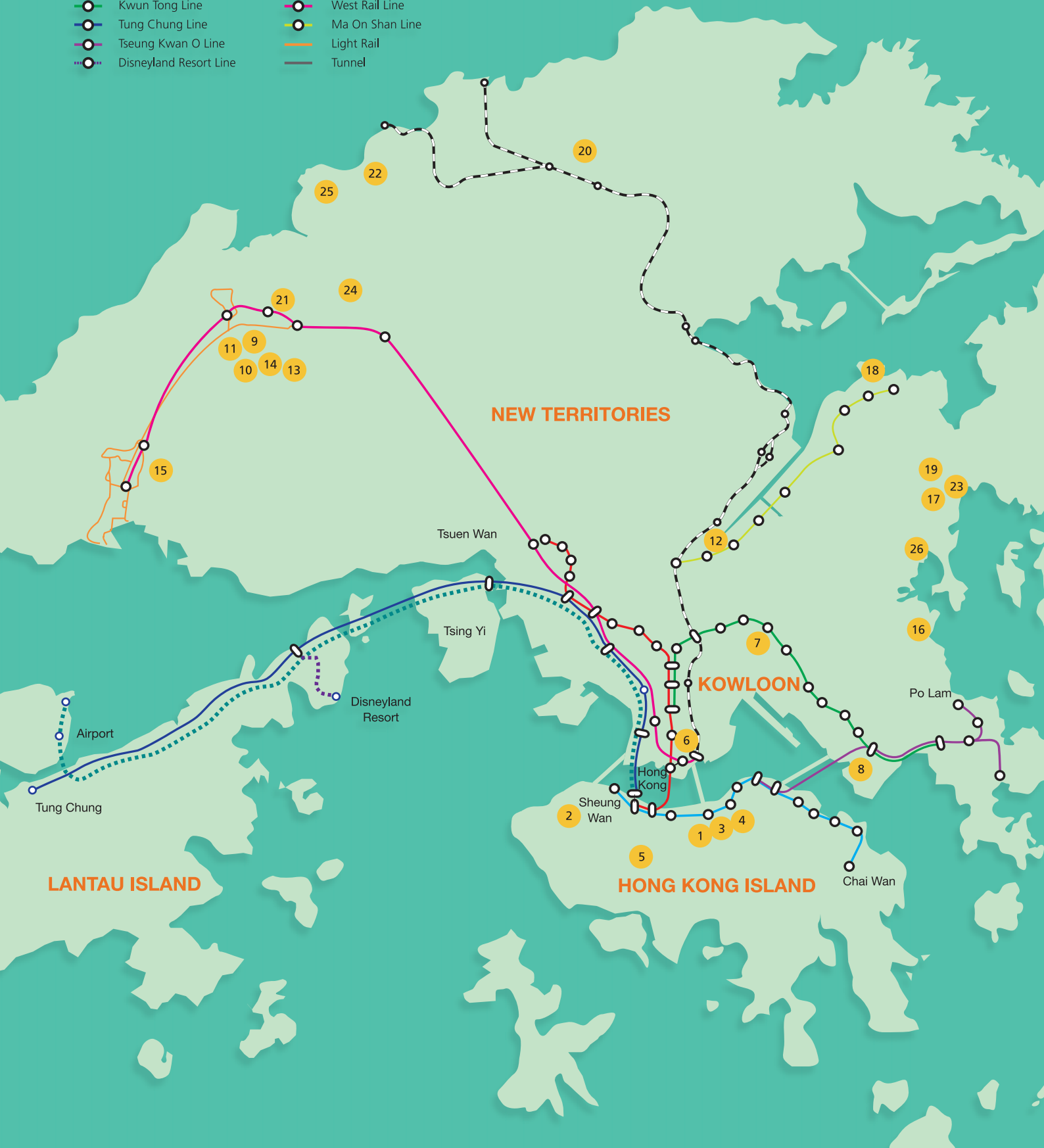
WEBSITE

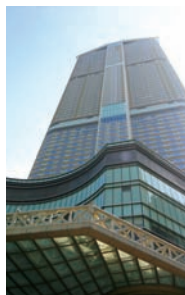
www.nwd.com.hk

Project Summary

Major Property Development Projects in Hong Kong

- | | |
|--|---|
|  Island Line |  Airport Express |
|  Tsuen Wan Line |  East Rail Line |
|  Kwun Tong Line |  West Rail Line |
|  Tung Chung Line |  Ma On Shan Line |
|  Tseung Kwan O Line |  Light Rail |
|  Disneyland Resort Line |  Tunnel |





The Masterpiece



Wylie Court



Deep Bay Grove



33 Island Road



Emerald Green



Harbour Place

NAME OF PROPERTIES UNDER DEVELOPMENT

- 1 7–10 Kwai Fong Street, Happy Valley
- 2 42–44 Belcher's Street, Western District
- 3 9–12 Chun Fai Terrace, Tai Hang
- 4 1–15 New Eastern Terrace and 5–11 Dragon Road, Tin Hau
- 5 55 Conduit Road, Mid-Levels
- 6 The Masterpiece, Tsim Sha Tsui
- 7 15–19 Luk Hop Street, San Po Kong
- 8 Yau Tong Redevelopment Project, Yau Tong
- 9 Emerald Green, Yuen Long
- 10 Phase 1, Lot No. 2131 in DD121, Tong Yan San Tsuen, Yuen Long
- 11 Phase 1, Lot No. 419 in DD 127, Tai Tao Tsuen, Yuen Long
- 12 Che Kung Temple Station Project, Shatin
- 13 Lot No. 4043 in DD120, Lung Tin Tsuen, Yuen Long
- 14 Phase 2, Lot No. 2139 in DD121, Tong Yan San Tsuen, Yuen Long
- 15 76–92 Tuen Mun Heung Sze Wui Road, Tuen Mun
- 16 DD227 & DD229, Tai Po Tsai
- 17 DD221, Sha Ha, Sai Kung
- 18 Phase 1, DD206, Wu Kai Sha, Ma On Shan
DD207, Wu Kai Sha, Ma On Shan
- 19 DD221, Sha Kok Mei, Sai Kung
- 20 DD91, 100, Fanling
- 21 DD115, Yuen Long
- 22 DD129, Yuen Long
- 23 DD221, Sai Kung
- 24 Phase 1, DD104, 107, Wing Kei Tsuen, Yuen Long
- 25 Phase 1, DD99, 101, Lin Barn Tsuen, Yuen Long
- 26 Phase 1, DD217, 219 & 222, Pak Kong, Sai Kung

PROJECT SUMMARY — MAJOR PROPERTY DEVELOPMENT PROJECTS IN HONG KONG

Ref	Name of Property	Site Area (sq ft)	Total GFA (sq ft)	Group Interest (%)
Hong Kong Island				
1	7–10 Kwai Fong Street, Happy Valley	2,641	23,765	37.6
2	42–44 Belcher's Street, Western District	15,284	126,841	100.0
3	9–12 Chun Fai Terrace, Tai Hang	12,840	115,447	70.0
4	1–15 New Eastern Terrace and 5–11 Dragon Road, Tin Hau	49,593	392,930	50.0
5	55 Conduit Road, Mid-Levels	36,003	88,011	30.0
Kowloon				
6	The Masterpiece, Tsim Sha Tsui	89,330	490,833	78.8
7	15–19 Luk Hop Street, San Po Kong	23,788	285,588	100.0
8	Yau Tong Redevelopment Project, Yau Tong	339,412	TBD	15.0
New Territories				
9	Emerald Green, Yuen Long	138,780	485,736	100.0
10	Phase 1, Lot No. 2131 in DD121, Tong Yan San Tsuen, Yuen Long	250,688	250,956	100.0
11	Phase 1, Lot No. 419 in DD 127, Tai Tao Tsuen, Yuen Long	228,993	195,561	100.0
12	Che Kung Temple Station Project, Shatin	195,193	975,801	100.0
13	Lot No. 4043 in DD120, Lung Tin Tsuen, Yuen Long	190,000	950,000	100.0
14	Phase 2, Lot No. 2139 in DD121, Tong Yan San Tsuen, Yuen Long	80,000	80,000	100.0
15	76–92 Tuen Mun Heung Sze Wui Road, Tuen Mun	8,000	84,526	100.0
16	DD227 & DD229, Tai Po Tsai	719,035	1,078,553	56.0
17	DD221, Sha Ha, Sai Kung	510,000	960,149	TBD
18	Phase 1, DD206, Wu Kai Sha, Ma On Shan	1,135,064	576,950	32.0
	DD207, Wu Kai Sha, Ma On Shan		2,448,304	32.0
19	DD221, Sha Kok Mei, Sai Kung	150,000	30,000	100.0
20	DD91, 100, Fanling	200,000	184,800	100.0
21	DD115, Yuen Long	120,000	69,300	100.0
22	DD129, Yuen Long	220,000	113,400	100.0
23	DD221, Sai Kung	138,000	111,300	83.4
24	Phase 1, DD104, 107, Wing Kei Tsuen, Yuen Long	3,000,000	270,284	100.0
25	Phase 1, DD99, 101, Lin Barn Tsuen, Yuen Long	3,540,000	702,028	TBD
26	Phase 1, DD217, 219 & 222, Pak Kong, Sai Kung	640,000	129,167	100.0
Grand total		12,032,644	11,220,230	

Remarks:

(1) "Others" includes hotel, office, service apartment and resort

(2) P = Planning; D = Demolition; SF = Site Formation; F = Foundation; S = Superstructure; C = Completed, LE = Land Exchange, SP = Site Preparation, A&A = Addition & Alteration

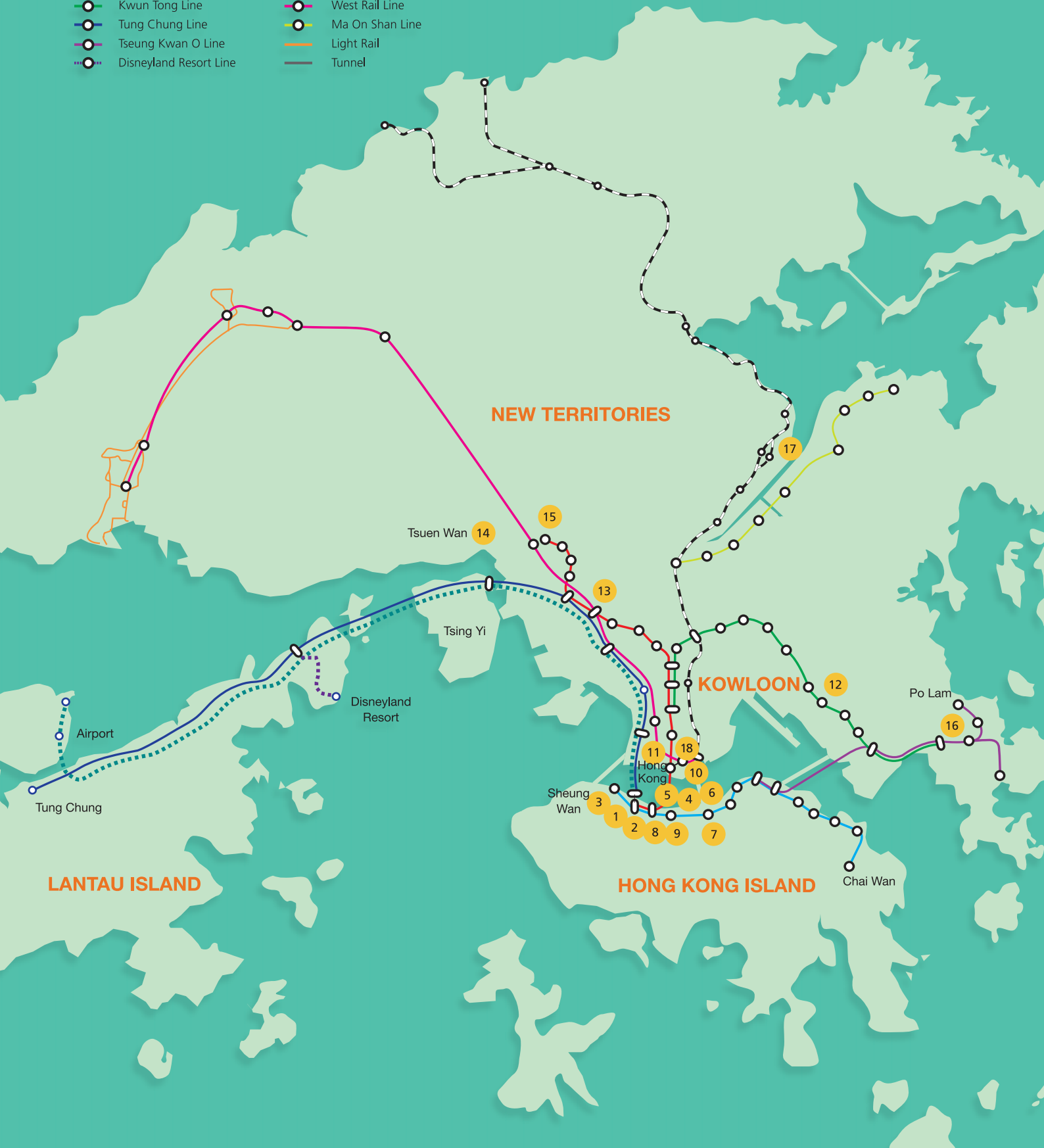
(3) TBD = To Be Determined

	Retail	Residential	Others	Total Attributable GFA (sq ft)	Stage of Completion ⁽²⁾
	1,995	8,936 124,846 80,813 196,465 26,403		8,936 126,841 80,813 196,465 26,403	D S S P SF
		386,531	285,588	386,531 285,588	C SP P
	9,289	485,736 250,956 195,561 966,512 950,000 80,000		485,736 250,956 195,561 975,801 950,000 80,000	S SF / F P SP LE P
	12,056	591,934 TBD		603,990 TBD	LE LE
	34,445	150,179 783,457 30,000 184,800 69,300 113,400 92,846 270,284 TBD 129,167		184,624 783,457 30,000 184,800 69,300 113,400 92,846 270,284 TBD 129,167	LE F P P P P P P P P SP
	57,785	6,168,126	285,588	6,511,499	

Project Summary

Major Property Investment Projects in Hong Kong

- | | |
|--|---|
|  Island Line |  Airport Express |
|  Tsuen Wan Line |  East Rail Line |
|  Kwun Tong Line |  West Rail Line |
|  Tung Chung Line |  Ma On Shan Line |
|  Tseung Kwan O Line |  Light Rail |
|  Disneyland Resort Line |  Tunnel |





2 MacDonnell Road



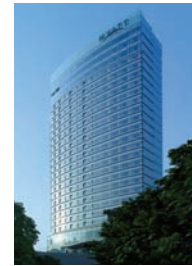
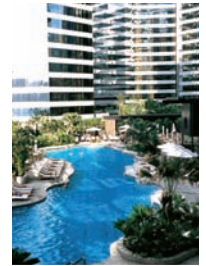
Discovery Park Shopping Mall



K11



New World Centre

Hong Kong Convention and
Exhibition CentreHyatt Regency
Hong Kong, Sha TinRenaissance Harbour
View Hotel

NAME OF PROPERTIES INVESTMENT

- | | |
|--|---|
| 1 Manning House | 10 New World Centre |
| 2 New World Tower | 11 Sogo Department Store, TST |
| 3 Shun Tak Centre, Shopping Arcade | 12 Telford Plaza |
| 4 Hong Kong Convention & Exhibition Centre, Shopping Arcade | 13 ATL Logistics Centre |
| 5 Grand Hyatt Hong Kong | 14 Riviera Plaza Arcade |
| 6 Renaissance Harbour View Hotel | 15 Discovery Park Shopping Mall |
| 7 Pearl City — Portion of Ground Floor to 4th Floor
Pearl City — Portion of Ground Floor & Basement | 16 The Edge |
| 8 2 MacDonnell Road | 17 Hyatt Regency Hong Kong, Sha Tin |
| 9 Methodist House | 18 K11 & Hyatt Regency Hong Kong, Tsim Sha Tsui |

PROJECT SUMMARY — MAJOR PROPERTY INVESTMENT PROJECTS IN HONG KONG

Ref	Name of Property	GFA (sq ft)	Group's Interest (%)	Total (sq ft)
COMPLETED				
Hong Kong				
1	Manning House	110,040	100.0	110,040
2	New World Tower	640,135	100.0	640,135
3	Shun Tak Centre, Shopping Arcade	214,336	45.0	96,451
4	Hong Kong Convention & Exhibition Centre, Shopping Arcade	87,999	100.0	87,999
5	Grand Hyatt Hong Kong	524,928	100.0	524,928
6	Renaissance Harbour View Hotel	544,518	100.0	544,518
7	Pearl City — Portion of Ground Floor to 4th Floor	53,691	40.0	21,476
	Pearl City — Portion of Ground Floor & Basement	24,682	100.0	24,682
8	2 MacDonnell Road	116,954	100.0 ⁽¹⁾	116,954
9	Methodist House	40,813	99.0 ⁽¹⁾	40,405
Kowloon				
10	New World Centre	2,197,307	100.0	2,197,307
11	Sogo Department Store, TST	141,439	100.0	141,439
12	Telford Plaza	335,960	100.0 ⁽¹⁾	335,960
New Territories				
13	ATL Logistics Centre	9,329,000	31.9	2,975,951
14	Riviera Plaza Arcade	242,685	100.0	242,685
15	Discovery Park Shopping Mall	466,400	50.0 ⁽¹⁾	233,200
16	The Edge	125,730	13.5 ⁽¹⁾	16,974
17	Hyatt Regency Hong Kong, Sha Tin	50,000	100.0 ⁽¹⁾	50,000
Subtotal		15,246,617		8,401,104
TO BE COMPLETED				
18	K11	335,939	78.8	264,552
	Hyatt Regency Hong Kong, Tsim Sha Tsui	277,877	78.8	218,828
10a	New World Centre Extension	988,340	100.0	988,340
Grand total		16,848,773		9,872,824

Notes:

(1) Properties in which the Group has a development interest: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income/properties after completion or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements.

(2) The 2,975,951 sq ft represents the logistic center in ATL Logistics Centre.

(3) Meeting rooms

Retail (sq ft)	Office (sq ft)	Hotel (sq ft)	Residential (sq ft)	Others (sq ft)	Carpark (Number)	Lease expiry
63,383	46,657					2843
77,948	562,187				387	2863
96,451					38	2055
69,173				18,826 ⁽³⁾	1,070	2060
		524,928				2060
		544,518				2060
21,476						2868
24,682						2868
			116,954			2031
	40,405					2084
957,667	538,966	277,939	422,735		1,801	2052
141,439					260	2052
335,960					136	2047
				2,975,951 ⁽²⁾		2047
242,685					324	2047
233,200					500	2047
16,974						2047
		50,000			100	2047
2,281,038	1,188,215	1,397,385	539,689	2,994,777	4,616	
264,552					234	2057
		218,828				2052
		988,340				
2,545,590	1,188,215	2,604,553	539,689	2,994,777	4,850	

PROJECT SUMMARY — MAJOR PROPERTY INVESTMENT PROJECTS IN MAINLAND CHINA

Ref	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interests	Total GFA (sq m)
Development Projects				
1	Beijing Xin Yi Garden Remaining Phases	JCE	70%	89,253
2	Beijing Liang Guang Road Residential Block VI	JCE	70%	47,182
	Beijing Liang Guang Road Residential Block V			20,414
	Beijing New View Garden Remaining Phases			34,808
	Beijing New View Garden Commercial Centre			69,263
3	Beijing Xin Yu Garden Commercial Centre	JCE	70%	121,676
	Beijing Xin Yu Garden Remaining Phases			978,881
4	Beijing Yianjing Building	JCE	70%	32,691
5	Tianjin Nanshi Project	JCE	70%	297,541
6	Tianjin Xin Chun Hua Yuan Phase IV	JCE	60%	36,460
7	Jinan Sunshine Garden Phase IIIA	Subsidiary	100%	214,018
8	Shenyang New World Hotel Extension Project	Subsidiary	100%	87,219
9	Shenyang New World Garden Phase IIA	Subsidiary	90%	651,544
	Shenyang New World Garden Remaining Phases			2,008,015
10	Shenyang New World International Convention & Exhibition Centre	Subsidiary	90%	1,202,311
11	Anshan New World Garden Phase IA	Subsidiary	100%	287,788
	Anshan New World Garden Phase IB, IIA-C			608,377
	Anshan New World Garden Phase III			391,340
12	Dalian New World Tower	Subsidiary	100%	82,034
13	Shanghai Zhongshan Square Phase III	JCE	48%	142,074
14	Wuhan Menghu Garden Phase III	Subsidiary	70%	56,253
	Wuhan Menghu Garden Phase III Remaining Portion			51,204
15	Wuhan Changqing Garden Phase VII	JCE	60%	265,598
	Wuhan Changqing Garden Phase VII Remaining Portion			75,822
	Wuhan Changqing Garden Remaining Phases			1,353,627
16	Wuhan New World Centre	Subsidiary	100%	21,084
17	Chengdu New World Riverside Phase IA	Subsidiary	30%	96,518
	Chengdu New World Riverside Phase IB			368,383
	Chengdu New World Riverside Remaining Phases			3,284,871
18	Changsha La Ville New World Phase I	Subsidiary	48%	61,410
	Changsha La Ville New World Phase II			262,884
	Changsha La Ville New World Remaining Phases			723,476
19	Guiyang Jinyang Sunny Town Phase I	Subsidiary	50%	385,643
	Guiyang Jinyang Sunny Town Remaining Phases			3,970,273
20	Guangzhou Dong Yi Garden Remaining Phases	Subsidiary	100%	25,236
21	Guangzhou New World Oriental Garden Phase II	Subsidiary	100%	116,739
	Guangzhou New World Oriental Garden Remaining Phases			82,822
22	Guangzhou Central Park-view Phase IIA	Subsidiary	91%	142,812
23	Guangzhou Covent Garden Phase III	JCE	60%	256,817
	Guangzhou Covent Garden Phase III Remaining Portion			87,218
	Guangzhou Covent Garden Remaining Phases			685,897
24	Guangzhou Park Paradise Phase IIE	JCE	60%	205,379
	Guangzhou Park Paradise Phase IIE Remaining Portion			133,164
	Guangzhou Park Paradise Phase Remaining Phases	Subsidiary	100%	741,518
25	Guangzhou Baiyun Project	Subsidiary	100%	187,326
26	Guangzhou Xintang New World Garden Phase IV	JCE	63%	32,091
	Guangzhou Xintang New World Garden Phase V			47,082
	Guangzhou Xintang New World Garden Phase V Remaining Portion			218,679
27	Shenzhen Xilihu Development Project	Subsidiary	100%	39,740
28	Shenzhen New World Yi Shan Garden Phase III	Subsidiary	100%	125,101
29	Shunde New World Centre Phase III	Assoc. Co.	35%	59,963
30	Huiyang Palm Island Resort Phases V	JCE	59%	131,026
	Huiyang Palm Island Resort Remaining Phases			116,000
31	Zhaoqing New World Garden Phase III	Subsidiary	100%	173,932
	Zhaoqing New World Garden Phase IV			44,941
32	Zhuhai New World Riviera Garden Phase IV	Subsidiary	100%	110,088
33	Foshan Country Club	Subsidiary	76%	933,544
34	Huizhou Changhuyuan Phase IIB	JCE	63%	70,934
	Huizhou Changhuyuan Phase III			142,372
35	Haikou Meilisha Project	Subsidiary	100%	2,338,327
36	Haikou New World Garden Phase IIIA	Subsidiary	100%	64,300
	Haikou New World Garden Phase IIIB			80,394
Total (Properties under development or held for development)				25,773,377

Residential (sq m)	Commercial (sq m)	Office (sq m)	Hotel (sq m)	Carpark (sq m)	Development Status	Expected Completion Date
	2,349	21,905	41,967	23,032	Under Planning	Jul-13
31,000	2,640			13,542	Under Development	Apr-10
18,146	2,268				Under Planning	Apr-12
	8,661	17,487		8,660	Under Planning	TBD
	10,842	37,181		21,240	Under Planning	Jun-13
	78,670			43,006	Under Planning	Sep-13
578,493	145,778			254,610	Under Planning	TBD
	21,634			11,057	Under Planning	Sep-12
162,841	36,000			98,700	Under Planning	Jul-12
36,460					Under Planning	Dec-12
145,201	6,587	21,820		40,410	Under Planning	Sep-11
45,378	25,557			16,284	Under Planning	Oct-12
426,555	34,353	29,547		161,089	Under Development	Dec-11
1,328,990	331,126	94,367		253,532	Under Planning	TBD
285,435	264,770	319,819	54,921	277,366	Under Planning	TBD
217,345	7,483			62,960	Under Development	Dec-11
444,877	11,500			152,000	Under Planning	Jan-13
286,980	18,700			85,660	Under Planning	Jan-14
82,034					Under Development	Dec-11
	22,265	96,712		23,097	Under Development	Dec-10
56,253					Under Development	Jun-11
51,204					Under Planning	Dec-12
256,772	8,826				Under Development	Dec-12
67,634	2,503			5,685	Under Planning	TBD
874,379	130,307	54,100	74,000	220,841	Under Planning	TBD
	13,460			7,624	Under Development	Dec-09
96,518					Under Development	Dec-09
291,564				76,819	Under Development	Jun-12
2,371,338	275,355			638,178	Under Planning	TBD
48,559	3,868			8,983	Under Development	Jun-10
177,090	40,557			45,237	Under Planning	Dec-11
601,899	32,126			89,451	Under Planning	TBD
274,501	28,944			82,198	Under Development	Oct-11
2,425,065	878,665	60,000	30,000	576,543	Under Planning	TBD
22,661	2,575				Under Planning	TBD
112,939	437			3,363	Under Development	Mar-10
82,822					Under Planning	TBD
112,139	2,230			28,443	Under Development	Jul-11
194,726	11,736			50,355	Under Development	Nov-11
87,218					Under Planning	May-13
604,400	24,775			56,722	Under Planning	TBD
190,825	1,227			13,327	Under Development	Jun-12
66,012	67,152				Under Planning	TBD
559,309	6,424			175,785	Under Planning	TBD
143,156				44,170	Under Planning	TBD
12,677				19,414	Under Development	Sep-09
38,778	8,304				Under Development	Jan-10
188,629				30,050	Under Planning	Jun-13
27,140				12,600	Under Planning	TBD
99,225	88	488		25,300	Under Planning	TBD
59,963					Under Development	Jan-10
131,026					Under Planning	TBD
116,000					Under Planning	TBD
149,332	4,384			20,216	Under Development	Jun-13
38,956				5,985	Under Planning	TBD
98,504	8,666			2,918	Under Planning	TBD
898,544	15,000		20,000		Under Planning	TBD
60,778	2,157			7,999	Under Development	Feb-10
108,473	1,965			31,934	Under Planning	TBD
1,679,442	50,000	20,000	38,000	550,885	Under Planning	TBD
56,415				7,885	Under Planning	Dec-12
72,571				7,823	Under Planning	TBD
17,695,171	2,652,914	773,426	258,888	4,392,978		

PROJECT SUMMARY — MAJOR PROPERTY INVESTMENT PROJECTS IN MAINLAND CHINA

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

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

HOTEL INVESTMENT

	Name of Hotel/Location	Number of rooms	NWD's Interest (%)
EXISTING			
HONG KONG			
1	Renaissance Kowloon Hotel	545	64.0
2	Renaissance Harbour View Hotel	862	64.0
3	Grand Hyatt Hong Kong	549	64.0
4	Hyatt Regency Hong Kong, Sha Tin	567	100.0
5	Novotel Citygate Hotel	440	16.4
	Subtotal	2,963	
CHINA			
6	Courtyard by Marriott Beijing	299	39.2
7	New World Hotel Beijing	435	52.5
8	New World Mayfair Hotel Shanghai	605	69.9
9	pentahotel Shanghai	260	69.9
10	New World Hotel Shenyang	259	70.0
11	Courtyard by Marriott Shunde	370	22.8
12	Courtyard by Marriott Wuxi	276	25.6
13	New World Hotel Xian	476	22.4
14	New World Hotel Wuhan	327	42.0
15	New World Hotel Dalian	429	70.1
	Subtotal	3,736	
SOUTHEAST ASIA			
16	Renaissance Makati City Hotel, Manila, Philippines	598	26.9
17	New World Hotel Saigon, Vietnam	538	21.6
18	Renaissance Riverside Hotel Saigon, Vietnam	336	46.1
19	Renaissance Kuala Lumpur Hotel, Malaysia	910	37.5
	Subtotal	2,382	
	Total	9,081	
TO BE COMPLETED			
20	Hyatt Regency Hong Kong, Tsim Sha Tsui (Opened in Oct 2009)	381	78.8

PROJECT SUMMARY — INFRASTRUCTURE PROJECTS

		Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest	Expected/ Actual Operation Date	JV Period (years)	Expiry Date ⁽¹⁾
ROADS							
R1	Guangzhou City Northern Ring Road	22.0 km	CJV	65.29%	1/1994	33	2023
R2	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)		CJV	25.00%		37	2030
	Section I	8.6 km			5/1997		
	Section II	53.8 km			12/1999		
R3	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)	27.0 km ⁽²⁾	CJV	15.00%	12/2005	30	2032
R4	Guangzhou-Zhaoqing Expressway		CJV	25.00%		33	2031
	Phase I	48.0 km			4/2005		
	Phase II	6.1 km			end of 2010 (Estimated)		
R5	Shenzhen-Huizhou Expressway (Huizhou Section)						
	Expressway	34.7 km	CJV	33.33%	6/1993	30	2027
	Roadway	21.8 km	CJV	50.00%	12/1997	26	2023
R6	Gaoming Bridge	1.1 km	CJV	30.00%/80.00%	11/1996	25	2021
R7	Guangzhou Dongxin Expressway	46.2 km	Equity	40.80%	mid-2010 (Estimated)	28	2033
R8	Conghua — Dongguan Expressway (Huizhou Section)	32.0 km	Equity	15.00%	12/2012 (Estimated)	40	2048
R9	Beiliu City Roadways	16.3 km	WFOE	100.00%	5/1998	29	2026
R10	Rongxian Roadways	16.8 km	WFOE	100.00%	5/1998	29	2026
R11	Yulin — Shinan Roadway	27.8 km	CJV	60.00%	5/1998	29	2026
R12	Yulin Shinan — Dajiangkou Roadway		CJV	60.00%			
	Phase I	8.7 km			8/1997	29	2026
	Phase II	30.0 km			1/1999	25	2024
R13	Roadway No. 321 (Wuzhou Section)		CJV	52.00%		25	2022
	Phase I	8.7 km			3/1997		
	Phase II	4.3 km			12/1998		
R14	Shanxi Taiyuan — Gujiao Roadway (Taiyuan Section)	23.2 km	CJV	60.00%/90.00%	7/2000	27	2025
R15	Shanxi Taiyuan — Gujiao Roadway (Gujiao Section)	36.0 km	CJV	60.00%/90.00%	4/1999	27	2025
R16	Roadway No. 309 (Changzhi Section)	22.2 km	CJV	60.00%/90.00%	7/2000	25	2023
R17	Taiyuan — Changzhi Roadway (Changzhi Section)	18.3 km	CJV	60.00%/90.00%	8/2000	25	2023
R18	Tangjin Expressway (Tianjin North Section)		CJV	90% distributable cash for the first 15 years; 60% distributable cash for the last 15 years		31.5	
	Section I	43.4 km			12/1998		2028
	Section II	17.0 km			12/2000		2028
R19	Tate's Cairn Tunnel	4.0 km	Equity	29.50%	6/1991	30	2018
R20	Guangzhou Chuangyue Transport Electronic Technology	n/a	EJV	33.30%	11/2007	30	2037
		578 km					

PROJECT SUMMARY — INFRASTRUCTURE PROJECTS

		Installed Capacity/ Capacity	NWSH's Form of Investment	NWSH's Attributable Interest	Expected/ Actual Operation Date	JV Period (years)	Expiry Date ⁽¹⁾
ENERGY							
P1	Zhujiang Power Station – Phase I	600.0 MW	EJV	50.00%	1/1994	25	2017
P2	Zhujiang Power Station – Phase II	600.0 MW	EJV	25.00%	4/1996	25	2020
P3	Macau Power	472.0 MW	Equity	19.00%	11/1985	25	2010
P4	Chengdu Jintang Power Plant		Equity	35.00%		35	2040
		600.0 MW			6/2007		
		600.0 MW			10/2007		
P5	Guangdong Baolihua New Energy Stock Co., Ltd.		Equity	5.33%		n/a	n/a
	Phase I	2 x 135.0 MW			9/2005		
	Phase II	2 x 300.0 MW			9/2008		
P6	Guangzhou Fuel Company	7 million tonnes/year	EJV	35.00%	1/2008	25	2033
Power Plant Installed Capacity		3,742.0 MW					
WATER							
W1	Macau Water Plant	330,000 m³/day	Equity	42.50%	1985	25	2010
W2	Lianjiang Water Plant	100,000 m³/day	Equity	30.00%	n/a	30	2027
W3	Zhongshan Tanzhou Water Plant		Equity	29.00%		35	2027
	Phase I	60,000 m³/day			1/1994		
	Phase II	90,000 m³/day			5/2007		
W4	Zhongshan Dafeng Water Plant		Equity	33.06%		22	2020
	Phase I	200,000 m³/day			4/1998		
	Phase II	300,000 m³/day			11/2008		
W5	Zhongshan Quanlu Water Plant	500,000 m³/day	Equity	33.06%	4/1998	22	2020
W6	Nanchang Water Plant		Equity	25.00%		28	2023
	Phase I	50,000 m³/day			1/1996		
	Phase II	50,000 m³/day			9/2008		
W7	Baoding Water Plant	260,000 m³/day	Equity	27.50%	6/2000	20	2020
W8	Siping Water Plant	118,000 m³/day	Equity	25.00%	9/2000	30	2030
W9	Zhengzhou Water Plant	360,000 m³/day	Equity	25.00%	8/2001	30	2031
W10	Xinchang Water Plant	100,000 m³/day	Equity	25.00%	3/2002	30	2032
W11	Changtu Water Plant	50,000 m³/day	Equity	35.00%	12/2000	30	2029
W12	Panjin Water Plant	110,000 m³/day	Equity	30.00%	4/2002	30	2032
W13	Shanghai Spark Water Plant	100,000 m³/day	Equity	25.00%	1/2002	30	2031
W14	Shanghai SCIP Water Treatment Plants		Equity	25.00%		50	2052
	Waste water	50,000 m³/day			4/2005		
	Industrial water	200,000 m³/day			4/2005		
	Demineralized water	4,800 m³/day			2/2008		
W15	Qingdao Water Plant		Equity	25.00%		25	2027
	Phase I	543,000 m³/day			8/2002		
	Phase II	183,000 m³/day			9/2006		
W16	Chongqing Water Plant		Equity	33.00%		50	2052
	Phase I	380,000 m³/day			11/2002		
	Phase II	160,000 m³/day			7/2006		
W17	Sanya Water Plant	235,000 m³/day	Equity	25.00%	1/2004	30	2033
W18	Tanggu Water Plant	310,000 m³/day	Equity	25.00%	4/2005	35	2039
W19	Changshu Water Plant	675,000 m³/day	Equity	24.50%	12/2006	30	2036
W20	Chongqing Tanqiatuo Waste Water Plant	300,000 m³/day	Equity	28.75%	1/2007	30	2036

PROJECT SUMMARY — INFRASTRUCTURE PROJECTS

		Installed Capacity/ Capacity	NWSH's Form of Investment	NWSH's Attributable Interest	Expected/ Actual Operation Date	JV Period (years)	Expiry Date ⁽¹⁾
W21	Chongqing Construction Company		Equity	22.16%		30	2038
	Waste water	100,000 m ³ /day			2H/2011 (Estimated)		
	Sludge treatment	240 tonnes/day			2H/2010 (Estimated)		
W22	Shanghai SCIP Waste Incineration Plant	60,000 tonnes/year	Equity	10.00%	8/2006	50	2053
W23	Far East Landfill Technologies Limited	35 million m ³	Equity	47.00%	6/1995	50	2045
W24	Tianjin Jieyuan Water Plant	500,000 m ³ /day	Equity	26.03%	3/2009	14	2022
W25	Suzhou Industrial Park Sludge Treatment Plant	300 tonnes/day	Equity	24.50%	2010 (Estimated)	30	2039
W26	Chongqing Yue Lai Water Plant Phase 1	200,000 m ³ /day	Equity	28.75%	7/2011 (Estimated)	30	2038
Water and industrial water treatment:		6,164,000 m³/day					
Demineralized water:		4,800 m³/day					
Waste water treatment:		450,000 m³/day					
Sludge treatment:		540 tonnes/day					
Waste management:		60,000 tonnes/year					
Landfill:		35 million m³					

		Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest	Expected/ Actual Operation Date	JV Period (years)	Expiry Date ⁽¹⁾
Ports							
C1	Xiamen New World Xiangyu Terminals Co., Ltd.	1,000,000 TEUs p.a.	EJV	50.00%	4/1997	60	2052
C2	Tianjin Orient Container Terminals Co., Ltd.	1,400,000 TEUs p.a.	EJV	24.50%	1/1999	30	2027
C3	Tianjin Five Continents International Container Terminal Co., Ltd.	1,500,000 TEUs p.a.	EJV	18.00%	11/2005	30	2035
C4	Dalian Container Terminal Co., Ltd.	2,200,000 TEUs p.a.	EJV	4.80%	6/2002	50	2046
C5	Xiamen New World Xiangyu Warehouse & Processing Zone Limited	n/a	WFOE	100.00%	1/1998	50	2045
C6	Wenzhou Zhuangyuan Ao New World International Terminals Company Limited	2,300,000 tonnes p.a. (Phase 1)	EJV	34.98%	2009 (Estimated)	50	2056
C7	Xiamen Haicang Xinhaida Container Terminals Co., Limited	1,000,000 TEUs p.a.	EJV	40.00%	1H/2011 (Estimated)	50	2058

(1) Project or JV expiry date

(2) Seeking approval to change from 37 km

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

WFOE = Wholly Foreign Owned Enterprise

n/a = Not Applicable

Directors' Profile



DATO' DR. CHENG YU-TUNG



DR. CHENG KAR-SHUN, HENRY

DATO' DR. CHENG YU-TUNG

DPMS, LLD (Hon), DBA (Hon), DSSc (Hon), GBM (Aged 84)

Appointed as Director in May 1970 and has been the Chairman since 1982. Dr. Cheng is the Chairman of Chow Tai Fook Enterprises Limited, and a Director of Cheng Yu Tung Family (Holdings) Limited and Centennial Success Limited, all of them are substantial shareholders of the Company. He is also the Chairman of New World Hotels (Holdings) Limited and a Director of certain subsidiaries of the Group. Dr. Cheng is also a Non-executive Director of Shun Tak Holdings Limited and SJM Holdings Limited, the Chairman of Melbourne Enterprises Limited and the Non-executive Chairman of Lifestyle International Holdings Limited, all being listed public companies in Hong Kong. Dr. Cheng was an Independent Non-executive Director of Hang Seng Bank Limited (a listed public company in Hong Kong) until 6 May 2009. Dr. Cheng was awarded Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2008. Dr. Cheng is the father of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the grandfather of Mr. Cheng Chi-Kong, Adrian.

DR. CHENG KAR-SHUN, HENRY

BA, MBA, DBA (Hon), LLD (Hon), GBS (Aged 62)

Appointed as Director in October 1972, Executive Director in 1973 and became Managing Director from 1989. Dr. Cheng is the Chairman and Managing Director of New World China Land Limited, the Chairman of NWS Holdings Limited, New World Department Store China Limited, Taifook Securities Group Limited and International Entertainment Corporation, an Independent Non-executive Director of HKR International Limited, and a Non-executive Director of Lifestyle International Holdings Limited, all of them are listed public companies in Hong Kong. He was the Chairman of New World Mobile Holdings Limited (a listed public company in Hong Kong) up to his resignation on 1 February 2007. Dr. Cheng is also the Managing Director of New World Hotels (Holdings) Limited and a Director of certain subsidiaries of the Group. He is a Director of Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of the Company. Dr. Cheng 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 eldest son of Dr. Cheng Yu-Tung, the father of Mr. Cheng Chi-Kong, Adrian and the brother of Mr. Cheng Kar-Shing, Peter.

Directors' Profile



DR. SIN WAI-KIN, DAVID



MR. LIANG CHONG-HOU, DAVID



MR. YEUNG PING-LEUNG, HOWARD



DR. CHA MOU-SING, PAYSON

DR. SIN WAI-KIN, DAVID

DSSc (Hon) (Aged 80)

Appointed as Executive Director in June 1970. Dr. Sin is the Chairman of Myer Jewelry Manufacturer Limited, Honorary Chairman of Hip Hing Construction Company Limited and a Director of certain subsidiaries of the Group. Dr. Sin is also the Vice Chairman and Independent Non-executive Director of Miramar Hotel and Investment Company, Limited, a listed public company in Hong Kong. He was a Non-executive Director of King Fook Holdings Limited (a listed public company in Hong Kong) until 31 August 2006 and an Independent Non-executive Director of Hang Seng Bank Limited (a listed public company in Hong Kong) until 6 May 2009.

MR. LIANG CHONG-HOU, DAVID

(Aged 64)

Appointed as Director in November 1979 and became Executive Director in 1986. Mr. Liang is the cousin of Mr. Liang Cheung-Biu, Thomas.

MR. YEUNG PING-LEUNG, HOWARD

(Aged 52)

Appointed as Director in November 1985. Mr. Yeung is a Member of the Audit Committee and the Remuneration Committee of the Board of Directors of the Company. He is also the Chairman of King Fook Holdings Limited and a Non-executive Director of Miramar Hotel and Investment Company, Limited, both being listed public companies in Hong Kong.

DR. CHA MOU-SING, PAYSON

JP DSSc (Hon) (Aged 67)

Appointed as Director in April 1989. Dr. Cha is the Chairman of the Audit Committee and a Member of the Remuneration Committee of the Board of Directors of the Company. Dr. Cha is also the Chairman of HKR International Limited and the Non-executive Chairman of Hanison Construction Holdings Limited, both of them are listed public companies in Hong Kong. He is also an Independent Non-executive Director of Eagle Asset Management (CP) Limited — Manager of Champion Real Estate Investment Trust which is listed on The Stock Exchange of Hong Kong Limited, a Director of Asia Television Limited and an Independent Non-executive Director of Hong Kong International Theme Parks Limited. Dr. Cha is a Committee Member of the Eleventh Chinese People's Political Consultative Conference of The People's Republic of China.

**MR. CHENG KAR-SHING, PETER****MR. LEUNG CHI-KIN, STEWART****MR. CHOW KWAI-CHEUNG****MR. CHA MOU-ZING, VICTOR**

*(Alternate Director to
Dr. Cha Mou-Sing, Payson)*

MR. CHENG KAR-SHING, PETER

(Aged 57)

Appointed as Director in October 1994. Mr. Cheng is a Director of New World Hotels (Holdings) Limited, the Deputy Managing Director of New World Development (China) Limited, and a Director of NWS Service Management Limited and certain subsidiaries of the Group. He is a Director of Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of the Company. He is also an Executive Director of New World China Land Limited, and an Independent Non-executive Director of King Fook Holdings Limited and Symphony Holdings Limited, all being listed public companies in Hong Kong. Mr. Cheng is the son of Dr. Cheng Yu-Tung, the brother of Dr. Cheng Kar-Shun, Henry and the uncle of Mr. Cheng Chi-Kong, Adrian.

MR. LEUNG CHI-KIN, STEWART

(Aged 70)

Appointed as Director in October 1994 and re-designated as Executive Director in August 2004. Mr. Leung has been the Group General Manager since May 1988. He is also the Company Secretary and the Chairman of the Remuneration Committee of the Board of Directors of the Company. Mr. Leung is a Director of New World Hotels (Holdings) Limited, Hip Hing Construction Company Limited, and certain subsidiaries of the Group. He is also an Executive Director of New World China Land Limited, a listed public company in Hong Kong. Mr. Leung is the Vice Chairman of the Executive Committee of The Real Estate Developers Association of Hong Kong, as well as a Member of General Committee of The Chamber of Hong Kong Listed Companies.

MR. CHOW KWAI-CHEUNG

(Aged 67)

Appointed as Director in October 1994. Mr. Chow is an Executive Director of New World China Land Limited, a listed public company in Hong Kong, and a Director of Hip Hing Construction Company Limited and certain subsidiaries of the Group.

MR. CHA MOU-ZING, VICTOR

(Alternate Director to Dr. Cha Mou-Sing, Payson)

(Aged 59)

Appointed as Alternate Director in September 2000. Mr. Cha is the Deputy Chairman and Managing Director of HKR International Limited, and an Independent Non-executive Director of SOHO China Limited, both are listed public companies in Hong Kong, and a Director of United Nigeria Textiles PLC which is listed on the Nigerian Stock Exchange. Mr. Cha was an Independent Non-executive Director of China Netcom Group Corporation (Hong Kong) Limited (a listed public company in Hong Kong during his term of office) until 22 May 2008. He has extensive experience in the textile manufacturing and real estate businesses. He is a Member of the Chinese People's Political Consultative Committee of Zhejiang Province and a Council Member of The Hong Kong Polytechnic University.

Directors' Profile



MR. HO HAU-HAY, HAMILTON



MR. LEE LUEN-WAI, JOHN



MR. LIANG CHEUNG-BIU, THOMAS

MR. HO HAU-HAY, HAMILTON

(Aged 58)

Appointed as Non-executive Director in August 2004 and re-designated as Independent Non-executive Director in November 2007. Mr. Ho was an alternate Director of the Company from 7 January 2004 to 29 August 2004. Mr. Ho is a Member of the Audit Committee and the Remuneration Committee of the Board of Directors of the Company. He is also an Independent Non-executive Director of CITIC Pacific Limited, and a Non-executive Director of King Fook Holdings Limited and Dah Chong Hong Holdings Limited, all being listed public companies in Hong Kong. He is also an Executive Director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.

MR. LEE LUEN-WAI, JOHN

JP (Aged 60)

Appointed as Independent Non-executive Director in August 2004. Mr. Lee is a Member of the Audit Committee and the Remuneration Committee of the Board of Directors of the Company. Mr. Lee is also the Managing Director and Chief Executive Officer of Lippo Limited and a Director of Lippo China Resources Limited and Hongkong Chinese Limited as well as an Independent Non-executive Director of New World China Land Limited, all being listed public companies in Hong Kong. He is also a Non-executive Director of Export and 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 Accountants and the Hong Kong Institute of Certified Public Accountants, and an Associate Member of The Institute of Chartered Accountants in England and Wales. He was a partner of Price Waterhouse 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 as a member of the Hospital Authority, Chairman of the Finance Committee and Main Tender Board of the Hospital Authority 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.

MR. LIANG CHEUNG-BIU, THOMAS

(Aged 62)

Appointed as Non-executive Director in August 2004. Mr. Liang is a Non-executive Director of Miramar Hotel and Investment Company, Limited (a listed public company in Hong Kong) and the Group Chief Executive of Wideland Investors Limited. He has extensive experience in financial management, corporate finance, banking, real estate development and equity investment. Mr. Liang is the cousin of Mr. Liang Chong-Hou, David.

**MR. CHENG CHI-KONG, ADRIAN****MS. KI MAN-FUNG, LEONIE****MR. CHENG CHI-KONG, ADRIAN***(Aged 29)*

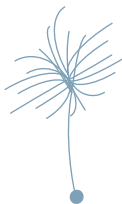
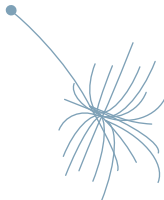
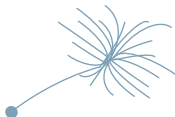
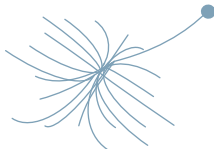
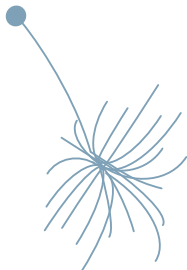
Appointed as an Executive Director in March 2007. Mr. Cheng is an Executive Director of New World China Land Limited, New World Department Store China Limited and International Entertainment Corporation, all being listed public companies in Hong Kong. He is a Director of Centennial Success Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of the Company. He is also a director of certain subsidiaries of the Group. Mr. Cheng has worked in a major international bank prior to joining the 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. He is the grandson of Dr. Cheng Yu-Tung, the son of Dr. Cheng Kar-Shun, Henry and the nephew of Mr. Cheng Kar-Shing, Peter.

MS. KI MAN-FUNG, LEONIE*SBS, JP (Aged 62)*

Appointed as a Non-executive Director in December 2008. Ms. Ki is the Managing Director of New World China Enterprises Projects Limited, a Director of Kunming New World First Bus Services Limited and a Director of certain subsidiaries of the Group. Ms. Ki is an Independent Non-executive Director of Clear Media Limited and Sa Sa International Holdings Limited, both are listed public companies in Hong Kong. Ms. Ki has more than 30 years' experience in integrated communication and marketing services. She was the founder, partner and Chairman/Chief Executive Officer of Grey Hong Kong Advertising Limited and Grey China Advertising Limited. Ms. Ki is committed to the community and public services. She was the Chief Executive of The Better Hong Kong Foundation. She is currently a life member of the Children's Cancer Foundation, Trustee of Ocean Park Conservation Fund, Honorary Secretary of Wu Zhi Qiao Charitable Foundation, a member of the Sports Commission of Hong Kong, a member of the Hong Kong Housing Society, a court and council member of Lingnan University, a member of the Asian Advisory Board of Cheng Yu Tung Management Institute, Richard Ivey School of Business (University of Western Ontario, Canada), a member of the Advisory Board of the EMBA Programme of CUHK, a member of the Career Advisory Board of HKU, and a CPPCC member of Yunnan Province.

Financial Section Contents

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Report of the Directors

The Directors present their annual report and financial statements for the year ended 30 June 2009.

GROUP ACTIVITIES

The principal activities of the Company remain investment holding and property investment. The principal activities of the principal subsidiaries, jointly controlled entities and associated companies are shown in Notes 51, 52 and 53 to the financial statements on pages 200 to 213.

RESULTS AND APPROPRIATION

The result of the Group for the year ended 30 June 2009 are set out in the consolidated income statement on page 104 of this annual report.

The Directors have resolved to recommend a final dividend for the year ended 30 June 2009 of HK\$0.21 per share (2008: HK\$0.25 per share) comprising a cash dividend of HK\$0.01 per share (which is being paid in order to ensure that the shares of the Company continue to qualify as Authorised Investments for the purpose of the Trustee Ordinance of Hong Kong) and a scrip dividend by way of an issue of new shares equivalent to HK\$0.20 per share with a cash option to shareholders registered on 9 December 2009. Together with the interim dividend of HK\$0.09 per share paid in June 2009, total distribution for the year ended 30 June 2009 would thus be HK\$0.30 per share (2008: HK\$0.43 per share).

SHARE CAPITAL

Details of movements in share capital during the year are set out in Note 40 to the financial statements.

RESERVES

Details of movements in reserves are set out in Note 41 to the financial statements. Distributable reserves of the Company at 30 June 2009 amounted to HK\$11,453.5 million (2008: HK\$11,258.3 million).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 214 and 215.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

DONATIONS

The Group made charitable and other donations during the year amounting to HK\$29.8 million (2008: HK\$45.5 million).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in Note 18 to the financial statements.

MAJOR ACQUISITION AND DISPOSAL

In March 2009, New World China Land Limited, a 70.0% owned subsidiary of the Group, and its subsidiaries (the "NWCL Group") acquired additional 25.0%, 50.0%, 60.0% and 5.9% equity interest in Ramada Property Ltd. ("Ramada"), Faith Yard Property Limited ("Faith Yard"), Fortune Star Worldwide Limited ("Fortune Star") and Shanghai New World Huai Hai Property Development Co., Ltd. ("Huai Hai") respectively from the respective former shareholders for an aggregate total consideration of approximately HK\$1,039.5 million. Ramada is the holding company of Shanghai Ramada Plaza Ltd. which holds a portion of Shanghai Ramada Plaza (comprising two hotels) located at 1525 Dingxi Road, Changning District, Shanghai, the PRC. The principal activity of Faith Yard is the holding of a portion of Shanghai Ramada Plaza and Shanghai Belvedere Service Apartments located at 1555 Dingxi Road, Changning District, Shanghai, the PRC. Fortune Star is an investment holding company whose major assets are holding of interest in Zhaoqing New World Property Development Limited ("Zhaoqing Property") and Zhaoqing Fubang Property Management Limited. Zhaoqing Property is principally engaged in the development of Zhaoqing New World Garden, a residential development located besides the Banyue Lake, Zhaoqing, Guangdong Province, the PRC. The principal asset of Huai Hai is its holding of Shanghai Hong Kong New World Tower located at Huaihaizhong Road, Luwan District, Shanghai, the PRC.

Report of the Directors (Continued)

MAJOR ACQUISITION AND DISPOSAL (Continued)

In March 2009, the NWCL Group disposed of its entire interest in Shanghai New World Shangxian Lane Development Ltd. ("Shangxian Lane") and 20.0% interest in Shanghai Juyi Real Estate Development Co., Ltd. ("Juyi") to Golden Wealth Investment Limited for an aggregate total consideration of approximately HK\$620.4 million. Shangxian Lane has obtained a development right in respect of a property project in Luwan District, Shanghai, the PRC. The principal activity of Juyi is the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC. The above transactions gave rise to a net disposal gain of approximately HK\$370.1 million to the NWCL Group.

CONNECTED TRANSACTIONS

Connected transactions of the Company during the year and up to the date of this report are set out on pages 75 to 82.

RULE 13.20 AND 13.22 OF THE LISTING RULES

The disclosure pursuant to Rule 13.20 and 13.22 of the Listing Rules is set out on page 102.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

EXECUTIVE DIRECTORS

Dato' Dr. Cheng Yu-Tung (*Chairman*)
 Dr. Cheng Kar-Shun, Henry (*Managing Director*)
 Dr. Sin Wai-Kin, David
 Mr. Liang Chong-Hou, David
 Mr. Leung Chi-Kin, Stewart
 Mr. Cheng Chi-Kong, Adrian

NON-EXECUTIVE DIRECTORS

Lord Sandberg, Michael	(retired on 2 December 2008)
Mr. Cheng Kar-Shing, Peter	
Mr. Chow Kwai-Cheung	
Mr. Liang Cheung-Biu, Thomas	
Ms. Ki Man-Fung, Leonie JP	(appointed on 5 December 2008)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Ping-Leung, Howard
 Dr. Cha Mou-Sing, Payson JP
 Mr. Cha Mou-Zing, Victor (*alternate director to Dr. Cha Mou-Sing, Payson*)
 Mr. Ho Hau-Hay, Hamilton
 Mr. Lee Luen-Wai, John JP

In accordance with Article 94 of the Company's Articles of Association, Ms. Ki Man-Fung, Leonie shall retire and, being eligible, offer herself for re-election.

In accordance with Article 103(A) of the Company's Articles of Association, Dr. Cheng Kar-Shun, Henry, Dr. Cha Mou-Sing, Payson, Mr. Cheng Kar-Shing, Peter, Mr. Leung Chi-Kin, Stewart and Mr. Chow Kwai-Cheung shall retire by rotation and, being eligible, offer themselves for re-election.

None of the Directors had a service contract with the Company or any of its subsidiaries which cannot be terminated within one year without any compensation.

AUDIT COMMITTEE

An Audit Committee has been established and the members of the Committee are Dr. Cha Mou-Sing, Payson, Mr. Yeung Ping-Leung, Howard, Mr. Ho Hau-Hay, Hamilton and Mr. Lee Luen-Wai, John. The principal responsibilities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN CONTRACTS

Pursuant to an agreement dated 5 August 1993 (the "Agreement") made between Hotel Property Investments (B.V.I.) Limited ("HPI") and Renaissance Hotel Holdings (B.V.I.) Limited ("Renaissance"), both being former subsidiaries of the Group, and CTF Holdings Limited ("CTFHL"), HPI agreed to pay CTFHL an annual fee in accordance with the terms of the Agreement. This Agreement was assigned to New World Hotels (Holdings) Limited ("NWHH"), a subsidiary of the Group, on 25 July 1997. CTFHL was paid a fee of US\$9.7 million (approximately HK\$75.5 million) for the year ended 30 June 2009 (2008: US\$12.7 million (approximately HK\$99.0 million)). Dr. Cheng Kar-Shun, Henry, Director of the Company and Mr. Doo Wai-Hoi, William ("Mr. Doo"), director of certain subsidiaries of the Group, are interested in this transaction to the extent that they have beneficial interests in CTFHL.

Save for contracts amongst group companies and the aforementioned transaction, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, interests of the Directors and their associates in shares, underlying shares and debentures of the Company and its associated corporations which were recorded in the register to be kept by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") are set out on pages 83 to 101.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, according to the Listing Rules, the following Directors have interests in the following businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors of the Company were appointed as Directors to represent the interests of the Company and/or the Group:

Name of Director	Businesses which are considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Dr. Cheng Yu-Tung	Shun Tak Holdings Limited ("Shun Tak") group of companies	Property investment and development, ferry services and hotel related services	Director
	Chow Tai Fook Enterprises Limited ("CTF") group of companies	Property investment and development, hotel operations and transport	Director
	Melbourne Enterprises Limited ("Melbourne") group of companies	Property investment	Director
	Lifestyle International Holdings Limited ("Lifestyle") group of companies	Department stores operations and property investment	Director
Dr. Cheng Kar-Shun, Henry	CTF group of companies	Property investment and development, hotel operations and transport	Director
	HKR International Limited group of companies	Property investment and development, and property management	Director
	Lifestyle group of companies	Department stores operations and property investment	Director
	International Entertainment Corporation group of companies	Hotel operations	Director

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (Continued)

Name of Director	Businesses which are considered to compete or likely to compete with the businesses of the Group		Nature of interest of the Director in the entity
	Name of entity	Description of businesses	
Dr. Sin Wai-Kin, David	Miramar Hotel and Investment Company, Limited ("Miramar") group of companies	Property investment and development and hotel operations	Director
Mr. Cheng Kar-Shing, Peter	CTF group of companies	Property investment and development, hotel operations and transport	Director
	Long Vocation Investments Limited group of companies	Property investment	Director and shareholder
Mr. Chow Kwai-Cheung	Flying Dragon Properties Limited	Property investment	Director and shareholder
	Asia Leisure Development Co. Ltd.	Property development	Director
Mr. Liang Cheung-Biu, Thomas	Bermuda Investments Limited	Property investment	Director
	Greenwich Investors Limited	Property investment	Director
	Lambda Enterprises Limited	Property management	Director
	Miramar group of companies	Property investment and development and hotel operations	Director
Mr. Cheng Chi-Kong, Adrian	CTF group of companies	Property investment and development, hotel operations and transport	Director
	Grandhope Properties Limited	Property investment	Director and shareholder
	Cheung Hung Development (Holdings) Limited	Property investment and development	Director
	International Entertainment Corporation group of companies	Hotel operations	Director

As the Board of Directors of the Company is independent of the boards of the above-mentioned entities and none of the above Directors can control the Board of the Company, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of these entities.

Report of the Directors (Continued)

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Schemes" below, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or chief executive or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEMES

Share option schemes of the Group are set out on pages 85 to 101.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

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

LONG POSITIONS IN SHARES

Name	Number of shares held			Approximate % of shareholding
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") ⁽¹⁾	—	1,493,343,751	1,493,343,751	38.61
Centennial Success Limited ("Centennial") ⁽²⁾	—	1,493,343,751	1,493,343,751	38.61
CTF ⁽³⁾	1,349,335,829	144,007,922	1,493,343,751	38.61

Notes:

(1) CYTFH holds 51.0% direct interest in Centennial and is accordingly deemed to have an interest in the shares deemed to be interested by Centennial.

(2) Centennial holds 100.0% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.

(3) CTF together with its subsidiaries.

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

Report of the Directors (Continued)

SUFFICIENCY OF PUBLIC FLOAT

According to information that is available to the Company, the percentage of the Company's shares which are in the hands of the public exceeds 25.0% of the Company's total number of issued shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30.0% of the Group's turnover and less than 30.0% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

AUDITORS

The financial statements have been audited by Messrs PricewaterhouseCoopers and H.C. Watt & Company Limited, who retire and, being eligible, offer themselves for re-appointment as joint auditors of the Company.

On Behalf of the Board

Dr. Cheng Yu-Tung

Chairman

Hong Kong, 8 October 2009

Report of the Directors (Continued)

CONNECTED TRANSACTIONS

- (1) The Company and CTF, severally in the proportions of 64.0% and 36.0%, have on 29 August 1995 issued an indemnity ("Indemnity") to Renaissance Hotel Group N.V. ("RHG"), a former subsidiary of NWHH, which is now an independent third party, in respect of any obligations of RHG or its subsidiaries may have in respect of certain lease payment obligations under 25 leases or guarantees of leases of Hotel Property Investment, Inc., a Delaware corporation held by HPI.

On 25 July 1997, NWHH sold its entire interests in HPI to CTFHL, a company controlled by Dr. Cheng Kar-Shun, Henry, Director of the Company and Mr. Doo, a director of certain subsidiaries of the Company. Under the sale, the Indemnity will continue. Arrangements have therefore been entered into whereby CTF will counter-indemnify the Company fully against any liability arising under the Indemnity in respect of the said lease obligations and guarantees of leases. It is presently estimated that the maximum liability of the Company under the Indemnity will be approximately US\$54.0 million per annum. Up to the date of this report, no payment has ever been made by the Company or CTF under the Indemnity.

- (2) In July 1999, a deed of tax indemnity was entered into between the Company and New World China Land Limited ("NWCL") whereby the Company undertakes to indemnify NWCL in respect of, inter alia, certain Mainland China income tax ("IT") and land appreciation tax ("LAT") in Mainland China payable in consequence of the disposal of certain properties held by NWCL as at 31 March 1999 and in respect of which the aggregate amount of LAT and IT is estimated at approximately HK\$7,166.1 million (2008: HK\$7,389.5 million). During the year, tax indemnity amounted to HK\$6.2 million (2008: HK\$369.6 million) was effected.
- (3) On 18 May 2007, NWS Transport Services Limited ("NWST") and NWSH entered into a master services agreement (the "NWST Master Services Agreement") whereby NWST agreed to, and agreed to procure that members of NWST and its subsidiaries (the "NWST Group") (to the extent practicable) engage relevant members of NWSH and its subsidiaries (the "NWSH Group") to provide operational services, which includes contracting services, facility management services, security and guarding services, cleaning and landscaping services, financial services and property management services and such other types of services as NWST and NWSH may agree upon from time to time in writing, to NWST and/or relevant members of the NWST Group and to rent or license spare spaces to members of the NWSH Group during the term of the NWST Master Services Agreement. The NWST Master Services Agreement has an initial term of three years and shall be automatically renewed for a further term of three years unless either party gives written notice to the other party not later than two months before the expiry of the initial term.

The transactions contemplated under the NWST Master Services Agreement were expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the NWSH Group. As CTF is a connected person of the Company and NWST is an associate of CTF, the entering into of the NWST Master Services Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

During the year ended 30 June 2009, the contract amounts for each category of services under the NWST Master Services Agreement are summarised as follows:

Category of services	Approximate total contract amount HK\$m	Annual cap HK\$m
Contracting services	0.01	13.0
Facility management services	1.05	7.5
Security and guarding services	0.84	7.0
Cleaning and landscaping services	15.58	35.0
Financial services	0.42	1.0
Property management services	0.36	1.0
Rental or licensing of spare spaces	3.63	9.0

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

- (4) On 24 February 2005, Hong Kong Island Development Limited ("Hong Kong Island"), a wholly-owned subsidiary of the Company as Lessor, and Sogo Hong Kong Company Limited ("Sogo HK") as Lessee entered into a lease agreement ("Lease Agreement"), pursuant to which the Lessee will lease the Portion of Ground Floor, Portion of P1 and The Entire P2 of Sogo Department Store, TST (formerly the Amazon), 12 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong ("the Premises") from the Lessor for a fixed term of fifteen years at a monthly rent to be calculated in accordance with the following schedule:

Year 1 to 10 of the term: 6.0% of the monthly gross turnover from the operation of any trade and/or business carried on in from and/or upon the Premises

Year 11 to 15 of the term: 7.0% of the monthly gross turnover from the operation of any trade and/or business carried on in from and/or upon the Premises

The Premises, the subject of the Lease Agreement, is owned by Hong Kong Island. Sogo HK is an indirect non-wholly owned subsidiary of Real Reward Limited, a jointly controlled entity owned by Go Create Limited, a wholly-owned subsidiary of CTF. Sogo HK is, accordingly, a connected person of the Company and the entering into of the Lease Agreement and all the transactions contemplated thereunder constitute continuing connected transactions for the Company under the Listing Rules.

As set out in the announcement of the Company dated 16 September 2008, the annual cap for the Lease Agreement for each of the three years ending 30 June 2011 is HK\$75.0 million. The total rental received from Sogo HK during the year ended 30 June 2009 under the Lease Agreement amounted to HK\$47.5 million which is within the annual cap of HK\$75.0 million.

- (5) On 24 January 2008, NWSH and CTF entered into: (i) a master operational services agreement ("CTF Master Operational Services Agreement") whereby NWSH and CTF agreed to procure that members of the NWSH Group or the CTF group of companies (the "CTF Group", including CTF and its subsidiaries and any other company in the equity capital of which CTF and/or any of its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30.0% or more of the voting power at general meetings, but excluding the NWSH Group as well as NWST Group) (to the extent practicable) engage relevant members of the CTF Group or the NWSH Group to provide operational services, which includes contracting services, general services, rental services and such other types of services as NWSH and CTF may agree upon from time to time in writing, to relevant members of the NWSH Group or the CTF Group during the term of the CTF Master Operational Services Agreement; and (ii) a master financial services agreement ("CTF Master Financial Services Agreement") whereby CTF agreed to procure that members of the CTF Group engage relevant members of the NWSH Group to provide financial services to relevant members of the CTF Group during the term of the CTF Master Financial Services Agreement.

Moreover, on 24 January 2008, NWSH and Mr. Lo Lin-Shing, Simon ("Mr. Lo") entered into a master services agreement ("Mr. Lo Master Services Agreement") whereby the NWSH Group agreed to provide financial services to Mr. Lo and his associates.

As CTF is a connected person of the Company, the entering into of the CTF Master Operational Services Agreement, the CTF Master Financial Services Agreement and all the transactions contemplated thereunder, excluding the transactions between the NWSH Group and the Group, constitute continuing connected transactions for the Company under the Listing Rules. Given that Mr. Lo was the then deputy chairman and an executive director of Taifook, a subsidiary of NWSH, he was a connected person of the Company. Accordingly, the entering into of Mr. Lo Master Services Agreement and all the transactions contemplated thereunder also constitute continuing connected transactions for the Company under the Listing Rules.

All of the CTF Master Operational Services Agreement, the CTF Master Financial Services Agreement and the Mr. Lo Master Services Agreement have an initial term of three years commencing from 24 January 2008 to 23 January 2011, and may be renewed for a further term of three years subject to re-compliance with relevant requirements under the Listing Rules.

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

During the year ended 30 June 2009, the contract amounts for each category of the operational services under the CTF Master Operational Services Agreement (excluding the transactions between the NWSH Group and the Group) are summarised as follows:

Operational services	Approximate total contract amount HK\$m	Annual cap HK\$m
Contracting services by members of the NWSH Group to members of the CTF Group	165.5	471.3
General services by members of the NWSH Group to members of the CTF Group	17.1	19.3

In addition, during the year ended 30 June 2009, the contract amounts for the financial services under the CTF Master Financial Services Agreement (excluding the transactions between the NWSH Group and the Group) and the Mr. Lo Master Services Agreement are summarised as follows:

Financial services	Approximate total contract amount HK\$m	Annual cap HK\$m
Fees from the provision of the financial services by the NWSH Group, including the underwriting and sub-underwriting services	0.9	26.4
Value of the securities which may be acquired by the NWSH Group pursuant to the underwriting and sub-underwriting commitments under the underwriting and sub-underwriting services	—	800.0

- (6) NWDS and its subsidiaries ("NWDS Group") entered into various concessionaire counter agreements ("Concessionaire Counter Arrangements") with Chow Tai Fook Jewellery Company Limited ("CTF Jewellery") or any of its subsidiaries pursuant to which members of the NWDS Group provide floor space in its department stores to CTF Jewellery or its subsidiaries to exhibit and sell jewellery.

Pursuant to the Concessionaire Counter Arrangements, commissions and basic usage costs are payable by CTF Jewellery or its subsidiaries to members of the NWDS Group for the use of the concessionaire counters. Such commissions are calculated by a pre-determined percentage of sales made for each type of the products sold at the concessionaire counter and the gross sales figures of concessionaire counter, while the basic usage costs comprise the general promotional contributions and other fixed charges. The aggregate amount of the transactions contemplated under the Concessionaire Counter Arrangements for the year ended 30 June 2009 amounted to approximately RMB15.1 million, which is within the annual cap of RMB53.1 million.

As CTF Jewellery is an associate of CTF which is a connected person of the Company, the transactions contemplated under the Concessionaire Counter Arrangements constitute continuing connected transactions for the Company under the Listing Rules.

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

- (7) On 18 June 2008, NWCL, New World Development (China) Limited ("NWDC") and Mr. Doo entered into a reorganisation agreement (the "First Agreement") relating to the reorganisation of 上海局一房地產發展有限公司 (Shanghai Juyi Real Estate Development Co., Ltd.) ("Juyi"), 上海三聯物業發展有限公司 (Shanghai Trio Property Development Co., Ltd.) ("Trio") and 上海新世界淮海物業發展有限公司 (Shanghai New World Huai Hai Property Development Co., Ltd.) ("Huai Hai") (Juyi, Trio and Huai Hai together known as the "Target Companies") whereby NWDC and Mr. Doo shall transfer all their respective interest in the Target Companies to New World China Property Limited ("NWCP") in return for the allotment of shares by NWCP to NWCL and Golden Wealth Investment Limited ("Golden Wealth"), a wholly-owned company of Mr. Doo. On the same date, NWCL, Golden Wealth and NWCP entered into a shareholders' agreement relating to NWCP, which is conditional upon the completion of the reorganisation of the Target Companies under the First Agreement. The purpose of entering into the First Agreement was to facilitate NWCP to dispose of its interests in the Target Companies to a company listed on the Shenzhen Stock Exchange in return for a controlling stake in that company. However, completion under the provisions of the First Agreement has not taken place.

On 3 December 2008, NWCL, NWDC, Golden Wealth and Mr. Doo entered into three participation agreements (the "Participation Agreements") for the granting of participating interests by NWCL to Golden Wealth in the respective property projects undertaken by Juyi, Trio and Huai Hai, determined at 30.0%, 52.5% and 55.9%, respectively for the purpose of restoring the positions of the interests held by NWCL and Mr. Doo in Juyi, Trio and Huai Hai to those which existed immediately before the signing of the First Agreement. The First Agreement lapsed and was terminated upon signing of the Participating Agreements.

On 3 December 2008, NWCL, NWDC, NWCP, Mr. Doo, Stanley Enterprises Limited ("SEL"), Grand China Enterprises Limited ("GCE") and Golden Wealth entered into an agreement (the "Sale and Purchase Agreement") relating to the acquisition by NWCL group of additional 25.0% interest in Ramada Property Ltd. ("Ramada"), 50.0% interest in Faith Yard Property Limited ("Faith Yard"), 60.0% interest in Fortune Star Worldwide Limited ("Fortune Star") and 5.9% interest in Huai Hai for a consideration of approximately HK\$353.7 million, HK\$318.8 million, HK\$195.6 million and HK\$166.2 million, respectively as well as the disposal by NWCL group of 99.0% interest in 上海新尚賢坊房地產發展有限公司 (Shanghai New World Shangxian Lane Development Ltd.) ("Shangxian Lane") and 20.0% interest in Juyi for a consideration of approximately HK\$238.0 million and HK\$385.2 million respectively.

The Sale and Purchase Agreement was completed on 31 March 2009 and the consideration had been adjusted by reference to the increase or decrease in the net asset value of Ramada, Faith Yard, Fortune Star, Huai Hai, Shangxian Lane and Juyi as at 31 March 2009 as compared with their audited net asset value as at 30 June 2008 in accordance with the terms of the Sale and Purchase Agreement. The consideration for the acquisition of additional interest in Ramada, Faith Yard, Fortune Star and Huai Hai was determined at approximately HK\$351.4 million, HK\$319.7 million, HK\$194.0 million and HK\$174.4 million respectively whilst the consideration for the disposal of interests in Shangxian Lane and Juyi was determined at approximately HK\$237.6 million and HK\$382.8 million respectively on completion. The Participation Agreements lapsed and were terminated upon completion of the Sale and Purchase Agreement. Since then, Ramada, Faith Yard and Fortune Star became NWCL's wholly-owned subsidiaries, Huai Hai and Juyi became NWCL's 50% owned jointly controlled entities, Trio continued to be NWCL's 47.5% owned jointly controlled entity and NWCL ceased to have any interest in Shangxian Lane.

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

- (8) On 6 November 2008, NWS Service Management Limited ("NWSS", an indirect wholly-owned subsidiary of NWSH), entered into a shareholder's loan agreement (the "Shareholder's Loan Agreement") with NWST whereby NWSS agreed to lend to NWST a shareholder's loan ("Shareholder's Loan") in the sum of HK\$222.5 million for a period from the date of granting of the Shareholder's Loan to 31 October 2009 (both days inclusive) or for such other period as the parties may agree from time to time. Subject to the terms of the Shareholder's Loan Agreement, interest shall accrue on any outstanding amount of the Shareholder's Loan at a rate of HIBOR plus 1.1% per annum. The Shareholder's Loan, together with all interest accrued thereon shall be repaid by NWST to NWSS on either (i) the expiry of the aforesaid term; or (ii) NWST goes into liquidation or any petition for its winding up is presented, whichever occurs earlier. Each of CTF and NWSH indirectly owns 50.0% of the total issued share capital of NWST. NWST is a connected person of the Company by virtue of its being an associate of CTF and the entering into of the Shareholder's Loan Agreement constituted a connected transaction for the Company under the Listing Rules. The Shareholder's Loan was fully repaid by NWST during the year.

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

- (9) On 4 February 2009, Silver World H.K. Development Limited ("Silver World", an indirect wholly-owned subsidiary of NWCL), entered into an agreement (the "Acquisition Agreement") with 海南中泓投資有限公司 (Hainan Zhonghong investments Company Limited) ("Hainan Zhonghong") whereby Silver World agreed to acquire an additional 5.0% equity interest in 湖南成功新世紀投資有限公司 (Hunan Success New Century Investment Company Limited) ("Hunan Success"), the then 90.0%-owned subsidiary of Silver World, from Hainan Zhonghong for a consideration of RMB94.0 million. Upon completion of the Acquisition Agreement on 30 June 2009, Hunan Success was owned by Silver World and Hainan Zhonghong as to 95.0% and 5.0%, respectively. Hunan Success is principally engaged in the development of a residential property project known as Changsha La Ville New World located in Yuhua District, Changsha City, Hunan Province, the PRC with a total gross floor area of approximately 1,111,600 sq m and car parking spaces of approximately 168,500 sq m as well as a land improvement project in Changsha City, Hunan Provinces, the PRC with a net site area of approximately 666,670 sq m. As Hainan Zhonghong was a connected person of the Company by virtue of its being a substantial shareholder of certain subsidiaries of NWCL, the entering into of the Acquisition Agreement constituted a connected transaction for the Company under the Listing Rules.
- (10) On 10 March 2009, ProPlus Limited ("ProPlus", an indirect wholly-owned subsidiary of NWSH) entered into an agreement (the "Agreement") with Bransfield Assets Limited ("Bransfield") pursuant to which ProPlus agreed to sell, and Bransfield agreed to purchase (i) 18,057,780 ordinary shares of HK\$1.0 each and 425,017 non-voting deferred shares of HK\$1.0 each of Pollution & Protection Services Limited ("PPS"); and (ii) two ordinary shares of HK\$100.0 each and 12,257 non-voting deferred shares of HK\$100.0 each of Pollution & Protection Consultant Limited ("PPC"), which represented the shares beneficially held by ProPlus in each of PPS and PPC (both were the then subsidiaries of NWSH and engaged in the provision of cleaning services) at a consideration of HK\$34.5 million.

Bransfield was jointly owned by Mr. Fan Shek-Cheong, Allan ("Mr. Fan") and his daughter. As at the date of the Agreement, Mr. Fan was a director of each of PPS and PPC, and as both PPS and PPC were the then subsidiaries of NWSH, Mr. Fan and Bransfield were connected persons of the Company under the Listing Rules. As such, the entering into of the Agreement constituted a connected transaction for the Company under the Listing Rules. Upon completion of the Agreement on 9 April 2009, each of PPS and PPC ceased to be a subsidiary of the Group.

- (11) On 10 March 2009, Prosperity Developments Limited ("Prosperity Developments", a wholly-owned subsidiary of the Company), entered into (a) an agreement (the "Pearls Acquisition Agreement") with Kawick Enterprises Limited ("Kawick Enterprises") to acquire 40 shares of HK\$1.0 each in Pearls Limited, representing 40.0% of the issued share capital of Pearls Limited, and to take an assignment of the interest free, repayable on demand loan due from Pearls Limited to Kawick Enterprises as at the date of completion of the Pearls Acquisition Agreement from Kawick Enterprises at a total consideration of approximately HK\$10.6 million and (b) an agreement (the "Polyworth Acquisition Agreement") with Kawick Enterprises to acquire four shares of HK\$1.0 each in Polyworth Limited, representing 40.0% of the issued share capital of Polyworth Limited, and to take an assignment of the interest free, repayable on demand loan due and owing from Polyworth Limited to Kawick Enterprises as at the date of completion of the Polyworth Acquisition Agreement from Kawick Enterprises at a total consideration of approximately HK\$19.4 million.

On the same date, Ease Kind Development Limited, a non-wholly-owned subsidiary of the Company, entered into agreements (the "Property Acquisition Agreements") with Lucky World Investment Limited ("Lucky World") to acquire the properties situate at G/F, 5/F and the Roof of No. 4 Kwai Fong Street, Happy Valley, Hong Kong at an aggregate consideration of HK\$15.0 million.

Kawick Enterprises and Lucky World were owned not less than 30.0% by Dr. Larry Chong, a substantial shareholder of certain subsidiaries of the Group and also a cousin of a then director of NWSH. As such, Kawick Enterprises and Lucky World were connected persons of the Company under the Listing Rules and the acquisitions contemplated under the Pearls Acquisition Agreement, the Polyworth Acquisition Agreement and the Property Acquisition Agreements (collectively, the "Acquisition Agreements") constituted connected transactions for the Company under the Listing Rules. As at the date of the Acquisition Agreements, each of Pearls Limited and Polyworth Limited was a 51.8% owned subsidiary of the Company. Upon completion of the Acquisition Agreements on 10 July 2009, each of Pearls Limited and Polyworth Limited became a 91.8% owned subsidiary of the Company.

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

- (12) On 23 April 2009, NWDC entered into a capital contribution agreement (the “Capital Contribution Agreement”) with Guilherme Holdings (Hong Kong) Limited (“Guilherme Holdings”, a company wholly-owned by Mr. Doo), in respect of the increase in registered capital of Juyi from RMB765.0 million to RMB1,165.0 million. Juyi was a company owned by NWDC and Guilherme as to 50.0% and 50.0%, respectively. Pursuant to the Capital Contribution Agreement, each of NWDC and Guilherme agreed to contribute RMB200.0 million to the additional registered capital of Juyi in proportion to their respective interests in Juyi. The capital raised by Juyi will be utilised to finance the construction cost of the remaining phases of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, the PRC undertaken by Juyi. Owing to the fact that Juyi was an associate of Mr. Doo who is a connected person of the Company, the transaction contemplated under the Capital Contribution Agreement constituted a connected transaction for the Company under the Listing Rules.
- (13) On 30 April 2009, NWCP entered into an agreement (the “SP Agreement”) with Guilherme Holdings whereby NWCP conditionally agreed (i) to acquire a 52.5% equity interest in Trio from Guilherme Holdings for a consideration of approximately HK\$523.3 million; and (ii) to dispose of a 50.0% equity interest in Juyi to Guilherme Holdings for a consideration of approximately HK\$953.2 million. Pursuant to the SP Agreement, Trio will become a wholly-owned subsidiary of NWCL and NWCL will cease to have any interest in Juyi subject to completion of all conditions contained therein. As at the date of the SP Agreement, Guilherme Holdings was wholly-owned by Mr. Doo, and was therefore an associate of Mr. Doo and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the SP Agreement constituted a connected transaction for the Company under the Listing Rules.
- (14) On 22 May 2009, NWDS entered into an agreement (the “Master Concessionaire Counter Agreement”) with CTF Jewellery and its subsidiaries (the “CTF Jewellery Group”) for a term of three years from 1 July 2009, pursuant to which NWDS agreed to, and to procure its subsidiaries to, provide floor space in the department stores owned by the NWDS Group from time to time (“Stores”) to members of the CTF Jewellery Group from time to time for exhibiting and selling jewellery during the duration of the Master Concessionaire Counter Agreement.

For each transaction under the Master Concessionaire Counter Agreement, pursuant to the relevant concessionaire counter agreements and rental agreements, commissions and basic usage costs and rebates are payable by the CTF Jewellery Group to members of the NWDS Group for the use of the floor space in the Stores. Such commissions and rebates are to be calculated by a pre-determined percentage of sales made for each type of the products sold at the concessionaire counters and the gross sales figures of concessionaire counters, while the basic usage costs comprise the general promotional contributions and other fixed charges.

It was expected that the annual consideration payable under the Master Concessionaire Counter Agreement would not exceed the amounts set out below:

	For the year ending 30 June		
	2010	2011	2012
Annual cap	RMB51.2 million	RMB74.7 million	RMB107.9 million

As CTF Jewellery is an associate of CTF which is a connected person of the Company, the transactions contemplated under the Master Concessionaire Counter Agreement constitute continuing connected transactions for the Company under the Listing Rules.

- (15) On 26 May 2009, K Fai Investments Limited (“K Fai”, an indirect wholly-owned subsidiary of NWCL), entered into a supplementary co-operative contract (the “Contract”) with 武漢市國營漢口漁場 (Wuhan State-owned Hankou Fisheries) (“Hankou Fisheries”), under which Hankou Fisheries agreed to waive its right to receive its 30.0% share of future profit from 武漢新漢發展有限公司 (Wuhan Xinhan Development Co., Ltd.) (“Wuhan Xinhan”) and surrender the participation right in the management control of Wuhan Xinhan to K Fai for a prepaid distribution of RMB91.8 million out of the profit of Wuhan Xinhan and henceforth K Fai would take up all the right and obligation in Wuhan Xinhan and the profit and loss sharing in respect of the development of the remaining phase of Wuhan Villas de Nice (武漢夢湖香郡) located in Tazi Lake, Jiangnan District, Wuhan City, Hubei Province, the PRC, until the dissolution of Wuhan Xinhan, at that time all fixed assets of Wuhan Xinhan would be distributed to Hankou Fisheries whereas all current assets of Wuhan Xinhan, if any, would be distributed to K Fai. Hankou Fisheries was a connected person of the Company by virtue of its holding of 30.0% interest in Wuhan Xinhan. Accordingly, the entering into of the Contract constituted a connected transaction for the Company under the Listing Rules.

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

- (16) On 16 July 2009, Trio, 新創機電工程有限公司 (NWS Engineering Ltd.) ("NWS Engineering", an indirect wholly-owned subsidiary of NWSH) and NWS Engineering (Shanghai branch office) entered into an agreement (the "Shanghai Agreement") whereby NWS Engineering agreed to provide to Trio project management services in respect of the electrical and mechanical engineering works of the property development project (the "Shanghai Zhongshan Square (Phase III) Project") situated at Hongqiao Development Zone, Shanghai, the PRC, for a service fee of RMB19.0 million. If the aggregate of the final total construction costs incurred in respect of the electrical and mechanical engineering works of the Shanghai Zhongshan Square (Phase III) Project is less than RMB197.0 million (which is subject to final determination), NWS Engineering shall be entitled to a bonus in the amount to be agreed between the contracting parties.

On the same date, Dragon Plaza (H.K.) Limited ("DPHKL"), Great City Developments Limited ("GCDL") and Hip Hing Builders Company Limited ("Hip Hing Builders", an indirect wholly-owned subsidiary of NWSH) entered into an agreement (the "Li Yuen Street East Agreement") whereby Hip Hing Builders agreed to provide to DPHKL and GCDL project management services for the development of the property development project ("Li Yuen Street East Project") situated at No. 39 Queen's Road Central and Nos. 19-28 Li Yuen Street East, Hong Kong. Hip Hing Builders shall be entitled to a management fee which shall be calculated as follows:

- (a) 2.0% of the part of the cost in relation to the execution and completion of mechanical and electrical installations of the Li Yuen Street East Project; and
- (b) 6.0% of the cost of the Li Yuen Street East Project other than that in paragraph (a) above.

Under the estimation based on the budget of the project, the maximum management fee in respect of the Li Yuen Street East Project was expected to be approximately HK\$18.7 million.

As at the date of the Shanghai Agreement and the Li Yuen Street East Agreement, Mr. Doo beneficially owned 52.5% interest in Trio and 50.0% interest in each of DPHKL and GCDL and thus, Trio, DPHKL and GCDL were associates of Mr. Doo and in turn connected persons of the Company. The transactions contemplated under the Shanghai Agreement and the Li Yuen Street East Agreement constituted connected transactions for the Company under the Listing Rules.

Furthermore, certain members of the Group had entered into the following transactions (the "Previous Transactions") with Juyi prior to the execution of the Shanghai Agreement and the Li Yuen Street East Agreement:

- (a) the provision of project management services by 協興建築(中國)有限公司 (Hip Hing Construction (China) Company Limited) (an indirect wholly-owned subsidiary of NWSH) to Juyi pursuant to the relevant project management agreement dated 16 January 2009 in relation to the construction works of a property development project situated at Shanghai, the PRC at a service fee of 2.7% of the total estimated construction costs which amounted to approximately RMB81.0 million; and
- (b) the provision of project management services by NWS Engineering to Juyi pursuant to the relevant project management agreement dated 28 February 2009 in relation to the electrical and mechanical engineering works of a property development project situated at Shanghai, the PRC at a service fee of approximately RMB40.4 million.

At the time when the relevant agreements for the Previous Transactions were entered into, apart from the participating interest held by Mr. Doo (in which he was entitled to 30.0% of the returns received by NWCL in respect of Juyi), he did not have any equity interest or voting right in Juyi. He also did not have any power to control the composition of a majority of the board of directors of Juyi. Juyi was therefore not a connected person of the Company and the Previous Transactions did not constitute connected transactions for the Company on the date of execution of the relevant agreements. However, at the date of execution of the Shanghai Agreement and the Li Yuen Street East Agreement, Juyi was owned as to 50.0% by Mr. Doo and being an associate of Mr. Doo and therefore a connected person of the Company. Thus, the Previous Transactions then also constituted connected transactions for the Company and were further aggregated together with the transactions contemplated under the Shanghai Agreement and the Li Yuen Street East Agreement upon the disclosure made by the Company pursuant to the Listing Rules.

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

- (17) On 30 September 2009, an agreement (the "WZNWT Agreement") was entered into between 溫州港集團有限公司 Wenzhou Port Group Co., Ltd. (the "PRC Party") and NWS Ports Management (Wenzhou) Limited ("NWSPMWZ", an indirect 63.6% subsidiary of NWSH), pursuant to which NWSPMWZ agreed to sell, and the PRC Party agreed to purchase and procure its nominee(s) to purchase, 55.0% equity interest in 溫州狀元奧新創建國際碼頭有限公司 Wenzhou Zhuangyuan Ao New World International Terminals Company Limited ("WZNWT") for the consideration of RMB282.0 million (equivalent to approximately HK\$320.5 million). Upon completion of the WZNWT Agreement, which shall take place within 6 months upon signing of the WZNWT Agreement, the said 55.0% equity interest in WZNWT will be transferred by NWSPMWZ to the PRC Party and its nominee(s). The identity of the nominee(s) will be determined by the PRC Party later.

As at the date of signing of the WZNWT Agreement, WZNWT was 55.0% owned by NWSPMWZ which was a non-wholly owned subsidiary of NWSH. The PRC Party owned 45.0% equity interest in WZNWT and thus, the PRC Party was a connected person of the Company under the Listing Rules. The disposal contemplated under the WZNWT Agreement constituted a connected transaction for the Company under the Listing Rules.

The continuing connected transactions mentioned in paragraphs (3) to (6) above have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the transactions have been entered into:

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

In accordance with Rule 14A.38 of the Listing Rules, the Board of Directors engaged the auditors of the Company to perform certain agreed-upon procedures on the continuing connected transactions stated in paragraphs (3) to (6) above in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported to the Board of Directors of the Company that:

- (a) the transactions have been approved by the Executive Committee of the Company;
- (b) the transactions selected have been entered into in accordance with the relevant agreements governing such transactions; and
- (c) the transactions have not exceeded the caps disclosed in the relevant announcements.

Save as disclosed above, a summary of significant related party transactions that did not constitute connected transactions made during the year was disclosed in Note 50 to the financial statements.

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, the interests of the Directors and their associates in shares, underlying shares and debentures of the Company or any of its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO were as follows:

(A) LONG POSITION IN SHARES

	Number of shares				Approximate % of shareholding
	Personal interests	Spouse interests	Corporate interests	Total	
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	—	300,000	—	300,000	0.01
Dr. Sin Wai-Kin, David	4,727,287	47,098	—	4,774,385	0.12
Mr. Leung Chi-Kin, Stewart	134,538	—	—	134,538	0.00
Mr. Chow Kwai-Cheung	54,919	—	—	54,919	0.00
Mr. Ho Hau-Hay, Hamilton	—	—	439,177 ⁽¹⁾	439,177	0.01
Mr. Liang Cheung-Biu, Thomas	5,215	—	—	5,215	0.00
Ms. Ki Man-Fung, Leonie	60,000	—	—	60,000	0.00
Dragon Fortune Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	—	15,869 ⁽²⁾	15,869	27.41
HH Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Dr. Sin Wai-Kin, David	42,000	—	—	42,000	7.00
Mega Choice Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	—	—	3,710 ⁽³⁾	3,710	34.61
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-Shun, Henry	12,500,000	1,950,000	52,271,200 ⁽⁴⁾	66,721,200	1.74
Mr. Leung Chi-Kin, Stewart	500,000	—	—	500,000	0.01
Mr. Chow Kwai-Cheung	126	—	—	126	0.00
Ms. Ki Man-Fung, Leonie	20,000	—	—	20,000	0.00
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-Kong, Adrian	—	—	1,107,000 ⁽⁵⁾	1,107,000	0.07
Ms. Ki Man-Fung, Leonie	20,000	—	—	20,000	0.00

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(A) LONG POSITION IN SHARES (Continued)

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Spouse interests	Corporate interests		
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	9,179,199	—	8,000,000 ⁽⁴⁾	17,179,199	0.83
Dr. Sin Wai-Kin, David	3,281	31	16,995,745 ⁽⁶⁾	16,999,057	0.82
Mr. Liang Chong-Hou, David	164	—	—	164	0.00
Mr. Cheng Kar-Shing, Peter	201,025	—	2,967,575 ⁽⁷⁾	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
Ms. Ki Man-Fung, Leonie	10,000	—	—	10,000	0.00
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
YE Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-Kin, Stewart	37,500	—	—	37,500	1.50

Notes:

- (1) These shares are beneficially-owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.
- (2) 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 Kar-Shing, Peter is deemed to be interested in 45.63% of its issued share capital.
- (3) These shares are beneficially-owned by companies which are wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (4) These shares are beneficially-owned by a company which is wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (5) These shares are beneficially-owned by a company which is wholly-owned by Mr. Cheng Chi-Kong, Adrian.
- (6) These shares are beneficially-owned by a company which is jointly owned by Dr. Sin Wai-Kin, David and his spouse.
- (7) These shares are beneficially-owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.
- (8) These shares are held by a company of which Mr. Cheng Kar-Shing, Peter has an indirect interest of 49.58%.
- (9) Mr. Cheng Kar-Shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(B) LONG POSITION IN UNDERLYING SHARES — SHARE OPTIONS

During the year ended 30 June 2009, certain Directors of the Company have interest in share options to subscribe for shares in the Company and certain of its subsidiaries. Details of such interests and summaries of share option schemes of the Company and its subsidiaries are shown below.

SHARE OPTION SCHEME OF THE COMPANY

On 24 November 2006, the Company adopted a share option scheme (the "Scheme"). Under the Scheme, the Directors of the Company may at their discretion grant options to any eligible participant (as explained hereinafter) to subscribe for shares in the Company.

Summary of the Scheme disclosed in accordance with the Listing Rules is as follows:

The Scheme	
Purpose of the scheme	To reward directors and employees of the Group for past service or performance, to provide incentive, motivation or reward to eligible participants for increasing performance or making contribution to the Group, to attract and retain persons of right caliber with the necessary experience to work for or make contribution to the Group, to foster a sense of corporate identity and to allow the eligible participants to enjoy the results of the Company attained through their relationship, efforts and/or contribution.
Participants of the scheme	<p>Eligible participant may be a person or an entity belonging to any of the following classes:</p> <ul style="list-style-type: none"> (i) any eligible employee; (ii) any non-executive director (including independent non-executive director) of the Company or any invested entity of the Group (the "Invested Entity"); (iii) any person seconded or nominated by the Group to represent the Group's interest in any of the Invested Entity or any other company or organisation; (iv) any supplier of goods or services to any member of the Group or any Invested Entity; (v) any customer of any member of the Group or any Invested Entity; (vi) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.
Total number of shares available for issue under the scheme and percentage of issued share capital as at the date of this annual report	<p>The Company had granted 136,450,000 shares of the Company under the Scheme up to the date of this report.</p> <p>The total number of shares available for issue under the Scheme is 230,908,518 representing approximately 6.0% of the Company's issued share capital as at the date of this report.</p>

Report of the Directors (Continued)

SHARE OPTION SCHEME OF THE COMPANY (Continued)

The Scheme	
Maximum entitlement of each participant under the scheme	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1.0% of the share capital of the Company in issue.
The period within which the shares must be taken up under an option	A period to be specified by the Directors and not to exceed 10 years from the date of grant of options.
The minimum period for which an option must be held before it can be exercised	Any period as determined by the Directors.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$10.0 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by the Directors which must be at least the higher of (i) the closing price of the shares on the HKEx as stated in the HKEx's daily quotations sheets on the date of grant, which must be a business day; and (ii) the average closing price of the shares as stated in the HKEx's daily quotation sheets for the five business days immediately preceding the date of grant.
The remaining life of the scheme	The Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 24 November 2006.

Report of the Directors (Continued)

SHARE OPTION SCHEME OF THE COMPANY (Continued)

SHARE OPTIONS GRANTED TO DIRECTORS

Name	Date of grant	Exercisable period (Note)	Number of share options					Balance as at 30 June 2009	Exercise price per share ⁽³⁾ HK\$
			Balance as at 1 July 2008	Granted during the year	Exercised during the year	Adjusted during the year ⁽³⁾	Lapsed during the year		
Dr. Cheng Yu-Tung	19 March 2007	(1)	36,500,000	—	—	210,652	—	36,710,652	17.654
Dr. Cheng Kar-Shun, Henry	19 March 2007	(1)	36,500,000	—	—	210,652	—	36,710,652	17.654
Lord Michael Sandberg [#]	19 March 2007	(1)	300,000	—	—	—	(300,000)	—	17.756
Dr. Sin Wai-Kin, David	19 March 2007	(1)	300,000	—	—	1,731	—	301,731	17.654
Mr. Cheng Yue-Pui [^]	19 March 2007	(1)	200,000	—	—	—	(200,000)	—	17.756
Mr. Liang Chong-Hou, David	19 March 2007	(1)	300,000	—	—	1,731	—	301,731	17.654
Mr. Yeung Ping-Leung, Howard	19 March 2007	(1)	300,000	—	—	1,731	—	301,731	17.654
Dr. Cha Mou-Sing, Payson	19 March 2007	(1)	300,000	—	—	1,731	—	301,731	17.654
Mr. Cheng Kar-Shing, Peter	19 March 2007	(1)	200,000	—	—	1,153	—	201,153	17.654
		(2)	1,200,000	—	—	6,925	—	1,206,925	17.654
Mr. Leung Chi-Kin, Stewart	19 March 2007	(1)	35,500,000	—	—	204,880	—	35,704,880	17.654
Mr. Chow Kwai-Cheung	19 March 2007	(2)	1,200,000	—	—	6,925	—	1,206,925	17.654
Mr. Ho Hau-Hay, Hamilton	19 March 2007	(1)	200,000	—	—	1,153	—	201,153	17.654
Mr. Lee Luen-Wai, John	19 March 2007	(1)	300,000	—	—	1,731	—	301,731	17.654
Mr. Liang Cheung-Biu, Thomas	19 March 2007	(1)	200,000	—	—	1,153	—	201,153	17.654
Mr. Cheng Chi-Kong, Adrian	19 March 2007	(2)	500,000	—	—	2,885	—	502,885	17.654
Ms. Ki Man-Fung, Leonie*	19 March 2007	(2)	1,000,000 ^o	—	—	5,770	—	1,005,770	17.654
			115,000,000	—	—	660,803	(500,000)	115,160,803	

[#] retired on 2 December 2008

[^] passed away on 19 February 2008

* appointed on 5 December 2008

^o re-classified as director's interest on date of appointment

Report of the Directors (Continued)

SHARE OPTION SCHEME OF THE COMPANY (Continued)

SHARE OPTIONS GRANTED TO DIRECTORS (Continued)

Notes:

- (1) 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) The Company declared final dividend for the year ended 30 June 2008 and interim dividend for the six months ended 31 December 2008 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.756 to HK\$17.659 on 21 January 2009, and further to HK\$17.654 on 15 June 2009.
- (4) The cash consideration paid by each Director for the grant of share options is HK\$10.0.

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS

Date of grant	Exercisable period (Note)	Number of share options						Balance as at 30 June 2009	Exercise price per share ⁽²⁾ HK\$
		Balance as at 1 July 2008	Granted during the year	Exercised during the year	Re-classified as director's interest	Adjusted during the year ⁽²⁾	Lapsed during the year		
19 March 2007	(1)	18,934,000	—	—	(1,000,000)	103,278	(754,135)	17,283,143	17.654

Notes:

- (1) 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.
- (2) The Company declared final dividend for the year ended 30 June 2008 and interim dividend for the six months ended 31 December 2008 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.756 to HK\$17.659 on 21 January 2009, and further to HK\$17.654 on 15 June 2009.
- (3) The cash consideration paid by each participant for the grant of share options is HK\$10.0.

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF NWCL

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

A summary of share option schemes of NWCL disclosed in accordance with the Listing Rules is as follows:

	2000 Share Option Scheme	2002 Share Option Scheme
Purpose of the schemes	As incentive to employees, including executive directors of NWCL Group.	To provide an opportunity for the full-time or part-time employees, including directors, of NWCL Group to participate in the equity of NWCL as well as to motivate them to optimise their performance.
Participants of the schemes	Full-time employees, including any directors, of NWCL Group.	Full-time or part-time employees, including directors, of NWCL Group.
Total number of shares available for issue under the schemes and percentage of issued share capital of NWCL as at the date of this report	<p>NWCL had granted share options representing the rights to subscribe for 65,745,200 shares of NWCL under the 2000 Share Option Scheme, together with share options representing 38,158,200 shares by way of adjustment on the number of share options as a result of NWCL's issue of rights shares becoming unconditional on 8 April 2005.</p> <p>No further options will be granted under the 2000 Share Option Scheme.</p>	<p>NWCL had granted share options representing the rights to subscribe for 63,240,200 shares of NWCL under the 2002 Share Option Scheme up to the date of this report, together with share options representing 6,465,900 shares by way of adjustment on the number of share options as a result of NWCL's issue of rights shares becoming unconditional on 8 April 2005. NWCL may further grant share options to subscribe for 48,382,179 shares of NWCL, representing approximately 1.26% of NWCL's total issued share capital as at the date of this report.</p>
Maximum entitlement of each participant under the schemes	25.0% of the aggregate number of shares for the time being issued and issuable under the scheme.	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1.0% of the shares in issue unless the same is approved by NWCL's shareholders in general meeting.
The period within which the shares must be taken up under an option	At any time during a period to be notified by NWCL's directors, which period not to exceed five years commencing on the expiry of one month after the date on which the option is accepted and expiring on the last day of the five-year period.	At any time during a period to be notified by NWCL's directors, which period not to exceed five years commencing on the expiry of one month after the date on which the option is accepted and expiring on a date not later than the last day of the five-year period.

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF NWCL (Continued)

	2000 Share Option Scheme	2002 Share Option Scheme
The minimum period for which an option must be held before it can be exercised	one month	one month
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$10.0 is to be paid as consideration for the grant of option within 28 days from the date of offer.	HK\$10.0 is to be paid as consideration for the grant of option within 28 days from the date of offer.
The basis of determining the exercise price	<p>The exercise price shall be determined by NWCL's directors, being the higher of:</p> <p>(a) not less than 80.0% of the average closing price of shares as stated in the HKEx's daily quotations sheets for the five trading days immediately preceding the date of offer; or</p> <p>(b) the nominal value of a share.</p>	<p>The exercise price shall be determined by NWCL's directors, being at least the higher of:</p> <p>(a) the closing price of shares as stated in the HKEx's daily quotations sheet on the date of offer, which must be a business day; and</p> <p>(b) the average closing price of shares as stated in the HKEx's daily quotations sheets for the five business days immediately preceding the date of offer.</p>
The remaining life of the schemes	The 2000 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 18 December 2000.	The 2002 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 26 November 2002.

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF NWCL (Continued)

SHARE OPTIONS GRANTED TO DIRECTORS

2002 Share Option Scheme

Name	Date of grant	Exercisable period (Note)	Number of share options			Balance as at 30 June 2009	Exercise price per share HK\$
			Balance as at 1 July 2008	Granted during the year ⁽⁴⁾	Exercised during the year		
Dr. Cheng Kar-Shun, Henry	7 January 2008	(1)	2,000,000	—	—	2,000,000	6.972
	29 December 2008	(3)	—	1,600,000	—	1,600,000	1.500
Mr. Cheng Kar-Shing, Peter	7 January 2008	(1)	800,000	—	—	800,000	6.972
	29 December 2008	(3)	—	650,000	—	650,000	1.500
Mr. Leung Chi-Kin, Stewart	7 January 2008	(1)	200,000	—	—	200,000	6.972
	29 December 2008	(3)	—	150,000	—	150,000	1.500
Mr. Chow Kwai-Cheung	7 January 2008	(1)	200,000	—	—	200,000	6.972
	29 December 2008	(3)	—	150,000	—	150,000	1.500
Mr. Lee Luen-Wai, John	7 January 2008	(1)	300,000	—	—	300,000	6.972
	29 December 2008	(3)	—	300,000	—	300,000	1.500
Mr. Cheng Chi-Kong, Adrian	25 July 2006	(2)	331,600	—	—	331,600	2.865
	7 January 2008	(1)	1,500,000	—	—	1,500,000	6.972
	29 December 2008	(3)	—	1,200,000	—	1,200,000	1.500
			5,331,600	4,050,000	—	9,381,600	

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 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.

(3) Divided into 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.

(4) The closing price per share immediately before 29 December 2008, the date of grant, was HK\$2.21.

(5) The cash consideration paid by each of the above Directors for each grant of share options is HK\$10.0.

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF NWCL (Continued)

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS

2002 Share Option Scheme

Date of grant	Number of share options ⁽¹⁾				Balance as at 30 June 2009	Exercise price per share HK\$
	Balance as at 1 July 2008	Granted during the year ⁽⁵⁾	Exercised during the year ⁽⁶⁾	Lapsed during the year		
25 March 2004 to 21 April 2004	330,600	—	(330,400)	(200)	—	2.252
18 June 2004 to 15 July 2004	104,800	—	(104,800)	—	—	1.650
4 November 2004 to 1 December 2004	121,200	—	(71,200)	—	50,000	2.484
22 December 2004 to 18 January 2005	49,800	—	—	—	49,800	2.689
13 July 2005 to 9 August 2005	203,600	—	(53,600)	—	150,000	2.300
7 November 2005 to 2 December 2005	20,000	—	(9,600)	—	10,400	2.620
28 March 2006 to 24 April 2006	2,103,600	—	—	(124,000)	1,979,600	3.915
28 June 2006 to 26 July 2006	58,000	—	—	—	58,000	2.865
17 October 2006 to 13 November 2006	464,400	—	—	(364,800)	99,600	3.340
28 December 2006 to 24 January 2007	1,002,000	—	—	(155,200)	846,800	4.712
19 March 2007 to 13 April 2007	735,200	—	—	—	735,200	4.500
14 June 2007 to 11 July 2007	1,922,400	—	—	(430,800)	1,491,600	6.710
17 October 2007 to 13 November 2007	1,709,200	—	—	(248,400)	1,460,800	8.070
28 December 2007 to 24 January 2008	1,102,400	—	—	(232,400)	870,000	6.972
28 December 2007 to 24 January 2008	8,180,000 ⁽²⁾	—	—	(420,000)	7,760,000	6.972
22 April 2008 to 19 May 2008	868,800	—	—	—	868,800	5.260
31 July 2008 to 27 August 2008	—	1,758,800	(5,200)	(846,000)	907,600	3.662
12 November 2008 to 9 December 2008	—	1,203,600	(155,600)	—	1,048,000	1.682
2 December 2008 to 29 December 2008	—	1,688,000 ⁽³⁾	(302,300)	(61,500)	1,324,200	1.500
2 December 2008 to 29 December 2008	—	11,894,000 ⁽⁴⁾	(601,250)	(396,750)	10,896,000	1.500
2 December 2008 to 29 December 2008	—	2,368,000	(216,800)	—	2,151,200	1.500
3 February 2009 to 2 March 2009	—	934,800	(118,000)	—	816,800	1.980
26 June 2009 to 30 June 2009	—	834,000	—	—	834,000	4.550
	18,976,000	20,681,200	(1,968,750)	(3,280,050)	34,408,400	

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF NWCL (Continued)

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS (Continued)

2002 Share Option Scheme (Continued)

Notes:

- (1) *The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in notes 2, 3 and 4.*
- (2) *The share options are exercisable within three years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is about 33.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.*
- (3) *The share options are exercisable within two years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 50.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.*
- (4) *The share options are exercisable within four years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 25.0% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.*
- (5) *The closing price per share immediately before 31 July 2008, 12 November 2008, 2 December 2008, 3 February 2009 and 26 June 2009, the dates of offer to grant, was HK\$3.60, HK\$1.65, HK\$1.64, HK\$2.02 and HK\$4.39 respectively.*
- (6) *The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$3.64.*
- (7) *The cash consideration paid by each eligible participant for each grant of share option is HK\$10.0.*

The fair values of the share options granted during the year with exercise prices per share of HK\$3.662, HK\$1.682, HK\$1.500, HK\$1.980 and HK\$4.550 are estimated at HK\$1.37, HK\$0.65, HK\$0.46 to HK\$0.58, HK\$0.78 and HK\$1.85 respectively using the binomial pricing model. Values are estimated based on the risk-free rate ranging from 0.96% to 3.32% per annum with reference to the rate prevailing on the Exchange Fund Notes, a five-year period historical volatility of ranging from 46.0% to 61.0%, assuming dividend yield ranging from 0.85% to 1.45% and an expected option life of two to five years.

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

Report of the Directors (Continued)

SHARE OPTION SCHEME OF NWSH

On 6 December 2001, NWSH adopted a share option scheme (the "2001 Share Option Scheme") and certain rules of such scheme were amended on 12 March 2003 and 24 November 2006. Under the 2001 Share Option Scheme, the directors of NWSH may at their discretion grant options to any eligible participant as defined in the scheme to subscribe for shares in NWSH.

Summary of the share option scheme of NWSH disclosed in accordance with the Listing Rules is as follows:

2001 Share Option Scheme	
Purpose of the scheme	To reward directors and employees of NWSH and its subsidiaries ("NWSH Group") for past service or performance, to provide incentive and motivation or reward to eligible participants for increasing performance or making contribution to NWSH Group, to attract and retain persons of right caliber with the necessary experience to work for NWSH Group and to foster a sense of corporate identity.
Participants of the scheme	<p>Eligible participant may be a person or an entity belonging to any of the following classes:</p> <ul style="list-style-type: none"> (i) any eligible employee; (ii) any non-executive director (including independent non-executive director) of NWSH Group or any invested entity of NWSH Group (the "Invested Entity"); (iii) any supplier of goods or services to any member of NWSH Group or any Invested Entity; (iv) any customer of any member of NWSH Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to NWSH Group or any Invested Entity; (vi) any shareholder of any member of NWSH Group or any Invested Entity or any holder of any securities issued by any member of NWSH Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of NWSH Group or any Invested Entity; and (viii) any joint venture partner or business alliance that co-operates with any member of NWSH Group or any Invested Entity in any area of business operation or development.
Total number of shares available for issue under the scheme and percentage of issued share capital of NWSH as at the date of this annual report	<p>NWSH had granted options to certain eligible participants to subscribe for a total of 72,518,283 shares of NWSH, which included certain adjustments made pursuant to the scheme, up to the date of this report.</p> <p>The total number of shares available for issue under the scheme is 108,390,774 representing approximately 5.23% of NWSH's issued share capital as at the date of this report.</p>
Maximum entitlement of each participant under the scheme	Unless approved by shareholders of NWSH, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1.0% of the share capital of NWSH in issue.
The period within which the shares must be taken up under an option	At any time during a period as specified by NWSH's directors, however in any event the share options must be exercised within 10 years from the date of grant of the share options.

Report of the Directors (Continued)

SHARE OPTION SCHEME OF NWSH (Continued)

2001 Share Option Scheme

The minimum period for which an option must be held before it can be exercised	Any period as determined by NWSH's directors.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$10.0 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by NWSH's directors which must be at least the higher of the closing price of the shares as stated in the HKEx's daily quotations sheet on the date of grant or the average closing price of the shares as stated in the HKEx's daily quotations sheets for the five business days immediately preceding the date of grant.
The remaining life of the scheme	The 2001 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 6 December 2001.

SHARE OPTIONS GRANTED TO DIRECTORS

Name	Date of grant	Exercisable period (Note)	Number of share options				Balance as at 30 June 2009	Exercise price per share HK\$
			Balance as at 1 July 2008	Granted during the year	Exercised during the year	Adjusted during the year		
Dr. Cheng Kar-Shun, Henry	21 August 2007	(1)	3,001,277	—	—	—	3,001,277	16.193
			3,001,277	—	—	—	3,001,277	

Notes:

(1) 40.0% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60.0% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.

(2) The cash consideration paid by the above Director for the grant of share options is HK\$10.0.

Report of the Directors (Continued)

SHARE OPTION SCHEME OF NWSH (Continued)

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS

Date of grant	Exercisable period (Note)	Number of share options					Balance as at 30 June 2009	Exercise price per share HK\$
		Balance as at 1 July 2008	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed during the year		
21 July 2003	(1)	710,250	—	(254,128) ⁽³⁾	—	(456,122)	—	3.709
21 August 2007	(2)	26,705,310	—	(60,000) ⁽⁴⁾	—	(538,228)	26,107,082	16.193
28 January 2008	(2)	700,295	—	—	—	—	700,295	20.591
		28,115,855	—	(314,128)	—	(994,350)	26,807,377	

Notes:

(1) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008.

(2) 40.0% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60.0% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.

(3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$20.035.

(4) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$17.16.

(5) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

Report of the Directors (Continued)

SHARE OPTION SCHEME OF NWDS

On 12 June 2007, NWDS adopted a share option scheme (the "NWDS Scheme"). Under the NWDS Scheme, the directors of NWDS may at their discretion grant options to any eligible participant (as explained hereinafter) to subscribe for shares in NWDS.

Summary of the NWDS Scheme disclosed in accordance with the Listing Rules is as follows:

NWDS Scheme	
Purpose of the scheme	The purpose of the NWDS Scheme is to attract and retain the best available personnel and to provide additional incentives to employees, directors, consultants, business associates and advisers of NWDS to promote the success of NWDS and its subsidiaries ("NWDS Group").
Participants of the scheme	The directors of NWDS may offer any employee (whether full-time or part-time), director, consultant, business associate or adviser of NWDS Group options to subscribe for shares of NWDS at a price calculated in accordance with the terms of the NWDS Scheme.
Total number of shares available for issue under the scheme and percentage of issued share capital of NWDS as at the date of this annual report	<p>NWDS had granted share options representing the rights to subscribe for 24,128,000 shares of NWDS under the NWDS Scheme up to the date of this report.</p> <p>NWDS may further grant share options to subscribe for 138,392,500 shares of NWDS, representing approximately 8.21% of the issued share capital of NWDS as at the date of this report.</p>
Maximum entitlement of each participant under the scheme	Unless approved by shareholders of NWDS in the manner as set out in the NWDS Scheme, the total number of shares of NWDS issued and to be issued upon exercise of the options granted to each eligible person (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1.0% of the relevant class of securities of NWDS in issue.
The period within which the shares must be taken up under an option	A period to commence not less than one year and not to exceed 10 years from the date of grant of options.
The minimum period for which an option must be held before it can be exercised	Not less than one year upon the grant of options by the directors of NWDS.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	The amount payable for the acceptance of an option shall be the sum of HK\$1.0 which shall be paid upon acceptance of the offer of such option. An offer of an option must be made by NWDS in writing on a business day and accepted in writing by the participant in such manner as the board of directors of NWDS may prescribe within 21 calendar days (from and including the date of the offer by NWDS) of the same being made and if not so accepted such offer shall lapse.
The basis of determining the exercise price	The exercise price is determined by the directors of NWDS and shall be not less than the greater of (i) the closing price of the shares as stated in the HKEx's daily quotations sheet on the date of grant of option; (ii) the average closing price of the shares as stated in the HKEx's daily quotations sheets for the five business days immediately preceding the date of grant of option; and (iii) the nominal value of a share.
The remaining life of the scheme	The NWDS Scheme shall be valid and effective for a period not to exceed 10 years from the date of adoption, i.e. 12 June 2007.

Report of the Directors (Continued)

SHARE OPTION SCHEME OF NWDS (Continued)

SHARE OPTIONS GRANTED TO DIRECTORS

Name	Date of grant	Exercisable period (Note)	Number of share options				Exercise price per share HK\$
			Balance as at 1 July 2008	Granted during the year	Exercised during the year	Balance as at 30 June 2009	
Dr. Cheng Kar-Shun, Henry	27 November 2007	(1)	1,000,000	—	—	1,000,000	8.66
Mr. Cheng Chi-Kong, Adrian	27 November 2007	(1)	500,000	—	—	500,000	8.66
			1,500,000	—	—	1,500,000	

Notes:

- (1) 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 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) The cash consideration paid by each of the above Directors for the grant of share options is HK\$1.0.

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS

Date of grant	Exercisable period (Note)	Number of share options					Balance as at 30 June 2009	Exercise price per share HK\$
		Balance as at 1 July 2008	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed during the year		
27 November 2007	(1)	18,425,000	—	—	—	(1,155,000)	17,270,000	8.66
25 March 2008	(2)	4,133,000	—	—	—	(168,000)	3,965,000	8.44
		22,558,000	—	—	—	(1,323,000)	21,235,000	

Notes:

- (1) 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 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) Divided into 5 tranches exercisable from 25 March 2009, 25 March 2010, 25 March 2011, 25 March 2012 and 25 March 2013 respectively to 24 March 2014, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (3) The cash consideration paid by each eligible participant for each grant of share option is HK\$1.0.

Report of the Directors (Continued)

SHARE OPTION SCHEME OF TAIFOOK

On 23 August 2002, the shareholders of Taifook approved the adoption of a share option scheme (the "Taifook Scheme"). Summary of the Taifook Scheme disclosed in accordance with the Listing Rules is as follows:

Taifook Scheme	
Purpose of the scheme	To attract, retain and motivate talented employees to strive towards long term performance targets set by Taifook and its subsidiaries and at the same time to allow the participants to enjoy the results of Taifook attained through their effort and contribution.
Participants of the scheme	Any full time employees, executive and non-executive directors of Taifook or any of its subsidiaries or associates.
Total number of shares available for issue under the scheme and percentage of issued share capital of Taifook as at the date of this annual report	<p>The maximum number of shares which may be issued upon exercise of all options to be granted under the Taifook Scheme and any other share option schemes of Taifook shall not in aggregate exceed 10.0% of the total number of shares in issue as at the date of adoption of the Taifook Scheme (the "Scheme Mandate Limit") but Taifook may seek approval of its shareholders at general meetings to refresh the Scheme Mandate Limit, save that the maximum number of shares in respect of which options may be granted by directors of Taifook under the Taifook Scheme and any other share option schemes of Taifook shall not exceed 10.0% of the issued share capital of Taifook as at the date of approval by the shareholders of Taifook at general meetings where such limit is refreshed. Options previously granted under the Taifook Scheme and any other share option schemes of Taifook (including those outstanding, cancelled, lapsed or exercised options) will not be counted for the purpose of calculating such 10.0% limit as refreshed. Notwithstanding the aforesaid in this paragraph, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Taifook Scheme and any other share option schemes of Taifook shall not exceed 30.0% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares of Taifook in issue from time to time.</p> <p>The total number of shares available for issue under the Taifook Scheme is 33,523,747 shares representing approximately 4.75% of the issued share capital of Taifook as at the date of this report.</p>
Maximum entitlement of each participant under the scheme	<p>The maximum number of shares issued and to be issued upon exercise of the options granted to each participant under the Taifook Scheme and any other share option schemes of Taifook (including both exercised and outstanding options) in any 12-month period shall not exceed 1.0% of the total number of shares of Taifook in issue. Any further grant of share options in excess of this limit is subject to approval by the shareholders of Taifook at a general meeting.</p> <p>Share options granted to a director, chief executive or substantial shareholders of Taifook, or to any of their associates, are subject to approval in advance by the independent non-executive directors of Taifook. In addition, any share options granted to a substantial shareholder or an independent non-executive director of Taifook, or to any of their associates, in excess of 0.1% of the total number of shares in issue of Taifook at the date on which such grant is proposed by the directors of Taifook or with an aggregate value (based on the closing price of shares at the date on which such grant is proposed by the directors of Taifook) in excess of HK\$5.0 million, within any 12-month period, are subject to shareholders' approval in advance at a general meeting of Taifook.</p>

Report of the Directors (Continued)

SHARE OPTION SCHEME OF TAIFOOK (Continued)

Taifook Scheme	
The period within which the shares must be taken up under an option and the minimum period for which an option must be held before it can be exercised	The exercise period of the share options granted is determinable by the directors of Taifook, and such period shall commence not earlier than six months from the date of the grant of the options and expire not later than 10 years after the date of grant of the options.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$1.0 is to be paid as consideration for the grant of option within 30 days from the date of the offer.
The basis of determining the exercise price	The exercise price of the share options is determinable by the directors of Taifook, and shall be at least the highest of (i) the closing price of shares as stated in the HKEx's daily quotations sheet on the offer date; (ii) the average closing price of shares as stated in the HKEx's daily quotations sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of a share.
The remaining life of the scheme	The Taifook Scheme shall be valid and effective for a period of 10 years commencing from the date on which it is conditionally adopted by resolution of Taifook at general meetings and will expire on 22 August 2012.

SHARE OPTIONS GRANTED TO DIRECTORS

During the financial year ended 30 June 2009, no share options were granted to Directors under the Taifook Scheme.

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS

Date of grant	Exercisable period (Note)	Number of share options					Balance as at 30 June 2009	Exercise price per share HK\$
		Balance as at 1 July 2008	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed during the year		
5 September 2003	(1)	300,000	—	—	10,985 ⁽⁴⁾	(310,985)	—	1.158 ⁽⁴⁾
10 February 2006	(2)	50,000	—	(51,830) ⁽⁷⁾	1,830 ⁽⁵⁾	—	—	0.907 ⁽⁵⁾
1 December 2007	(3)	28,500,000	—	—	1,000,223 ⁽⁶⁾	(2,807,235)	26,692,988	5.875 ⁽⁶⁾
		28,850,000	—	(51,830)	1,013,038	(3,118,220)	26,692,988	

Report of the Directors (Continued)

SHARE OPTION SCHEME OF TAIFOOK (Continued)

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS (Continued)

Notes:

- (1) Exercisable from 5 March 2004 to 4 March 2009.
- (2) Exercisable from 10 August 2006 to 9 August 2014.
- (3) Exercisable from 1 June 2008 to 31 May 2016.
- (4) Taifook declared a final dividend for the year ended 31 December 2007 in scrip form (with a cash option) on 17 March 2008 and an interim dividend for the six months ended 30 June 2008 in scrip form (with a cash option) on 11 September 2008, which gave rise to adjustments to the number of unexercised share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$1.2 to HK\$1.175 on 17 July 2008, and further to HK\$1.158 on 28 November 2008.
- (5) Taifook declared a final dividend for the year ended 31 December 2007 in scrip form (with a cash option) on 17 March 2008 and an interim dividend for the six months ended 30 June 2008 in scrip form (with a cash option) on 11 September 2008, which gave rise to adjustments to the number of unexercised share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$0.94 to HK\$0.92 on 17 July 2008, and further to HK\$0.907 on 28 November 2008.
- (6) Taifook declared a final dividend for the year ended 31 December 2007 in scrip form (with a cash option) on 17 March 2008 and an interim dividend for the six months ended 30 June 2008 in scrip form (with a cash option) on 11 September 2008, which gave rise to adjustments to the number of unexercised share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$6.09 to HK\$5.961 on 17 July 2008, and further to HK\$5.875 on 28 November 2008.
- (7) The closing price per share immediately before the date on which the share options were exercised was HK\$2.11.
- (8) The cash consideration paid by each eligible participant for each grant of share options is HK\$1.0.

(C) LONG POSITION IN UNDERLYING SHARES — DEBENTURES

New World China Land Finance Limited ("NWCLF")

Name	Amount of debentures in RMB issued by NWCLF				Approximate % to the total amount of debentures in issue as at 30 June 2009
	Personal interests	Family interests	Corporate interests	Total	
Mr. Cheng Chi-Kong, Adrian	—	—	2,000,000 ^(Note)	2,000,000	0.08

Note: These debentures are convertible into 260,034 shares of HK\$0.1 each of New World China Land Limited, representing 0.01% of its issued share capital as at 30 June 2009, for the period from 26 June 2007 to 26 May 2012, which are beneficially held by a company wholly-owned by Mr. Cheng Chi-Kong, Adrian.

Sherson Limited ("Sherson")

Name	Amount of debentures in HK\$ issued by Sherson				Approximate % to the total amount of debentures in issue as at 30 June 2009
	Personal interests	Family interests	Corporate interests	Total	
Dr. Cheng Yu-Tung	10,000,000 ^(Note)	—	—	10,000,000	0.17

Note: These debentures are convertible into 373,357 shares of HK\$1.0 each of the Company, representing 0.01% of its issued share capital as at 30 June 2009, during the period from 16 July 2007 to 25 May 2014.

Save as disclosed above, as at 30 June 2009, none of the Directors, chief executive or any of their associates had or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Report of the Directors (Continued)

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

At 30 June 2009, the Group had given financial assistance and guarantees to its jointly controlled entities and associated companies (collectively "affiliated companies") as set out below:

	2009 HK\$m	2008 HK\$m
Amounts due by affiliated companies	14,343.7	18,769.7
Guarantees given for affiliated companies in respect of banking and other credit facilities	3,592.4	3,115.5
Commitments to capital injections and loan contributions	3,216.1	2,889.6
	21,152.2	24,774.8

- (1) The financial assistance, in aggregate exceeded 8.0% of the Group's total assets as at 30 June 2009.
- (2) The advances were unsecured and are interest free except for an aggregate amount of HK\$5,926.0 million (2008: HK\$6,064.8 million) which carried interest ranging from 0.6% above HIBOR to 10.0% per annum (2008: 0.6% above HIBOR to 10.0% per annum). The advances had no fixed repayment terms.
- (3) Pursuant to Rule 13.22 of the Listing Rules, a combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30 June 2009 are presented as follows:

	Combined balance sheet HK\$m	Group's attributable interest HK\$m
Non-current assets	70,464.5	32,424.8
Current assets	37,424.9	17,508.3
Current liabilities	(28,936.2)	(1,876.4)
Total assets less current liabilities	78,953.2	48,056.7
Non-current liabilities	(37,074.2)	(19,046.7)
Net assets	41,879.0	29,010.0

The combined balance sheet of the affiliated companies was prepared by combining their balance sheets, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant balance sheet classification, as at 30 June 2009.

Independent Auditors' Report

PRICEWATERHOUSECOOPERS 

羅兵咸永道會計師事務所

H. C. Watt & Co. Ltd.
Certified Public Accountants
Chartered Secretaries

**TO THE SHAREHOLDERS OF
 NEW WORLD DEVELOPMENT COMPANY LIMITED**
 (incorporated in Hong Kong with limited liability)

We have audited the financial statements of New World Development Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 104 to 213, which comprise the consolidated and company balance sheets as at 30 June 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

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

PricewaterhouseCoopers
 Certified Public Accountants

H.C. Watt & Company Limited
 Certified Public Accountants
Watt Hung Chow
 Practising Certificate No. P181

Hong Kong, 8 October 2009

Consolidated Income Statement

For the year ended 30 June 2009

	Note	2009 HK\$m	2008 HK\$m (restated)
Revenues	6	24,415.0	29,360.8
Cost of sales		(17,421.8)	(20,844.8)
Gross profit		6,993.2	8,516.0
Other income	7	265.2	109.8
Other gains, net	8	1,714.5	2,174.7
Selling and marketing expenses		(405.2)	(441.4)
Administrative expenses		(1,635.9)	(1,968.4)
Other operating expenses		(2,761.2)	(2,531.1)
Changes in fair value of investment properties		(1,841.2)	4,022.6
Operating profit	9	2,329.4	9,882.2
Financing income		807.3	1,016.9
Financing costs	10	(1,068.9)	(1,282.0)
		2,067.8	9,617.1
Share of results of			
Jointly controlled entities		2,055.6	3,613.4
Associated companies		67.9	962.4
Profit before taxation		4,191.3	14,192.9
Taxation	11	(439.4)	(1,444.0)
Profit for the year		3,751.9	12,748.9
Attributable to:			
Shareholders of the Company	12, 41	2,083.5	9,685.7
Non-controlling interests		1,668.4	3,063.2
		3,751.9	12,748.9
Dividends	13	1,158.9	1,612.2
Earnings per share	14		
Basic		HK\$0.55	HK\$2.59
Diluted		HK\$0.53	HK\$2.49

Consolidated Balance Sheet

As at 30 June 2009

	Note	2009 HK\$m	2008 HK\$m (restated)
ASSETS			
Non-current assets			
Investment properties	17	31,007.7	31,577.9
Property, plant and equipment	18	7,328.9	5,987.7
Leasehold land and land use rights	19	5,075.8	4,950.7
Intangible concession rights	20	834.1	1,153.5
Intangible assets	21	1,684.0	1,409.4
Interests in jointly controlled entities	23	31,918.5	30,547.1
Interests in associated companies	24	7,828.3	10,163.3
Available-for-sale financial assets	25	5,509.3	4,796.5
Held-to-maturity investments	26	34.6	33.4
Financial assets at fair value through profit or loss	35	378.1	1,194.4
Derivative financial instruments	27	152.1	—
Properties for development	28	11,152.7	11,174.9
Deferred tax assets	29	476.5	322.2
Other non-current assets	30	1,532.2	1,284.8
		104,912.8	104,595.8
Current assets			
Properties under development	31	16,264.1	18,409.6
Properties held for sale	32	14,565.5	5,901.7
Available-for-sale financial assets	25	105.9	—
Stocks	33	402.9	454.2
Debtors and prepayments	34	20,914.7	18,897.5
Financial assets at fair value through profit or loss	35	63.3	629.9
Cash held on behalf of customers	36	3,661.9	3,105.8
Restricted bank balances	37	257.2	636.9
Cash and bank balances	37	14,080.0	13,126.1
		70,315.5	61,161.7
Non-current assets classified as assets held for sale	39	1,291.0	—
		71,606.5	61,161.7
Total assets		176,519.3	165,757.5

Consolidated Balance Sheet (Continued)

As at 30 June 2009

	Note	2009 HK\$m	2008 HK\$m (restated)
EQUITY			
Share capital	40	3,867.3	3,736.5
Reserves	41	69,732.9	67,718.7
Proposed final dividend	41	812.1	939.6
Shareholders' funds		74,412.3	72,394.8
Non-controlling interests		23,070.7	22,509.9
Total equity		97,483.0	94,904.7
LIABILITIES			
Non-current liabilities			
Long-term borrowings	42	33,764.1	31,361.8
Deferred tax liabilities	29	5,096.2	5,142.8
Other non-current liabilities	43	375.0	461.7
		39,235.3	36,966.3
Current liabilities			
Creditors and accrued charges	44	21,420.6	20,656.2
Current portion of long-term borrowings	42	7,796.2	7,193.0
Short-term borrowings	42	8,994.7	4,608.9
Current tax payable		1,589.5	1,428.4
		39,801.0	33,886.5
Total liabilities		79,036.3	70,852.8
Total equity and liabilities		176,519.3	165,757.5
Net current assets		31,805.5	27,275.2
Total assets less current liabilities		136,718.3	131,871.0

Dr. Sin Wai-Kin, David
Director

Dr. Cheng Kar-Shun, Henry
Director

Company Balance Sheet

As at 30 June 2009

	Note	2009 HK\$m	2008 HK\$m
ASSETS			
Non-current assets			
Investment properties	17	46.0	50.0
Property, plant and equipment	18	—	—
Leasehold land and land use rights	19	0.5	0.5
Subsidiaries	22	26,437.5	26,276.8
Interests in jointly controlled entities	23	173.5	177.4
Interests in associated companies	24	526.5	538.6
Available-for-sale financial assets	25	19.8	22.7
		27,203.8	27,066.0
Current assets			
Properties under development	31	—	1,157.4
Properties held for sale	32	1,394.1	—
Debtors and prepayments	34	95.8	103.7
Amounts receivable from subsidiaries	22	38,888.0	37,805.1
Cash and bank balances	37	30.2	1.2
		40,408.1	39,067.4
Total assets		67,611.9	66,133.4
EQUITY			
Share capital	40	3,867.3	3,736.5
Reserves	41	40,403.0	39,048.0
Proposed final dividend	41	812.1	939.6
Total equity		45,082.4	43,724.1
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	29	6.2	6.8
Current liabilities			
Creditors and accrued charges	44	443.4	1,160.5
Amounts payable to subsidiaries	22	22,079.9	21,205.3
Short-term borrowings	42	—	36.7
		22,523.3	22,402.5
Total liabilities		22,529.5	22,409.3
Total equity and liabilities		67,611.9	66,133.4
Net current assets		17,884.8	16,664.9
Total assets less current liabilities		45,088.6	43,730.9

Dr. Sin Wai-Kin, David
Director

Dr. Cheng Kar-Shun, Henry
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

	Share capital HK\$m	Reserves HK\$m	Shareholders' funds HK\$m	Non- controlling interests HK\$m	Total HK\$m
For the year ended 30 June 2009					
At 1 July 2008, as previously reported	3,736.5	68,602.4	72,338.9	22,467.2	94,806.1
Prior year adjustments in respect of changes in accounting policy	—	55.9	55.9	42.7	98.6
At 1 July 2008, as restated	3,736.5	68,658.3	72,394.8	22,509.9	94,904.7
Change in fair value of available-for-sale financial assets, net of taxation	—	386.7	386.7	51.4	438.1
Disposal of non-current assets classified as assets held for sale	—	(5.2)	(5.2)	(3.9)	(9.1)
Disposal of available-for-sale financial assets	—	(230.7)	(230.7)	(1.3)	(232.0)
Impairment of available-for-sale financial assets	—	299.6	299.6	96.7	396.3
Disposal of subsidiaries	—	(188.7)	(188.7)	(230.5)	(419.2)
Share of changes in other reserve of a jointly controlled entity	—	(4.8)	(4.8)	(3.6)	(8.4)
Translation differences	—	(6.0)	(6.0)	(15.6)	(21.6)
Net income recognised directly in equity	—	250.9	250.9	(106.8)	144.1
Profit for the year	—	2,083.5	2,083.5	1,668.4	3,751.9
Total recognised income for the year	—	2,334.4	2,334.4	1,561.6	3,896.0
Dividends	—	(1,286.4)	(1,286.4)	(954.9)	(2,241.3)
Acquisition of additional interests in subsidiaries	—	(231.6)	(231.6)	42.8	(188.8)
Deemed acquisition of interests in subsidiaries	—	(13.9)	(13.9)	(154.0)	(167.9)
Contributions from non-controlling shareholders	—	—	—	27.7	27.7
Deemed disposal of interests in subsidiaries	—	(7.8)	(7.8)	7.8	—
Issue of new shares as scrip dividends	130.8	1,014.0	1,144.8	—	1,144.8
Employees' share-based payments	—	85.3	85.3	31.4	116.7
Share option lapsed	—	(3.6)	(3.6)	—	(3.6)
Repurchase of convertible bonds	—	(3.7)	(3.7)	(1.6)	(5.3)
	130.8	(447.7)	(316.9)	(1,000.8)	(1,317.7)
At 30 June 2009	3,867.3	70,545.0	74,412.3	23,070.7	97,483.0

Consolidated Statement of Changes in Equity (Continued)

For the year ended 30 June 2009

	Share capital HK\$m	Reserves HK\$m	Shareholders' funds HK\$m	Non- controlling interests HK\$m	Total HK\$m
For the year ended 30 June 2008					
At 1 July 2007, as previously reported	3,692.1	56,795.5	60,487.6	17,996.2	78,483.8
Prior year adjustments in respect of changes in accounting policy	—	44.6	44.6	35.4	80.0
At 1 July 2007, as restated	3,692.1	56,840.1	60,532.2	18,031.6	78,563.8
Change in fair value of available-for-sale financial assets, net of taxation	—	152.7	152.7	(120.2)	32.5
Disposal of available-for-sale financial assets	—	(176.3)	(176.3)	(23.2)	(199.5)
Impairment of available-for-sale financial assets	—	34.2	34.2	—	34.2
Disposal and deconsolidation of subsidiaries	—	(58.7)	(58.7)	(136.4)	(195.1)
Translation differences	—	2,596.4	2,596.4	1,196.1	3,792.5
Net income recognised directly in equity	—	2,548.3	2,548.3	916.3	3,464.6
Profit for the year, as restated	—	9,685.7	9,685.7	3,063.2	12,748.9
Total recognised income for the year	—	12,234.0	12,234.0	3,979.5	16,213.5
Dividends	—	(1,600.9)	(1,600.9)	(933.5)	(2,534.4)
Acquisition of subsidiaries	—	125.1	125.1	(29.9)	95.2
Acquisition of additional interests in subsidiaries	—	—	—	261.8	261.8
Contributions from non-controlling shareholders	—	—	—	306.8	306.8
Disposal of partial interests in a subsidiary	—	—	—	0.7	0.7
Deemed disposal of interests in subsidiaries	—	—	—	854.4	854.4
Issue of new shares as scrip dividends	41.6	884.4	926.0	—	926.0
Issue of new shares upon exercise of share options	2.8	28.1	30.9	—	30.9
Employees' share-based payments	—	147.5	147.5	38.5	186.0
	44.4	(415.8)	(371.4)	498.8	127.4
At 30 June 2008, as restated	3,736.5	68,658.3	72,394.8	22,509.9	94,904.7

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	Note	2009 HK\$m	2008 HK\$m
Cash flows from operating activities			
Net cash used in operations	48(a)	(5,923.7)	(2,246.3)
Hong Kong profits tax paid		(413.1)	(224.8)
Mainland China and overseas taxation paid		(411.8)	(355.9)
Net cash used in operating activities		(6,748.6)	(2,827.0)
Cash flows from investing activities			
Interest received		806.1	1,015.8
Dividends received from			
Jointly controlled entities		1,571.3	3,699.6
Associated companies		189.4	264.4
Available-for-sale financial assets		111.6	109.8
Additions of investment properties, property, plant and equipment, leasehold land and land use rights and intangible assets		(1,733.0)	(3,305.3)
Decrease/(increase) in interests in jointly controlled entities		778.9	(3,471.0)
Decrease/(increase) in interests in associated companies		245.0	(74.7)
Increase in long-term receivables		(261.6)	(431.2)
Decrease/(increase) in short-term bank deposits maturing after more than three months		53.4	(790.9)
Acquisition of subsidiaries (net of cash and cash equivalents)	48(b), (c)	(384.3)	(622.5)
Acquisition of additional interests in subsidiaries		(545.2)	(100.8)
Deconsolidation of subsidiaries	48(f), (g)	—	(29.4)
Purchase of available-for-sale financial assets and financial assets at fair value through profit or loss		(495.5)	(3,562.4)
Proceeds from disposal of			
Available-for-sale financial assets and financial assets at fair value through profit or loss		1,590.2	1,162.7
Non-current assets classified as assets held for sale		446.4	—
Investment properties, property, plant and equipment, leasehold land and land use rights		27.6	124.3
Jointly controlled entities		10.2	—
Associated companies		79.3	—
Subsidiaries (net of cash and cash equivalents)	48(d), (e)	837.6	166.3
Partial interests in subsidiaries		—	2,560.8
Net cash from/(used in) investing activities		3,327.4	(3,284.5)

Consolidated Cash Flow Statement (Continued)

For the year ended 30 June 2009

	Note	2009 HK\$m	2008 HK\$m
Cash flows from financing activities			
Issue of shares upon exercise of share options		—	49.7
New bank and other loans		14,909.5	11,069.9
Repayment of bank and other loans		(7,863.1)	(5,350.7)
Repurchase of convertible bonds		(193.2)	—
Capital element of finance lease rental payments		—	(0.1)
(Decrease)/increase in loans from non-controlling shareholders		(6.5)	35.1
Decrease in restricted bank balances		394.5	91.0
Contributions from non-controlling shareholders		27.7	306.8
Interest paid		(1,176.7)	(1,341.4)
Dividends paid to shareholders of the Company		(814.2)	(556.1)
Dividends paid to non-controlling shareholders		(907.6)	(880.9)
Net cash from financing activities		4,370.4	3,423.3
Net increase/(decrease) in cash and cash equivalents		949.2	(2,688.2)
Cash and cash equivalents at beginning of the year		12,334.3	14,551.3
Translation differences		26.3	471.2
Cash and cash equivalents at end of the year		13,309.8	12,334.3
Analysis of cash and cash equivalents			
Cash at banks and on hand	37	9,725.9	6,993.5
Short-term bank deposits maturing within three months		3,616.6	5,341.7
Bank overdrafts		(32.7)	(0.9)
		13,309.8	12,334.3

Notes to the Financial Statements

1 GENERAL INFORMATION

New World Development Company Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The address of its registered office is 30/F, New World Tower, 18 Queen’s Road Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together the “Group”) are principally engaged in property investment and development, contracting, provision of services (including property and facility management, transport and other services), infrastructure operations (including the operation of roads, power plants, water treatment, waste management plants, container handling, logistics and warehousing services), telecommunication services, department store operations, hotel and restaurant operations and telecommunications, media, technology and strategic businesses.

These financial statements have been approved by the Board of Directors on 8 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 (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are measured at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5 below.

(a) ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS

In the current year, the Group has adopted the following amendments to standards and interpretations:

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

In addition, the Group has early adopted the following revised standards for the year ended 30 June 2009:

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

The adoption of HK(IFRIC)-Int 12, HKFRS 3 (Revised) and HKAS 27 (Revised) has resulted in a change in the accounting policies. The change in the accounting policy in respect of the adoption of HK(IFRIC)-Int 12 has been applied retrospectively and the changes in the accounting policy in respect of HKFRS 3 (Revised) and HKAS 27 (Revised) have been applied prospectively to transactions during the year ended 30 June 2009. The adoption of other amendments and interpretations does not have a significant effect on the results and financial position of the Group. The details of the changes are set out as below.

Notes to the Financial Statements (Continued)

2 BASIS OF PREPARATION (Continued)

(a) ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS (Continued)

HK(IFRIC)-Int 12:

HK(IFRIC)-Int 12 applies to contractual service concession arrangements ("Service Concessions") whereby the Group participates in the development, financing, operation and maintenance of infrastructures for public services, such as toll roads and bridges, power plants and water treatment plants (the "Infrastructures"). Prior to the adoption of HK(IFRIC)-Int 12, the costs incurred for the construction or upgrade work or the acquisition of the Infrastructures under the Service Concessions were accounted for as property, plant and equipment. On the adoption of HK(IFRIC)-Int 12, these Service Concessions are accounted for as intangible assets to the extent that the Group receives a right to charge users of the respective Infrastructures, or as financial assets to the extent that the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the granting authorities under the service concession arrangement.

Intangible assets resulting from the application of HK(IFRIC)-Int 12 are recorded in the balance sheet as "Intangible concession rights". The intangible concession rights are amortised, where applicable, on an economic usage basis for roads and bridges or on a straight-line basis for water treatment plants over the periods to which the Group is granted the rights to operate these Infrastructures.

Financial assets held by jointly controlled entities resulting from the application of HK(IFRIC)-Int 12 are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Furthermore, the Group recognises income and expenses associated with construction services and upgrade services provided under the Service Concessions in accordance with the Group's accounting policy on construction revenue.

HKFRS 3 (Revised) and HKAS 27 (Revised):

HKFRS 3 (Revised) continued to apply the acquisition method to business combinations, with some significant changes. For example, all acquisition-related costs should be expensed. The cost of acquisition includes the fair value at the acquisition date of any contingent purchase consideration. In a business combination undertaken in phases/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 income statement. There is a choice, on the basis of each acquisition, 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) provides that the transactions undertaken with non-controlling interests that do not result in the loss of control are accounted for 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 and the difference between the fair value and the carrying amount is recognised in the income statement.

Notes to the Financial Statements (Continued)

2 BASIS OF PREPARATION (Continued)

(a) ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS (Continued)

The effect of the changes in the accounting policies following the adoption of the relevant new or revised accounting standards on the consolidated income statements for the years ended 30 June 2009 and 2008 are as follows:

	2009			2008
	HK(IFRIC)- Int12 HK\$m	HKFRS 3 (Revised) and HKAS 27 (Revised) HK\$m	Total HK\$m	HK(IFRIC)- Int12 HK\$m
Increase/(decrease) in				
Other gains, net	—	383.2	383.2	—
Administrative expenses				
Amortisation	69.3	—	69.3	89.9
Depreciation	(69.3)	—	(69.3)	(89.9)
Others	—	4.2	4.2	—
Operating profit	—	379.0	379.0	—
Share of result of jointly controlled entities	18.3	—	18.3	18.6
Profit before taxation	18.3	379.0	397.3	18.6
Taxation	—	—	—	—
Profit for the year	18.3	379.0	397.3	18.6
Attributable to:				
Shareholders of the Company	10.4	272.1	282.5	11.3
Non-controlling interests	7.9	106.9	114.8	7.3
	18.3	379.0	397.3	18.6
Earnings per share (HK\$)				
Basic	0.003	0.071	0.074	0.003
Diluted	0.003	0.071	0.074	0.003

Notes to the Financial Statements (Continued)

2 BASIS OF PREPARATION (Continued)

(a) ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS (Continued)

The effect of the changes in the accounting policies following the adoption of the relevant new or revised accounting standards on the consolidated balance sheets as at 30 June 2009 and 2008 are as follows:

	2009			2008
	HK(IFRIC)- Int12 HK\$m	HKFRS 3 (Revised) and HKAS 27 (Revised) HK\$m	Total HK\$m	HK(IFRIC)- Int12 HK\$m
Increase/(decrease) in				
Property, plant and equipment	(834.1)	—	(834.1)	(1,153.5)
Intangible concession rights	834.1	—	834.1	1,153.5
Intangible assets — goodwill	—	(371.4)	(371.4)	—
Interests in jointly controlled entities	147.6	319.1	466.7	129.3
	147.6	(52.3)	95.3	129.3
Deferred tax liabilities	30.7	—	30.7	30.7
Net assets	116.9	(52.3)	64.6	98.6
Retained profits	41.6	(46.3)	(4.7)	31.1
Exchange reserve	25.0	—	25.0	24.8
Non-controlling interests	50.3	(6.0)	44.3	42.7
Total equity	116.9	(52.3)	64.6	98.6

Notes to the Financial Statements (Continued)

2 BASIS OF PREPARATION (Continued)

(b) STANDARDS, AMENDMENTS AND INTERPRETATIONS WHICH ARE NOT YET EFFECTIVE

The following new/revised standards, amendments and interpretations are mandatory for the Group's accounting periods beginning on or after 1 July 2009 but which the Group has not early adopted, are as follows:

Effective for the year ending 30 June 2010

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Vesting Conditions and Cancellations
HKFRS 7 Amendments	Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
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 a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers
HKFRSs Amendments	Improvement to HKFRSs 2008

Effective for the year ending 30 June 2011

HKFRS 1 Amendments	Additional Exemptions for First-time Adopters
HKFRS 2 Amendments	Group Cash-settled Share-based Payment Transactions
HKFRSs Amendments	Improvement 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.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of these financial statements, which have been consistently applied to all the years presented, unless otherwise stated, are set out as below:

(a) CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 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 deconsolidated from the date that control ceases. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost.

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. There is a choice, on the basis of each acquisition 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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree at the date of acquisition 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.

The Company's 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.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) CONSOLIDATION (Continued)

(ii) *Joint ventures*

(1) *Jointly controlled entities*

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 in the consolidated financial statements at cost plus the share of post-acquisition results and reserves and goodwill on acquisition less provision for impairment losses. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired jointly controlled entities at the date of acquisition. The interests in jointly controlled entities also include long-term interest that, in substance, form part of the Group's net investment in the 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 it 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.

For equity accounting purpose, accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's interests in jointly controlled entities are stated at cost less provision for impairment losses. The results of jointly controlled entities are accounted for by the Company on the basis of dividend received and receivable.

(2) *Jointly controlled operations*

The assets that the Group controls and liabilities that the Group incurs in relation to the jointly controlled operation are recognised in the balance sheet on an accrual basis and classified according to the nature of the item. The expenses that the Group incurs and its share of income that it earns from the jointly controlled operations are included in the income statement.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) CONSOLIDATION (Continued)

(iii) *Associated companies*

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

Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investments in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired associated companies at the date of acquisition. The interests in associated companies also include long-term interest that, in substance, form part of the Group's net investment in the associated companies.

The Group's share of its associated companies' post acquisition profits or losses is recognised in the consolidated income statement, and the share of post-acquisition movements in reserves is recognised in equity. 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 receivable, 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 Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company's investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend income received and receivable.

(iv) *Transactions with non-controlling interests*

Non-controlling interests (previously known as minority interests) 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 not within the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, 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 shareholders are also recorded in equity.

(b) INTANGIBLE ASSETS

(i) *Goodwill*

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of jointly controlled entities and associated companies is included in interests in jointly controlled entities and associated companies respectively and is tested for impairment as part of overall balance. Separately recognised 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 an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of testing for impairment. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) INTANGIBLE ASSETS (Continued)

(ii) *Trademark and licences*

Acquired trademark and licenses are recognised initially at cost. Acquired trademark has a finite useful life and is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of trademark over their estimated useful lives of 20 years.

Licences with indefinite lives are carried at cost less impairment. Such licences are not amortised. The useful lives of licences are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(iii) *Operating right*

Operating right primarily resulted from the acquisition of right to operate facilities rental business. Operating right is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over the period of the operating right.

(iv) *Intangible concession rights*

Where the Group has entered into contractual service arrangements ("Service Concessions") with local government authorities for its participation in the development, financing, operation and maintenance of various infrastructures for public services, such as toll roads and bridges, power plants and water treatment plants (the "Infrastructures"). The Group carries out the construction or upgrade work of Infrastructures for the granting authorities in exchange for the right to operate the Infrastructures concerned and the right to collect the fees for a specified period of time. The fees collected during the operating periods are attributable to the Group. The relevant Infrastructures are required to be returned to the local government authorities upon the expiry of the operating rights without significant compensation to the Group.

The Group applies the intangible asset model to account for the Infrastructures where they are paid by the users of the Infrastructures and the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable.

Land use rights acquired in conjunction with the Service Concessions which the Group has no discretion or latitude to deploy for other services other than the use in the Service Concessions are treated as intangible assets acquired under the Service Concessions.

Amortisation of intangible concession rights is calculated to write off their costs, where applicable, on an economic usage basis for roads and bridges whereby the amount of amortisation is provided based on the ratio of actual volume compared to the total projected volume or on a straight-line basis for water treatment plants over the periods which the Group is granted the rights to operate these Infrastructures. The total projected volume of the respective Infrastructures is reviewed regularly with reference to both internal and external sources of information and appropriate adjustments will be made should there be a material change.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) NON-CURRENT ASSETS CLASSIFIED AS 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.

(d) LEASEHOLD LAND AND LAND USE RIGHTS

The upfront prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease 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 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 professional valuation conducted at each balance sheet date. Changes in fair value are recognised in the income statement.

Subsequent expenditure is included in the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. 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.

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gives rise to a reversal of the previous impairment loss, the write-back is recognised in the income statement.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical 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 asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged in the income statement during the financial 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 allocate their costs to their estimated residual values over their estimated useful lives or, if shorter, the relevant finance lease periods, using the straight-line method. Estimated useful lives are summarised as follows:

Buildings	20 to 40 years
Ports facilities and terminal equipment	7 to 44 years
Telecommunication equipment and systems	3 to 15 years
Other assets	2 to 25 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 determined by comparing 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

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) INVESTMENTS

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

(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.

(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 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 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 financial assets 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. Financial assets 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, 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.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) INVESTMENTS (Continued)

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

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

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

(i) DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently re-measured at its fair value at each balance sheet date. The change in the fair value is recognised in the income statement.

(j) PROPERTIES FOR/UNDER DEVELOPMENT

Properties for/under development comprise prepayments for leasehold land and land use rights, development expenditure and borrowing costs capitalised. In the course of property development, the amortisation charge of leasehold land and 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) PROPERTIES HELD FOR SALE

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 leasehold land is recognised in the income statement. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(l) STOCKS

Stocks 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.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) CONTRACTS IN PROGRESS

Cost comprises materials, direct labour and overheads attributable to bringing the inventories and work in progress to its present condition.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included under current assets.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(n) TRADE AND OTHER DEBTORS

Trade and other debtors 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 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 receivable. Subsequent recoveries of amounts previously written off are credited in the income statement.

(o) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the balance sheet.

(p) SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) 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.

A contingent asset is not recognised but is 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.

(t) CURRENT AND DEFERRED INCOME TAX

The current income tax charge 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 income tax 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 financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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 income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, 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.

(u) 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 income statement or capitalised on the basis set out in note 3(y) over the period of the borrowings using the effective interest method where appropriate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(v) 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 derivative financial instruments 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.

(w) REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors after eliminating sales within the Group.

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) *Rental*

Rental is recognised on a straight-line basis over the terms of lease agreements.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(w) REVENUE RECOGNITION (Continued)

(ii) *Property sales*

Sale of properties is recognised when the risks and rewards of the properties are passed to the purchasers. Deposits and instalments received on properties sold prior to their completion are included under current liabilities.

(iii) *Construction and engineering*

Revenue from construction and engineering service contracts is recognised using the percentage of completion method when the contracts have progressed to a stage where an outcome can be estimated reliably. Revenue from construction and engineering service contracts is measured by reference to the proportion of costs incurred for work performed to the balance sheet date as compared to the estimated total costs to completion. Anticipated losses on contracts are fully provided when it is probable that total contract costs will exceed total contract revenue.

When the outcome of construction and engineering service contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(iv) *Service fees*

Property management service fee, property letting agency fee, transportation service fee, security service fee and financial service fee are recognised when services are rendered.

(v) *Infrastructure operations*

Toll revenue from road and bridge operations, income from port operation, cargo, container handling and storage are recognised when services are rendered.

(vi) *Telecommunication services*

Telecommunication service revenue is recognised when service is rendered and is based on the usage of telecommunication network and facilities. Telecommunication revenue in respect of standard service plans billed in advance at year end is deferred and recognised when service is rendered. Revenue received in advance for the provision of telecommunication services using prepaid cards is deferred and amortised based on the actual usage by customers.

(vii) *Department store operation*

Sale of goods and merchandise is recognised upon delivery of goods.

Income from concessionaire sale is recognised upon the sale of goods and merchandise by the relevant stores.

(viii) *Hotel operations*

Revenue from hotel and restaurant operations is recognised upon provision of the services.

(ix) *Interest*

Interest is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

(x) *Dividend*

Dividend is recognised when the right to receive payment is established.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(x) LEASES

(i) *Finance leases*

Leases that transfer to the Group substantially all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the lease's commencement date at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities, as trade and other payables. The finance charges are charged to the income statement over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets held under finance leases are depreciated on the basis described in note 3(f)(ii) above.

(ii) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the income statement on a straight-line basis over the period of the lease.

(y) 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 as incurred.

(z) 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) *Bonus plans*

Provision for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) *Defined contribution plans*

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans, including the Mandatory Provident Fund Scheme and employee pension schemes established by municipal government in the People's Republic of China ("PRC") are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

(iv) *Defined benefit plans*

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation. Defined benefit costs under defined benefit plans, which are assessed using the projected unit credit method, are charged to the income statement. Under this method, plan assets are measured at fair value and defined benefit obligations are measured as the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the balance sheet date based on Exchange Fund Notes, which have terms to maturity approximating the terms of the related liability. The actuarial gains and losses to the extent of the amount in excess of 10.0% of the greater of the present value of the plan obligations and the fair value of plan assets are recognised in the income statement over the expected average remaining service lives of the participating employees.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(z) EMPLOYEE BENEFITS (Continued)

(v) *Share-based compensation*

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of share 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.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

On lapse of share option according to the plan, corresponding amount recognised in employee' share based compensation reserve is transferred to retained profits.

(aa) FOREIGN CURRENCIES

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(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 of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the balance sheet date are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on financial assets and liabilities 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 Group entities 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 the average exchange rate during the period covered by the income statement; and
- (3) all resulting exchange differences are recognised as a separate component of equity.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(aa) FOREIGN CURRENCIES (Continued)

(iii) *Group companies* (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated 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.

(bb) 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.

The Group regards its financial guarantee contracts in respect of mortgage facilities provided to certain property purchasers, guarantees provided to its related parties and tax indemnity provided to its non-wholly owned subsidiary as insurance contracts.

(cc) 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 and geographical segments as the secondary reporting format.

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, investment properties, intangible concession rights, intangible assets, available-for-sale financial assets, held-to-maturity investments, financial assets at fair value through profit or loss, properties for development, other non-current assets, properties under development, properties held for sale, stocks and receivables and exclude derivative financial instruments, deferred tax assets, restricted bank balances and cash and bank balances. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings. Capital expenditure comprises additions to investment properties, property, plant and equipment, intangible concession rights and intangible assets.

(dd) DIVIDEND DISTRIBUTION

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

Notes to the Financial Statements (Continued)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group has centralised treasury function for all of its subsidiaries except for listed subsidiaries which arrange their financial and treasury affairs on a stand-alone basis and in a manner consistent with the overall policies of the Group.

(a) MARKET RISK

(i) *Foreign exchange risk*

The Group's operations is mainly in Hong Kong and Mainland China. 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 entering into forward foreign exchange contracts to reduce the exposure should the need arises.

At 30 June 2009, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK\$684.5 million (2008: HK\$815.3 million). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there are no significant foreign exchange risk with respect to the United States dollar.

At 30 June 2009, the Group's entities with functional currency of Hong Kong dollar had Renminbi net monetary assets of HK\$364.1 million (2008: HK\$420.1 million). If Hong Kong dollar had strengthened/weakened by 5% against Renminbi with all other variables unchanged, the Group's profit before taxation would have been HK\$18.2 million (2008: HK\$21.0 million) lower/higher.

At 30 June 2009, the Group's entities with functional currency of Renminbi had net monetary assets denominated in United States dollar of HK\$881.2 million (2008: HK\$871.2 million). If Renminbi had strengthened/weakened by 5% against United States dollar with all other variables unchanged, the Group's profit before taxation would have been HK\$44.1 million (2008: HK\$43.6 million) lower/higher.

At 30 June 2009, the Group's entities with functional currency of Renminbi had net monetary liabilities denominated in Hong Kong dollar of HK\$5,768.0 million (2008: HK\$3,295.3 million). If Renminbi had strengthened/weakened by 5% against Hong Kong dollar with all other variables unchanged, the Group's profit before taxation would have been HK\$288.4 million (2008: HK\$164.8 million) higher/lower.

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 30 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 cash deposits, advances to customers and amounts due from jointly controlled entities and associated companies. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. The Group's borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Notes to the Financial Statements (Continued)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Continued)

(a) MARKET RISK (Continued)

(ii) *Interest rate risk* (Continued)

To mitigate the risk, the Group has maintained fixed and floating rate debts. To match with underlying risk faced by the Group, 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\$36.0 million higher/lower (2008: HK\$153.8 million 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 arising from the listed and unlisted equity investments held by the Group. Gains and losses arising from changes in the fair value of available-for-sale financial assets and financial assets at fair value through profit or loss are dealt with in equity and income statement respectively. The performance of the Group's listed and unlisted equity investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans. The Group is not exposed to commodity price risk.

At 30 June 2009, if the price of listed and unlisted equity investments in available-for-sale financial assets had been 25% higher with all other variables held constant, the Group's investment revaluation reserve would have been HK\$1,401.3 million (2008: HK\$1,189.4 million) higher. If the price of listed and unlisted equity investments in available-for-sale financial assets had been 25% lower with all other variables held constant, the Group's profit before taxation and investment revaluation reserve would have been HK\$96.5 million and HK\$1,304.8 million (2008: Nil and HK\$1,189.4 million) lower respectively. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

At 30 June 2009, if the price of listed and unlisted equity investments in financial assets at fair value through profit and loss had been 25% higher/lower with all other variables held constant, the Group's profit before taxation would have been HK\$109.2 million (2008: HK\$144.2 million) 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 debtors and balances receivable from investee companies, jointly controlled entities and associated companies. 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 debtors mainly include receivables from sale and lease of properties and other services. Loan receivables included in other non-current assets are normally carry interest at rates with reference to prevailing market interest rate and are secured by collaterals. 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 debtors from third party customers as the customer bases are widely dispersed in different sectors and industries. Under the current circumstances of the global financial turmoil, the Group monitors its credit control procedures and policies so as to minimise the impact to the Group.

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

Notes to the Financial Statements (Continued)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Continued)

(b) CREDIT RISK (Continued)

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 Mainland China. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchasers' deposits and sell the property to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at each balance sheet date the liabilities based on the current estimates of future cash flows. As at 30 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 and the ability to close out market positions. 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 adequate undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements.

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

GROUP

	Carrying amount HK\$m	Total contractual undiscounted cash flow HK\$m	Within 1 year or on demand HK\$m	Over 1 year but within 5 years HK\$m	After 5 years HK\$m
At 30 June 2009					
Creditors and accrued charges	18,189.0	18,189.0	17,099.2	1,071.4	18.4
Amounts payable to jointly controlled entities	1,990.5	1,990.5	1,983.5	7.0	—
Amounts payable to associated companies	518.8	518.8	517.9	0.9	—
Short-term borrowings	8,994.7	9,111.9	9,111.9	—	—
Long-term borrowings	41,560.3	45,575.2	8,930.2	36,380.6	264.4
At 30 June 2008					
Creditors and accrued charges	18,749.1	18,749.1	18,620.1	110.3	18.7
Amounts payable to jointly controlled entities	2,616.2	2,616.2	2,616.2	—	—
Amounts payable to associated companies	588.3	588.3	588.3	—	—
Short-term borrowings	4,608.9	4,661.6	4,661.6	—	—
Long-term borrowings	38,554.8	43,080.2	8,421.0	25,449.5	9,209.7

Notes to the Financial Statements (Continued)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Continued)

(c) LIQUIDITY RISK (Continued)

COMPANY

	Carrying amount HK\$m	Total contractual undiscounted cash flow HK\$m	Within 1 year or on demand HK\$m	Over 1 year but within 5 years HK\$m	After 5 years HK\$m
At 30 June 2009					
Creditors and accrued charges	443.4	443.4	443.4	—	—
Amounts payable to subsidiaries	22,079.9	22,079.9	22,079.9	—	—
Amounts payable to associated companies	60.2	60.2	60.2	—	—
At 30 June 2008					
Creditors and accrued charges	1,160.5	1,160.5	1,160.5	—	—
Amounts payable to subsidiaries	21,205.3	21,205.3	21,205.3	—	—
Amounts payable to associated companies	56.5	56.5	56.5	—	—
Short-term borrowings	36.7	38.4	38.4	—	—

(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. In light of the global financial turmoil, the Group continues to adopt a prudent approach in managing its capital.

The Group monitors capital on the basis of the Group's gearing ratio and makes adjustments to it in light of changes in economic conditions and business strategies. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (excluding loans from non-controlling shareholders) less cash and bank balances.

Notes to the Financial Statements (Continued)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Continued)

(d) CAPITAL MANAGEMENT (Continued)

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

	2009 HK\$m	2008 HK\$m (restated)
Consolidated total borrowings (excluding loans from non-controlling shareholders)	48,550.8	40,733.6
Less: cash and bank balances	14,363.3	13,803.9
Consolidated net debt	34,187.5	26,929.7
Total equity	97,483.0	94,904.7
Gearing ratio	35.1%	28.4%

The increase in gearing ratio at 30 June 2009 was primarily due to increase in consolidated net debt.

(e) FAIR VALUE ESTIMATION

The carrying amounts of the financial instruments of the Group are as follows:

- (i) Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the balance sheet date. Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
- (ii) The fair value of long term 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.
- (iii) The carrying values of bank balances, debtors and receivables, creditors and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.

Notes to the Financial Statements (Continued)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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) FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The fair value of available-for-sale financial assets and financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods (such as discounted cash flow model and option pricing models) and evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health and short-term business outlook for the investee and historical price volatility of these investments. The key assumptions adopted on projected cashflow are based on management's best estimates. Sensitivity analysis of changes in fair value of available-for-sale financial assets and financial assets at fair value through profit or loss as detailed in note 4(a)(iii).

(b) VALUATION OF INVESTMENT PROPERTIES

The fair value of each investment property is individually determined at each balance sheet date 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 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.

At 30 June 2009, if the market value of investment properties had been 8% higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK\$2,480.6 million (2008: HK\$2,526.2 million) higher/lower.

(c) ESTIMATED USEFUL LIVES AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are long-lived but may be subject to technical obsolescence. The annual depreciation charges are affected by the estimated useful lives that the Group allocates to each type of property, plant and equipment. Management performs annual reviews to assess the appropriateness of the estimated useful lives. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

Management also regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is lower than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

Notes to the Financial Statements (Continued)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) IMPAIRMENT OF ASSETS

The Group tests annually whether goodwill has suffered any impairment according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. These calculations require the use of estimates which are subject to change of economic environment in future. Details are set out in note 21.

The Group determines whether an investment in jointly controlled entities, associated companies or available-for-sale financial assets is impaired by evaluating the duration or extent to which the fair value of an investment is less than its cost. This evaluation is subject to changes in factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The Group assesses whether there is objective evidence as stated in note 3(n) that deposits, loans and receivables are impaired. It recognises impairment based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these receivables will impact the amount of impairment required.

(e) IMPAIRMENT OF PROPERTIES FOR/UNDER DEVELOPMENT AND PROPERTIES HELD FOR SALE

The Group assesses the carrying amounts of properties for/under development and properties held for sale according to their estimated net realisable value based on assessment of 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.

(f) FINANCIAL GUARANTEES AND TAX INDEMNITY

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 their outstanding mortgage principal and interest.

In respect of the tax indemnity provided to its non-wholly owned subsidiary, the Group makes estimates on the project costs for the development of the relevant properties and the potential exposure to the relevant Mainland China tax liabilities based on an estimation of the future market condition and economic environment. The future cash flows cannot be reliably estimated and therefore will impact the amount of provision that may be required and the future determination of the ultimate amount of taxation payable. Provision will only be made in the financial period when the outcome of the potential liabilities can be reliably determined, or otherwise, the potential exposure attributable to the Group and the Company is disclosed as contingent liabilities set out in note 47.

(g) INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the financial period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the 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.

Notes to the Financial Statements (Continued)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(h) ESTIMATE OF REVENUE AND COSTS OF CONSTRUCTION WORKS

The Group recognises its contract revenue according to the percentage of completion of the individual contract of construction works. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise sub-contracting charges and costs of materials are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the management conducts periodic review on the management budgets by comparing the budgeted amounts to the actual amounts incurred.

6 REVENUES AND SEGMENT INFORMATION

	2009 HK\$m	2008 HK\$m
Revenues		
Rental	1,496.5	1,433.2
Property sales	2,112.6	4,632.9
Contracting	8,656.0	10,982.6
Provision of services	6,063.0	5,868.9
Infrastructure operations	278.1	327.4
Telecommunication services	892.8	962.1
Department store operations	2,368.2	2,236.0
Hotel operations	2,267.7	2,505.0
Others	280.1	412.7
Total	24,415.0	29,360.8

The Group is organised into property investment, property development, service, infrastructure, telecommunications, department stores, hotel operations and others (including media, technology and other strategic business) segments.

Notes to the Financial Statements (Continued)

6 REVENUES AND SEGMENT INFORMATION (Continued)

(a) PRIMARY REPORTING FORMAT — BUSINESS SEGMENTS

	Property investment HK\$m	Property develop- ment HK\$m	Service HK\$m	Infra- structure HK\$m	Telecom- munications HK\$m	Department stores HK\$m	Hotel operations HK\$m	Others HK\$m	Eliminations HK\$m	Consolidated HK\$m
2009										
External	1,496.5	2,112.6	14,719.0	278.1	892.8	2,368.2	2,267.7	280.1	—	24,415.0
Inter-segment	215.6	—	2,394.4	—	59.2	—	—	—	(2,669.2)	—
Revenues	1,712.1	2,112.6	17,113.4	278.1	952.0	2,368.2	2,267.7	280.1	(2,669.2)	24,415.0
Segment results	1,001.6	233.0	823.1	128.3	8.7	526.6	308.8	70.5	—	3,100.6
Other gains, net	231.3	894.4	(208.7)	506.9	(7.3)	9.4	(335.3)	623.8	—	1,714.5
Changes in fair value of investment properties	(1,841.2)	—	—	—	—	—	—	—	—	(1,841.2)
Unallocated corporate expenses										(644.5)
Operating profit										2,329.4
Financing income										807.3
Financing costs										(1,068.9)
										2,067.8
Share of results of										
Jointly controlled entities	406.2	282.1	439.1	1,050.1	—	—	(87.7)	(34.2)	—	2,055.6
Associated companies	199.8	(7.8)	(73.0)	9.2	(66.4)	(2.1)	(0.2)	8.4	—	67.9
Profit before taxation										4,191.3
Taxation										(439.4)
Profit for the year										3,751.9
Segment assets	32,765.5	51,057.3	17,446.9	1,920.4	1,347.4	4,729.4	6,136.4	6,403.4	—	121,806.7
Interests in jointly controlled entities	5,888.2	9,401.0	4,262.8	10,822.3	—	—	958.2	586.0	—	31,918.5
Interests in associated companies	1,652.3	1,148.8	2,459.4	351.4	2,047.2	0.9	112.4	55.9	—	7,828.3
Unallocated assets										14,965.8
Total assets										176,519.3
Segment liabilities	696.9	7,210.6	10,310.0	202.5	186.0	1,762.4	644.7	782.5	—	21,795.6
Unallocated liabilities										57,240.7
Total liabilities										79,036.3
Capital expenditure	1,075.4	70.8	656.2	—	121.8	593.4	609.7	24.8	—	3,152.1
Depreciation and amortisation	40.4	112.6	137.9	69.3	49.0	189.9	280.5	31.7	—	911.3
Impairment charge and provision	65.8	57.4	155.6	—	7.3	—	394.2	338.0	—	1,018.3

Notes to the Financial Statements (Continued)

6 REVENUES AND SEGMENT INFORMATION (Continued)

(a) PRIMARY REPORTING FORMAT — BUSINESS SEGMENTS (Continued)

	Property investment HK\$m	Property develop- ment HK\$m	Service HK\$m	Infra- structure HK\$m	Telecom- munications HK\$m	Department stores HK\$m	Hotel operations HK\$m	Others HK\$m	Eliminations HK\$m	Consolidated HK\$m
2008 (restated)										
External	1,433.2	4,632.9	16,851.5	327.4	962.1	2,236.0	2,505.0	412.7	—	29,360.8
Inter-segment	228.5	—	1,856.8	—	65.1	—	—	—	(2,150.4)	—
Revenues	1,661.7	4,632.9	18,708.3	327.4	1,027.2	2,236.0	2,505.0	412.7	(2,150.4)	29,360.8
Segment results	1,036.8	1,008.5	1,019.4	130.2	(44.3)	434.3	599.2	139.0	—	4,323.1
Other gains, net	86.8	88.3	16.6	(16.2)	(323.1)	1,690.4	112.1	519.8	—	2,174.7
Changes in fair value of investment properties	4,022.6	—	—	—	—	—	—	—	—	4,022.6
Unallocated corporate expenses										(638.2)
Operating profit										9,882.2
Financing income										1,016.9
Financing costs										(1,282.0)
Share of results of										9,617.1
Jointly controlled entities	581.7	1,670.0	335.6	985.6	—	—	18.1	22.4	—	3,613.4
Associated companies	519.0	25.6	143.8	188.5	62.6	—	0.8	22.1	—	962.4
Profit before taxation										14,192.9
Taxation										(1,444.0)
Profit for the year										12,748.9
Segment assets	34,133.8	44,384.0	15,446.2	2,421.2	1,281.3	3,554.6	3,294.8	6,446.0	—	110,961.9
Interests in jointly controlled entities	4,118.3	11,787.8	4,269.2	8,681.6	—	—	1,036.1	654.1	—	30,547.1
Interests in associated companies	3,181.9	1,528.3	2,233.1	849.4	2,207.5	—	116.7	46.4	—	10,163.3
Unallocated assets										14,085.2
Total assets										165,757.5
Segment liabilities	520.7	5,817.5	9,795.2	414.7	221.4	1,603.2	1,242.9	1,502.3	—	21,117.9
Unallocated liabilities										49,734.9
Total liabilities										70,852.8
Capital expenditure	2,099.3	491.5	1,050.4	4.0	69.1	294.8	1,235.0	38.8	—	5,282.9
Depreciation and amortisation	65.2	162.6	134.1	92.4	99.3	153.1	211.3	49.0	—	967.0
Impairment charge and provision	19.6	16.1	20.1	38.6	323.1	—	3.2	212.0	—	632.7

Notes to the Financial Statements (Continued)

6 REVENUES AND SEGMENT INFORMATION (Continued)

(b) SECONDARY REPORTING FORMAT — GEOGRAPHICAL SEGMENTS

	Revenues HK\$m	Segment assets HK\$m	Capital expenditure HK\$m
2009			
Hong Kong and others	14,291.7	73,344.6	1,292.4
Mainland China	6,380.9	46,890.2	1,859.7
Macau	3,742.4	1,571.9	—
	24,415.0	121,806.7	3,152.1
2008			
Hong Kong and others	15,879.1	66,936.1	2,714.9
Mainland China	7,764.9	41,864.0	2,554.5
Macau	5,716.8	2,161.8	13.5
	29,360.8	110,961.9	5,282.9

The Group's revenues, segment assets and capital expenditure attributed to Southeast Asia and North America accounted for an insignificant portion of the Group's total revenues, segment assets and capital expenditure respectively, and have been included under Hong Kong and others.

7 OTHER INCOME

	2009 HK\$m	2008 HK\$m
Dividend income from investments in		
Listed shares	76.2	22.8
Unlisted shares	35.4	87.0
Other investment income	153.6	—
	265.2	109.8

Notes to the Financial Statements (Continued)

8 OTHER GAINS, NET

	2009 HK\$m	2008 HK\$m
Write back of provision for		
Loans and other receivables	18.8	126.8
Properties held for sale	288.0	—
Recovery from the PrediWave Companies (note)	—	431.5
Excess of the fair value of net assets acquired over the cost of acquisition of interests of subsidiaries	50.9	129.5
Gain on deemed disposal of interests in subsidiaries	—	1,695.3
Fair value gain on non-controlling interests retained after disposal of partial interest in a subsidiary	319.1	—
Gain on previously held equity interests as jointly controlled entities and associated companies	88.9	—
Gain on fair value of financial assets at fair value through profit or loss	417.3	1.1
Gain from extinguishment of financial liabilities	140.5	—
Gain on repurchase of convertible bonds	67.4	—
Net profit/(loss) on disposal of		
Investment properties, property, plant and equipment, leasehold land and land use rights, and intangible concession rights	(54.2)	40.4
Available-for-sale financial assets	410.6	203.9
Non-current assets classified as assets held for sale	274.5	—
Financial assets at fair value through profit or loss	(71.0)	50.5
Subsidiaries	604.7	47.4
Jointly controlled entities	71.2	—
Associated companies	106.1	—
Partial interests in subsidiaries	—	81.0
Impairment loss on		
Property, plant and equipment, leasehold land and land use rights, and intangible concession rights	(445.1)	(368.6)
Intangible assets	(86.9)	(8.1)
Available-for-sale financial assets	(396.3)	(34.2)
Loans receivable and other assets	(90.0)	(221.8)
	1,714.5	2,174.7

Note: This represented recovery recognised by New World TMT Limited ("NWTMT"), a subsidiary of the Group, in respect of the litigations against PrediWave Corporation ("PrediWave") and its related parties. The aggregate recovery from PrediWave litigations recognised by the Group amounted to HK\$2,025.1 million, of which HK\$431.5 million was recognised during the year ended 30 June 2008.

Notes to the Financial Statements (Continued)

9 OPERATING PROFIT

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

	2009 HK\$m	2008 HK\$m (restated)
Gross rental income from investment properties	1,313.4	1,230.9
Outgoings	(405.6)	(337.9)
	907.8	893.0
Interest income from margin and other financing of securities business, included in revenue	85.3	308.8
Net income from leveraged foreign exchange trading	5.8	5.1
Commission on securities dealing and broking	300.9	715.2
Commission on dealing in futures, options and commodities	128.8	70.5
Commission on dealing in bullion contracts	6.4	10.2
Net profit on futures, options, commodities and bullion contracts trading	28.5	22.0
Net profit on foreign exchange contracts trading	13.8	7.3
Cost of inventories sold	(3,618.2)	(4,851.4)
Depreciation of property, plant and equipment	(641.5)	(669.1)
Amortisation		
Intangible assets	(15.5)	(11.2)
Leasehold land and land use rights (note)	(185.0)	(196.8)
Intangible concession rights	(69.3)	(89.9)
Operating lease rental expense		
Land and buildings	(718.4)	(681.7)
Other equipment	(11.8)	(13.5)
Staff costs (note 15(a))	(4,063.7)	(4,340.9)
Interest expense for securities broking and margin financing operations, included in cost of sales	(9.8)	(167.1)
Foreign exchange gain, net	52.9	324.2
Auditors' remuneration	(52.3)	(52.8)

Note: Amortisation of leasehold land and land use rights is stated after amount capitalised in property, plant and equipment, properties for development and properties under development of HK\$43.1 million, HK\$48.3 million and HK\$259.4 million (2008: HK\$Nil, HK\$68.8 million and HK\$169.4 million) respectively.

Notes to the Financial Statements (Continued)

10 FINANCING COSTS

	2009 HK\$m	2008 HK\$m
Interest on bank loans and overdrafts		
Wholly repayable within five years	1,106.1	1,247.4
Not wholly repayable within five years	19.5	48.0
Interest on convertible bonds		
Wholly repayable within five years	433.3	104.4
Not wholly repayable within five years	—	311.2
Interest on loans from non-controlling shareholders		
Wholly repayable within five years	5.8	9.9
Not wholly repayable within five years	45.3	49.7
Total borrowing costs incurred	1,610.0	1,770.6
Interest capitalised as cost of properties under development	(541.1)	(488.6)
	1,068.9	1,282.0

Note: To the extent funds are borrowed generally and used for the purpose of financing certain properties under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 2.0% (2008: 2.4%) for the year.

11 TAXATION

	2009 HK\$m	2008 HK\$m
Current taxation		
Hong Kong profits tax	449.7	445.4
Mainland China and overseas taxation	373.6	337.7
Mainland China land appreciation tax	70.8	143.9
Deferred taxation		
Valuation of investment properties	(327.4)	587.1
Other temporary differences	(127.3)	132.6
Effect of change in tax rate	—	(202.7)
	439.4	1,444.0

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profit for the year at the rates of taxation prevailing in the countries in which the Group, jointly controlled entities and associated companies operate. These rates range from 9.0% to 25.0% (2008: 3.0% to 33.0%).

Notes to the Financial Statements (Continued)

11 TAXATION (Continued)

Mainland China land appreciation tax is provided at progressive rates ranging from 30.0% to 60.0% (2008: 30.0% to 60.0%) on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land use rights and property development expenditures.

Share of taxation of jointly controlled entities and associated companies of HK\$346.7 million and HK\$69.0 million (2008: HK\$973.7 million and HK\$179.9 million) respectively, are included in the income statement as share of results of jointly controlled entities and associated companies.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2009 HK\$m	2008 HK\$m (restated)
Profit before taxation and share of results of jointly controlled entities and associated companies	2,067.8	9,617.1
Calculated at a taxation rate of 16.5% (2008: 16.5%)	341.2	1,586.8
Effect of different taxation rates in other countries	102.2	105.1
Income not subject to taxation	(511.0)	(862.0)
Expenses not deductible for taxation purposes	361.2	533.9
Tax losses not recognised	196.3	162.6
Temporary differences not recognised	2.4	74.5
Tax exemption granted	(5.0)	(7.2)
Utilisation of previously unrecognised tax losses	(63.3)	(73.9)
Effect of change in tax rate	—	(202.7)
Deferred taxation on undistributed profits	1.5	37.8
Recognition of previously unrecognised tax loss	(74.6)	—
Land appreciation tax deductible for calculation of income tax purposes	(17.7)	(36.0)
Others	35.4	(18.8)
	368.6	1,300.1
Mainland China land appreciation tax	70.8	143.9
Taxation charge	439.4	1,444.0

Notes to the Financial Statements (Continued)

12 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK\$1,478.6 million (2008: HK\$1,630.5 million).

13 DIVIDENDS

	2009 HK\$m	2008 HK\$m
Interim dividend of HK\$0.09 (2008: HK\$0.18) per share	346.8	672.6
Final dividend proposed of HK\$0.21 (2008: HK\$0.25) per share	812.1	939.6
	1,158.9	1,612.2
Of which the following were settled by the issue of scrip:		
Interim dividend	201.5	391.3
Final dividend	*	552.0

* Full amount had been set aside from retained profits for the 2009 proposed final dividend on the basis that all shareholders would elect to receive cash being the alternative to their entitlements to the scrip dividends.

At a meeting held on 8 October 2009, the Directors recommended a final dividend of HK\$0.21 per share. This proposed dividend was not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 30 June 2010.

14 EARNINGS PER SHARE

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

	2009 HK\$m	2008 HK\$m (restated)
Profit attributable to shareholders	2,083.5	9,685.7
Effect of dilutive potential shares:		
Interest expense on convertible bonds	—	259.9
Adjustment on the effect of dilution in the results of subsidiaries	(51.6)	(91.8)
Profit for calculating of diluted earnings per share	2,031.9	9,853.8

Notes to the Financial Statements (Continued)

14 EARNINGS PER SHARE (Continued)

	Number of shares (million)	
	2009	2008
Weighted average number of shares for calculating of basic earnings per share	3,799.5	3,732.8
Effect of dilutive potential shares:		
Convertible bonds	—	224.0
Share options	—	1.1
Weighted average number of shares for calculating of diluted earnings per share	3,799.5	3,957.9

Diluted earnings per share for the year ended 30 June 2009 did not assume the conversion of the convertible bonds and the exercise of share options outstanding during the year since their conversion and exercise would have an anti-dilutive effect.

15 STAFF COSTS

(a) STAFF COSTS

	2009 HK\$m	2008 HK\$m
Wages, salaries and other benefits	3,788.2	3,980.0
Pension costs — defined benefit plans (<i>note (b)(i)</i>)	(6.2)	2.4
Pension costs — defined contribution plans (<i>note (b)(ii)</i>)	176.7	172.5
Share options (<i>note (c)</i>)	105.0	186.0
	4,063.7	4,340.9

Staff costs include Directors' remuneration.

(b) RETIREMENT BENEFIT COSTS

The Group operates various retirement benefit plans for staff. The assets of the plans are administered by independent trustees and are maintained independently of the Group.

(i) Defined benefit plans

The Group's defined benefit plans are valued by independent qualified actuaries annually using the projected unit credit method. Defined benefit plans were valued by Watson Wyatt Hong Kong Limited.

The amounts recognised in the balance sheet were as follows:

	2009 HK\$m	2008 HK\$m
Present value of defined benefit obligations	(98.4)	(91.3)
Fair value of plan assets	124.8	146.7
Unrecognised actuarial losses/(gains)	2.1	(33.6)
Retirement benefit assets (<i>note 30</i>)	28.5	21.8

Notes to the Financial Statements (Continued)

15 STAFF COSTS (Continued)

(b) RETIREMENT BENEFIT COSTS (Continued)

(i) *Defined benefit plans (Continued)*

The movements in the present value of the defined benefit obligations are as follows:

	2009 HK\$m	2008 HK\$m
At beginning of the year	91.3	70.2
Interest cost	4.5	4.1
Current service cost	5.6	3.8
Contribution by employees	2.0	1.7
Benefit paid	(3.8)	(3.6)
Net transfer in	0.2	0.3
Actuarial (gains)/losses	(1.4)	14.8
At end of the year	98.4	91.3

The movements in the fair value of plan assets are as follows:

	2009 HK\$m	2008 HK\$m
At beginning of the year	146.7	135.5
Expected return on plan assets	12.0	9.6
Contribution by employees	2.0	1.7
Contribution by the Group	0.5	0.3
Benefit paid	(3.8)	(3.6)
Net transfer in	0.2	0.3
Actuarial (losses)/gains	(32.8)	2.9
At end of the year	124.8	146.7

Net expenses recognised in the income statement, under administrative expenses, were as follows:

	2009 HK\$m	2008 HK\$m
Current service cost	5.6	3.8
Interest cost	4.5	4.1
Expected return on plan assets	(12.0)	(9.6)
Net actuarial (gains)/losses recognised	(4.3)	4.1
Total included in staff costs (note (a))	(6.2)	2.4

Notes to the Financial Statements (Continued)

15 STAFF COSTS (Continued)

(b) RETIREMENT BENEFIT COSTS (Continued)

(i) *Defined benefit plans (Continued)*

The actual return on plan assets was HK\$2.1 million (2008: HK\$11.6 million).

	2009	2008
The principal actuarial assumptions used were as follows:		
Discount rate	2.8%–3.5%	3.5%
Expected rate of return on plan assets	7.0%	7.0%
Expected rate of future salary increases	0.0%–4.0%	4.0%
Fair value of the plan assets are analysed as follows:		
Equity instruments	66.0%	66.2%
Debt instruments	30.5%	27.1%
Other assets	3.5%	6.7%

The fair value of the plan assets does not include amounts relating to any of the Company's own financial instruments and property occupied by, or other assets used by the Group.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the market.

The Group does not expect to make contributions to its defined benefit plans for the year ending 30 June 2010.

	2009 HK\$m	2008 HK\$m	2007 HK\$m	2006 HK\$m
Present value of defined benefit obligations	(98.4)	(91.3)	(70.2)	(72.6)
Fair value of plan assets	124.8	146.7	135.5	114.2
Surplus	26.4	55.4	65.3	41.6
Experience adjustments on defined benefit obligations	3.1	1.3	1.5	(0.4)
Experience adjustments on plan assets	(32.2)	2.9	18.4	6.7

The Company did not operate any defined benefit plans for its employees.

Notes to the Financial Statements (Continued)

15 STAFF COSTS (Continued)

(b) RETIREMENT BENEFIT COSTS (Continued)

(ii) Defined contribution plans

The Group operates a number of defined contribution retirement schemes in Hong Kong, namely the Occupational Retirement Schemes ("ORSO Schemes") and the Mandatory Provident Fund Schemes ("MPF Schemes"). Contributions to the ORSO Schemes are based on a percentage of employees' salaries ranging from 5.0% to 21.0%, depending upon the length of service of the employees. From 1 December 2000, newly joined employees are compulsorily required to join the MPF Schemes. The Group's contributions to the MPF Schemes are ranging from 5.0% to 15.0% of employees' salaries depending on the length of service of the employees.

The Group also contributes to employee pension schemes established by municipal government in respect of certain subsidiaries and joint ventures in the PRC. The municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group.

The amount charged to the income statement in respect of these schemes was HK\$176.7 million (2008: HK\$172.5 million) after netting off forfeited contributions of HK\$1.6 million (2008: HK\$5.4 million). Forfeited contributions available to reduce future contributions amounted to HK\$0.1 million (2008: HK\$1.0 million).

(c) SHARE OPTIONS

The Company and its subsidiaries, New World China Land Limited ("NWCL"), NWS Holdings Limited ("NWSH"), New World Department Store (China) Limited ("NWDS") and Taifook Securities Group Limited ("Taifook") operate share option schemes whereby options may be granted to eligible employees and Directors, to subscribe for shares of the Company, NWCL, NWSH, NWDS and Taifook respectively.

Details of share options are as follows:

Grantor	Date of grant	Exercise price HK\$	At 1 July 2008	Granted	Adjusted	Exercised	Lapsed/ cancelled	At 30 June 2009	Number of share options exercisable as at 30 June 2009	Note
The Company	19 March 2007	17.756	132,934,000	—	764,081	—	(1,254,135)	132,443,946	123,271,230	(i)
	Weighted average exercise price of each category (HK\$)		17.756	—	17.756	—	17.756	17.756	17.756	
NWCL	25 March 2004 to 26 June 2009	1.500 to 8.070	24,307,600	24,731,200	—	(1,968,750)	(3,280,050)	43,790,000	17,617,370	(ii)
	Weighted average exercise price of each category (HK\$)		6.239	1.784	—	1.746	4.776	4.034	5.126	
NWSH	21 July 2003 to 28 January 2008	3.711 to 20.591	31,117,132	—	—	(314,128)	(994,350)	29,808,654	12,062,726	(iii)
	Weighted average exercise price of each category (HK\$)		16.007	—	—	6.094	10.466	16.296	16.193	
NWDS	27 November 2007 to 25 March 2008	8.440 to 8.660	24,058,000	—	—	—	(1,323,000)	22,735,000	4,547,000	(iv)
	Weighted average exercise price of each category (HK\$)		8.622	—	—	—	8.632	8.622	8.622	
Taifook	5 September 2003 to 1 December 2007	0.907 to 5.875	28,850,000	—	1,013,038	(51,830)	(3,118,220)	26,692,988	26,692,988	(v)
	Weighted average exercise price of each category (HK\$)		6.030	—	5.866	0.907	5.487	5.875	5.875	

Notes to the Financial Statements (Continued)

15 STAFF COSTS (Continued)

(c) SHARE OPTIONS (Continued)

Notes:

- (i) Except for 112,300,000 share options which are exercisable from 19 March 2007 to 18 March 2012, all the outstanding options are divided into 5 tranches and exercisable from 19 March 2007, 19 March 2008, 19 March 2009, 19 March 2010 and 19 March 2011 respectively to 18 March 2012.
- (ii) Except for (1) the 12,760,000 share options with exercise price per share of HK\$6.972 which are divided into 2 tranches and exercisable within a period of 3 years commencing on the expiry of one month after the dates on which the options were accepted; and (2) 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 with a period of 2 years and 4 years commencing on the expiry of one month after the dates on which the options were accepted, all the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.

The fair value of options granted during the year determined using the binomial pricing 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: from 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 times to 1.87 times (2008: 1.5 times 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 NWCL over the past 5 years.
- (iii) The share options are exercisable on or before 21 August 2012.
- (iv) All the outstanding share options are divided into 5 tranches and exercisable during a period of 5 years commencing 1 year after the date of grant when the offer of options were accepted.
- (v) The share options are exercisable on or before 31 May 2016.
- (vi) The binomial pricing model and the Black-Scholes option pricing model requires input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

Notes to the Financial Statements (Continued)

16 EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) DIRECTORS' EMOLUMENTS

Name of Directors	Fees HK\$m	Salaries, allowances and benefits in kind HK\$m	Bonus HK\$m	Retirement schemes contributions HK\$m	Value of share options HK\$m	Total HK\$m
Year ended 30 June 2009						
Dr. Cheng Yu-Tung	0.3	—	—	—	—	0.3
Dr. Cheng Kar-Shun, Henry	0.8	23.1	1.9	1.3	7.3	34.4
Dr. Sin Wai-Kin, David	0.2	—	—	—	—	0.2
Mr. Liang Chong-Hou, David	0.2	—	—	—	—	0.2
Mr. Yeung Ping-Leung, Howard	0.3	—	—	—	—	0.3
Dr. Cha Mou-Sing, Payson	0.3	—	—	—	—	0.3
Mr. Cheng Kar-Shing, Peter	0.4	3.3	0.5	0.3	2.3	6.8
Mr. Leung Chi-Kin, Stewart	0.4	5.3	0.9	0.5	0.2	7.3
Mr. Chow Kwai-Cheung	0.3	4.0	0.7	0.4	1.6	7.0
Mr. Ho Hau-Hay, Hamilton	0.3	—	—	—	—	0.3
Mr. Lee Luen-Wai, John	0.5	—	—	—	0.3	0.8
Mr. Liang Cheung-Biu, Thomas	0.2	—	—	—	—	0.2
Mr. Cheng Chi-Kong, Adrian	0.5	4.0	0.5	0.2	2.8	8.0
Ms. Ki Man-Fung, Leonie	0.1	1.8	0.6	0.4	0.7	3.6
Total	4.8	41.5	5.1	3.1	15.2	69.7
Year ended 30 June 2008						
Dr. Cheng Yu-Tung	0.3	—	—	—	—	0.3
Dr. Cheng Kar-Shun, Henry	0.7	21.6	1.9	1.2	10.4	35.8
Lord Sandberg, Michael	0.3	—	—	—	—	0.3
Dr. Sin Wai-Kin, David	0.2	—	—	—	—	0.2
Mr. Cheng Yue-Pui (deceased)	0.1	—	—	—	—	0.1
Mr. Liang Chong-Hou, David	0.2	—	—	—	—	0.2
Mr. Yeung Ping-Leung, Howard	0.3	—	—	—	—	0.3
Dr. Cha Mou-Sing, Payson	0.3	—	—	—	—	0.3
Mr. Cheng Kar-Shing, Peter	0.4	3.1	0.5	0.3	0.5	4.8
Mr. Leung Chi-Kin, Stewart	0.4	5.0	0.8	0.5	0.1	6.8
Mr. Chow Kwai-Cheung	0.3	3.8	0.6	0.4	0.1	5.2
Mr. Ho Hau-Hay, Hamilton	0.2	—	—	—	—	0.2
Mr. Lee Luen-Wai, John	0.5	—	—	—	0.2	0.7
Mr. Liang Cheung-Biu, Thomas	0.2	—	—	—	—	0.2
Mr. Cheng Chi-Kong, Adrian	0.5	2.8	0.2	0.1	1.5	5.1
Total	4.9	36.3	4.0	2.5	12.8	60.5

Fees paid to independent non-executive directors amounted to HK\$1.4 million (2008: HK\$1.3 million). Other than share options granted to independent non-executive directors, there were no other emoluments paid to independent non-executive directors.

The value of the share options granted to the directors of the Company and the senior management under the share option schemes of the Company and its subsidiaries represents the fair value of these options charged to the income statement for the year in accordance with HKFRS 2.

Notes to the Financial Statements (Continued)

16 EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) FIVE HIGHEST PAID INDIVIDUALS

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

	2009 HK\$m	2008 HK\$m
Salaries and other emoluments	34.0	41.0
Contributions to retirement benefit schemes	1.0	0.9
Share options	6.5	6.7
	41.5	48.6

The emoluments of the individuals fell within the following bands:

Emolument band (HK\$)	2009	2008
9,000,001–9,500,000	2	—
9,500,001–10,000,000	1	—
11,500,001–12,000,000	—	2
12,000,001–12,500,000	—	1
13,000,001–13,500,000	1	1
	4	4

During the year, the Group did not pay the directors or the five highest paid individuals any inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the year.

Notes to the Financial Statements (Continued)

17 INVESTMENT PROPERTIES

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
At beginning of the year	31,577.9	26,252.0	50.0	42.0
Translation differences	—	666.8	—	—
Acquisition of subsidiaries	1,040.0	880.8	—	—
Disposal of subsidiaries	(11.9)	—	—	—
Additions	37.3	253.0	—	—
Transfer to property, plant and equipment, leasehold land and land use rights	(106.1)	(449.6)	—	—
Transfer from properties under development	313.5	—	—	—
Disposals	(1.8)	(47.7)	—	—
Changes in fair value	(1,841.2)	4,022.6	(4.0)	8.0
At end of the year	31,007.7	31,577.9	46.0	50.0

The investment properties were revalued at 30 June 2009 by independent, professionally qualified valuers, Savills Valuation and Professional Services Limited, Vigers Hong Kong Limited and Knight Frank Petty Limited. Valuations were based on market value.

The aggregate fair value of investment properties pledged for the Group's loans and borrowings amounted to HK\$12,651.7 million (2008: HK\$12,845.3 million) (note 42).

The Group's interests in investment properties at their carrying values are analysed as follows:

	2009 HK\$m	2008 HK\$m
In Hong Kong:		
Leases of over 50 years	10,228.8	10,414.8
Leases of between 10 to 50 years	12,460.0	14,091.4
Leases of less than 10 years	83.0	118.0
Outside Hong Kong:		
Leases of over 50 years	149.8	107.4
Leases of between 10 to 50 years	8,057.5	6,846.3
Leases of less than 10 years	28.6	—
	31,007.7	31,577.9

The Company's interests in investment properties are held on leases of over 50 years in Hong Kong.

Notes to the Financial Statements (Continued)

18 PROPERTY, PLANT AND EQUIPMENT

	Group					Company	
	Buildings HK\$m	Toll roads, bridges and port facilities HK\$m	Telecom- munication equipment and systems HK\$m	Others HK\$m	Under construction HK\$m	Total HK\$m	HK\$m
Cost							
At 1 July 2008, as previously reported	4,379.9	2,079.3	2,610.4	5,778.9	935.5	15,784.0	3.3
Prior year adjustment in respect of changes in accounting policy	—	(2,073.3)	—	—	—	(2,073.3)	—
At 1 July 2008, as restated	4,379.9	6.0	2,610.4	5,778.9	935.5	13,710.7	3.3
Translation differences	(10.2)	—	—	(15.0)	—	(25.2)	—
Acquisition of subsidiaries	82.9	—	—	1.8	—	84.7	—
Disposal of subsidiaries	(9.6)	—	—	(52.3)	—	(61.9)	—
Additions	3.6	—	121.8	804.6	423.8	1,353.8	—
Transfer from investment properties	61.8	—	—	—	—	61.8	—
Transfer from properties under development	892.8	—	—	—	—	892.8	—
Transfer upon completion	466.9	—	—	458.1	(1,048.0)	(123.0)	—
Disposals	(73.3)	(6.0)	(0.1)	(346.3)	—	(425.7)	—
At 30 June 2009	5,794.8	—	2,732.1	6,629.8	311.3	15,468.0	3.3
Accumulated depreciation and impairment							
At 1 July 2008, as previously reported	1,165.6	922.4	2,400.3	4,074.6	79.9	8,642.8	3.3
Prior year adjustment in respect of changes in accounting policy	—	(919.8)	—	—	—	(919.8)	—
At 1 July 2008, as restated	1,165.6	2.6	2,400.3	4,074.6	79.9	7,723.0	3.3
Translation differences	(7.3)	—	—	(4.8)	—	(12.1)	—
Disposal of subsidiaries	(8.8)	—	—	(29.6)	—	(38.4)	—
Depreciation	149.2	—	43.1	449.2	—	641.5	—
Impairment	160.9	—	—	4.9	5.8	171.6	—
Disposals	(16.3)	(2.6)	—	(327.6)	—	(346.5)	—
At 30 June 2009	1,443.3	—	2,443.4	4,166.7	85.7	8,139.1	3.3
Net book value							
At 30 June 2009	4,351.5	—	288.7	2,463.1	225.6	7,328.9	—

Notes to the Financial Statements (Continued)

18 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group					Company	
	Buildings HK\$m	Toll roads, bridges and port facilities HK\$m	Telecom- munication equipment and systems HK\$m	Others HK\$m	Under construction HK\$m	Total HK\$m	HK\$m
Cost							
At 1 July 2007, as previously reported	2,879.3	2,144.3	2,465.9	4,972.9	542.3	13,004.7	3.3
Prior year adjustment in respect of changes in accounting policy	—	(2,132.5)	—	—	—	(2,132.5)	—
At 1 July 2007, as restated	2,879.3	11.8	2,465.9	4,972.9	542.3	10,872.2	3.3
Translation differences	194.0	0.6	—	218.2	5.7	418.5	—
Acquisition of subsidiaries	442.5	—	—	26.9	—	469.4	—
Disposal of subsidiaries	(14.1)	(6.4)	—	(46.1)	—	(66.6)	—
Deconsolidation of subsidiaries (note 48(f))	—	—	—	(6.5)	—	(6.5)	—
Additions	170.5	—	67.3	625.7	475.4	1,338.9	—
Transfer from investment properties	166.3	—	—	—	—	166.3	—
Transfer from properties under development	570.5	—	—	—	—	570.5	—
Transfer upon completion	—	—	77.7	9.7	(87.4)	—	—
Disposals	(29.1)	—	(0.5)	(21.9)	(0.5)	(52.0)	—
At 30 June 2008	4,379.9	6.0	2,610.4	5,778.9	935.5	13,710.7	3.3
Accumulated depreciation and impairment							
At 1 July 2007, as previously reported	961.6	859.5	2,076.5	3,526.4	9.7	7,433.7	3.3
Prior year adjustment in respect of changes in accounting policy	—	(852.3)	—	—	—	(852.3)	—
At 1 July 2007, as restated	961.6	7.2	2,076.5	3,526.4	9.7	6,581.4	3.3
Translation differences	56.9	0.3	—	136.3	2.6	196.1	—
Disposal of subsidiaries	(8.1)	(5.5)	—	(24.1)	—	(37.7)	—
Deconsolidation of subsidiaries (note 48(f))	—	—	—	(5.3)	—	(5.3)	—
Depreciation	141.5	0.6	89.9	437.1	—	669.1	—
Impairment	22.0	—	233.9	14.9	67.6	338.4	—
Disposals	(8.3)	—	—	(10.7)	—	(19.0)	—
At 30 June 2008	1,165.6	2.6	2,400.3	4,074.6	79.9	7,723.0	3.3
Net book value							
At 30 June 2008, as restated	3,214.3	3.4	210.1	1,704.3	855.6	5,987.7	—

The aggregate net book value of property, plant and equipment pledged as securities for loans amounted to HK\$1,837.6 million (2008: HK\$1,573.6 million) (note 42).

Notes to the Financial Statements (Continued)

19 LEASEHOLD LAND AND LAND USE RIGHTS

	Group		Company	
	2009	2008	2009	2008
	HK\$m	HK\$m	HK\$m	HK\$m
In Hong Kong:				
Leases of over 50 years	905.0	921.1	0.5	0.5
Leases of between 10 to 50 years	2,094.5	2,174.8	—	—
Outside Hong Kong:				
Leases of over 50 years	14.3	15.5	—	—
Leases of between 10 to 50 years	2,054.0	1,831.0	—	—
Leases of less than 10 years	8.0	8.3	—	—
	5,075.8	4,950.7	0.5	0.5

	Group		Company	
	2009	2008	2009	2008
	HK\$m	HK\$m	HK\$m	HK\$m
At beginning of the year	4,950.7	2,461.9	0.5	0.5
Translation differences	—	109.8	—	—
Additions	5.5	1,715.3	—	—
Acquisition of subsidiaries	253.8	385.5	—	—
Disposals of subsidiaries	(0.7)	(5.7)	—	—
Transfer from properties under development	150.2	72.9	—	—
Transfer upon completion	123.0	—	—	—
Transfer from investment properties	44.3	283.3	—	—
Disposals	(53.5)	(3.2)	—	—
Impairment	(273.5)	(1.9)	—	—
Amortisation	(124.0)	(67.2)	—	—
At end of the year	5,075.8	4,950.7	0.5	0.5

Interests in leasehold land and land use rights represent prepaid operating lease payments.

Bank borrowings are secured on leasehold land and land use rights with an aggregate carrying amount of HK\$1,221.7 million (2008: HK\$1,578.8 million) (note 42).

Notes to the Financial Statements (Continued)

20 INTANGIBLE CONCESSION RIGHTS

	Group	
	2009 HK\$m	2008 HK\$m (restated)
Cost		
At beginning of the year, as previously reported	—	—
Prior year adjustments in respect of changes in accounting policy	2,073.3	2,132.5
At beginning of the year, as restated	2,073.3	2,132.5
Translation differences	—	239.4
Disposal of subsidiaries	(186.6)	—
Deconsolidation of subsidiaries (<i>note 48(f)</i>)	—	(298.6)
Disposals	(193.0)	—
At end of the year	1,693.7	2,073.3
Accumulated amortisation and impairment		
At beginning of the year, as previously reported	—	—
Prior year adjustments in respect of changes in accounting policy	919.8	852.3
At beginning of the year, as restated	919.8	852.3
Translation differences	—	69.7
Disposal of subsidiaries	(70.7)	—
Deconsolidation of subsidiaries (<i>note 48(f)</i>)	—	(120.4)
Amortisation	69.3	89.9
Impairment	—	28.3
Disposals	(58.8)	—
At end of the year	859.6	919.8
Net book value		
At end of the year	834.1	1,153.5

Notes to the Financial Statements (Continued)

21 INTANGIBLE ASSETS

	Group				
	Goodwill HK\$m	Trademark and licences HK\$m	Development costs HK\$m	Operating right HK\$m	Total HK\$m
Cost					
At 1 July 2008	1,109.4	159.3	12.2	232.3	1,513.2
Additions	—	1.3	—	335.1	336.4
Acquisition of subsidiaries	40.6	—	—	—	40.6
At 30 June 2009	1,150.0	160.6	12.2	567.4	1,890.2
Accumulated depreciation and impairment					
At 1 July 2008	83.9	7.7	12.2	—	103.8
Amortisation	—	7.7	—	7.8	15.5
Impairment	85.6	1.3	—	—	86.9
At 30 June 2009	169.5	16.7	12.2	7.8	206.2
Net book value					
At 30 June 2009	980.5	143.9	—	559.6	1,684.0

	Group					
	Goodwill HK\$m	Computer software HK\$m	Trademark and licences HK\$m	Development costs HK\$m	Operating right HK\$m	Total HK\$m
Cost						
At 1 July 2007	783.3	401.2	159.3	15.0	—	1,358.8
Translation differences	2.6	—	—	—	—	2.6
Additions	—	—	—	1.8	232.3	234.1
Acquisition of subsidiaries	5.9	—	—	—	—	5.9
Acquisition of additional interests in subsidiaries	323.1	—	—	—	—	323.1
Written off	(5.5)	(401.2)	—	(4.6)	—	(411.3)
At 30 June 2008	1,109.4	—	159.3	12.2	232.3	1,513.2
Accumulated depreciation and impairment						
At 1 July 2007	86.5	401.2	—	8.1	—	495.8
Amortisation	—	—	7.7	3.5	—	11.2
Written off	(5.5)	(401.2)	—	(4.6)	—	(411.3)
Impairment	2.9	—	—	5.2	—	8.1
At 30 June 2008	83.9	—	7.7	12.2	—	103.8
Net book value						
At 30 June 2008	1,025.5	—	151.6	—	232.3	1,409.4

Notes to the Financial Statements (Continued)

21 INTANGIBLE ASSETS (Continued)

IMPAIRMENT TEST FOR GOODWILL

Goodwill is allocated to the Group's cash-generating units identified according to country of operation and business segments. For the purpose of impairment test, the recoverable amount of the business unit is determined based on value-in-use calculations. 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 0% to 5.0% are determined by considering both internal and external factors relating to the relevant segments. Discount rates used with range from 4.3% to 7.8% also reflect specific risks relating to the relevant segments. Assuming no growth rate is applied and the discount rates increase by 100 basis points, there is still enough headroom and no further impairment charge is required for the goodwill at 30 June 2009.

A summary of the goodwill allocation to segments is set out below:

	2009			2008		
	Hong Kong and others HK\$m	Mainland China HK\$m	Total HK\$m	Hong Kong and others HK\$m	Mainland China HK\$m	Total HK\$m
Property investment	—	5.9	5.9	—	5.9	5.9
Property development	—	109.5	109.5	—	154.5	154.5
Service and infrastructure	865.1	—	865.1	865.1	—	865.1
	865.1	115.4	980.5	865.1	160.4	1,025.5

22 SUBSIDIARIES

	Company	
	2009 HK\$m	2008 HK\$m
Unlisted shares, at cost less provision	1,602.1	1,597.1
Listed shares in Hong Kong, at cost	24,835.4	24,679.7
	26,437.5	26,276.8
Amounts receivable less provision	38,888.0	37,805.1
	65,325.5	64,081.9
Amounts payable	(22,079.9)	(21,205.3)
	43,245.6	42,876.6
Market value of listed shares	35,396.4	43,158.1

The amounts receivable and payable are unsecured, interest free, have no fixed repayment terms, and their carrying amounts are not materially different from their fair values.

Details of principal subsidiaries are given in note 51.

Notes to the Financial Statements (Continued)

23 INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2009 HK\$m	2008 HK\$m (restated)	2009 HK\$m	2008 HK\$m
Equity joint ventures				
Group's share of net assets	3,464.7	3,270.8	—	—
Goodwill on acquisition	2.2	2.2	—	—
Amounts receivable less provision (note (a))	276.4	140.5	—	—
Amounts payable (note (b))	(22.1)	(32.9)	—	—
	3,721.2	3,380.6	—	—
Co-operative joint ventures				
Cost of investment less provision	7,374.8	7,350.5	—	—
Share of undistributed post-acquisition results	1,233.3	1,033.1	—	—
Amounts receivable less provision (note (a))	7,528.7	8,273.5	—	—
Amounts payable (note (b))	(1,431.4)	(2,106.7)	—	—
	14,705.4	14,550.4	—	—
Companies limited by shares				
Group's share of net assets	6,778.8	5,764.3	—	—
Goodwill on acquisition	347.7	132.5	—	—
Amounts receivable less provision (note (a))	4,064.8	7,126.2	173.5	177.4
Amounts payable (note (b))	(502.4)	(476.6)	—	—
	10,688.9	12,546.4	173.5	177.4
Wholly foreign owned enterprises				
Group's share of net assets	1,499.2	—	—	—
Amounts receivable less provision (note (a))	184.0	—	—	—
Amounts payable (note (b))	(34.6)	—	—	—
	1,648.6	—	—	—
Deposits paid for joint ventures (note (c))	1,154.4	69.7	—	—
	31,918.5	30,547.1	173.5	177.4

Notes to the Financial Statements (Continued)

23 INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Notes:

(a) Amounts receivable are analysed as follows:

	Group	
	2009	2008
	HK\$m	HK\$m
Interest bearing		
Fixed rates (note (i))	2,636.3	4,615.8
Variable rates (note (ii))	3,185.0	1,207.7
Non-interest bearing (note (iii))	6,232.6	9,716.7
	12,053.9	15,540.2

(i) Carry interest rates ranging from 6.0% to 10.0% (2008: 6.0% to 10.0%) per annum.

(ii) Carry interest rates ranging from 1.0% over London Interbank Offered Rate to Prime Rate offered by banks in Hong Kong (2008: 0.6% above HIBOR to Prime Rate offered by banks in Hong Kong) per annum.

(iii) The amounts include HK\$173.5 million (2008: HK\$177.4 million) due to the Company.

The repayment terms of the interest bearing receivables are specified in the relevant joint venture agreements and their carrying amounts are not materially different from their fair values. These amounts are unsecured.

(b) The amounts payable are unsecured, interest free and repayable on demand and their carrying amounts are not materially different from their fair values.

(c) These represent advances in respect of proposed joint ventures for which the jointly controlled entities have not yet been established as at the balance sheet date and only preliminary agreements have been signed. Upon the completion of the relevant joint venture contracts and the establishment of the respective jointly controlled entities, the relevant amounts will be reclassified to investments in jointly controlled entities.

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

	2009	2008
	HK\$m	HK\$m
		(restated)
Revenues	6,722.1	14,130.1
Profit after taxation	2,055.6	3,613.4
Non-current assets	32,934.6	27,405.8
Current assets	18,636.9	26,348.3
Non-current liabilities	(17,784.3)	(19,062.4)
Current liabilities	(13,436.4)	(17,273.0)
Net assets	20,350.8	17,418.7

(e) Details of principal jointly controlled entities are given in note 52.

Notes to the Financial Statements (Continued)

24 INTERESTS IN ASSOCIATED COMPANIES

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Group's share of net assets				
Listed shares in Hong Kong	900.8	889.6	—	—
Listed shares in Mainland China (note (a))	—	252.5	—	—
Unlisted shares	4,101.1	5,154.2	5.8	6.8
	5,001.9	6,296.3	5.8	6.8
Goodwill	1,055.4	1,225.8	—	—
Amounts receivable less provision (note (b))	2,289.8	3,229.5	580.9	588.3
Amounts payable (note (c))	(518.8)	(588.3)	(60.2)	(56.5)
	1,771.0	2,641.2	520.7	531.8
	7,828.3	10,163.3	526.5	538.6
Market value of listed shares	286.6	1,602.1	—	—

Notes:

(a) During the year, listed shares in Mainland China had been reclassified as non-current assets classified as assets held for sale (note 39).

(b) Amounts receivable are analysed as follows:

	Group	
	2009 HK\$m	2008 HK\$m
Interest bearing		
Fixed rates (note (i))	104.7	104.7
Variable rates (note (ii))	—	136.6
Non-interest bearing (note (iii))	2,185.1	2,988.2
	2,289.8	3,229.5

(i) Carry interest rates of 8.0% (2008: 8.0%) per annum.

(ii) There was no interest bearing receivables at variable rates at 30 June 2009. At 30 June 2008, the amounts carried interest rates ranging from HIBOR plus 0.6% to Prime Rate offered by banks in Hong Kong per annum.

(iii) The amounts include HK\$580.9 million (2008: HK\$588.3 million) due to the Company.

The interest bearing receivables are unsecured and not repayable within 12 months. Their carrying amounts are not materially different from their fair values.

Notes to the Financial Statements (Continued)

24 INTERESTS IN ASSOCIATED COMPANIES (Continued)

Notes: (Continued)

(c) The amounts payable are unsecured, interest free and have no fixed terms of repayment. The carrying amounts of amounts payable are not materially different from their fair values.

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

	2009 HK\$m	2008 HK\$m
Revenues	2,099.5	4,017.0
Profit after taxation	67.9	96.4
Non-current assets	7,722.4	11,525.0
Current assets	1,879.1	4,570.9
Non-current liabilities	(2,119.9)	(5,091.2)
Current liabilities	(2,479.7)	(4,708.4)
Net assets	5,001.9	6,296.3

(e) Details of principal associated companies are given in note 53.

25 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Non-current				
Equity securities				
Unlisted shares and investments, at fair value	2,765.9	2,938.6	19.8	22.7
Listed shares, at market value				
Hong Kong	2,301.3	925.1	—	—
Overseas	432.1	893.8	—	—
Debt securities				
Unlisted debentures and convertible bonds, at fair value	10.0	39.0	—	—
	5,509.3	4,796.5	19.8	22.7
Current				
Equity securities				
Listed overseas, at market value	105.9	—	—	—
	5,615.2	4,796.5	19.8	22.7

Notes to the Financial Statements (Continued)

25 AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

An analysis of the issuers of available-for-sale financial assets is as follows:

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Equity securities				
Public sector entities	62.3	33.3	—	—
Bank and other financial institutions	173.1	188.5	—	—
Corporate entities	5,369.8	4,535.7	19.8	22.7
Debt securities				
Public sector entities	—	29.0	—	—
Corporate entities	10.0	10.0	—	—
	5,615.2	4,796.5	19.8	22.7

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

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Hong Kong dollar	3,904.9	2,541.5	10.9	10.9
Japanese Yen	695.6	674.3	—	—
Renminbi	587.6	915.1	8.9	11.8
United States dollar	257.4	274.9	—	—
Thai Baht	141.3	364.2	—	—
Others	28.4	26.5	—	—
	5,615.2	4,796.5	19.8	22.7

26 HELD-TO-MATURITY INVESTMENTS

	Group	
	2009 HK\$m	2008 HK\$m
Debt securities		
Unlisted debentures	34.6	33.4

Notes to the Financial Statements (Continued)

27 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2009	2008
	HK\$m	HK\$m
Interest rate swaps	152.1	—

The fair value of these interest rate swaps are classified as non-current items as the remaining maturities are more than 12 months.

The notional principal amounts of the outstanding interest rate swap contracts as at 30 June 2009 were HK\$2,000.0 million.

28 PROPERTIES FOR DEVELOPMENT

	Group	
	2009	2008
	HK\$m	HK\$m
Land cost	8,631.7	9,136.3
Development cost	3,287.0	2,918.8
	11,918.7	12,055.1
Provision	(766.0)	(880.2)
	11,152.7	11,174.9

The carrying value of properties is analysed as follows:

	Group	
	2009	2008
	HK\$m	HK\$m
In Hong Kong:		
Leases of over 50 years	181.5	40.8
Leases of between 10 to 50 years	3,567.1	4,137.8
Outside Hong Kong:		
Freehold	93.1	95.4
Leases of over 50 years	5,583.6	5,052.0
Leases of between 10 to 50 years	1,727.4	1,848.9
	11,152.7	11,174.9

Notes to the Financial Statements (Continued)

29 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the balance sheet.

	Group		Company	
	2009	2008	2009	2008
	HK\$m	HK\$m	HK\$m	HK\$m
		(restated)		
Deferred tax assets	476.5	322.2	—	—
Deferred tax liabilities	(5,096.2)	(5,142.8)	(6.2)	(6.8)
	(4,619.7)	(4,820.6)	(6.2)	(6.8)
At beginning of the year, as previously reported	(4,789.9)	(3,997.4)	(6.8)	(5.0)
Prior year adjustments in respect of changes in accounting policy	(30.7)	(30.7)	—	—
At beginning of the year, as restated	(4,820.6)	(4,028.1)	(6.8)	(5.0)
Translation differences	(0.3)	(66.1)	—	—
Disposal of subsidiaries	7.8	45.0	—	—
Credited/(charged) to income statement (<i>note 11</i>)	454.7	(517.0)	0.6	(1.8)
Charged to reserves	(51.1)	(55.0)	—	—
Acquisition of subsidiaries	(210.2)	(199.2)	—	—
Deconsolidation of subsidiaries (<i>note 48(f)</i>)	—	(0.2)	—	—
At end of the year	(4,619.7)	(4,820.6)	(6.2)	(6.8)

Notes to the Financial Statements (Continued)

29 DEFERRED TAXATION (Continued)

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

GROUP

DEFERRED TAX ASSETS

	Provisions		Accelerated accounting depreciation		Tax losses		Unrealised intra-group profit		Other items		Total	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m (restated)	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m (restated)	2009 HK\$m	2008 HK\$m (restated)
At beginning of the year, as previously reported	13.7	16.9	27.1	25.5	109.5	113.7	276.3	58.0	47.8	34.5	474.4	248.6
Prior year adjustments in respect of changes in accounting policy	—	—	—	(1.1)	—	—	—	—	—	1.6	—	0.5
At beginning of the year, as restated	13.7	16.9	27.1	24.4	109.5	113.7	276.3	58.0	47.8	36.1	474.4	249.1
Translation differences	—	1.6	(0.1)	—	—	8.3	—	—	—	4.2	(0.1)	14.1
Deconsolidation of subsidiaries	—	—	—	—	—	—	—	—	—	(0.2)	—	(0.2)
(Charged)/credited to income statement	(0.3)	(4.8)	(3.2)	2.7	53.2	(12.5)	45.6	218.3	8.9	7.7	104.2	211.4
At end of the year	13.4	13.7	23.8	27.1	162.7	109.5	321.9	276.3	56.7	47.8	578.5	474.4

DEFERRED TAX LIABILITIES

	Accelerated tax depreciation		Valuation of properties		Income from sales of properties		Fair value adjustments of properties on acquisition		Amortisation of intangible concession rights		Undistributed profits of subsidiaries, jointly controlled entities and associated companies		Other items		Total	
	2009 HK\$m	2008 HK\$m (restated)	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m (restated)	2009 HK\$m	2008 HK\$m (restated)	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m (restated)
At beginning of the year, as previously reported	(1,634.7)	(1,660.9)	(2,763.0)	(2,229.9)	(21.9)	(31.5)	(621.5)	(287.6)	(93.9)	—	(68.8)	—	(91.2)	(36.1)	(5,295.0)	(4,246.0)
Prior year adjustments in respect of changes in accounting policy	—	71.5	—	—	—	—	—	—	—	(71.5)	—	(31.2)	—	—	—	(31.2)
At beginning of the year, as restated	(1,634.7)	(1,589.4)	(2,763.0)	(2,229.9)	(21.9)	(31.5)	(621.5)	(287.6)	(93.9)	(71.5)	(68.8)	(31.2)	(91.2)	(36.1)	(5,295.0)	(4,277.2)
Translation differences	—	(22.9)	(0.1)	(26.6)	—	1.9	(0.1)	(24.3)	—	(8.2)	—	0.2	—	(0.3)	(0.2)	(80.2)
Disposal of subsidiaries	0.2	—	1.4	—	—	—	—	45.0	6.2	—	—	—	—	—	7.8	45.0
(Charged)/credited to income statement	(64.7)	(22.4)	327.4	(467.0)	14.2	7.7	71.6	(194.9)	6.5	(14.2)	(1.5)	(37.8)	(3.0)	0.2	350.5	(728.4)
Charged to investment revaluation reserve	—	—	—	—	—	—	—	—	—	—	—	—	(51.1)	(55.0)	(51.1)	(55.0)
Acquisition of subsidiaries	—	—	—	(39.5)	—	—	(210.2)	(159.7)	—	—	—	—	—	—	(210.2)	(199.2)
At end of the year	(1,699.2)	(1,634.7)	(2,434.3)	(2,763.0)	(7.7)	(21.9)	(760.2)	(621.5)	(81.2)	(93.9)	(70.3)	(68.8)	(145.3)	(91.2)	(5,198.2)	(5,295.0)

Notes to the Financial Statements (Continued)

29 DEFERRED TAXATION (Continued)

Deferred tax liabilities of the Company amounting to HK\$6.2 million (2008: HK\$6.8 million) are arising from valuation of properties held.

Deferred tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$9,545.3 million (2008: HK\$8,141.8 million) to carry forward for offsetting against future taxable income. These tax losses have no expiry dates except for the tax losses of HK\$889.3 million (2008: HK\$683.6 million) which will expire at various dates up to and including 2014 (2008: 2013).

As at 30 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\$1 billion (2008: HK\$1 billion), as the Directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

30 OTHER NON-CURRENT ASSETS

	Group	
	2009 HK\$m	2008 HK\$m
Deposits for proposed investments (<i>note (a)</i>)	—	—
Retirement benefit assets (<i>note 15(b)(i)</i>)	28.5	21.8
Long-term receivables (<i>note (b)</i>)	605.1	797.0
Long-term prepayments and deposits	864.0	414.7
Restricted bank deposits (<i>note 37</i>)	26.1	40.9
Others	8.5	10.4
	1,532.2	1,284.8

Notes:

(a) DEPOSITS FOR PROPOSED INVESTMENTS

Deposits for proposed investments include deposits and loan totalling approximately HK\$2,160.0 million made by NWTMT, a wholly owned subsidiary, to a company established in the PRC ("PRC Entity") in 2002 in connection with the proposed investment of up to 70.0% interest in a fibre optic backbone network in the PRC.

In June 2004, NWTMT requested to withdraw from the proposed investment and demanded for repayment, however, there is no repayment of the amounts owed to NWTMT.

The Directors have taken into consideration the uncertainties in recovering the amounts owed to NWTMT and have concluded that a full provision of HK\$2,160.0 million made in previous year against the deposits and loan made to the PRC Entity remains most appropriate for the purpose of the financial statements for the year ended 30 June 2009.

(b) LONG-TERM RECEIVABLES

	Group	
	2009 HK\$m	2008 HK\$m
Accounts receivable, net of provision	607.1	751.9
Other loans	149.1	192.8
	756.2	944.7
Amounts receivable within one year included in debtors and prepayments	(151.1)	(147.7)
	605.1	797.0

Notes to the Financial Statements (Continued)

31 PROPERTIES UNDER DEVELOPMENT

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Land cost	10,446.6	9,968.4	—	360.9
Development cost	6,119.0	8,606.4	—	796.5
	16,565.6	18,574.8	—	1,157.4
Provision	(301.5)	(165.2)	—	—
	16,264.1	18,409.6	—	1,157.4

The carrying value of properties is analysed as follows:

	Group	
	2009 HK\$m	2008 HK\$m
In Hong Kong:		
Leases of over 50 years	1,177.5	1,105.1
Leases of between 10 to 50 years	7,518.7	9,331.0
Outside Hong Kong:		
Leases of over 50 years	5,920.4	6,462.1
Leases of between 10 to 50 years	1,647.5	1,511.4
	16,264.1	18,409.6

The Group's aggregate carrying value of properties under development pledged as securities for borrowings amounted to HK\$7,290.0 million (2008: HK\$8,479.7 million) (note 42).

As at 30 June 2008, the Company's properties under development were pledged as securities (note 42) and were held on leases of between 10 to 50 years in Hong Kong.

Notes to the Financial Statements (Continued)

32 PROPERTIES HELD FOR SALE

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Land cost	6,280.7	2,466.7	353.2	—
Development cost	8,774.2	4,206.5	1,040.9	—
	15,054.9	6,673.2	1,394.1	—
Provision	(489.4)	(771.5)	—	—
	14,565.5	5,901.7	1,394.1	—

The carrying value of properties is analysed as follows:

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
In Hong Kong:				
Leases of over 50 years	230.5	22.1	—	—
Leases of between 10 to 50 years	11,969.8	4,362.2	1,394.1	—
Outside Hong Kong:				
Freehold	45.9	49.9	—	—
Leases of over 50 years	2,298.6	1,367.0	—	—
Leases of between 10 to 50 years	20.7	100.5	—	—
	14,565.5	5,901.7	1,394.1	—

The Group's and the Company's aggregate carrying value of properties held for sale pledged as securities for borrowings amounted to HK\$10,357.4 million (2008: HK\$2,493.9 million) and HK\$1,394.1 million (2008: Nil) respectively (note 42).

Notes to the Financial Statements (Continued)

33 STOCKS

	Group	
	2009	2008
	HK\$m	HK\$m
Raw materials	35.6	30.8
Work-in-progress	22.9	47.3
Finished goods	344.4	376.1
	402.9	454.2

34 DEBTORS AND PREPAYMENTS

	Group		Company	
	2009	2008	2009	2008
	HK\$m	HK\$m	HK\$m	HK\$m
Trade debtors (<i>note (a)</i>)	7,499.5	6,093.1	—	—
Advances to customers (<i>note (d)</i>)	1,726.7	1,863.6	—	—
Amounts due from customers for contract work (<i>note 38</i>)	70.4	390.0	—	—
Retention receivable for contract work	1,335.7	1,331.1	—	—
Deposits, prepayments and other debtors	10,282.4	9,219.7	95.8	103.7
	20,914.7	18,897.5	95.8	103.7

Notes to the Financial Statements (Continued)

34 DEBTORS AND PREPAYMENTS (Continued)

Notes:

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

Aging analysis of trade debtors is as follows:

	Group	
	2009	2008
	HK\$m	HK\$m
Current to 30 days	6,630.5	4,671.4
31 to 60 days	316.4	488.5
Over 60 days	552.6	933.2
	7,499.5	6,093.1

There is no concentration of credit risk with respect to trade debtors as the customer bases are widely dispersed in different sectors and industries.

- (b) At 30 June 2009, 89.0% (2008: 80.0%) of trade debtors is neither past due nor impaired, and trade debtors of HK\$784.2 million (2008: HK\$876.4 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debtors is as follows:

	Group	
	2009	2008
	HK\$m	HK\$m
Current to 30 days	323.6	226.9
31 to 60 days	101.1	105.6
Over 60 days	359.5	543.9
	784.2	876.4

At 30 June 2009, trade debtors of HK\$163.5 million (2008: HK\$244.3 million) were impaired. The amount of the provision was HK\$159.3 million (2008: HK\$243.6 million). The aging of these debtors is as follows:

	Group	
	2009	2008
	HK\$m	HK\$m
Current to 30 days	0.1	2.2
31 to 60 days	1.3	1.7
Over 60 days	162.1	240.4
	163.5	244.3

Notes to the Financial Statements (Continued)

34 DEBTORS AND PREPAYMENTS (Continued)

Notes: (Continued)

(c) Movements on the provision for impairment of trade debtors are as follows:

	Group	
	2009	2008
	HK\$m	HK\$m
At beginning of the year	243.6	277.2
Translation differences	—	3.5
Increase in provision recognised in profit or loss	45.6	75.5
Amounts recovered	(3.5)	(11.8)
Amounts written off during the year	(126.4)	(100.8)
At end of the year	159.3	243.6

(d) The Group has made loans to margin clients for its securities businesses. The majority of the loans to margin client are secured by the underlying pledged securities and are interest bearing. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. As at 30 June 2009, the total undiscounted market value of securities pledged as collateral in respect of the loans to margin clients was HK\$10,759.3 million (2008: HK\$21,293.0 million).

The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call upon which the customers are required to make good the shortfall.

Among the advances to customers, HK\$1,604.1 million, HK\$122.6 million and HK\$7.7 million represent advances that are neither past due nor impaired, advances being past due but not impaired and impaired loans respectively. The amount that is past due but not impaired represents 7.1% of the advance to customers. An impairment allowance of HK\$7.7 million has been provided (2008: HK\$7.8 million).

Advances to customers classified under past due but not impaired represent those receivables from customers who have outstanding unfilled margin call positions.

At 30 June 2009, approximately 5.1%, 0.3% and 1.7% of the entire advances to customers are overdue for 0 to 30 days, 31 to 90 days and above 90 days respectively. All the above overdue advances to customers are fully secured by listed securities held by the Group as collateral with undiscounted market value of HK\$1,434.0 million.

(e) The carrying amounts of the debtors and prepayments, which approximate their fair values, are denominated in the following currencies:

	Group		Company	
	2009	2008	2009	2008
	HK\$m	HK\$m	HK\$m	HK\$m
Hong Kong dollar	9,985.0	8,072.0	95.8	103.7
Renminbi	9,352.0	8,654.0	—	—
Macau Pataca	1,159.2	1,815.3	—	—
United States dollar	246.1	327.2	—	—
Others	172.4	29.0	—	—
	20,914.7	18,897.5	95.8	103.7

(f) Except for the advances to customers which are secured by the underlying pledged securities (note (b)) and hence subjected to minimum credit risk, the Group does not hold any collateral as security for the remaining debtors and prepayments balances. The maximum exposure of the remaining debtors and prepayment balances to credit risk at the reporting date is the carrying value mentioned above.

Notes to the Financial Statements (Continued)

35 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009 HK\$m	2008 HK\$m
Non-current		
Unlisted equity securities, at fair value	378.1	—
Unlisted debt securities, at fair value	—	1,194.4
	378.1	1,194.4
Current		
Unlisted securities, at fair value		
Equity securities	34.0	359.5
Debt securities	4.4	53.1
Listed shares, at market value		
Hong Kong	24.9	174.6
Overseas	—	42.7
	63.3	629.9
Total	441.4	1,824.3
Held for trading	58.9	576.8
Designated as financial assets at fair value through profit or loss	382.5	1,247.5
Total	441.4	1,824.3

An analysis of the issuers of financial assets at fair value through profit or loss is as follows:

	Group	
	2009 HK\$m	2008 HK\$m
Equity securities		
Bank and other financial institutions	32.1	87.0
Corporate entities	404.9	489.8
Debt securities		
Bank and other financial institutions	4.4	53.1
Corporate entities	—	1,194.4
	441.4	1,824.3

Notes to the Financial Statements (Continued)

35 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The financial assets at fair value through profit or loss are denominated in the following currencies:

	Group	
	2009	2008
	HK\$m	HK\$m
Hong Kong dollar	27.4	172.0
Renminbi	359.9	1,480.6
United States dollar	54.1	122.3
Others	—	49.4
	441.4	1,824.3

36 CASH HELD ON BEHALF OF CUSTOMERS

The cash held on behalf of customer is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance. Accordingly, the Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its securities businesses. The Group has classified the customers' monies as cash held on behalf of customers and recognised the corresponding accounts payable to respective clients in creditors and accrued charges on the grounds that it is liable for any loss or misappropriation of clients' monies.

37 CASH AND BANK BALANCES

	Group		Company	
	2009	2008	2009	2008
	HK\$m	HK\$m	HK\$m	HK\$m
Cash and bank balances	9,725.9	6,993.5	30.2	1.2
Bank deposits				
Restricted	283.3	677.8	—	—
Unrestricted	4,354.1	6,132.6	—	—
Cash and bank balances	14,363.3	13,803.9	30.2	1.2
Restricted bank deposits included in other non-current assets	(26.1)	(40.9)	—	—
	14,337.2	13,763.0	30.2	1.2

The effective interest rates on bank deposits range from 0.0001% to 4.14% (2008: 0.5% to 4.7%) per annum and these deposits have maturities ranging from 2 to 730 days (2008: 1 to 365 days).

Notes to the Financial Statements (Continued)

37 CASH AND BANK BALANCES (Continued)

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

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Hong Kong dollar	4,575.6	4,464.2	30.2	1.2
Renminbi	7,689.6	7,064.2	—	—
United States dollar	1,714.3	2,094.8	—	—
Others	383.8	180.7	—	—
	14,363.3	13,803.9	30.2	1.2

Restricted bank deposits are funds which are pledged to secure certain short-term borrowings and long-term borrowings (note 42).

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.

38 AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	Group	
	2009 HK\$m	2008 HK\$m
Contract costs incurred plus attributable profits less foreseeable losses	32,107.9	25,991.2
Progress payments received and receivable	(32,517.5)	(26,290.4)
	(409.6)	(299.2)
Representing:		
Gross amounts due from customers for contract work (note 34)	70.4	390.0
Gross amounts due to customers for contract work (note 44)	(480.0)	(689.2)
	(409.6)	(299.2)

Notes to the Financial Statements (Continued)

39 NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE

	Group	
	2009 HK\$m	2008 HK\$m
Listed securities at market value (note (i))		
Equity securities listed in Hong Kong	10.8	—
Equity securities listed in Mainland China	255.0	—
Interest in a jointly controlled entity (note (iii))	1,025.2	—
Total	1,291.0	—

Notes:

- (i) As at 30 June 2009, balance represents the carrying amount of assets previously classified as associated companies.
- (ii) In April 2009, the Group entered into an agreement to dispose of 50.0% equity interest in Shanghai Juyi Real Estate Development Co., Ltd. ("Juyi") which is engaged in property development in PRC, at a consideration of not less than HK\$953.2 million, subject to adjustment for any changes in the attributable net asset value of Juyi as at the date of completion which in any event not exceeding HK\$1,174.5 million. The completion is expected to be on or before 30 November 2009. After the completion, the Group will cease to have any interest in Juyi.

Include in the balance is an amount due from Juyi of HK\$170.4 million which is unsecured, interest free and repayable on demand.

40 SHARE CAPITAL

	2009		2008	
	Number of shares (million)	HK\$m	Number of shares (million)	HK\$m
Authorised:				
Shares of HK\$1.00 each	10,000.0	10,000.0	10,000.0	10,000.0
Issued and fully paid:				
Shares of HK\$1.00 each				
At beginning of the year	3,736.5	3,736.5	3,692.1	3,692.1
Issue of new shares as scrip dividends	130.8	130.8	41.6	41.6
Exercise of share options	—	—	2.8	2.8
At end of the year	3,867.3	3,867.3	3,736.5	3,736.5

During the year, 21,888,184, 94,439,797 and 14,459,582 new shares were issued by the Company at HK\$17.87516, HK\$5.84522 and HK\$13.93840 per share respectively for the settlement of 2008 interim and final scrip dividends and 2009 interim scrip dividends.

Notes to the Financial Statements (Continued)

41 RESERVES

	Group									
	Capital redemption reserve HK\$m	Share premium HK\$m	Property revaluation reserve HK\$m	Investment revaluation reserve HK\$m	General reserve HK\$m	Employees' share-based compensation reserve HK\$m	Convertible bond capital reserve HK\$m	Exchange reserve HK\$m	Retained profits HK\$m	Total HK\$m
At 1 July 2007, as previously reported	37.7	26,976.6	128.4	1,548.3	847.5	728.4	1,086.0	1,171.6	24,271.0	56,795.5
Prior year adjustments in respect of changes in accounting policy	—	—	—	—	—	—	—	24.8	19.8	44.6
At 1 July 2007, as restated	37.7	26,976.6	128.4	1,548.3	847.5	728.4	1,086.0	1,196.4	24,290.8	56,840.1
Change in fair value of available-for-sale financial assets	—	—	—	207.7	—	—	—	—	—	207.7
Tax on change in fair value of available-for-sale financial assets	—	—	—	(55.0)	—	—	—	—	—	(55.0)
Disposal of available-for-sale financial assets	—	—	—	(176.3)	—	—	—	—	—	(176.3)
Impairment loss of available-for-sale financial assets	—	—	—	34.2	—	—	—	—	—	34.2
Scrip dividends	—	884.4	—	—	—	—	—	—	—	884.4
Employees' share-based payments	—	—	—	—	—	147.5	—	—	—	147.5
Issue of new shares upon exercise of share options	—	63.8	—	—	—	(35.7)	—	—	—	28.1
Share options lapsed	—	—	—	—	—	(5.2)	—	—	5.2	—
Acquisition of subsidiaries	—	—	—	—	125.1	—	—	—	—	125.1
Disposal of subsidiaries	—	—	—	—	(29.1)	—	—	(29.6)	—	(58.7)
Profit attributable to shareholders, as restated	—	—	—	—	—	—	—	—	9,685.7	9,685.7
Transfer of reserves	—	—	—	—	46.7	—	—	—	(46.7)	—
Translation differences	—	—	—	—	—	—	30.5	2,565.9	—	2,596.4
2007 final dividend paid	—	—	—	—	—	—	—	—	(928.3)	(928.3)
2008 interim dividend payable	—	—	—	—	—	—	—	—	(672.6)	(672.6)
At 30 June 2008, as restated	37.7	27,924.8	128.4	1,558.9	990.2	835.0	1,116.5	3,732.7	32,334.1	68,658.3
Representing:										
At 30 June 2008	37.7	27,924.8	128.4	1,558.9	990.2	835.0	1,116.5	3,732.7	31,394.5	67,718.7
2008 proposed final dividend	—	—	—	—	—	—	—	—	939.6	939.6
	37.7	27,924.8	128.4	1,558.9	990.2	835.0	1,116.5	3,732.7	32,334.1	68,658.3

Notes to the Financial Statements (Continued)

41 RESERVES (Continued)

	Group									
	Capital redemption reserve HK\$m	Share premium HK\$m	Property revaluation reserve HK\$m	Investment revaluation reserve HK\$m	General reserve HK\$m	Employees' share-based compensation reserve HK\$m	Convertible bond capital reserve HK\$m	Exchange reserve HK\$m	Retained profits HK\$m	Total HK\$m
At 1 July 2008, as previously reported	37.7	27,924.8	128.4	1,558.9	990.2	835.0	1,116.5	3,707.9	32,303.0	68,602.4
Prior year adjustments in respect of changes in accounting policy	—	—	—	—	—	—	—	24.8	31.1	55.9
At 1 July 2008, as restated	37.7	27,924.8	128.4	1,558.9	990.2	835.0	1,116.5	3,732.7	32,334.1	68,658.3
Change in fair value of available-for-sale financial assets	—	—	—	439.3	—	—	—	—	—	439.3
Disposal of non-current assets classified as held for sale	—	—	—	2.0	—	—	—	(7.2)	—	(5.2)
Disposal of available-for-sale financial assets	—	—	—	(230.7)	—	—	—	—	—	(230.7)
Impairment loss of available-for-sale financial assets	—	—	—	299.6	—	—	—	—	—	299.6
Tax on change in fair value of available-for-sale financial assets	—	—	—	(52.6)	—	—	—	—	—	(52.6)
Repurchase of convertible bonds	—	—	—	—	—	—	(26.6)	—	22.9	(3.7)
Issue of new shares as scrip dividends	—	1,014.0	—	—	—	—	—	—	—	1,014.0
Employees' share-based payments	—	—	—	—	—	85.3	—	—	—	85.3
Share options lapsed	—	—	—	—	—	(9.6)	—	—	6.0	(3.6)
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	2.9	(234.5)	(231.6)
Deemed acquisition of interests in subsidiaries	—	—	—	—	—	—	—	—	(13.9)	(13.9)
Disposal of subsidiaries	—	—	—	—	—	—	—	(188.7)	—	(188.7)
Deemed disposal of interests in subsidiaries	—	—	—	—	—	—	—	—	(7.8)	(7.8)
Profit attributable to shareholders	—	—	—	—	—	—	—	—	2,083.5	2,083.5
Share of changes in other reserves of a jointly controlled entity	—	—	—	—	(4.8)	—	—	—	—	(4.8)
Transfer of reserves	—	—	—	—	40.5	—	—	—	(40.5)	—
Translation differences	—	—	—	—	—	—	—	(6.0)	—	(6.0)
2008 final dividend paid	—	—	—	—	—	—	—	—	(939.6)	(939.6)
2009 interim dividend paid	—	—	—	—	—	—	—	—	(346.8)	(346.8)
At 30 June 2009	37.7	28,938.8	128.4	2,016.5	1,025.9	910.7	1,089.9	3,533.7	32,863.4	70,545.0
Representing:										
At 30 June 2009	37.7	28,938.8	128.4	2,016.5	1,025.9	910.7	1,089.9	3,533.7	32,051.3	69,732.9
2009 proposed final dividend	—	—	—	—	—	—	—	—	812.1	812.1
	37.7	28,938.8	128.4	2,016.5	1,025.9	910.7	1,089.9	3,533.7	32,863.4	70,545.0

Notes to the Financial Statements (Continued)

41 RESERVES (Continued)

Note:

Effect on transfer from/to the non-controlling interests of the Group for the year ended 30 June 2009

	HK\$m
Total recognised income for the year attributable to the shareholders of the Company	2,334.4
Transfer from/to the non-controlling interests	
Acquisition of additional interests in subsidiaries	(231.6)
Deemed acquisition of interests in subsidiaries	(13.9)
Deemed disposal of interests in subsidiaries	(7.8)
Net transfer from/to the non-controlling interests	(253.3)
Total recognised income for the year attributable to the shareholders of the Company and net transfer from/to the non-controlling interests	2,081.1

	Company					
	Capital redemption reserve HK\$m	Share premium HK\$m	Investment revaluation reserve HK\$m	Employees' share-based compensation reserve HK\$m	Retained profits HK\$m	Total HK\$m
At 1 July 2007	37.7	26,976.6	16.5	705.8	11,225.8	38,962.4
Issue of shares as scrip dividends	—	884.4	—	—	—	884.4
Employees' share-based payments	—	—	—	68.7	—	68.7
Issue of new shares upon exercise of share options	—	63.8	—	(16.9)	—	46.9
Share options lapsed	—	—	—	(2.9)	2.9	—
Change in fair value of available-for-sale financial assets	—	—	(4.4)	—	—	(4.4)
Profit for the year	—	—	—	—	1,630.5	1,630.5
2007 final dividend paid	—	—	—	—	(928.3)	(928.3)
2008 interim dividend payable	—	—	—	—	(672.6)	(672.6)
At 30 June 2008	37.7	27,924.8	12.1	754.7	11,258.3	39,987.6
Representing:						
At 30 June 2008	37.7	27,924.8	12.1	754.7	10,318.7	39,048.0
2008 proposed final dividend	—	—	—	—	939.6	939.6
	37.7	27,924.8	12.1	754.7	11,258.3	39,987.6

Notes to the Financial Statements (Continued)

41 RESERVES (Continued)

	Company					
	Capital redemption reserve HK\$m	Share premium HK\$m	Investment revaluation reserve HK\$m	Employees' share-based compensation reserve HK\$m	Retained profits HK\$m	Total HK\$m
At 1 July 2008	37.7	27,924.8	12.1	754.7	11,258.3	39,987.6
Issue of shares as scrip dividends	—	1,014.0	—	—	—	1,014.0
Employees' share-based payments	—	—	—	27.0	—	27.0
Share options lapsed	—	—	—	(6.0)	3.0	(3.0)
Change in fair value of available-for-sale financial assets	—	—	(2.7)	—	—	(2.7)
Profit for the year	—	—	—	—	1,478.6	1,478.6
2008 final dividend paid	—	—	—	—	(939.6)	(939.6)
2009 interim dividend paid	—	—	—	—	(346.8)	(346.8)
At 30 June 2009	37.7	28,938.8	9.4	775.7	11,453.5	41,215.1
Representing:						
At 30 June 2009	37.7	28,938.8	9.4	775.7	10,641.4	40,403.0
2009 proposed final dividend	—	—	—	—	812.1	812.1
	37.7	28,938.8	9.4	775.7	11,453.5	41,215.1

Notes to the Financial Statements (Continued)

42 BORROWINGS

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Long-term borrowings				
Secured bank loans	14,951.5	14,916.9	—	—
Unsecured bank loans	17,987.0	14,826.5	—	—
Convertible bonds (note (b))	8,431.6	8,248.8	—	—
Loans from non-controlling shareholders (note (c))	190.2	562.6	—	—
	41,560.3	38,554.8	—	—
Current portion of long-term borrowings	(7,796.2)	(7,193.0)	—	—
	33,764.1	31,361.8	—	—
Short-term borrowings				
Secured bank loans	4,476.9	475.5	—	—
Unsecured bank loans	2,598.8	2,092.6	—	8.8
Other unsecured loans	105.0	173.3	—	27.9
Loans from non-controlling shareholders (note (c))	1,814.0	1,867.5	—	—
	8,994.7	4,608.9	—	36.7
Current portion of long-term borrowings	7,796.2	7,193.0	—	—
	16,790.9	11,801.9	—	36.7
Total borrowings	50,555.0	43,163.7	—	36.7

Notes:

(a) MATURITY OF BANK LOANS IS AS FOLLOWS:

	Group	
	2009 HK\$m	2008 HK\$m
Within one year	12,198.0	9,761.1
In the second year	6,385.5	5,508.7
In the third to fifth year	21,219.7	14,823.0
After the fifth year	211.0	2,218.7
	40,014.2	32,311.5

Notes to the Financial Statements (Continued)

42 BORROWINGS (Continued)

Notes: (Continued)

(b) CONVERTIBLE BONDS

	Group	
	2009 HK\$m	2008 HK\$m
Zero coupon convertible bonds		
HK\$6,000.0 million due 2014 (note (i))	5,757.9	5,427.7
RMB2,800.0 million due 2012 (note (ii))	2,673.7	2,821.1
	8,431.6	8,248.8

- (i) On 4 June 2007, a subsidiary of the Company issued zero coupon guaranteed convertible bonds in the aggregate amount of HK\$6,000.0 million, which are convertible into fully paid shares with par value of HK\$1.00 each of the Company.

The bonds, guaranteed by the Company, are convertible into shares of the Company at a conversion price of HK\$26.784 per share at any time on and after 16 July 2007 up to 25 May 2014, subject to adjustments according to the terms governing the convertible bonds. The bonds are redeemable by the issuer at any time on or after 4 June 2012 at the option of the issuer, subject to the terms governing the convertible bonds. Unless previously redeemed, converted or purchased and cancelled, the bonds will be redeemed on the maturity date on 4 June 2014 at 128.3716% of the principal amount.

The fair value of the liability component at the date of the issue 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 convertible bond capital reserve. The present value of the liability component of the convertible bonds at 30 June 2009, which was estimated using cash flows discounted at a rate of 8.5% (2008: 9.5%), amounted to HK\$5,118.0 million (2008: HK\$4,426.4 million).

Interest expense on the convertible bonds was calculated using the effective interest method by applying the effective interest rate of 6.1% (2008: 6.1%) per annum to the liability component.

- (ii) In June 2007, a subsidiary of NWCL issued US dollar settled zero coupon guaranteed convertible bonds in the aggregate amount of RMB2,800.0 million, which are convertible into fully paid shares with par value of HK\$0.1 each of NWCL.

The bonds, guaranteed by NWCL, are convertible into shares of NWCL at an initial conversion price of HK\$8.044 per share at any time on and after 26 June 2007 up to 26 May 2012, with the Renminbi principal amount of the bonds translated into Hong Kong dollar at a fixed rate of HK\$1 to 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 11 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 11 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 11 June 2012 at 103.81% of the principal amount.

As a result of the payment of 2008 interim and final dividend, the conversion price of the convertible bonds was adjusted to HK\$7.81 with effect from 2 December 2008.

During the year, NWCL Group repurchased principal amount of RMB250.0 million of convertible bonds (2008: Nil).

The fair value of the liability component at the date of the issue of the bonds, included in 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 convertible bond capital reserve. The present value of the liability component of the convertible bonds at 30 June 2009, which was estimated using cash flows discounted at a rate of 16.4% (2008: 8.8%) and at the exchange rate ruling at the balance sheet date, amounted to HK\$2,172.9 million (equivalent to RMB1,912.1 million) (2008: HK\$2,374.4 million (equivalent to RMB2,089.5 million)).

Interest expense on the convertible bonds was calculated using the effective interest method by applying the effective interest rate of 4.1% (2008: 4.1%) per annum to the liability component.

(c) LOANS FROM NON-CONTROLLING SHAREHOLDERS

The loans of HK\$94.2 million (2008: HK\$171.6 million) are unsecured and bear interest at fixed rates at 5.0% to 6.0% (2008: 5.0% to 10.0%) per annum. The remaining loans are unsecured and interest free. A total amount of HK\$190.2 million (2008: HK\$562.6 million) is not repayable within the next 12 months and the remaining balances have no specific repayment term.

Notes to the Financial Statements (Continued)

42 BORROWINGS (Continued)

Notes: (Continued)

(d) EFFECTIVE INTEREST RATES

	2009			2008		
	Hong Kong dollar	Renminbi	United States dollar	Hong Kong dollar	Renminbi	United States dollar
Bank borrowings	1.5%	6.1%	8.2%	2.7%	7.1%	3.3%
Loans from non-controlling shareholders	5.0%	—	—	6.4%	5.8%	—
Other unsecured loans	4.0%	—	—	2.2%	7.8%	—

The effective interest rates of the convertible bonds are disclosed in note (b) above.

(e) CARRYING AMOUNTS AND FAIR VALUES OF THE BORROWINGS

The present value of the liability component of the convertible bonds at 30 June 2009 is disclosed in note (b) above.

The carrying amounts of other borrowings approximate their fair values.

(f) CURRENCIES

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

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Hong Kong dollar	42,703.5	35,232.5	—	36.7
Renminbi	7,119.9	7,153.2	—	—
United States dollar	731.6	778.0	—	—
	50,555.0	43,163.7	—	36.7

(g) The contractual repricing dates or maturity (whichever is earlier) of the interest-bearing borrowings are as follows:

	Group				Company		
	Bank loans HK\$m	Other loans HK\$m	Loans from non controlling shareholders HK\$m	Total HK\$m	Bank loans HK\$m	Other loans HK\$m	Total HK\$m
2009							
Within one year	40,014.2	105.0	—	40,119.2	—	—	—
In the fifth year	—	—	—	—	—	—	—
After the fifth year	—	—	94.2	94.2	—	—	—
	40,014.2	105.0	94.2	40,213.4	—	—	—
2008							
Within one year	32,311.5	173.3	0.5	32,485.3	8.8	27.9	36.7
In the fifth year	—	—	34.0	34.0	—	—	—
After the fifth year	—	—	137.1	137.1	—	—	—
	32,311.5	173.3	171.6	32,656.4	8.8	27.9	36.7

Notes to the Financial Statements (Continued)

43 OTHER NON-CURRENT LIABILITIES

	Group	
	2009 HK\$m	2008 HK\$m
Deferred income	16.5	173.1
Provision for long service payments	40.2	50.6
Long-term accounts payable	318.3	238.0
	375.0	461.7

44 CREDITORS AND ACCRUED CHARGES

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Trade creditors (note (a))	12,574.0	12,529.0	—	—
Amounts due to customers for contract work (note 38)	480.0	689.2	—	—
Deposits received on sale of properties	2,118.4	586.0	—	—
Other creditors and accrued charges (note (b))	6,248.2	6,852.0	443.4	1,160.5
	21,420.6	20,656.2	443.4	1,160.5

Notes:

(a) Aging analysis of trade creditors is as follows:

	2009 HK\$m	2008 HK\$m
Current to 30 days	6,286.0	6,071.0
31 to 60 days	495.4	586.6
Over 60 days	1,098.5	2,204.3
	7,879.9	8,861.9
Payable arising from securities business (note)	4,694.1	3,667.1
	12,574.0	12,529.0

Note: Payables arising from securities business mainly represent accounts payable to clients, brokers, dealers and clearing houses. The majority of these accounts payable balances are repayable on demand except where certain accounts payable to clients represent those required margin deposits received from clients for their trading activities in the normal course of business.

Except for the accounts payable to clients which bear interest at 0.001% (2008: 0.01%), all the accounts payable to brokers, dealers and clearing houses are non-interest bearing.

(b) There was no outstanding dividend payable to the shareholders of the Company at 30 June 2009. At 30 June 2008, balances included dividend payable of HK\$672.6 million to the shareholders of the Company.

Notes to the Financial Statements (Continued)

44 CREDITORS AND ACCRUED CHARGES (Continued)

Notes: (Continued)

(c) The carrying amounts of creditors and accrued charges, which approximate their fair values, are denominated in the following currencies:

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Hong Kong dollar	13,530.5	13,094.1	443.4	1,160.5
Renminbi	6,087.0	5,295.9	—	—
Macau Pataca	101.5	2,057.9	—	—
United States dollar	1,575.4	129.4	—	—
Others	126.2	78.9	—	—
	21,420.6	20,656.2	443.4	1,160.5

45 FINANCIAL ASSETS AND LIABILITIES

(a) MATURITY PROFILE

For the purpose of compliance with the Listing Rules, a maturity profile of financial assets and liabilities of the Group is analysed by the remaining period at the balance sheet date to the contractual maturity date is as follows:

GROUP

	Repayable on demand HK\$m	3 months or less HK\$m	1 year or less but over 3 months HK\$m	5 years or less but over 1 year HK\$m	After 5 years HK\$m	Total HK\$m
At 30 June 2009						
Assets						
Debt securities:						
Available-for-sale financial assets	—	—	—	10.0	—	10.0
Financial assets at fair value through profit or loss	—	—	4.4	—	—	4.4
Advances to customers	1,726.7	—	—	—	—	1,726.7
Initial public offering loans for subscription of new shares	—	1,646.9	—	—	—	1,646.9
Cash held on behalf of customers	3,661.9	—	—	—	—	3,661.9
Cash and bank balances, unrestricted	9,183.0	4,159.5	737.5	—	—	14,080.0
Total	14,571.6	5,806.4	741.9	10.0	—	21,129.9
Liabilities						
Bank loans and convertible bonds	400.0	2,764.0	9,034.1	36,036.7	211.0	48,445.8
Current, fixed, savings and other deposits of customers	4,406.6	240.4	—	—	—	4,647.0
Total	4,806.6	3,004.4	9,034.1	36,036.7	211.0	53,092.8

Notes to the Financial Statements (Continued)

45 FINANCIAL ASSETS AND LIABILITIES (Continued)

(a) MATURITY PROFILE (Continued)

	Repayable on demand HK\$m	3 months or less HK\$m	1 year or less but over 3 months HK\$m	5 years or less but over 1 year HK\$m	After 5 years HK\$m	Total HK\$m
At 30 June 2008						
Assets						
Debt securities:						
Available-for-sale financial assets	—	—	—	39.0	—	39.0
Financial assets at fair value through profit or loss	—	—	46.0	7.1	—	53.1
Advances to customers	1,863.6	—	—	—	—	1,863.6
Cash held on behalf of customers	3,105.8	—	—	—	—	3,105.8
Cash and bank balances, unrestricted	4,930.3	7,404.9	790.9	—	—	13,126.1
Total	9,899.7	7,404.9	836.9	46.1	—	18,187.6
Liabilities						
Bank loans and convertible bonds	—	2,438.7	7,322.4	23,152.8	7,646.4	40,560.3
Current, fixed, savings and other deposits of customers	3,547.8	56.9	—	—	—	3,604.7
Total	3,547.8	2,495.6	7,322.4	23,152.8	7,646.4	44,165.0

(b) FINANCIAL INSTRUMENTS BY CATEGORY

In accordance with HKFRS 7, the financial assets and financial liabilities of the Group and the Company as shown in the balance sheets are classified as follows:

- (i) Financial assets at fair value through profit or loss and derivative financial instruments are categorised as financial assets at fair value through profit or loss and carried at fair value;
- (ii) Available-for-sale financial assets are categorised as available-for-sale financial assets and carried at fair value;
- (iii) Held-to-maturity investments are categorised as held-to-maturity investments and carried at amortised cost using the effective interest method;
- (iv) Long-term receivables, long-term deposits, restricted bank deposits, trade and other debtors, and cash and bank balances are categorised as loans and receivables and carried at amortised cost using the effective interest method; and
- (v) Borrowings, trade and other creditors are categorised as financial liabilities and carried at amortised cost using the effective interest method.

Notes to the Financial Statements (Continued)

46 COMMITMENTS

(a) CAPITAL COMMITMENTS

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Contracted but not provided for				
Property, plant and equipment	610.5	940.0	—	—
A subsidiary	—	—	55.0	55.0
Jointly controlled entities and associated companies	1,291.1	2,702.3	—	—
Available-for-sale financial assets	—	49.7	—	—
Capital contribution for development projects	2.3	56.8	—	—
	1,903.9	3,748.8	55.0	55.0
Authorised but not contracted for				
Property, plant and equipment	706.3	33.2	—	—
Capital contribution for proposed development projects	108.0	108.0	—	—
	814.3	141.2	—	—
The Group's share of capital commitments of the jointly controlled entities not included above are as follows:				
Contracted but not provided for	837.6	1,189.4	—	—
Authorised but not contracted for	672.4	374.4	—	—
	1,510.0	1,563.8	—	—

(b) COMMITMENTS UNDER OPERATING LEASES

The future aggregate lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Land and buildings				
In the first year	340.5	362.3	—	—
In the second to the fifth year inclusive	1,142.4	1,289.7	—	—
After the fifth year	2,983.9	3,675.3	—	—
	4,466.8	5,327.3	—	—

The Group leases various retail outlets under non-cancellable operating lease agreements. The leases have varying terms ranging from 1 to 25 years. Certain of these leases have escalation clauses and renewal rights.

Notes to the Financial Statements (Continued)

46 COMMITMENTS (Continued)

(c) OPERATING LEASE RECEIVABLE

The future minimum rental receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
In the first year	852.2	841.3	6.9	6.7
In the second to the fifth year inclusive	1,049.7	1,085.9	7.7	14.6
After the fifth year	521.0	654.8	—	—
	2,422.9	2,582.0	14.6	21.3

The Group's operating leases are for terms ranging from 1 to 6 years.

47 CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE CONTRACTS

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
(a) The Group's and the Company's financial guarantee contracts are as follows:				
Mortgage facilities for certain purchasers of properties	753.5	995.6	—	—
Guarantees for credit facilities granted to Subsidiaries	—	—	24,767.6	19,216.6
Jointly controlled entities	3,500.4	2,936.0	69.5	69.5
Associated companies	125.0	179.5	125.0	125.0
Investee companies included under available-for-sale financial assets	111.7	55.0	—	—
Guarantee for convertible bonds issued by a subsidiary	—	—	6,000.0	6,000.0
Indemnity to non-wholly owned subsidiaries for Mainland China tax liabilities	2,145.5	2,210.2	7,166.1	7,389.5
	6,636.1	6,376.3	38,128.2	32,800.6
(b) The Group's share of contingent liabilities of the jointly controlled entities not included above are as follows:				
Share of contingent liabilities of jointly controlled entities	2.6	56.2	—	—

The Group is in dispute with a joint venture partner in respect of certain property development projects in Mainland China and the parties have taken legal actions against each other in Hong Kong. No statement of claims setting out details of the claims against the Group has been filed. The Group expects that there will not be a material adverse impact on the financial position of the Group.

Notes to the Financial Statements (Continued)

48 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH USED IN OPERATIONS

	2009 HK\$m	2008 HK\$m (restated)
Operating profit	2,329.4	9,882.2
Depreciation	641.5	669.1
Amortisation	269.8	297.9
Changes in fair value of investment properties	1,841.2	(4,022.6)
Write back of provision for		
Loans and other receivables	(18.8)	(126.8)
Properties held for sale	(288.0)	—
Excess of the fair value of net assets acquired over the cost of acquisition of interests of subsidiaries	(50.9)	(129.5)
Gain on fair value of financial assets at fair value through profit or loss	(417.3)	(1.1)
Gain on deemed disposal of interests in subsidiaries	—	(1,695.3)
Net (profit)/loss on disposal of		
Investment properties, property, plant and equipment, leasehold land and land use rights and intangible concession rights	54.2	(40.4)
Available-for-sale financial assets	(410.6)	(203.9)
Non-current assets classified as assets held for sale	(274.5)	—
Financial assets at fair value through profit or loss	71.0	(50.5)
Subsidiaries	(604.7)	(47.4)
Jointly controlled entities	(71.2)	—
Associated companies	(106.1)	—
Partial interests in subsidiaries	—	(81.0)
Impairment loss on		
Property, plant and equipment, leasehold land and land use rights, and intangible concession rights	445.1	368.6
Intangible assets	86.9	8.1
Available-for-sale financial assets	396.3	34.2
Loans receivable and other assets	90.0	221.8
Gain from extinguishment of financial liabilities	(140.5)	—
Gain on repurchase of convertible bonds	(67.4)	—
Fair value gain on non-controlling interests retained after disposal of partial interest in a subsidiary	(319.1)	—
Gain on previously held equity interests as jointly controlled entities and associated companies	(88.9)	—
Dividend income from available-for-sale financial assets	(111.6)	(109.8)
Share option expenses	105.0	186.0
Operating profit before working capital changes	3,360.8	5,159.6
Decrease/(increase) in stocks	39.8	(179.0)
Increase in properties for/under development and held for sale	(9,098.4)	(4,623.0)
(Increase)/decrease in debtors and prepayments	(2,412.3)	1,757.1
Increase in cash held on behalf of customers	(556.1)	(1,063.4)
Increase in creditors and accrued charges	1,148.9	2,385.3
Increase/(decrease) in short-term bank loans for advances to customers of securities business	1,593.6	(5,682.9)
Net cash used in operations	(5,923.7)	(2,246.3)

Notes to the Financial Statements (Continued)

48 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) ACQUISITION OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m
Net assets acquired		
Investment properties	1,040.0	880.8
Property, plant and equipment	84.7	469.4
Leasehold land and land use rights	253.8	385.5
Interests in jointly controlled entities	—	1,032.6
Properties under development	766.1	—
Properties held for sale	53.6	—
Stocks	—	6.2
Debtors and prepayments	58.5	68.1
Cash and bank balances	129.4	19.7
Creditors and accrued charges	(618.2)	(65.5)
Balances with a jointly controlled entity and associated companies	(166.7)	—
Current tax payable	(41.9)	—
Deferred tax liabilities	(210.2)	(199.2)
Long-term borrowings	(219.9)	(301.1)
Loan from non-controlling shareholders	—	(499.9)
Non-controlling interests	—	29.9
	1,129.2	1,826.5
Interests originally held by the Group as jointly controlled entities and associated companies	(516.3)	(892.3)
	612.9	934.2
Goodwill on acquisition	40.6	5.9
Excess of the fair value of net assets acquired over the cost of acquisition of interests of subsidiaries	(50.9)	(115.3)
Gain on previously held equity interests as jointly controlled entities and associated companies	(88.9)	—
Consideration	513.7	824.8
Satisfied by:		
Cash consideration	513.7	642.2
Available-for-sale financial assets	—	182.6
	513.7	824.8

(c) ANALYSIS OF NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF ACQUISITION OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m
Cash consideration	(513.7)	(642.2)
Cash and bank balances acquired	129.4	19.7
	(384.3)	(622.5)

Notes to the Financial Statements (Continued)

48 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(d) DISPOSAL OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m
Net assets disposed		
Investment properties	11.9	—
Property, plant and equipment	23.5	28.9
Leasehold land and land use right	0.7	5.7
Intangible concession rights	115.9	—
Interests in jointly controlled entities and associated companies	(651.7)	0.4
Available-for-sale financial assets	225.0	—
Properties under development	2,858.8	605.5
Properties held for sale	80.9	—
Stocks	11.5	6.9
Debtors and prepayments	306.0	70.8
Cash and bank balances	217.0	68.6
Creditors and accrued charges	(291.5)	(352.3)
Current tax payable	(6.1)	(0.4)
Loans from non-controlling shareholders	(66.0)	(10.0)
Borrowings	(1,261.1)	(56.8)
Deferred tax liabilities	(7.8)	(45.0)
Non-controlling interests	(230.5)	(70.1)
	1,336.5	252.2
Interest retained by the Group as a jointly controlled entity	(963.1)	—
	373.4	252.2
Realisation of reserves upon disposal		
Other reserves	—	(41.5)
Exchange reserve	(188.7)	(23.2)
Net profit on disposal of subsidiaries	604.7	47.4
Fair value gain on non-controlling interests retained after disposal of partial interest in a subsidiary	319.1	—
Consideration	1,108.5	234.9
Satisfied by:		
Cash consideration	1,054.6	234.9
Debtors and prepayments	53.9	—
	1,108.5	234.9

Notes to the Financial Statements (Continued)

48 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(e) ANALYSIS OF NET INFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF DISPOSAL OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m
Cash consideration	1,054.6	234.9
Cash and bank balances disposed	(217.0)	(68.6)
	837.6	166.3

(f) DECONSOLIDATION OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m (restated)
Balances deconsolidated		
Property, plant and equipment	—	1.2
Intangible concession rights	—	178.2
Interests in jointly controlled entities	—	938.2
Deferred tax assets	—	0.2
Debtors and prepayments	—	1.0
Cash and bank balances	—	29.4
Creditors and accrued charges	—	(21.3)
Loans from non-controlling shareholders	—	(202.7)
Non-controlling interests	—	(66.3)
Exchange reserve	—	(23.6)
	—	834.3
Included under interests in jointly controlled entities	—	(824.0)
Included under interests in associated companies	—	(10.3)
	—	—

In last year, the Group entered into agreements with its joint venture partners in respect of certain subsidiaries, whereby the Group would not maintain the control of these subsidiaries and has therefore deconsolidated these subsidiaries.

(g) ANALYSIS OF NET INFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE DECONSOLIDATION OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m
Cash and bank balances deconsolidated	—	(29.4)

Notes to the Financial Statements (Continued)

49 BUSINESS COMBINATIONS

- (a) In July 2008, the Group, through NWCL, 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 NWCL. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$m
Consideration transferred	—
Fair value of equity interest held in Haikou New World before the business combination	192.7
	192.7

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

	HK\$m
Property, plant and equipment	1.2
Properties under development	125.0
Properties held for sale	39.8
Debtors and prepayments	42.4
Cash and bank balances	108.9
Creditors and accrued charges	(50.9)
Balance with a jointly controlled entity	(8.6)
Current tax payable	(5.7)
Deferred tax liabilities	(8.5)
Total identifiable net assets	243.6
Excess of the fair value of net assets acquired over the cost of acquisition of interests of a subsidiary	(50.9)
	192.7

Since the date of acquisition, Haikou New World contributed revenues of approximately HK\$33.8 million and incurred loss of approximately HK\$1.7 million. If the acquisition had occurred on 1 July 2008, there would not have a material effect on the Group's revenues and profit for the year.

The Group has benefited from the appreciation in the fair value of the acquired assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$14.3 million 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 a subsidiary was resulted.

Notes to the Financial Statements (Continued)

49 BUSINESS COMBINATIONS (Continued)

- (b) In March 2009, the Group, through NWCL, acquired additional 50% equity interest in Faith Yard Property Limited ("Faith Yard"), which is engaged in property investment, for a consideration of HK\$319.7 million. 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:

	HK\$m
Consideration transferred	319.7
Fair value of equity interest held in Faith Yard before the business combination	291.4
	611.1

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

	HK\$m
Investment properties	1,040.0
Property, plant and equipment	80.4
Leasehold land and land use rights	253.8
Debtors and prepayments	4.4
Creditors and accrued charges	(449.0)
Balance with an associated company	(150.2)
Current tax payable	(36.2)
Deferred tax liabilities	(160.3)
Total identifiable net assets	582.9
Goodwill	28.2
	611.1

Since the date of acquisition, Faith Yard contributed revenues of approximately HK\$6.5 million and profit of approximately HK\$1.5 million. If the acquisition had occurred on 1 July 2008, there would not have a 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\$9.2 million as a result of measuring at fair value of its 50% equity interest in Faith Yard.

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

Notes to the Financial Statements (Continued)

49 BUSINESS COMBINATIONS (Continued)

- (c) In March 2009, the Group, through NWCL, 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\$194.0 million. As a result, Zhaoqing New World became a wholly-owned subsidiary of NWCL. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$m
Consideration transferred	194.0
Fair value of equity interest held in Zhaoqing New World before the business combination	121.1
	315.1

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

	HK\$m
Property, plant and equipment	3.1
Properties under development	641.1
Properties held for sale	13.8
Debtors and prepayments	11.7
Cash and bank balances	20.5
Creditors and accrued charges	(118.3)
Balance with an associated company	(7.9)
Deferred tax liabilities	(41.4)
Long-term borrowings	(219.9)
Total identifiable net assets	302.7
Goodwill	12.4
	315.1

Since the date of acquisition, Zhaoqing New World contributed revenues of approximately HK\$113.1 million and profit of approximately HK\$3.3 million. If the acquisition had occurred on 1 July 2008, there would not have a material effect on the Group's revenues and profit for the year.

For the purpose of the business combination, the Group recognised a gain of HK\$65.4 million 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.

Notes to the Financial Statements (Continued)

50 RELATED PARTY TRANSACTIONS

In addition to those disclosed in other sections of the financial statements, the following significant related party transactions have been entered into by the Group during the year:

	2009 HK\$m	2008 HK\$m
Jointly controlled entities		
Provision of contracting work services (note (a))	190.8	927.9
Interest income (note (b))	479.7	438.1
Trademark fee income (note (c))	29.1	60.9
Associated companies		
Rental income (note (d))	—	6.5
Interest income (note (b))	0.4	2.7
Related companies		
Provision of contracting work services (note (a))	36.0	51.9
Rental income (note (d))	70.8	65.1
Management fee expenses (note (e))	92.8	69.4
Accounts payable (note (f))	93.3	292.4

Notes:

- (a) Revenue from provision of contracting work is principally charged in accordance with respective contracts.
- (b) Interest income is charged at interest rates as specified in notes 23(a) and 24(b) on the outstanding amounts.
- (c) Trademark fee income is charged at annual fee as specified in the contract.
- (d) Rental income is charged in accordance with respective tenancy agreements.
- (e) Management fee expenses are charged at rates in accordance with relevant contracts.
- (f) The accounts payable are unsecured, interest free and are repayable on demand.
- (g) The balances with jointly controlled entities and associated companies are disclosed in notes 23 and 24 respectively.
- (h) No significant transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 16.
- (i) During the year, NWCL acquired additional 25.0% interest in Ramada Property Ltd., 50.0% interest in Faith Yard Property Limited, 60.0% 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\$351.4 million, HK\$319.7 million, HK\$194.0 million and HK\$174.4 million from Stanley Enterprises Limited ("SEL"), Grand China Enterprises Limited ("GCE") and Golden Wealth Investment Limited ("Golden Wealth") respectively as well as disposed 99.0% interest in Shanghai New World Shangxian Lane Development Ltd and 20.0% interest in Juyi for a consideration of HK\$237.6 million and HK\$382.8 million, to Golden Wealth respectively. SEL, GCE and Golden Wealth are wholly beneficiary owned by a director of NWCL.

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
Incorporated and operate in Hong Kong					
Addlight Investments Limited	9,998	1	—	56	Property investment
	2 ¹	1	—	56	
Advance Planner Limited	100	1	40	51	Property investment
Adwin Top Limited	2	1	—	100	Property investment
All Speed Investment Limited	2	1	100	100	Property investment
AMPL Projects Limited	2	1	—	100	Project management
Anway Limited	1	1	—	57	Duty free operation and general trading
AOS Management Limited	2	1	—	100	Management services
Arlaken Development Limited	40	100	100	100	Investment holding
Atlantic Land Properties Limited	2	1	100	100	Investment holding
auto22.com Limited	5,000,000	1	—	84	Trading of motor vehicles
The Automall Limited	10,000	1	—	84	Car park rental
The Automall Discovery Park Limited	100	1	—	51	Used cars trading centre
Barbican Construction Company, Limited	230,000	100	—	57	Civil engineering
	20,000 ¹	100	—	57	
Billion Earn International Limited	1	1	100	100	Property investment
Billion Huge (International) Limited	950,001	1	—	70	Investment holding
Billion Park Investment Limited	1,000,000	1	—	57	Investment holding
Billionoble Investment Limited	4,998	1	—	57	Investment holding
	2 ¹	1	—	57	
Birkenshaw Limited	10,000	1	—	100	Property investment
Blanca Limited	10,000	1	—	100	Investment holding
Bright Moon Company, Limited	200	10	75	75	Property investment
Broadway-Nassau Investments Limited	2	10,000	—	57	Property management
	3,000 ¹	10,000	—	57	
Calpella Limited	2	10	—	100	Property investment
Care & Services Company Limited	15,000,000	1	—	57	Elderly care services
Cheer Best Enterprises Limited	2	1	100	100	Property investment
Cheong Sing Company Limited	10,000	1	100	100	Property investment
Cheong Yin Company Limited	30,000	100	100	100	Property investment
CiF Solutions Limited	10	100	—	57	Provision of information technology solutions
	160,000 ¹	100	—	57	
City Team Development Limited	1,000,000	1	—	83	Property investment
Companion Glory Limited	100	100	—	57	Retail trade of ceramic tiles
Deluxe Sign Limited	1	1	100	100	Property development
Environmental Pioneers & Solutions Limited	1,000	100	—	57	Environmental products and engineering
Extensive Trading Company Limited	8,500,000	1	—	57	Trading of building and engineering materials
	1,500,000 ¹	1	—	57	

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		
	Number	Par value per share HK\$	To the Company	To the Group	Principal activities
Incorporated and operate in Hong Kong (Continued)					
Far East Engineering Services Limited	766,714	10	—	57	Mechanical and electrical
	233,288 ¹	10	—	57	engineering
Fook Hong Enterprises Company, Limited	10,000	100	100	100	Property investment
Fully H.K. Investments Limited	10,000	1	—	70	Property development
General Security (H.K.) Limited	8,402	100	—	57	Security services
	11,600 ¹	100	—	57	
Gold Queen Limited	5,000	1	100	100	Property investment
Golden Dragon Land Limited	2	10	—	100	Property investment
Gracejoy Investments Limited	1	1	100	100	Property development
Grand Hyatt Hong Kong Company Limited	1,000	1	—	64	Hotel operation
	9,000 ²	1	—	100	
Hamberlin Company, Limited	1,000	100	—	100	Property development
Happy Champion Limited	2	1	100	100	Investment holding
Head Step Limited	2	1	100	100	Property investment
Hip Hing Builders Company Limited	40,000	1,000	—	57	Construction
	10,000 ¹	1,000	—	57	
Hip Hing Construction Company Limited	400,000	100	—	57	Construction and civil
	600,000 ¹	100	—	57	engineering
Hip Hing Engineering Company Limited	670,000	100	—	57	Building construction
(formerly known as Ngo Kee Construction Company Limited)	1 ²	1	—	—	
Hip Hing-Leader JV Limited	10,000	1	—	38	Construction
Hong Kong Convention & Exhibition Centre (Management) Limited	3	1	—	57	Management of Hong Kong
	1 ¹	1	—	57	Convention and Exhibition Centre ("HKCEC")
Hong Kong Island Development Limited	33,400,000	5	6	100	Property investment
Hong Kong Island Landscape Company Limited	1,980,000	10	—	57	Landscaping and
	20,000 ¹	10	—	57	project contracting
Hong Kong Jing-Guang Development Limited	100,000	10	—	52	Investment holding
Hong Kong New World Department Store Company Limited	968,153,000	1	100	100	Department store operation
Hong Kong Ticketing Limited	11,481,580	1	—	57	Ticketing services
Honour Shares Limited	100	1	—	100	Investment holding
International Property Management Limited	450,000	10	—	57	Property management
	95,500 ¹	10	—	48	
Joint Profit Limited	2	1	100	100	Property investment
Kamking Limited	2	1	100	100	Property investment
K11 Concepts Limited	1	1	100	100	Provision of property management consultancy service
Kin Kiu Enterprises, Limited	10,000	1,000	100	100	Investment holding
King Lee Investment Company Limited	300	1,000	100	100	Investment holding
Kiu Lok Property Services (China) Limited	2	1	—	57	Property agency
	2 ¹	1	—	57	management and consultancy

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (Continued)</i>					
Kiu Lok Service Management Company Limited	2	100	—	57	Property management
Kleaners Limited	1,002 ¹	100	—	57	Laundry services
KLPS Group Limited	5,000,000	1	—	57	Investment holding
La Tune Limited	20,000,000	1	—	57	Investment holding
Lingal Limited	2	100	—	100	Property investment
Loyalton Limited	1,800	1	—	70	Investment holding
Macdonnell Hostel Company Limited	200 ¹	1	—	—	Property investment
Majestic Engineering Company Limited	2	10	—	100	Hostel operation
Mega Choice Holdings Limited	2	1	100	100	Mechanical and electrical engineering
Million World Development Limited	30,000	1,000	—	57	Property investment
Moral Giant Limited	10,720	1	—	65	Property investment
New China Laundry Limited	100	1	100	100	Property investment
New Town Project Management Limited	1	1	100	100	Property investment
New World China Enterprises Projects Limited	40,000,002	1	—	57	Laundry services
New World China Property Limited	704,000 ¹	1	—	57	Project management
New World Department Store (Investment) Limited (formerly known as New World Department Stores (Holdings) Limited)	2	1	100	100	Project management
New World Department Stores Limited	2	1	—	100	Investment holding
New World Development (China) Limited	3	1	—	72	Investment holding
New World Facilities Management Company Limited	2	1	—	72	Provision of management services to department stores
New World Finance Company Limited	2	1	—	70	Investment holding
New World-Guangdong Highway Investments Co. Limited	2 ¹	1	100	100	Investment holding
New World Harbourview Hotel Company Limited	2	1	100	100	Provision of management and operation services for Youth Square
New World Hotel Company Limited	200,000	100	100	100	Financial services
New World Hotel Management Limited	100	100	—	57	Investment holding
New World Hotels (Holdings) Limited	100 ¹	100	—	64	Hotel operation
New World Insurance Management Limited	1,000	1	—	64	Hotel operation
New World Investments Limited	9,000 ²	1	—	100	Hotel management
New World Nominee Limited	40,000,000	1	—	64	Investment holding
New World Real Estate Agency Limited	576,000,000	0.25	—	57	Insurance broking
	100,000	1	—	57	Property investment
	2	1	100	100	Nominee services
	2	100	100	100	Estate agency
	2	1	100	100	

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
Incorporated and operate in Hong Kong (Continued)					
New World Sunlong Communication (HK) Limited	1	1	—	100	Trading of system integration products
New World Tacko (Xian) Limited	10,000	1	—	45	Hotel investment
New World Telecommunications Limited	9,999,998	1	—	100	Telecommunication services
	2 ¹	1	—	100	
New World Telephone Holdings Limited	200	1	100	100	Investment holding
New World Tower Company Limited	2	10	—	100	Property investment
NWD Finance Limited	2	1	100	100	Financial services
NWS (Finance) Limited	2	1	—	57	Financial services
NWS Holdings (Finance) Limited	1	1	—	57	Financing
NWS Hong Kong Investment Limited	1	1	—	57	Investment holding
Onfill Company Limited	2	1	100	100	Property investment
Paterson Plaza Properties Limited	10,000	1	—	100	Property investment
Peterson Investment Company Limited	10,000	1	100	100	Property investment
Polytown Company Limited	2	10	—	57	Property investment,
	100,000 ¹	10	—	57	operation, marketing, promotion and management of HKCEC
Pontiff Company Limited	10,000,000	1	—	100	Property investment
Pridemax Limited	2	1	—	100	Property investment
Realray Investments Limited	2	1	100	100	Property investment
Richglows Limited	2	1	—	100	Property investment
Sky Connection Limited	100	1	—	57	Duty-free, liquor and tobacco sales
Speed Star Development Limited	2	1	100	100	Property investment
Super Memory Limited	2	1	—	100	Property investment
Super Value Development Limited	10,000	1	80	80	Property investment
Tao Yun Company Limited	2	10	—	100	Property investment
Top Flash Investments Limited	10,000	1	80	80	Property investment
True Hope Investment Limited	4,998	1	—	57	Investment holding
	2 ¹	1	—	57	
Try Force Limited	4,998	1	—	57	Investment holding
	2 ¹	1	—	57	
Tsuen Wan Properties Limited	200	100	—	100	Property investment
Uniformity Security Company Limited	2	100	—	57	Security services
	2,500 ¹	100	—	—	
Urban Parking Limited	10,000,000	1	—	57	Carpark management
Urban Property Management Limited	49,995,498	1	—	57	Property management
	4,502 ¹	1	—	38	
Vibro (H.K.) Limited	20,000,004	3	—	57	Piling, ground investigation and civil engineering

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (Continued)</i>					
Waihong Environmental Services Limited	400,000	HK\$100	—	57	Cleaning and pest control services
Waking Builders, Limited	20,000	HK\$1,000	—	57	Construction
Waygent Investment Limited	2	HK\$1	100	100	Property investment
Wincy Enterprises Limited	2	HK\$1	100	100	Property investment
Winpo Development Limited	2	HK\$1	100	100	Property investment
World Empire Property Limited	2	HK\$1	100	100	Property investment
Young's Engineering Company Limited	4,000,000	HK\$10	—	57	Mechanical and electrical engineering
<i>Incorporated in the Cayman Islands and operate in Hong Kong</i>					
New World China Land Limited	3,836,471,082	HK\$0.1	66	70	Investment holding
New World Department Store China Limited	1,686,145,000	HK\$0.1	72	72	Investment holding
New World TMT Limited	952,180,007	HK\$1	—	100	Investment holding
NWS Service Management Limited	1,323,943,165	HK\$0.1	—	57	Investment holding
<i>Incorporated and operate in the Philippines</i>					
New World International Development Philippines, Inc	6,988,016	Peso100	—	27	Hotel operation

[#] Represented ordinary share capital, unless otherwise stated

¹ Non-voting deferred shares

² Non-voting preference shares

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Registered capital	Attributable interest ^a (%)		Principal activities
		To the Company	To the Group	
Incorporated and operate in the PRC				
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB50,000,000	—	64	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	70	Property sales
Beijing Xintong Media & Advertising Co., Ltd.	RMB100,000,000	—	83	Provision of advertising and media related services
Chengdu Xinyi Real Estate Development Co., Ltd.	US\$99,500,000	—	51	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	62	Property investment and development
Dalian New World Tower Co., Ltd.	US\$136,250,000	—	70	Property investment, development and hotel investment
Dalian Sun Leader Heat Transfer Technology Co., Ltd. (formerly known as Dalian Shang Li De Heat Conduction Technology Co., Limited)	US\$15,700,000	—	85	Development, production and sales of heat transfer device and class A pressure vessel component
Foshan Country Club Co., Ltd.	US\$52,923,600	—	53	Operation of golf club and property development
Foshan Gaoming Xinming Bridge Co., Ltd.	RMB60,000,000	—	17	Operation of toll bridge
Guangxi Beiliu Xinbei Highways Co., Ltd.	RMB59,520,000	—	57	Operation of toll road
Guangxi Rongxian Xinrong Highways Limited	RMB57,680,000	—	57	Operation of toll road
Guangxi Yulin Xinye Highways Co., Ltd.	RMB63,800,000	—	34	Operation of toll road
Guangxi Yulin Xinyu Highways Co., Ltd.	RMB96,000,000	—	37	Operation of toll road
Guangzhou Metropolitan Properties Co., Ltd.	HK\$140,000,000	100	100	Property investment
Guangzhou New World Properties Development Co., Ltd.	HK\$220,000,000	100	100	Property investment
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	—	70	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	—	70	Property development
Guangzhou Xin Sui Tourism Centre Ltd.	HK\$100,000,000	—	70	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	63	Property investment and development
Guiyang New World Real Estate Co., Ltd.	US\$106,550,000	—	85	Property development
Haikou New World Housing Development Limited	US\$8,000,000	—	70	Property development
Harbin New World Department Store Co., Ltd.	RMB126,000,000	—	72	Department store operation
Hip Hing Construction (China) Co., Ltd.	HK\$50,000,000	—	57	Construction

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Registered capital	Attributable interest ^a (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC (Continued)</i>				
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB220,487,000	—	70	Investment holding and property investment
Hubei New World Department Store Co., Ltd.	RMB50,000,000	—	72	Department store operation
Hunan Success New Century Investment Company Limited	RMB375,989,430	—	81	Property development
Jinan New World Sunshine Development Ltd.	US\$33,980,000	—	70	Property development
Nanjing New World Real Estates Co., Ltd.	US\$1,000,000	—	70	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000	—	70	Property investment and development
New World (Anshan) Property Development Co., Ltd.	RMB950,000,000	—	70	Property development
New World (China) Investment Limited	US\$130,000,000	—	100	Investment holding
New World China Land Investments Company Limited	US\$40,000,000	—	70	Investment holding
New World Department Store (China) Co., Ltd.	RMB50,000,000	—	72	Department store operation
New World Department Stores Investment (China) Co., Ltd.	US\$80,000,000	—	72	Investment holding
New World Development (Wuhan) Co., Ltd.	US\$49,750,000	—	70	Property investment and development
New World Property (Wuhan) Co., Ltd.	US\$16,000,000	—	70	Property development
New World (Shenyang) Property Development Limited	RMB397,720,000	—	63	Property development
New World Strategic (Beijing) Investment Consultancy Limited	US\$2,400,000	—	100	Investment consultancy
Ningbo Firm Success Consulting Development Co., Ltd.	US\$5,000,000	—	72	Investment holding and provision of consultancy services
Ningbo New World Department Store Co., Ltd.	RMB40,000,000	—	72	Department store operation
Ningbo New World Trendy Department Store Co., Ltd.	RMB20,000,000	—	72	Department store operation
NWS Engineering Ltd.	RMB150,000,000	—	57	Mechanical and electrical engineering
Shanghai Caizi Department Store Co., Ltd.	RMB50,000,000	—	72	Department store operation
Shanghai New World Caixuan Department Store Co., Ltd.	RMB30,000,000	—	72	Department store operation
Shanghai New World Department Store Co., Ltd.	RMB18,000,000	—	72	Department store operation
Shanghai New World Trendy Plaza Co., Ltd.	RMB50,000,000	—	72	Department store operation
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	70	Property investment and hotel operation
Shanxi Xinda Highways Ltd.	RMB49,000,000	—	52	Operation of toll road
Shanxi Xinhuang Highways Ltd.	RMB56,000,000	—	52	Operation of toll road
Shenyang New World Department Store Ltd.	RMB30,000,000	—	72	Department store operation
Shenyang New World Hotel Co., Ltd.	RMB201,520,000	—	70	Hotel operation

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Registered capital	Attributable interest ^a (%)		Principal activities
		To the Company	To the Group	
Incorporated and operate in the PRC (Continued)				
Shenyang Trendy Property Company Limited	RMB27,880,000	—	72	Property investment
Shenzhen New World Xianglong Network Technology Company Limited	RMB550,000,000	—	100	Exploration of wireless telecommunication network
Shenzhen New World Xianglong Technology Development Company Limited	RMB100,000,000	—	100	Exploration of wireless telecommunication network
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$202,160,000	—	70	Property development
Tianjin New World Department Store Co., Ltd.	US\$5,000,000	—	72	Department store operation
Tianjin New World Trendy Plaza Co., Ltd.	RMB30,000,000	—	72	Department store operation
Tianjin Xin Guang Development Co., Ltd.	US\$4,500,000	—	70	Property investment
Wuhan New World Department Store Co., Ltd. (formerly known as Wuhan New Eagle Development Co., Ltd.)	US\$15,630,000	—	72	Property investment and department store operation
Wuhan New Eagle Properties Co., Limited	US\$2,830,000	—	70	Property investment
Wuhan New World Caixuan Department Store Co., Ltd.	RMB75,000,000	—	72	Department store operation
Wuhan New World Trendy Department Store Co., Ltd.	RMB80,000,000	—	72	Department store operation
Wuhan New World Trendy Plaza Co., Ltd.	RMB50,000,000	—	72	Department store operation
Wuxi New World Department Store Ltd.	US\$5,000,000	—	72	Department store operation
Wuzhou Xinwu Highways Limited	RMB72,000,000	—	30	Operation of toll road
Xiamen New World Xiangyu Warehouse & Processing Zone Limited	US\$5,000,000	—	57	Management consultation
Yunnan New World Department Store Co., Ltd.	RMB10,000,000	—	72	Department store operation
Zhaoqing New World Property Development Limited	US\$13,750,000	—	70	Property development
Incorporated and operate in Macau				
Barbican (Macau) Limited	MOP25,000	—	57	Construction
Hip Hing Engineering (Macau) Company Limited	MOP100,000	—	57	Construction
Majestic Engineering (Macao) Company Limited	MOP25,000	—	57	Mechanical and electrical engineering
Ngo Kee (Macau) Limited	MOP25,000	—	57	Construction
Vibro (Macau) Limited	MOP1,000,000	—	57	Foundation works
Young's Engineering (Macao) Company Limited	MOP100,000	—	57	Mechanical and electrical engineering

^a Profit sharing percentage was adopted for certain PRC entities

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated in Bermuda and operate in Hong Kong</i>					
NWS Holdings Limited	2,071,307,860	HK\$1	—	57	Investment holding
Taifook Securities Group Limited	706,448,228	HK\$0.1	—	35	Investment holding
<i>Incorporated in the British Virgin Islands</i>					
Beauty Ocean Limited	1	US\$1	—	57	Investment holding
Brilliant Alpha Investment Limited	1	US\$1	—	70	Investment holding
China Step Limited	100	US\$1	—	70	Investment holding
Eddington Holdings Limited	100	US\$1	—	82	Investment holding
Ever Brisk Limited	1	US\$1	—	70	Investment holding
Faith Yard Property Limited	2	US\$1	—	70	Property investment
Fine Reputation Incorporated	10,000	US\$1	—	100	Investment holding
Fortune Star Worldwide Limited	100	US\$1	—	70	Investment holding
Fotoland Limited	1	US\$1	—	100	Investment holding
Hing Loong Limited	10,000	US\$1	—	100	Investment holding
Hinto Developments Limited	1	US\$1	—	70	Investment holding
Lotsgain Limited	100	US\$1	—	100	Investment holding
Magic Chance Limited	1	US\$1	—	70	Investment holding
Melowell Investment Limited	1	US\$1	100	100	Investment holding
New World China Land Finance Limited	1	US\$1	—	70	Financing
New World Enterprise Holdings Limited	1	US\$1	100	100	Investment holding
New World Hotels Corporation Limited	1	US\$1	—	64	Investment holding
New World Industrial Holdings Limited	1	US\$1	—	100	Investment holding
New World Strategic Investment Limited	1	US\$1	100	100	Investment holding
New World Telephone International Limited	1	US\$1	—	100	Provision of telecommunication services
NWS Engineering Group Limited	50,000,000	HK\$1	—	57	Investment holding
NWS Financial Management Services Limited	1	US\$1	—	57	Investment holding
NWS Infrastructure Bridges Limited	1	US\$1	—	57	Investment holding
NWS Infrastructure Management Limited	2	US\$1	—	57	Investment holding
NWS Infrastructure Power Limited	1	US\$1	—	57	Investment holding
NWS Infrastructure Roads Limited	1	US\$1	—	57	Investment holding
NWS Infrastructure Water Limited	1	US\$1	—	57	Investment holding
NWS Ports Management Limited	2	US\$1	—	57	Investment holding
Park New Astor Hotel Limited	101	US\$1	—	100	Property investment
Power Palace Group Limited	1	US\$1	100	100	Investment holding
Quick Wealth Investments Limited	100	US\$1	—	64	Investment holding
Radiant Glow Limited	1	US\$1	—	70	Investment holding
Right Choice International Limited	200	US\$1	—	45	Property investment
Sea Walker Limited	1	US\$1	100	100	Investment holding
Sherson Limited	1	US\$1	100	100	Bond issuer
South Scarlet Limited	1	US\$1	100	100	Hotel operation
Sparkling Rainbow Limited	1	US\$1	—	70	Investment holding
Steadfast International Limited	2	US\$1	100	100	Investment holding
Super Best Development Limited	1	US\$1	100	100	Investment holding
Sweet Prospects Enterprises Limited	1	US\$1	—	70	Investment holding
True Blue Developments Limited	1	US\$1	—	70	Investment holding
Twin Glory Investments Limited	1	US\$1	—	70	Investment holding
Upper Start Holdings Limited	1	US\$1	—	100	Investment holding
Winner World Group Limited	10	US\$1	80	80	Investment holding

Notes to the Financial Statements (Continued)

52 PRINCIPAL JOINTLY CONTROLLED ENTITIES

AS AT 30 JUNE 2009

		Attributable Interest ^a (%)		
	Registered capital	To the Company	To the Group	Principal activities
Equity joint ventures				
Incorporated and operate in the PRC				
ATL Logistics Centre Yantian (Shenzhen) Limited	HK\$3,500,000	—	26	Operation of cargo handling and storage facilities
China United International Rail Containers Co., Limited	RMB2,800,000,000	—	13	Operation of rail container terminal and related business
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	27	Golf Club and resort operation
Guangzhou Development Nansha Power Co., Ltd.	RMB300,000,000	—	13	Generation and supply of electricity
Guangzhou Oriental Power Co., Ltd.	RMB990,000,000	—	14	Generation and supply of electricity
Guangzhou Pearl River Electric Power Fuel Co., Ltd.	RMB359,676,000	—	20	wholesale assembly and storage of fuel
Guangzhou Pearl River Power Company Limited	RMB420,000,000	—	29	Generation and supply of electricity
Guodian Chengdu Jintang Power Generation Co., Ltd.	RMB924,000,000	—	20	Generation and supply of electricity
Kunming Fulintang Pharmaceutical Co., Ltd.	RMB80,000,000	—	52	Pharmaceutical chain stores
The Waterman Co., Limited, Shanghai	US\$19,900,000	—	37	Manufacturing and distribution of distilled water
Wenzhou Zhuangyuan Ao New World International Terminals Company Limited	RMB481,000,000	—	20	Development, operation and management of pier and related business
Xiamen Haicang Xinhaida Container Terminals Co., Limited	RMB226,800,000	—	23	Development, operation and management of pier and related business
Xiamen New World Xiangyu Terminals Co. Ltd.	RMB384,040,000	—	29	Container handling and storage
Co-operative joint ventures				
Incorporated and operate in the PRC				
Beijing-Zhuhai Expressway Guangzhou–Zhuhai Section Company Limited	RMB580,000,000	—	14	Operation of toll road
Beijing Chong Wen-New World Properties Development Co., Ltd.	US\$225,400,000	—	49	Property investment and development
Beijing Chong Yu Real Estate Development Co., Limited	US\$171,840,000	—	49	Property investment and development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	39	Hotel operation
China New World Electronics Limited	US\$57,200,000	—	49	Property investment and development

Notes to the Financial Statements (Continued)

52 PRINCIPAL JOINTLY CONTROLLED ENTITIES (Continued)

AS AT 30 JUNE 2009

		Attributable Interest ^a (%)		
	Registered capital	To the Company	To the Group	Principal activities
Incorporated and operate in the PRC (Continued)				
Guangzhou Fong Chuen New World Property Development Co., Ltd.	RMB330,000,000	—	42	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	42	Property development
Guangzhou Northring Freeway Company Limited	US\$19,255,000	—	37	Operation of toll road
Huishen (Yantian) Expressway Huizhou Company Limited	RMB139,980,000	—	19	Operation of toll road
Huizhou City Huixin Expressway Company Limited	RMB34,400,000	—	29	Investment holding and operation of toll road
Huizhou New World Housing Development Limited	RMB80,000,000	—	44	Property development
New Bei Fang Hotel Ltd.	US\$12,000,000	—	49	Property investment
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	—	42	Property development
Tianjin New World Properties Development Co., Ltd.	US\$12,000,000	—	49	Property development
Tangjin Expressway (Tianjin North Section)				
Tianjin Xindi Expressway Co., Ltd.	RMB93,688,000	—	51 ^e	Operation of toll road
Tianjin Xinlong Expressway Co., Ltd.	RMB99,400,000	—	51 ^e	Operation of toll road
Tianjin Xinlu Expressway Co., Ltd.	RMB99,092,000	—	51 ^e	Operation of toll road
Tianjin Xinming Expressway Co., Ltd.	RMB85,468,000	—	51 ^e	Operation of toll road
Tianjin Xinqing Expressway Co., Ltd.	RMB99,368,000	—	51 ^e	Operation of toll road
Tianjin Xinquan Expressway Co., Ltd.	RMB92,016,000	—	51 ^e	Operation of toll road
Tianjin Xinsen Expressway Co., Ltd.	RMB87,300,000	—	51 ^e	Operation of toll road
Tianjin Xinshi Expressway Co., Ltd.	RMB99,388,000	—	51 ^e	Operation of toll road
Tianjin Xinsi Expressway Co., Ltd.	RMB96,624,000	—	51 ^e	Operation of toll road
Tianjin Xintong Expressway Co., Ltd.	RMB99,448,000	—	51 ^e	Operation of toll road
Tianjin Xintuo Expressway Co., Ltd.	RMB99,316,000	—	51 ^e	Operation of toll road
Tianjin Xinxiang Expressway Co., Ltd.	RMB90,472,000	—	51 ^e	Operation of toll road
Tianjin Xinyan Expressway Co., Ltd.	RMB89,028,000	—	51 ^e	Operation of toll road
Tianjin Xinzhan Expressway Co., Ltd.	RMB89,392,000	—	51 ^e	Operation of toll road
Wuhan Airport Road Development Limited	RMB60,000,000	—	23	Operation of toll road
Wuhan New World Housing Development Limited	RMB96,000,000	—	42	Property development
Wuhan Wuxin Hotel Co., Ltd.	US\$49,750,000	—	42	Hotel investment
Wuxi New City Development Co., Limited	US\$10,400,000	—	26	Hotel operation

^a Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

^e Represented cash sharing ratio

Notes to the Financial Statements (Continued)

52 PRINCIPAL JOINTLY CONTROLLED ENTITIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
Companies limited by shares					
Incorporated and operate in Hong Kong					
Asian Success Investments Limited	900	HK\$1	—	33	Property Investment
ATL Logistics Centre Hong Kong Limited	100,000 'A'	HK\$1	—	32	Operation of
	20,000 'B' ^{***}	HK\$1	—	46	cargo handling
	54,918 [*]	HK\$1	100	100	and storage facilities
ATL Logistics Centre Yantian Limited	10,000	HK\$1	—	26	Investment holding
China Aerospace New World Technology Limited	30,000,000	HK\$1	—	50	Investment holding
Direct Profit Development Limited	200,000	HK\$0.05	—	15	Property investment
DP World New World (Tianjin) HK Limited	14,308,000	US\$1	—	29	Investment holding
Far East Landfill Technologies Limited	1,000,000	HK\$1	—	27	Landfill
First Star Development Limited	100	HK\$1	—	29	Property development
Gloryland Limited	900	HK\$1	—	33	Property investment
Grace Sign Limited	1,000	HK\$1	—	30	Property investment
Istaron Limited	4	HK\$1	—	32	Investment holding
Jade Gain Enterprises Limited	100	HK\$1	—	45	Property investment
Ocean Champion Development Limited	10,000	HK\$1	—	50	Property investment
Poly Rising Development Limited	1	HK\$1	—	29	Property development
Sheenit Enterprises Limited	10,000	HK\$1	—	50	Property investment
Super Lion Enterprises Limited	2	HK\$1	50	50	Property investment
Supertime Holdings Limited	100	HK\$1	—	29	Property development
Tate's Cairn Tunnel Company Limited	1,100,000	HK\$0.01	—	17	Operation of toll tunnel
	600,000,000 [*]	HK\$1	—	—	
Wise Come Development Limited	30	HK\$1	—	40	Property investment
Incorporated in the British Virgin Islands and operate in the PRC					
Holicon Holdings Limited	2	US\$1	—	50	Property Investment
Jaidan Profits Limited	2	US\$1	—	50	Property Investment
Jorvik International Limited	2	US\$1	—	50	Property Investment
Orwin Enterprises Limited	2	US\$1	—	50	Property Investment

Notes to the Financial Statements (Continued)

52 PRINCIPAL JOINTLY CONTROLLED ENTITIES (Continued)

AS AT 30 JUNE 2009

	Registered capital/ Share capital issued [#]		Attributable interest (%)		Principal activities
	Number/ Amount	Par value per share	To the Company	To the Group	
Incorporated in the British Virgin Islands					
New World Liberty China Ventures Limited	1,134	US\$1	—	71	Investment holding
	100**	US\$1	—	—	
Newfoundworld Investment Holdings Limited	5	US\$1	—	20	Investment holding
NWS Transport Services Limited	500,000,016	HK\$1	—	29	Investment holding
Success Concept Investments Limited	1,000	US\$1	—	46	Investment holding
Incorporated and operate in Malaysia					
Great Union Properties Sdn. Bhd.	100,000,000	M\$1	—	38	Property investment
	10,000,000 [^]	M\$0.1	—	38	
Incorporated in Hong Kong and operate in the PRC					
Sino-French Holdings (Hong Kong) Limited	1,850,680 'A'	HK\$100	—	—	Investment holding,
	3,559,000 'B'	HK\$100	—	57	operation of water and
	1,708,320 'C'	HK\$100	—	—	electricity plants
Wholly foreign owned enterprises					
Incorporated and operate in the PRC					
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	—	—	41	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	44	Property development
Shanghai Trio Property Development Co., Ltd.	US\$81,000,000	—	—	33	Property development
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	35	Property investment
Unincorporated joint venture (Hong Kong)					
Gammon-Hip Hing Joint Venture	N/A	N/A	—	28	Construction

[#] Represented ordinary shares, unless otherwise stated

^{*} Non-voting deferred shares

^{**} Non-voting preference shares

[^] Redeemable cumulative preference shares

Notes to the Financial Statements (Continued)

53 PRINCIPAL ASSOCIATED COMPANIES

AS AT 30 JUNE 2009

	Registered capital/ Share capital issued [#]		Attributable interest (%)		Principal activities
	Number/ Amount	Par value per share	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong</i>					
Birkenhead Properties and Investments Limited	1,200,000	HK\$1	—	64	Property investment
Ever Light Limited	1,000	HK\$1	40	40	Property investment
Fook Hang Trading Company Limited	100	HK\$100	50	50	Property investment
Global Perfect Development Limited	1,000,000	HK\$1	—	35	Investment holding
Global Winner Limited	2	HK\$1	—	50	Property investment
Joy Fortune Investments Limited	10,000	HK\$1	—	29	Investment holding
Pure Jade Limited	1,000	HK\$1	—	20	Property investment
Quon Hing Concrete Company Limited	200,000	HK\$100	—	28	Production and sales of concrete
Ranex Investments Limited	100	HK\$1	—	10	Property investment
Shun Tak Centre Limited	1,000'A'	HK\$100	—	29	Property investment
	450'B'	HK\$10	—	64	
	550'C'	HK\$10	—	—	
Silver Rich Holdings Limited	2	HK\$1	—	50	Property investment
Silverland Limited	4	HK\$1	50	50	Property investment
Sun City Holdings Limited	8,000,000	HK\$1	—	21	Investment holding
Yargoan Company Limited	150,000	HK\$100	—	24	Stone quarrying
<i>Incorporated in the British Virgin Islands</i>					
East Asia Secretaries (BVI) Limited	300,000,000	HK\$1	—	14	Investment holding
Newton Asia Limited	2	US\$1	50	50	Property investment
Tricor Holdings Limited	7,001	US\$1	—	14	Investment holding
<i>Incorporated and operate in the PRC</i>					
Tianjin Five Continents International Container Terminal Co., Ltd.	RMB1,145,000,000	—	—	10	Operation of container terminal
Zhaoqing Yuezhaio Expressway Co., Ltd.	RMB818,300,000	—	—	14	Operation of toll road
<i>Incorporated in Bermuda and operate in Hong Kong</i>					
CSL New World Mobility Limited	655,886,331	US\$0.3163	—	24	Provision of mobile telecommunications services
Wai Kee Holdings Limited	793,124,034	HK\$0.1	—	15	Investment holding

[#] Represented ordinary shares, unless otherwise stated

Five-year Financial Summary

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE

	2009 HK\$m	2008 HK\$m (restated)	2007 HK\$m	2006 HK\$m	2005 HK\$m
Revenues	24,415.0	29,360.8	23,284.5	23,910.2	19,539.2
Operating profit	2,329.4	9,882.2	4,035.6	1,786.5	3,223.3
Net financing costs	(261.6)	(265.1)	(355.5)	(573.8)	(338.5)
Share of results of jointly controlled entities and associated companies	2,123.5	4,575.8	2,989.9	2,293.0	1,631.8
Profit before taxation	4,191.3	14,192.9	6,670.0	3,505.7	4,516.6
Taxation	(439.4)	(1,444.0)	(902.5)	(892.6)	(515.3)
Profit after taxation	3,751.9	12,748.9	5,767.5	2,613.1	4,001.3
Non-controlling interests	(1,668.4)	(3,063.2)	(1,454.6)	(1,553.3)	(1,298.6)
Profit attributable to shareholders	2,083.5	9,685.7	4,312.9	1,059.8	2,702.7
Dividend per share (HK\$)					
Interim	0.09	0.18	0.15	0.13	0.10
Final	0.21	0.25	0.25	0.20	0.20
Full year	0.30	0.43	0.40	0.33	0.30
Earnings per share (HK\$)					
Basic	0.55	2.59	1.17	0.30	0.78
Diluted	0.53	2.49	1.17	0.30	0.78

Five-year Financial Summary (Continued)

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE

	2009 HK\$m	2008 HK\$m (restated)	2007 HK\$m	2006 HK\$m	2005 HK\$m
Assets					
Investment properties, property, plant and equipment, leasehold land and land use rights and intangible concession rights	44,246.5	43,669.8	34,284.9	31,333.6	29,343.0
Intangible assets	1,684.0	1,409.4	863.0	258.1	110.2
Investments in jointly controlled entities, associated companies and other non-current assets	58,982.3	59,516.6	51,129.3	44,899.8	41,825.3
Current assets	71,606.5	61,161.7	57,821.9	37,669.1	40,686.7
Total assets	176,519.3	165,757.5	144,099.1	114,160.6	111,965.2
Equity and liabilities					
Share capital	3,867.3	3,736.5	3,692.1	3,639.1	3,491.6
Reserves	69,732.9	67,718.7	55,867.2	48,903.6	46,710.2
Proposed final dividend	812.1	939.6	928.3	732.8	698.3
Shareholders' funds	74,412.3	72,394.8	60,487.6	53,275.5	50,900.1
Non-controlling interests	23,070.7	22,509.9	17,996.2	16,089.0	14,859.2
Total equity	97,483.0	94,904.7	78,483.8	69,364.5	65,759.3
Current liabilities	39,801.0	33,886.5	32,747.1	25,330.5	29,886.2
Non-current liabilities	39,235.3	36,966.3	32,868.2	19,465.6	16,319.7
Total equity and liabilities	176,519.3	165,757.5	144,099.1	114,160.6	111,965.2

Comparative figures for the year ended 30 June 2007, 30 June 2006 and 30 June 2005 have not been restated to reflect the adoption of new/revised HKFRSs as the Directors are of the opinion that it is impracticable to do so.

Glossary of Terms

GENERAL TERMS

FY	Fiscal year, 1 July to 30 June
Group	New World Development Company Limited and its subsidiaries
HIBOR	Hong Kong Interbank Offered Rate
HK	Hong Kong
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
HK\$ billion	billion of Hong Kong Dollars
HK\$ million or HK\$m	million of Hong Kong Dollars
HKEx	The Stock Exchange of Hong Kong Limited
Listing Rules	Rules Governing the Listing of Securities on the HKEx
Mainland China	The People's Republic of China excluding Hong Kong, Macau and Taiwan for the purposes of this annual report
MTR	Mass Transit Railway
N/A or n/a	not applicable
New World or NWD	New World Development Company Limited
NWCEP or New World China Enterprises	New World China Enterprises Projects Limited
NWCL or New World China Land	New World China Land Limited
NWDS or New World Department Stores	New World Department Store China Limited
NWTMT or New World TMT	New World TMT Limited
NWSI	New World Strategic Investment Limited
NWSH or NWS Holdings	NWS Holdings Limited
NWT or New World Telecommunications	New World Telecommunications Limited
PRC	The People's Republic of China
Taifook	Taifook Securities Group Limited
RMB	Renminbi, the lawful currency of PRC
TBD	To be determined
US	The United States of America
US\$ or USD	United States dollar(s), the lawful currency of US

FINANCIAL TERMS

Gearing Ratio	Net Debt divided by total equity
Net Debt	The aggregate of bank loans, other loans, overdrafts and convertible bonds less cash and bank balances
Total Debt	Net Debt plus cash and bank balances

TECHNICAL TERMS

Assoc. Co.	Associated company
CJV	Co-operative joint venture
EJV	Equity joint venture
JCE	Jointly controlled entities
WFOE	Wholly foreign owned enterprises

MEASUREMENTS

Km	kilometre(s)
m ³	cubic metre
MW	megawatt(s), equal to 1,000kW
sq ft	square feet
sq m	square metre
TEU or TEUs	Twenty-Foot Container Equivalent Unit

CHINESE VERSION

The Chinese version of this Annual Report is available on request from New World Development Company Limited. Where the English and the Chinese texts conflict, the English text prevails.

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New World Development Company Limited takes every practicable measure to conserve resources and minimize waste.

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