



New World China Land Limited

(Stock Code: 00917)

annual report 2010

新世界地產

# 使命

## MISSIONS

### ■ Transforming city vistas

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

### ■ Spurring business opportunities

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

### Cover Story

Home • 家 •  • 樂 • Happiness

Business • 商 •  • 悠 • Leisure

## ■ **Creating modern communities**

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

## ■ **Refining living lifestyle**

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



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# Brand Values And Essence

By type	sq.m.
Properties under development or held for development	25,376,685
Completed investment properties	1,784,466
Completed hotel properties	224,222
<b>Total</b>	<b>27,385,373</b>

By location	
Beijing	1,765,704
Tianjin	442,708
Shanghai	429,455
Jinan	299,275
Shenyang	3,970,383
Anshan	1,275,788
Dalian	254,997
Wuhan	2,834,787
Changsha	1,031,248
Chengdu	3,609,854
Guiyang	3,744,885
Guangzhou	3,047,770
Pearl River Delta	2,252,046
Haikou	2,373,679
Others	52,794
<b>Total</b>	<b>27,385,373</b>

By usage	
Residential	17,820,133
Commercial	2,470,931
Office	1,064,064
Hotel	605,363
Carpark	5,424,882
<b>Total</b>	<b>27,385,373</b>

### Unsurpassed Quality and Long Term Value

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

### Comprehensive Property Development

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

### Building City and Corporate Citizenship

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



### Localised Hong Kong Brand

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

### Reliability and Reputation

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





## TO OUR SHAREHOLDERS,

In FY2010, NWCL recorded a profit of HK\$2,636.4 million, representing an increase of 93.9% as compared with FY2009. In particular, the relevant operating profit attributable to core business increased significantly to HK\$1,812.1 million, representing a year-on-year increase of 95.1%.



After years of development, China is no longer an isolated island in the ocean. China is now closely connected to other economies in the world. Tickling of any global economic fiber will ripple to the domestic system in China. Therefore, the Central Government has to carefully devise policies under the strong tides of ups and downs in the global market.

The world has gone through doldrums of the US financial crisis, rebounds arising from wide spread liquidity, concerns of possible double-dip triggered by European credit crunch and US economy slowdown. Though China is still having satisfactory export figures, the market anticipates a slowdown of trading in the coming months. Consequently, some worry that too early a cooling down may trigger an unstoppable recession. Against this backdrop, however, the recent signs of domestic property market rebound drag the Central Government into a difficult situation. Some suggest that the Central Government should immediately retract those previously imposed stimulus policies to avoid bubble.

In the short term, the market is full of uncertainties. The Group expects that the Central Government will continuously adjust the policies according to the domestic situation and the global economic development. In fact, to ensure a healthy development of the property market is one of the highlights of the Central Government.

Overall, the Group is cautiously optimistic about Mainland China

property market. We will continue our plan according to the good side of the market. At the same time, the Group also holds a prudent approach in managing its business to avoid those risks tripped quite a number of developers in Mainland China in 2007 and 2008.

Assessing the domestic property market, on a comparable basis, the Group sees more potential in the second-tier and third-tier cities. The Group pioneered geographic diversification to enter cities such as Chengdu, Changsha and Guiyang, in several big moves back in FY2006. These new projects were first launched in 2009 and have commenced profit recognition since then. Though the average prices and margins of the first phase of these new projects are lower than those in first-tier cities, the Group expects them to become more and more promising in the subsequent phases.

The Group currently has a sizeable investment portfolio comprising of over 2 million sq.m.. In FY2010, this portfolio has produced an attributable operating profit of HK\$489.6 million. While our peers are still struggling to build up their rental portfolio, NWCL had already utilized these resources to weather the bad time in 2008.

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

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

*Chairman and Managing Director*

Hong Kong, 6th October 2010





# Financial Highlights

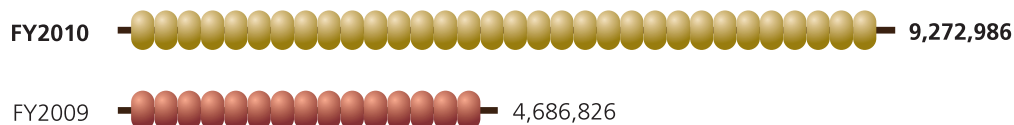
<b>Operating Result (HK\$'000)</b>	<b>FY2010</b>	<b>FY2009</b>
<b>Revenues</b>		
Company and subsidiaries	<b>6,340,752</b>	2,038,623
Share of associated companies and jointly controlled entities (note 1)	<b>2,932,234</b>	2,648,203
	<b>9,272,986</b>	4,686,826
<b>Representing:</b>		
Sale of properties	<b>7,757,777</b>	3,370,907
Rental income	<b>913,811</b>	876,612
Income from hotel operation	<b>436,968</b>	329,474
Property management services fee income	<b>147,701</b>	109,833
Hotel management services fee income	<b>16,729</b>	—
	<b>9,272,986</b>	4,686,826
<b>Gross Profit</b>		
Company and subsidiaries	<b>1,532,266</b>	701,762
Share of associated companies and jointly controlled entities (note 2)	<b>1,071,039</b>	840,545
	<b>2,603,305</b>	1,542,307
<b>Profit attributable to equity holders of the Company</b>	<b>2,636,427</b>	1,359,369
<b>Earnings per share (HK cents)</b>		
Basic	<b>50.75</b>	31.67
Diluted	<b>48.22</b>	29.94
<b>Final dividend per share (HK cents)</b>	<b>7.00</b>	6.00
<b>Financial Position (HK\$'million)</b>	<b>As at 30th June 2010</b>	<b>As at 30th June 2009</b>
Cash and bank balances	<b>7,975.9</b>	3,900.9
Total assets	<b>68,983.3</b>	54,391.6
Total liabilities	<b>29,579.0</b>	22,354.8
Capital and reserves attributable to the Company's equity holders	<b>37,690.1</b>	30,523.1
<b>Financial Ratios</b>		
Current ratio (times)	<b>2.95</b>	2.06
Net debt to equity ratio	<b>26.5%</b>	41.2%

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

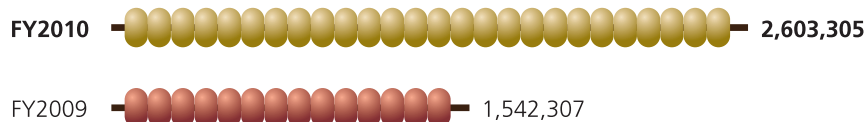
Note 2: It represents attributable share of gross profit of associated companies and jointly controlled entities to the Group.



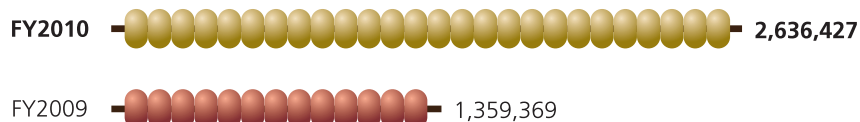
REVENUES (note 1)  
(HK\$'000)



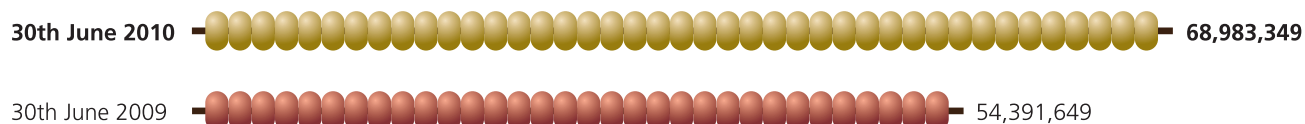
GROSS PROFIT (note 2)  
(HK\$'000)



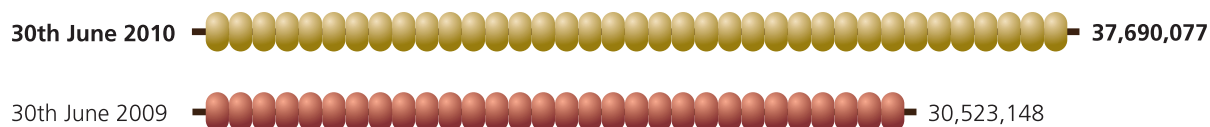
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY  
(HK\$'000)



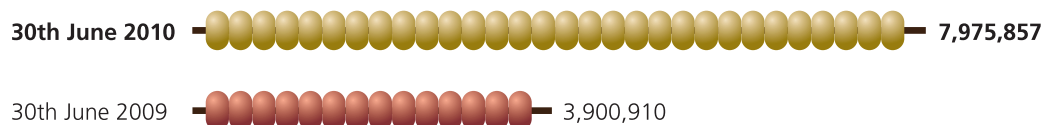
TOTAL ASSETS  
(HK\$'000)



CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS  
(HK\$'000)



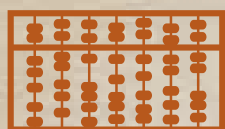
CASH AND BANK BALANCES  
(HK\$'000)



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

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

Business Review



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## **New Living**

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



## BEIJING

### Highlights

AREA : 16,410 km<sup>2</sup>

The proposed Integrated Plan of Beijing CBD East Extension Area has been confirmed. The future East Extension Area shall extend the existing “Golden Cross” layout of CBD East Third Ring and Jianguo Road, and shall form a new “Golden Cross” at the junction of Xidawang Road and Chaoyang Road. The overall planning shall present a new layout featuring with “Dual Crosses” (one main and one subordinate), targeting for corporate headquarters, international financial institutions and high-end businesses.





-  Railway Station
-  41 Beijing Xin Kang Garden

With the implementation of the Action Plan for Expediting the Development of the Southern City, the southern district of Beijing will embrace new opportunities of historic significance. The Beijing Municipal Government is expected to invest RMB290 billion in next three years to improve the development environment of the southern and southwestern districts of the city, actively promote development of key industrial zone, attract high-end development projects and enhance level of regional industry development.

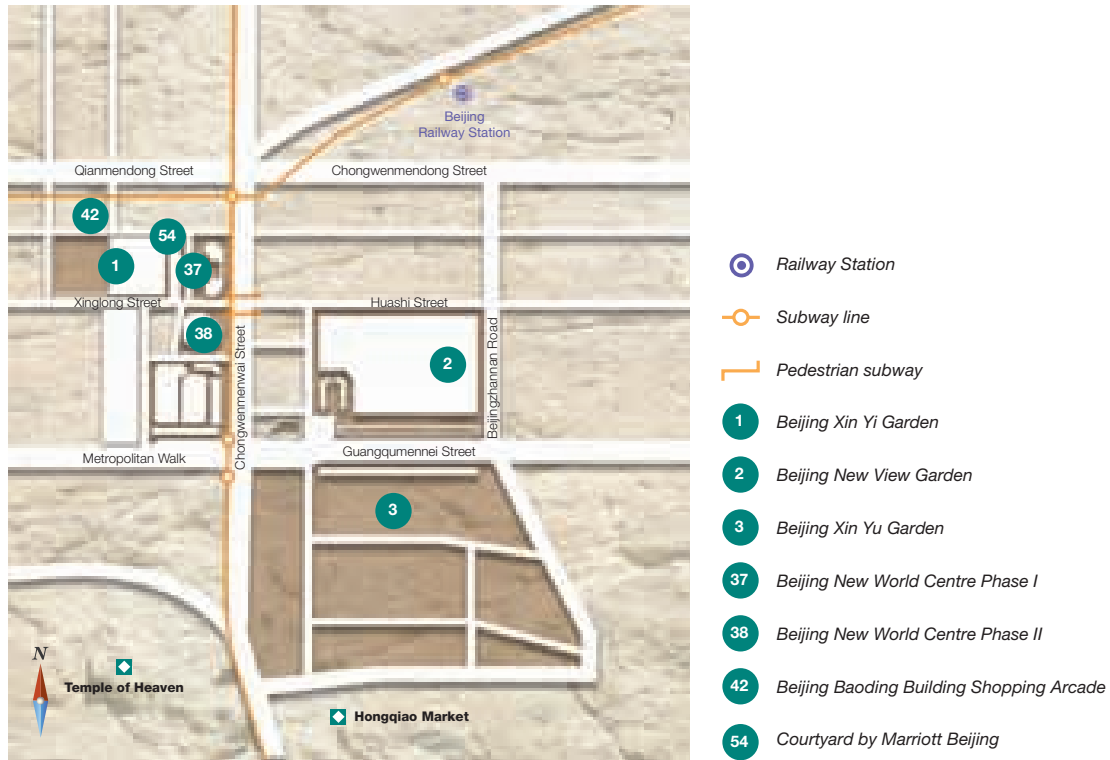
Beijing CBD has undergone re-zoning. Dongcheng District and Chongwen District have been merged to form a new Dongcheng District; Xicheng District and Xuanwu District have been merged to form a new Xicheng District. This re-zoning of Beijing CBD will be beneficial to the balanced development of the southern and northern districts and will enhance the capability and level of services of the CBD.



Beijing New View Garden



## Business Review - *Beijing*



During the year under review, the Group's Xinciqi (新磁器), located at New View Garden, Ciqikou, Chongwen District, was launched for sale, offering a total of 371 residential units and 10 commercial units. Owing to the superior location and comprehensive facilities, the project has been a market focus and currently over 70% has been sold.

Beijing Baoding Building Shopping Arcade, the Group's commercial property project located in Chongwen District and near Beijing New World Centre, was completed and ready for use in May 2010. It is currently the fourth Beijing store of New World Department Store, namely Beijing Shishang Store.

During the year under review, the Group obtained the development rights for two land parcels in Zhougezhuang and Jianta, Lang Fang, Hebei. With the superior location, the project will have great potential for development.

### Beijing – properties under development or held for development

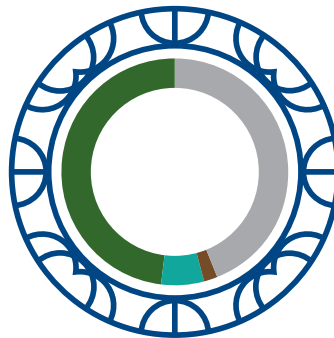
Four major properties with total GFA 1,341,295 sq.m.



- Residential 45%
- Commercial 20%
- Office 5%
- Hotel 4%
- Carpark 26%

### Beijing – completed investment and hotel properties

10 major properties with total GFA 424,409 sq.m.



- Commercial 44%
- Office 2%
- Hotel 6%
- Carpark 48%

Beijing — Completion Schedule			sq.m.
FY2010	Beijing New View Garden Phase III	Residential, Commercial	31,670
	Beijing Baoding Building Shopping Arcade	Commercial	40,286
<b>Total</b>			<b>71,956</b>

## PROPERTY PORTFOLIO

There are four major properties under development or held for development with total GFA of 1,341,295 sq.m..

There are 10 major completed investment and hotel properties with total GFA of 424,409 sq.m..



Beijing Baoding Building Shopping Arcade



Beijing Xin Yu Garden



## Business Review

# TIANJIN 天津

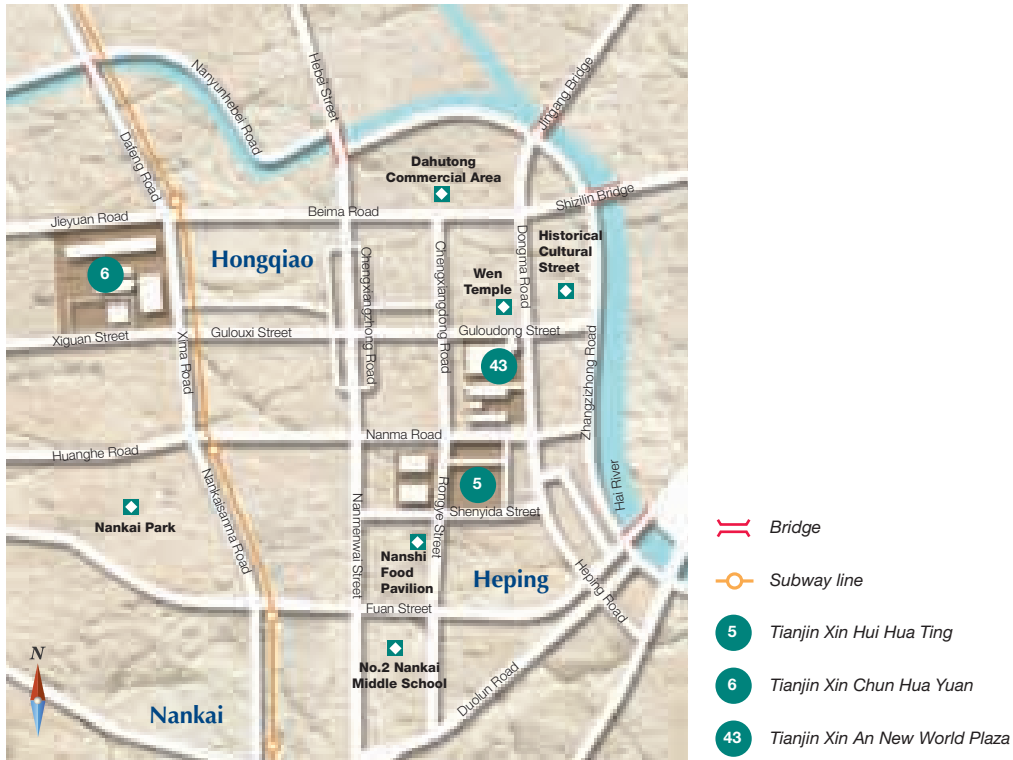
### Highlights

AREA : 11,760 km<sup>2</sup>

In February 2010, the Ministry of Housing and Urban-Rural Development published the National Urban System Plan (Draft), distinctively proposing China's five national central cities and Tianjin is among one of them. The designation as a national central city along with Beijing, the national capital and Shanghai, the key financial centre is of great importance to the development of Tianjin and Bohai Bay Economic Zone.



Perspective of Tianjin Xin Hui Hua Ting Commercial Portion



Tianjin Municipal Government has made a major adjustment to its industrial structure in 2009 towards developing high-end high-tech industry, which contributed a 22% increase in industrial value added output and driving 10% increase of the city's economic growth. At present, eight preferred pillar industries, accounted for over 90% of all industries, have taken shape. A series of major constructions, will help optimize and upgrade Tianjin's industrial structure.

The layout of Binhai New District development has been further formalised in 2010. It focuses on the construction of major projects and infrastructure, including 320 major industrial projects, with a total investment of RMB150 billion. The widening of Tianjin Port's main channel and construction of Binhai International Airport Phase II have been completed, which strengthen the dynamics of the development of Binhai New District.

The Group's Tianjin Xin Hui Hua Ting (新匯華庭), located in Heping District and situated at the bustling Rongye Street, will be developed into an integrated multiple-function community development with residential, apartment, commercial, green area.



Perspective of Tianjin Xin Hui Hua Ting



# Business Review - *Tianjin*

## Tianjin – properties under development or held for development

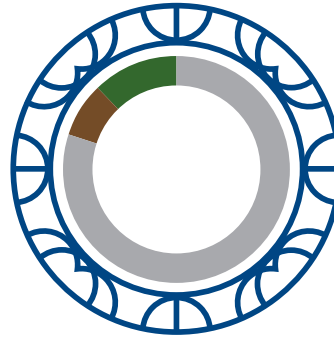
Two major properties with total GFA 344,924 sq.m.



● Residential 65%    ● Carpark 26%  
● Commercial 9%

## Tianjin – completed investment property

One property with total GFA 97,784 sq.m.



● Commercial 80%    ● Carpark 12%  
● Office 8%



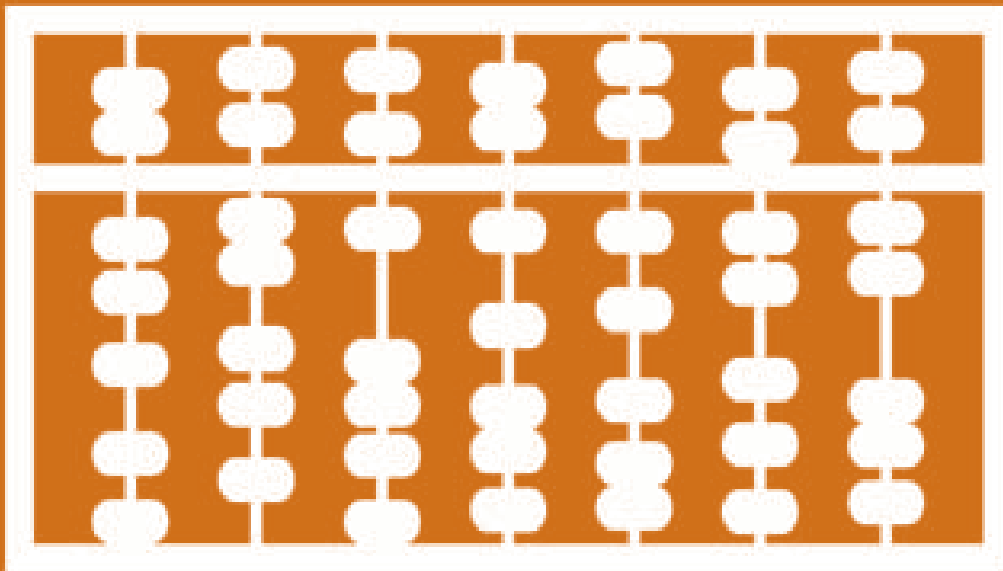
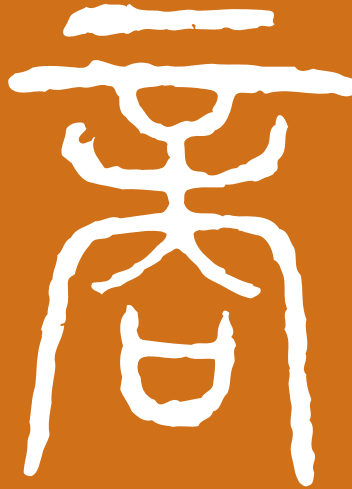
Tianjin Xin An New World Plaza

New Mongkok (新旺角), the Group's commercial property located in Hongqiao District adjacent to Tianjin Metro Line No.1, was launched to the market in October 2009, providing a total of 136 commercial units.

## PROPERTY PORTFOLIO

There are two major properties under development or held for development with total GFA of 344,924 sq.m..

There is one completed investment property with total GFA of 97,784 sq.m..



## **New Way to Work**

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



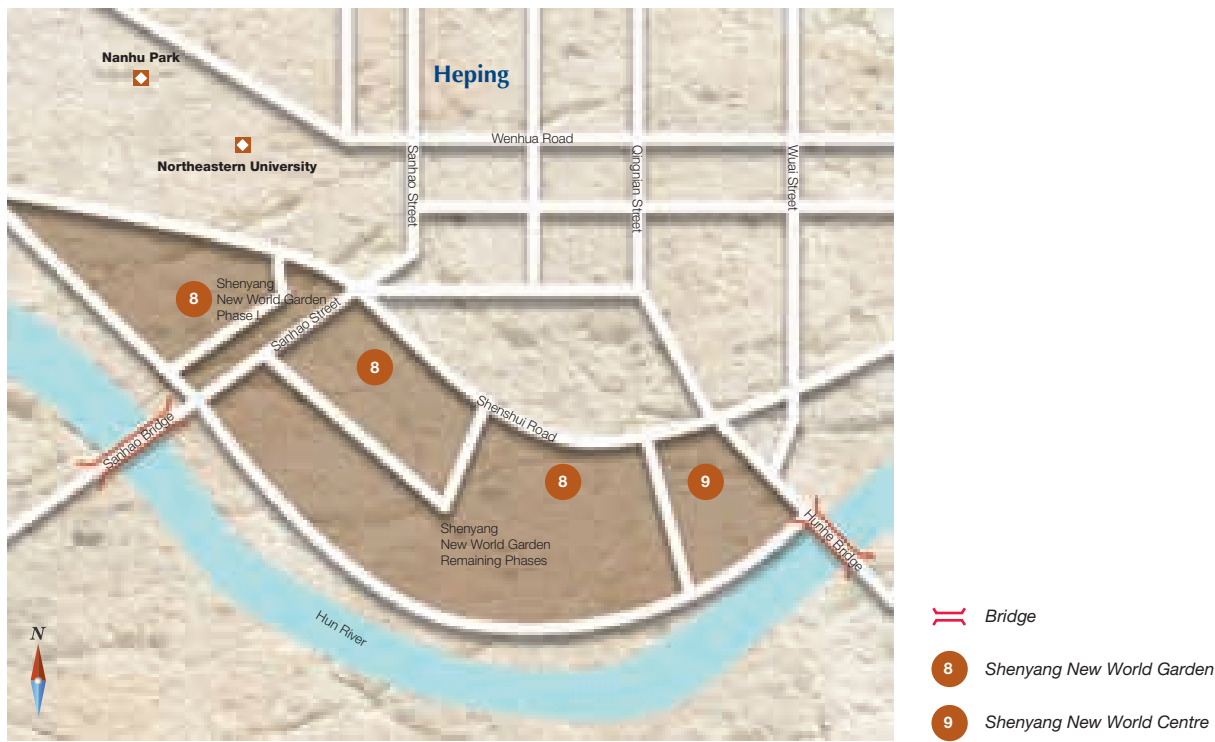
# SHENYANG 瀋陽

## Highlights

AREA : 13,000 km<sup>2</sup>

In April 2010, Shenyang Economic Zone was officially designated by the State Council of China as the eighth national new comprehensive industrial pilot area, following seven other regions in the nation such as Pudong in Shanghai and Binhai New Area in Tianjin. The pilot area is intended to be well developed to achieve regional economic integration equivalent to a moderately developed country and become the “northeastern hub of greater Shenyang integrating eight cities”.





The investment environment in Shenyang will be improved to attract foreign investments and enterprises. In 2010, there will be a total of 50 foreign investments of more than US\$10 million each, amounting to US\$6 billion direct investment by foreign enterprises. In addition, there will be a total of 1,800 domestic investments of more than RMB5 million each, totalling RMB70 billion. In May 2010, the Northeastern China headquarters of General Electric of the US was established in Shenyang. At present, six companies of the General Electric are operating in Shenyang with a total of more than US\$100 million investment involved.

Liaoning Province has been designated the venue of the 12th National Games in 2013. As the primary venue, Shenyang will host at least 60% of the sports events. In particular, Hunnan New District will be the key venue of the majority of the events of the National Games. The enhancement of infrastructure will effectively accelerate the development of Hunnan and will drive the economic development of the entire city of Shenyang.

During the year under review, for the first cluster of Shenyang New World Garden Phase II named Hui Jing Xin Shi Jie (匯景•新世界) which is situated at the riverbank to the east of Nanshao Street in Heping District, 2,238 high-rise residential units have been successively launched since September 2009. As the project commands a superb location and quality, and is supported by comprehensive facilities, over 80% have already been sold.



# Business Review - *Shenyang*



The perspective of Shenyang New World Commercial Centre

Shenyang New World Centre, located at the southern tip of the Golden Corridor, is under intense construction. Upon completion, the Exhibition portion of the project will become the venue in Shenyang to hold major exhibitions, and is expected to become a new landmark of the city.

Construction of Shenyang New World Commercial Centre Phase I located in Taiyuan Commercial Area was commenced in the second half of 2009 and it will become a key commercial complex of the area upon completion.

Shenyang — Completion Schedule			sq.m.
FY2011	Shenyang New World Garden Phase IIA	Residential, Commercial, Office	490,455
	<b>Total</b>		<b>490,455</b>
FY2012	Shenyang New World Garden Phase IIB	Residential	32,330
	<b>Total</b>		<b>32,330</b>

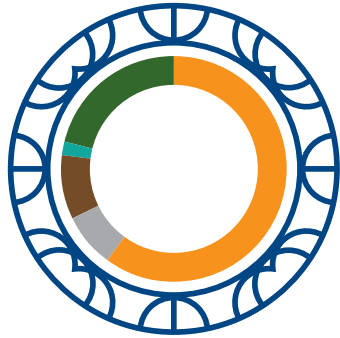


Shenyang New World Garden



### Shenyang – properties under development or held for development

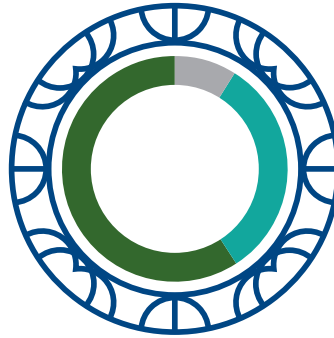
Three major properties with total GFA 3,905,183 sq.m.



- Residential 60%
- Commercial 8%
- Office 9%
- Hotel 2%
- Carpark 21%

### Shenyang – completed investment and hotel properties

Two major properties with total GFA 65,200 sq.m.



- Commercial 9%
- Hotel 32%
- Carpark 59%

## PROPERTY PORTFOLIO

There are three major properties under development or held for development with total GFA of 3,905,183 sq.m.. Total GFA of 490,455 sq.m. is expected to be completed in FY2011.

There are two major completed investment and hotel properties with total GFA of 65,200 sq.m..



## ANSHAN 鞍山

### Highlights

AREA : 9,252 km<sup>2</sup>

As a city within the Shenyang Economic Zone and commanding close proximity to the coastal economic zone of Liaoning Province, Anshan has been under rapid development in recent years, and has primarily focused on the development of infrastructural projects, including the investment of RMB13 billion in the construction of Anshan-Haicheng Intercity Railway, as well as Anshan Airport which commenced operation in April 2010. The development of the New City Area has enlarged the city area from 154 km<sup>2</sup> to 800 km<sup>2</sup>, laying a solid foundation for the future development of Anshan.

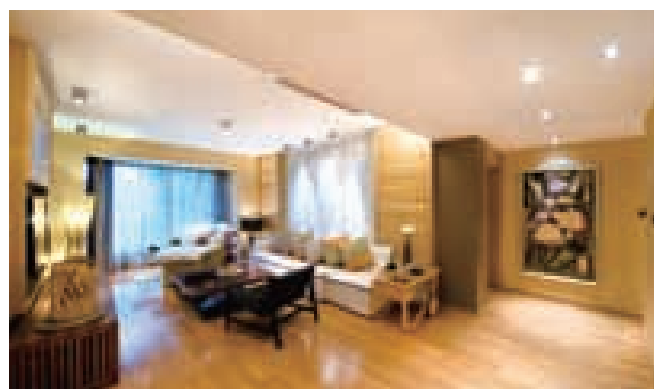


Bird's eye perspective of Anshan New World Garden Phase I



11 Anshan New World Garden

Anshan is gradually evolving from an industrial base featuring Angang Steel to a city with a multitude of industries. In recent years, Anshan is introducing a variety of industrial investments, to stimulate the economic activities of the region. During the year under review, six commercial banks and three insurance companies and securities companies have successively established their presence there, and the economy has been registering rapid growth. In June 2010, a framework agreement was entered into between Anshan and Huaneng Group for the construction of a nuclear power plant in Xiuyan, which is set to provide strong energy support to the future development of Anshan.



Anshan New World Garden Phase I

Anshan New World Garden is situated in the core area of Anshan High-Tech Industrial Development Zone which is surrounded by the spectacular Yufoshan Scenic Area and Qianshan Scenic Area. The first batch of a total of 286 units comprised in the first cluster of Anshan New World Garden Phase I named Xin Shi Jie Jun Yi Hua Ting (新世界•君頤華庭) were launched for sale during the year under review and was well received by home buyers.

Construction of Anshan New World Garden Phase II named Xin Shi Jie Yu Long Hao Yuan (新世界•御龍豪園) commenced during the year under review. The project is a low-density hill-side residence to be launched for sale in the fourth quarter of 2010.

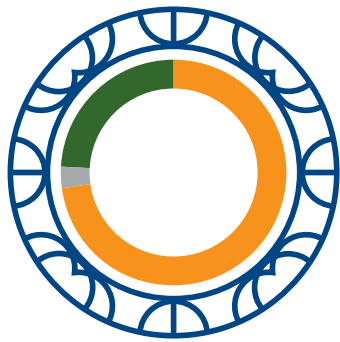


# Business Review - *Anshan*

Anshan — Completion Schedule			sq.m.
FY2011	Anshan New World Garden Phase IA	Residential, Commercial	111,476
	Anshan New World Garden Phase IIA	Residential	24,969
<b>Total</b>			<b>136,445</b>
FY2012	Anshan New World Garden Phase IIB	Residential	27,000
	<b>Total</b>		<b>27,000</b>

## Anshan – property under development or held for development

One property with total GFA 1,275,788 sq.m.



- Residential 73%
- Carpark 24%
- Commercial 3%



Perspective of Anshan New World Garden

## PROPERTY PORTFOLIO

There is one property under development or held for development with total GFA of 1,275,788 sq.m.. Total GFA of 136,445 sq.m. is expected to be completed in FY2011.

SHANGHAI

上海

## Highlights

AREA : 6,340 km<sup>2</sup>

The State Council has officially approved the Yangtze River Delta Regional Plan, distinctively identifying the development strategy of Yangtze River Delta region, which will achieve the goal of establishing an affluent society by 2015. As the leading city of Yangtze River Delta, Shanghai has been actively developing modern services industry, in which the finance industry has achieved the most outstanding performance.



Shanghai Hong Kong New World Tower



# Business Review - *Shanghai*



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

The State Council published the opinion on the development of Shanghai as international financial centre over a year ago. Shanghai Municipal Government has speeded up to promote the development of infrastructure as an international financial centre, and further strengthen the overall support of financial industry to the economy. The industrial value added output of Shanghai financial industry in 2009 was RMB181.8 billion, representing a 26% growth from 2008, accounting for 12% of the GDP, and contributing nearly 30% of the city's economic growth.

The system of Shanghai financial market is gradually improving. Foreign and domestic financial institutions continue to flock in the city. Up to the end of 2009, the total number of financial institutions in Shanghai was 986, of which 41% were foreign companies. With the launch of the Regulation on Promoting the Development of Shanghai as an International Financial Centre, effective legal protection will be provided for the healthy development of Shanghai's financial industry. Moreover, the accelerated implementation of a series of measures will facilitate the innovative development of the financial industry, speeding up the development of Shanghai as an international financial centre.

During the year under review, the rental performance of Grade A office buildings in Shanghai has walked out from the negative effect of the financial crisis. Projects at prime locations had an even faster rate of recovery. The occupancy of the Group's Shanghai Hong Kong New World Tower, which is located in Golden CBD, Huaihai Road Central, Puxi, has gradually improved since the beginning of 2010 and the occupancy has steadily recovering to the level which prevailed before the financial crisis.

During the year under review, the construction of Zhongshan Square Phase III reached its final stage. The project comprises two high-rise office buildings and a podium shopping mall. It is expected to be completed by the end of 2010.

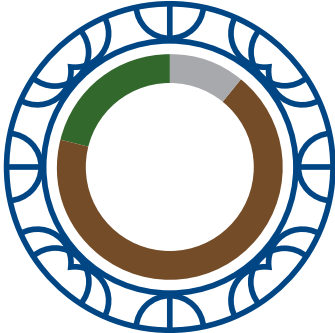
Shanghai — Completion Schedule			sq.m.
FY2011	Shanghai Zhongshan Square Phase III	Commercial, Office	112,030
<b>Total</b>			<b>112,030</b>

PROPERTY PORTFOLIO

There is one property under development with total GFA of 142,074 sq.m.. Total GFA of 112,030 sq.m. is expected to be built in FY2011.

There are six major completed investment and hotel properties with total GFA of 287,381 sq.m..

Shanghai – property under development or held for development  
One property with total GFA 142,074 sq.m.



Shanghai – completed investment and hotel properties  
Six major properties with total GFA 287,381 sq.m.



Interior perspective of Shanghai Zhongshan Square Phase III

# Business Review

JINAN 濟南

## Highlights

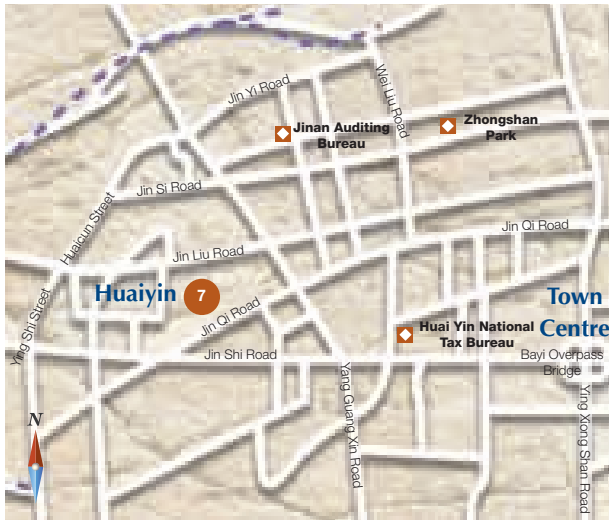
AREA : 8,177 km<sup>2</sup>

West Railway Station is the largest-scale new district development project in the history of Jinan. This project, positioned as the “New Gate of Qilu, New Commercial Port of Quancheng, New Centre of the City”, will speed up the development of 6 km<sup>2</sup> of CBD and 26 km<sup>2</sup> of city centre district, driving rapid establishment of 120 km<sup>2</sup> of western new town. A large city complex covering all city service functions will be formed in five years and become the new gate to Jinan.



Perspective of Jinan New World Centre





Jinan Sunshine Garden Phase II

--- Railway

7 Jinan Sunshine Garden

Jinan West Railway Station, one of the five major interchange stations along Beijing-Shanghai Express Railway, is expected to be completed and in operation in 2012. This project, with total investment amounting to RMB220 billion, has commenced its rail construction. Both sides of the main building of West Railway Station have been topped out and it is expected to attain road testing condition in April next year. The expected traffic flow will amount to 21 million passengers in 2015, with an average of 60,000 people per day, which will bring significant development opportunities to the western district in Jinan.

Jinan Sunshine Garden is situated in a superior location at the future Beijing-Shanghai Express Railway West Railway Station exit, namely Huaiyin District. With comprehensive facilities and practical layout design, the project has attracted the attention of the market. At present, over 95% of the west district section of Jinan Sunshine Garden has been sold.

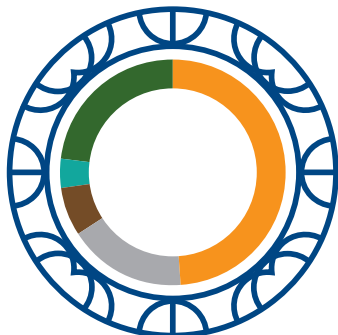
## PROPERTY PORTFOLIO

There is one property under development or held for development with total GFA of 294,849 sq.m..

There is one completed investment property with total GFA of 4,426 sq.m..

### Jinan – property under development or held for development

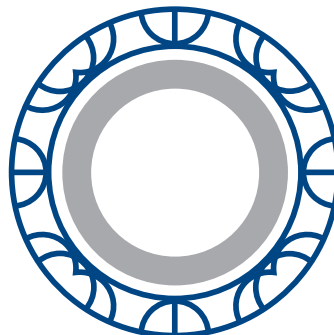
One property with total GFA 294,849 sq.m.



● Residential 49%    ● Hotel 4%  
● Commercial 17%    ● Carpark 23%  
● Office 7%

### Jinan – completed investment property

One property with total GFA 4,426 sq.m.



● Commercial 100%

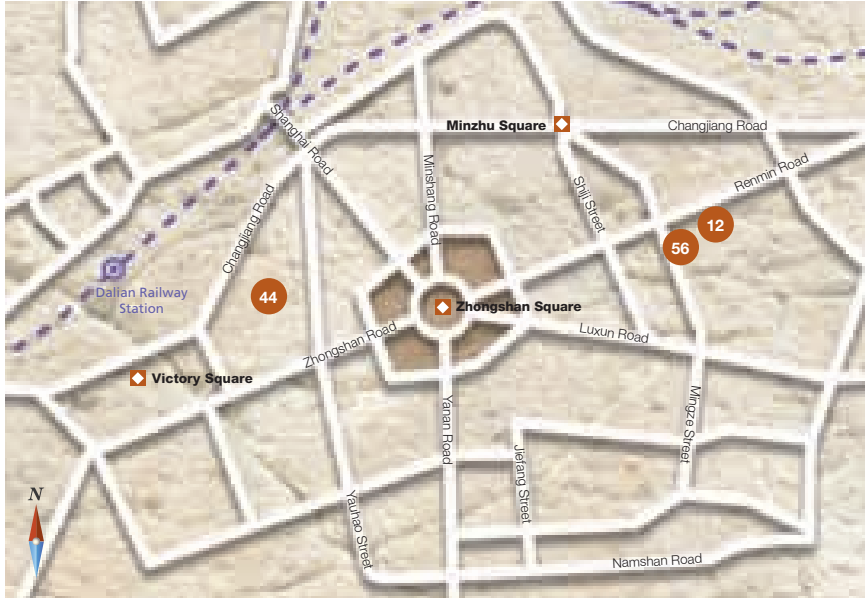
DALIAN 大連





Highlights

AREA : 12,574 km<sup>2</sup>

Following the introduction of Liaoning Coastal Economic Zone Development Plan, the Liaoning Coastal Economic Zone has been escalated to the level of national strategy, identifying Dalian's core position in the regional economic development. 2010 is the starting year of the aforementioned planning, where Dalian aims at accelerating the relevant development in shipping, logistics, finance and modern industries, fully prompting the urbanization process in all of its regions and improving the quality of its regional growth.





-  Railway Station
-  44 Dalian New World Plaza
-  12 Dalian New World Tower
-  56 New World Hotel Dalian

According to the Development Plan of Dalian Regional Financial Centre, the CBD of Renmin Road and East Harbour Area would constitute the two core financial districts. A financial centre with fully established services would benefit the set up of an optimized mix of industries. In the last five years, the gross assets of Dalian’s financial sector have recorded approximately a threefold rise. 32 financial institutions such as Citibank, ING Netherlands, Standard Chartered Bank, Sampo Japan Insurance, Aeon Life have established their businesses in Dalian, proving a significant rise in its external influence.

Locating at the Renmin Road in Dalian’s city centre, Dalian New World Tower, developed as a landmark in the city, is a building complex which comprises the five-star New World Hotel Dalian, high-end shopping mall The Galleria and a luxurious residential The Pinnacle Apartment (驪高新世界). At the beginning of 2010, the Group launched the mid to high floors of the west tower of The Pinnacle Apartment, Dalian, providing a total number of 217 service apartments in which 70% have been sold.



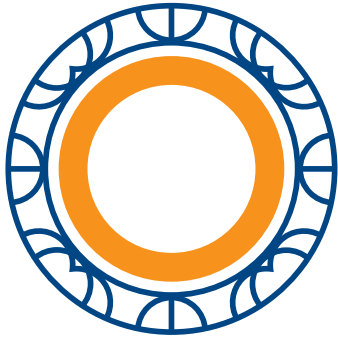
Dalian New World Tower



# Business Review - *Dalian*

## Dalian – property under development or held for development

One property with total GFA 83,571 sq.m.



● Residential 100%

## Dalian – completed investment and hotel properties

Three major properties with total GFA 171,426 sq.m.



● Commercial 45% ● Carpark 24%  
● Hotel 31%

The Galleria, which was officially opened in August 2009, is located at the podium of Dalian New World Tower, comprising over 100 top-class well-known domestic and international brands, among which Cartier, Emporio Armani and Max Mara have established their northeastern flagship stores, enabling The Galleria to achieve its position as a new shopping spotlight for Dalian’s fashion and trendy stylists.

New World Hotel Dalian is located at the low and mid floors of the west tower of Dalian New World Tower. It includes 429 luxurious hotel rooms and its grand ballroom has been a priority choice for local corporations and family banquets. During the year under review, New World Hotel Dalian won a series of industry awards and is a popular choice for business travellers as well as tourists.

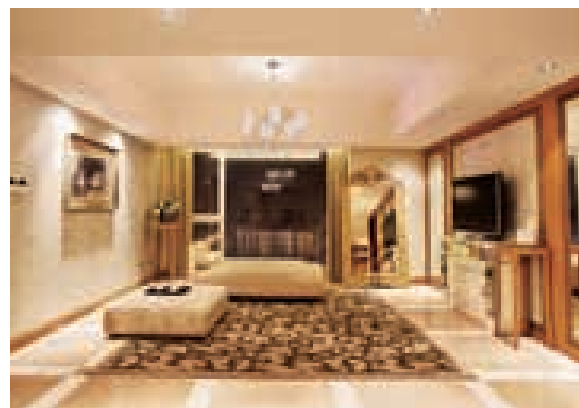
## PROPERTY PORTFOLIO

There is one property under development or held for development with total GFA of 83,571 sq.m..

There are three major completed investment and hotel properties with total GFA of 171,426 sq.m..



Grand ballroom of New World Hotel Dalian



The Pinnacle Apartment, Dalian



## **New Culture and Entertainment**

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



Dior

Dior

Dior

Dior

ISSE L'AUDE

## WUHAN 武汉

### Highlights












AREA : 8,494 km<sup>2</sup>

As the newly-developed Wuhan Train Station became operational, the passenger lines linking Wuhan to both Shanghai and Guangzhou are now in full service. Since then, Wuhan has become a hub within the national network of express railways, highlighting its key role as a transportation hub. By 2013, China will have the largest express railway network in the world, and Wuhan will then become accessible via such express railways to Beijing, Shanghai, Chengdu and Guangzhou within four hours. The Era of Express Railways will mark Wuhan as the centre of the four-hour economic regions of China.



Wuhan K11 Gourmet Tower



-  Railway station
-  Bridge
-  Embankment
-  14 Wuhan Menghu Garden
-  15 Wuhan Changqing Garden
-  16 Wuhan Guanggu New World Centre
-  48 Wuhan New World International Trade Tower
-  49 Wuhan New World Centre
-  50 Wuhan K11 Gourmet Tower
-  51 Wuhan Xin Hua Garden
-  59 New World Hotel Wuhan

The designation of Wuhan as the National Innovative Pilot City has escalated its local reform and development as part of the overall strategy of the nation. At the beginning of 2010, Donghu New Technology Development Zone became the second Self-contained and Innovative Model Area approved by the State Council of China, after Zhongguancun Science and Technology Park in Beijing. This will further leverage upon the innovation to strengthen its pulling effect on the economy, seeking to deliver an industrial scale in excess of RMB500 billion by 2013.

The introduction of the Implementation Plan for the Focused Industrial Realignment and Revitalization encourages investment in the manufacturing industry and highlights the policies on optimizing and integrating industries, promoting the development of eight pillar industries including steel, automotives, petrochemical and equipment manufacturing, etc. The strategic cooperation agreement entered into between Wuhan Economic and Technological Development Zone and Dongfeng Motors endorsed the support to the Wuhan plant of Dongfeng Motors to achieve the scale in excess of one million vehicles to be produced and sold per annum in the next four years.

Changqing Garden, the Group's large-scale residential community in Wuhan, is supported by the increasingly comprehensive facilities in vicinity and will be connected by Line No. 2 of Wuhan Subway which is expected to become operational in 2012. During the year under review, the newly-launched cluster recorded satisfactory sales figure.





## Business Review - *Wuhan*



Wuhan Changqing Garden



Wuhan New World International Trade Tower

Changqing Nanyuan (常青南園), a brand-new residential project of the Group in Wuhan, is situated at the northern part of Hankou to the south of Third Ring Road, and in close proximity to Line No. 2 of Wuhan Subway. The project is highly sought after by home buyers and more than 90% of the units launched were pre-sold on the first day of sale in March 2010.

Wuhan Menghu Garden is the only urban villa project enjoying the scenic view of a lake in the city centre of Hankou. During the year under review, a total of 51 villas of Phase III B were launched and received overwhelming response from home buyers. More than 80% have been sold by now.

During the year under review, the Group planned to build Wuhan Guanggu New World Centre and the development has been started in October 2010. Located in Wuchang Guanggu Donghu New Technology Development Zone which has been under rapid development in recent years, the project will be developed into a large-scale, multi-modal and high-end building complex, which is poised to become a new landmark in the Guanggu upon completion.

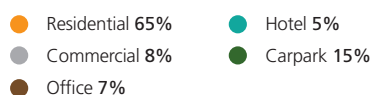
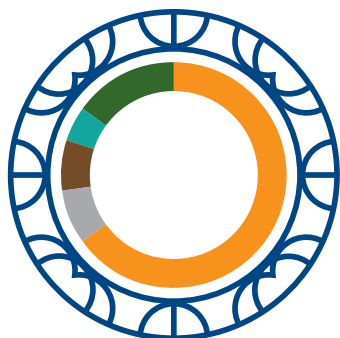
Wuhan New World International Trade Tower, the Group's Grade A office building situated at Wuhan's finance street, continued to maintain over 90% occupancy rate for the year under review. It has attracted foreign government bodies to establish their presence here, including the Commerce Department of Canada Consulate General and Singapore Trade Development Council, following the consulate generals of France and the United States.

The Group's another major rental property, Wuhan New World Centre Office Tower, has also recorded satisfactory leasing performance, attracting both domestic and international companies.

The Group's new commercial project in the city centre of Hankou namely Wuhan K11 Gourmet Tower opened in July 2010. The project houses various global cuisines to satisfy various requirements from banquets, appointment to fast food, and is the first choice for enjoying food and entertainment in Wuhan.

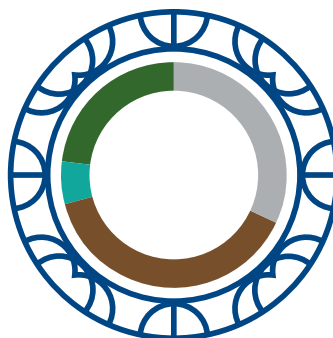
### Wuhan – properties under development or held for development

Three major properties with total GFA 2,341,963 sq.m.



### Wuhan – completed investment and hotel properties

Six major properties with total GFA 492,824 sq.m.



### Wuhan — Completion Schedule

			sq.m.
FY2010	Wuhan Changqing Garden Phase VII	Residential, Commercial	45,680
	Wuhan Menghu Garden Phase III	Residential, Commercial	37,535
	Wuhan K11 Gourmet Tower	Commercial, Carpark	20,875
	<b>Total</b>		<b>104,090</b>
FY2011	Wuhan Changqing Garden Phase VII	Residential, Commercial	148,330
	<b>Total</b>		<b>148,330</b>
FY2012	Wuhan Changqing Garden Phase VII	Residential, Commercial	145,259
	Wuhan Menghu Garden Phase III	Residential	25,167
	<b>Total</b>		<b>170,426</b>

## PROPERTY PORTFOLIO

There are three major properties under development or held for development with total GFA of 2,341,963 sq.m.. Total GFA of 148,330 sq.m. is expected to be completed in FY2011.

There are six major completed investment and hotel properties with total GFA of 492,824 sq.m..



Perspective of Wuhan Guanggu New World Centre

## CHANGSHA

### Highlights

AREA : 11,820 km<sup>2</sup>

The construction of express railways has provided a strategic opportunity for Changsha. The opening of Wuhan-Guangzhou Express Railway and the construction of Shanghai-Kunming Express Railway have opened up a fast channel connecting Changsha to Pearl River Delta and Yangtze River Delta. As the interchange of the two lines, Wuguang New City will have a strong converging effect. In the coming 20 years, it is expected that over 100 million passengers will take the Wuhan-Guangzhou Railway, and the abundance of travellers will generate a booming effect to the economy of the region, driving the development of central China, southern China, Hong Kong and Macau.





--- Railway

⊙ Railway Station

17 Changsha La Ville New World

In 2010, Changsha has attempted to attract investments with focus on global top 500 companies and prestigious domestic companies, seeking an addition of US\$2.2 billion worth of foreign investment on a full-year basis, and RMB63.5 billion worth of domestic investment from outside Changsha. In particular, major projects including Guangzhou Auto-Fiat and BYD will be expedited in order to mark Changsha as a new foundation of the domestic auto industry of China. The BYD Automotive City project in Yuhua District is planned to produce all models of BYD. In next three years, it is expected that 1.2 million automobiles will be produced and sold per year, with an annual production amount in excess of RMB40 billion.



Changsha La Ville New World Phase I

Located in Wuguang New City in Yuhua District, Changsha La Ville New World has attracted the attention of home buyers since its launch to the market in January 2007. It has been granted industry awards for a number of times, such as the designation as one of the Top Three Housing Projects in Terms of Sale Volume in 2009 and one of the Top Ten Real Estate Enterprises in Terms of Brand Equity in Changsha. More than 2,800 units have been launched, and more than 90% have been sold.



Changsha La Ville New World Phase I

Changsha — Completion Schedule			sq.m.
FY2010	Changsha La Ville New World Phase I	Residential, Commercial, Carpark	93,399
	<b>Total</b>		<b>93,399</b>
FY2012	Changsha La Ville New World Phase IIB	Residential, Commercial, Carpark	129,400
	Changsha La Ville New World Phase IIIA	Residential, Carpark	143,192
	<b>Total</b>		<b>272,592</b>

## PROPERTY PORTFOLIO

There is one property under development or held for development with total GFA of 1,006,404 sq.m..

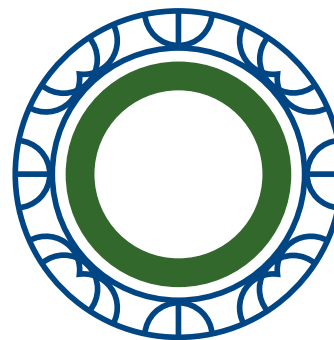
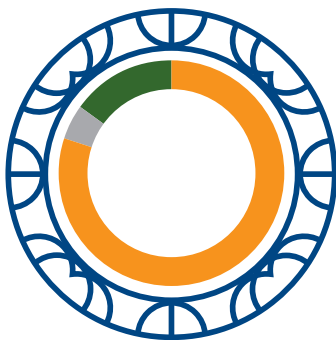
There is one completed investment property with total GFA of 24,844 sq.m..

Changsha – property under development or held for development

One property with total GFA 1,006,404 sq.m.

Changsha – completed investment property

One property with total GFA 24,844 sq.m.



● Residential 80%    ● Carpark 15%  
● Commercial 5%

● Carpark 100%

## Business Review

# GUIYANG 貴陽

### Highlights

AREA : 8,034 km<sup>2</sup>

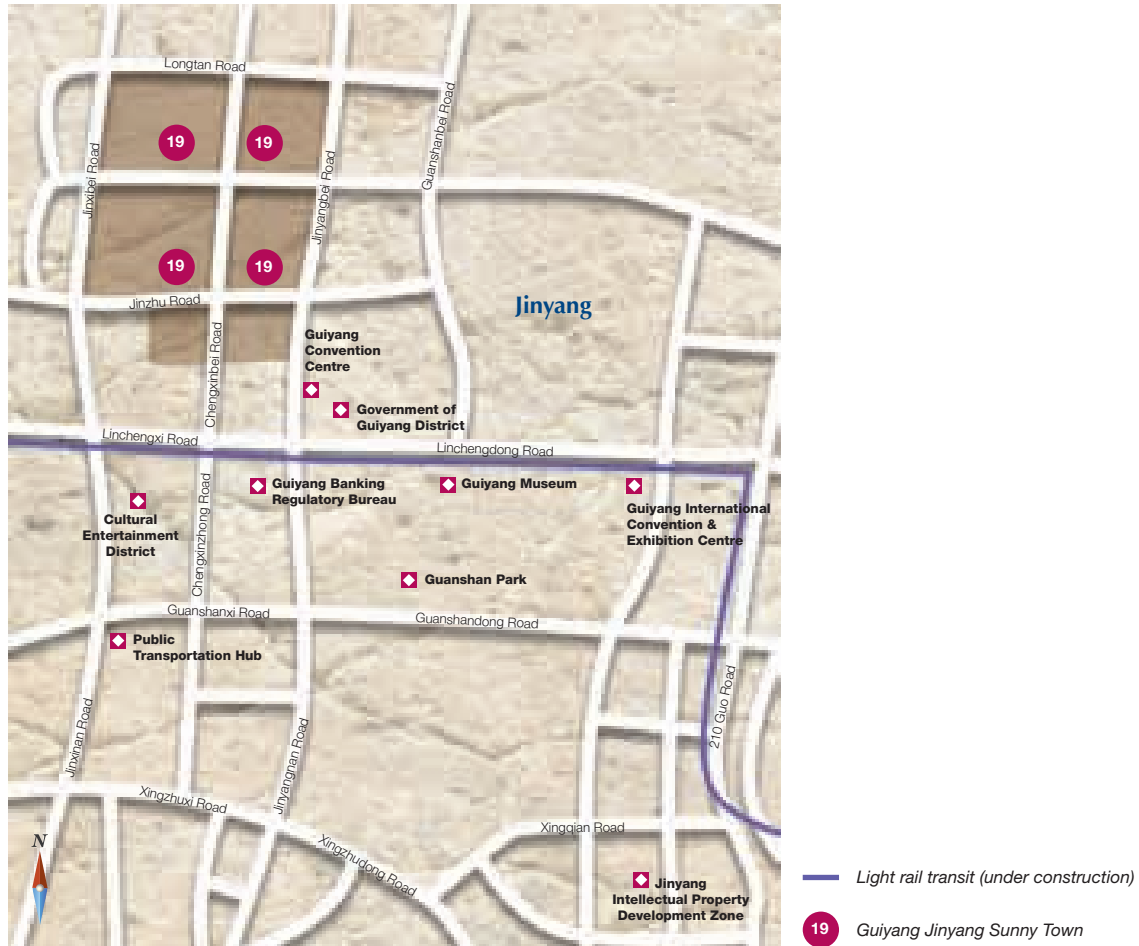
With the stimulating effects of the development of Jinyang Public Transportation Station, and the formation of the overall transportation network, the population of Jinyang New District has increased drastically, with an immigrating population of more than 200,000. The convergence of people has accelerated the development of trade and commercial activities. The expedited development of the commercial portion of Guiyang International Convention and Exhibition Centre, and the upcoming establishment of large-scale projects such as Walmart and Hyatt Hotel, together with the formation of the service sectors which include finance, hotel and catering, lay a solid foundation for the future development of Jinyang New District.



Perspective of the commercial centre inside Guiyang Jinyang Sunny Town



# Business Review - *Guiyang*



In 2010, the development of infrastructure in Guiyang is speeding up, with the expected completion of investment of RMB24 billion. This includes the expedited development of the railway connecting Guiyang with the rest of the nation within seven hours. The actively-fostered development of transportation network entails, among others, expressways connecting to Guangzhou, Chongqing, Kunming, Changsha and Chengdu, etc, and the Shanghai-Kunming Expressway. At the same time, local network of express railways will also be expedited, with the full-scale construction of the city light rail line No. 1, and the completion of the core construction of the convention centre train station later this year. A total of RMB6 billion will be spent on the construction of such railways, light rails and ancillary facilities.

Guiyang Jinyang Sunny Town, situated at the north-west corner of phase I of Jinyang New District, is the first large-scale comprehensive project of the Group in Guiyang. The project is adjacent to the commercial and financial centre planned in Jinyang New District, the future Guiyang West Transportation Station and Logistics Centre to be located in Jiangjunshan, commanding ample potential of development. During the year under review, 864 units of Guiyang Jinyang Sunny Town Phase IB named Han Lin Jin (翰臨境) were launched and over 90% of the units have been sold.

The Shopping Arcade of Guiyang Jinyang New World Commercial Centre project is situated at the core of Jinyang New District, in close proximity to Guiyang's administration centre and Line No. 1 of the Light Rail to be completed soon. The project is set to become a large-scale commercial city complex in the region and its construction had been commenced in December 2009.



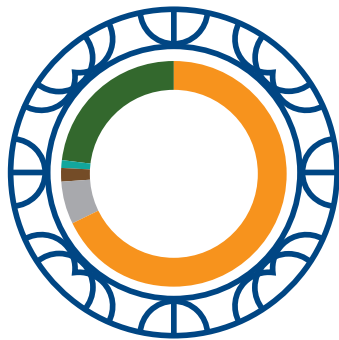
Guiyang Jinyang Sunny Town Phase I



Guiyang Jinyang Sunny Town Phase I

### Guiyang – property under development or held for development

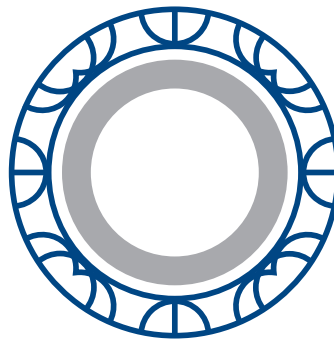
One property with total GFA 3,741,983 sq.m.



- Residential 68%
- Commercial 6%
- Office 2%
- Hotel 1%
- Carpark 23%

### Guiyang – completed investment property

One property with total GFA 2,902 sq.m.



- Commercial 100%

### Guiyang — Completion Schedule

			sq.m.
FY2010	Guiyang Jinyang Sunny Town Phase I	Residential, Commercial, Carpark	131,325
	<b>Total</b>		<b>131,325</b>
FY2011	Guiyang Jinyang Sunny Town Phase I	Residential, Commercial	141,179
	<b>Total</b>		<b>141,179</b>
FY2012	Guiyang Jinyang Sunny Town Phase I	Residential, Commercial	145,984
	<b>Total</b>		<b>145,984</b>

## PROPERTY PORTFOLIO

There is one property under development or held for development with total GFA of 3,741,983 sq.m.. Total GFA of 141,179 sq.m. is expected to be completed in FY2011.

There is one completed investment property with total GFA of 2,902 sq.m..



## CHENGDU 成都

### Highlights

AREA : 12,390 km<sup>2</sup>

As stated in the Financial Sector Development Plan of Chengdu (2010–2012), Chengdu will develop into a centre of financial services and trade in western China with the clustering of financial institutions, and will improve the environment for the development of financial sector. By 2012, it is envisaged that added value of financial sector will account for 16% of the total added value of service sector in the city, or 8% of the GDP of the city. By 2015, Chengdu will become a financial centre and a strategic location of trade in western China.



The outlook of Chengdu New World Riverside



Chengdu's external trade cooperation in recent years has achieved remarkable success. For the period from January 2009 to June 2010, foreign investment utilised in Chengdu amounted to more than US\$4 billion. Over 300 major projects have been signed with Foxconn, Maersk, Alibaba etc, and 17 global top 500 enterprises were introduced to the city, including Deutsche Post, Accenture, Metlife, Mitsubishi Heavy Industries, Dongfeng Motors, Ping An Insurance and China Resources, to become part of a total of more than 170 enterprises from the global top 500 to establish presence in Chengdu, further strengthening the economic development of Chengdu.

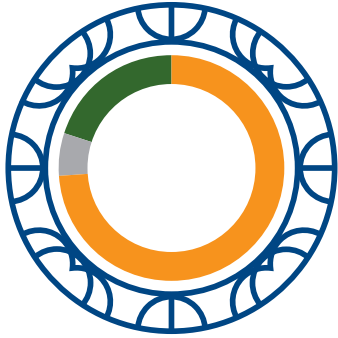
Chengdu New World Riverside, the Group's large-scale community development project located at the southern extension line of southern Chengdu, has spectacular view of a river spanning 3,000 metres, and is a well-planned international community in the region. Since its launch, the project is popular among home buyers. In April 2010, a total of 585 high-rise residential units were launched and received positive response from the market.



# Business Review - *Chengdu*

Chengdu – property under development or held for development

One property with total GFA 3,609,854 sq.m.



● Residential 74%    ● Carpark 20%  
● Commercial 6%



The duplex of Chengdu New World Riverside

Chengdu — Completion Schedule			sq.m.
FY2010	Chengdu New World Riverside Phase IA	Residential	91,729
	<b>Total</b>		<b>91,729</b>
FY2011	Chengdu New World Riverside Phase IB	Residential	141,547
	<b>Total</b>		<b>141,547</b>
FY2012	Chengdu New World Riverside Phase IB	Residential	150,018
	<b>Total</b>		<b>150,018</b>

## PROPERTY PORTFOLIO

There is one property under development or held for development with total GFA of 3,609,854 sq.m.. Total GFA of 141,547 sq.m. is expected to be completed in FY2011.



Chengdu New World Riverside



Chengdu New World Riverside commands spectacular view of the river

## HAIKOU 海口

### Highlights

AREA : 2,305 km<sup>2</sup>

According to the Outline of the Development Plan for the Development of Haikou as Hainan's International Resort Island, the economic development, industrial structure, ecological environment of Haikou have to be gradually enhanced. By 2020, the local GDP shall achieve RMB160 billion; the value added to tourism shall account for 12% of the total GDP; and rural household income shall attain a nationally leading level. The Outline also stated that the development of Qiongbai Urban Economic Zone centered at Haikou shall be expedited and the urban development shall be expanded, which will in turn enhance the city function of Haikou.





# Business Review - *Haikou*



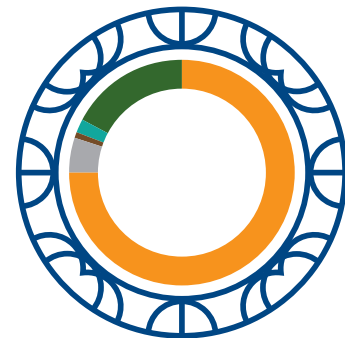
Bridge

Haikou New World Garden

Haikou Meilisha Project

## Haikou – properties under development or held for development

Two major properties with total GFA 2,373,679 sq.m.



Application has been made to the National Development and Reform Commission of China in respect of a project of the first bridge, containing both highway and railway, which goes across the Qiongzhou Strait. Construction is planned to begin in or about 2012. Upon completion, it will take only 20 minutes driving across Qiongzhou Strait. A land transportation network will be formed which is linked by expressways, connecting Haikou and those major cities in the Huanbeibuwan Region. The regional dominance of Leizhou Peninsula and Hainan will be swiftly enhanced.

The Group reported smooth progress in the development of phase III of the project of Haikou New World Garden, which is located at the southern tip of Xinfu Island where Nandu River enters the sea, and to the north it enjoys the spectacular view of Qiongzhou Strait. It represents a top-notch community offering quality of life.

The Group's Meilisha project, which is situated in the prime coastal area in Haikou, is the only top tier sea-view residential area in Haikou. The project will be developed into an international coastal community with a mixture of resorts, leisure, entertainment, business and residential development.

Haikou — Completion Schedule			sq.m.
FY2012	Haikou Meilisha Project Phase I	Residential	82,560
<b>Total</b>			<b>82,560</b>

## PROPERTY PORTFOLIO

There are two major properties under development or held for development with total GFA of 2,373,679 sq.m..

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閒



## New Style of Leisure

You can't imagine the fun the kids are having when they harvest the vegetables they have planted by their own. I used to think weekend golfing is mundane activity for my husband, surprisingly there are a lot more going on than I expected. The spa treatment I get under the palm tree is just amazing. Weekend will never be the same again.



# GUANGZHOU 廣州

## Highlights

AREA : 7,434 km<sup>2</sup>

In the Outline of the Plan of Developing Modern Industries for Guangzhou, the planning and development of the functional areas of the five modern service industries were emphasized, for fostering the expedited development of modern service industries. In 2009, The tertiary industry of Guangzhou achieved an added value of RMB554.6 billion, accounting for 70% of economic growth. Tertiary industry's proportion in the GDP of Guangzhou grew to 61%. Such data depicted the positive effect of the proactive actions taken by Guangzhou in realigning its industrial structure promoting the upgrade of its industrial transformation.



Perspective of Guangzhou Central Park-view





By the time the Asian Games 2010 commenced, Tianhe commercial area will cover more than a million sq.m. to become the largest commercial area in China. In order to position as a financial centre in Southern China, Guangzhou will develop into a regional financial hub to drive the development of the entire Guangdong Province, radiating to the entire southern China and linking Hong Kong and Macau in future. In 2020, it is envisaged that Guangzhou will have attained a level equivalent to a regional financial centre in a developed country, forming an international finance, trade, pricing and financial information centre that complements the role of Hong Kong.

The completion and operation of Subway Line No. 5 will facilitate the connection among central areas such as Huangpu and Tianhe. At present, Lines No. 1 to No. 5 of Guangzhou Subway have a total length of 150 km and a daily patronage of nearly 3 million. When Asian Games commence in 2010, three new lines and three extension lines will be added to constitute a total of 235 km for Guangzhou Subway, providing subway access to more than a million of people.

Guangzhou New World Oriental Garden Phase II, a high-end residential community developed by the Group and situated in the vicinity of Tianhe Park, is conveniently located in the heart of Tianhe District and has attracted the attention of those seeking communal convenience to workplace. 368 additional residential units of Phase II have been launched during the year under review and about 90% have been sold.

Guangzhou Park Paradise has continued to be readily sought after in the market, given its central location within the Baiyun New Town with sophisticated municipal facilities, a well-developed system of supporting network and the transportation convenience available at the west side of the community where Jiahe Station, the interchange station of Subway Lines No. 2 and No. 3, is located. Among the 790 residential units launched under Phase II of Ying Cui Yuan (映翠園) of Guangzhou Park Paradise, more than 80% have been sold.



Perspective of Guangzhou New World Oriental Garden Phase II



Perspective of Guangzhou Covent Garden Phase III

Guangzhou Covent Garden is the Group's fine fabrication of a metropolitan residence in Bai-e-tan Economic Area in Liwan District in close proximity to Subway Line No. 5 and being the most well-developed large-scale landscaped community in the region. 446 units have been launched under the brand-new cluster named Lang Yi Ting (朗逸廷), and more than 90% have been sold.

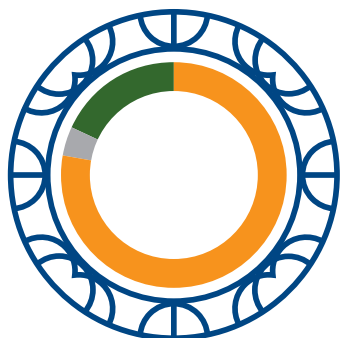
In Guangzhou Xintang New World Garden, 350 residential units have been launched under Phase II of Wan Xiang Xin Dou (万象新都), and it was sold out during the year under review.

During the year under review, the Group reported smooth progress in the construction of Phase II of Guangzhou Central Park-view, a premium residential project located on the north-southbound axis of Pearl River New Town in Tianhe Region. Currently the main building structure has been topped out. The project was launched in September 2010.

Guangzhou — Completion Schedule			sq.m.
FY2010	Guangzhou New World Oriental Garden Phase II	Residential, Carpark	57,883
	Guangzhou Park Paradise Phase IIE	Residential, Commercial, Carpark	131,446
	Guangzhou Xintang New World Garden Phase IV	Residential, Commercial, Carpark	80,944
	<b>Total</b>		<b>270,273</b>
FY2011	Guangzhou New World Oriental Garden Phase II	Residential, Commercial	57,991
	Guangzhou Park Paradise Phase IIE	Residential	33,819
	Guangzhou Xintang New World Garden Phase V	Residential	28,319
	Guangzhou Covent Garden Phase III	Residential, Commercial	86,191
<b>Total</b>		<b>206,320</b>	
FY2012	Guangzhou Central Park-view Phase II	Residential, Commercial, Carpark	145,619
	Guangzhou Park Paradise Phase IIE	Residential, Carpark	47,370
	Guangzhou Park Paradise Phase IV	Residential	23,434
	Guangzhou Covent Garden Phase III	Residential, Commercial, Carpark	39,866
	Guangzhou Xintang New World Garden Phase V	Residential, Carpark	58,942
<b>Total</b>		<b>315,231</b>	

### Guangzhou – properties under development or held for development

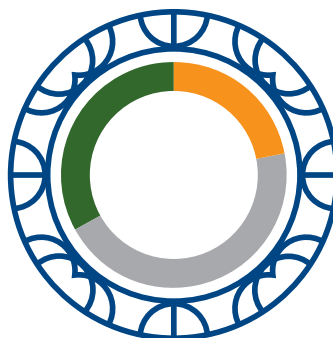
Seven major properties with total GFA 2,811,665 sq.m.



- Residential 78%
- Carpark 18%
- Commercial 4%

### Guangzhou – completed investment properties

Six major properties with total GFA 236,105 sq.m.



- Residential 22%
- Carpark 33%
- Commercial 45%

## PROPERTY PORTFOLIO

There are seven major properties under development or held for development with total GFA of 2,811,665 sq.m.. Total GFA of 206,320 sq.m. is expected to be completed in FY2011.

There are six major completed investment properties with total GFA of 236,105 sq.m..



Guangzhou Park Paradise

# PEARL RIVER DELTA 珠三角

## Highlights

AREA : 34,264 km<sup>2</sup>

The integration of the three major economic regions namely Guangzhou-Foshan-Zhaoqing, Shenzhen-Dongguan-Huizhou and Zhuhai-Zhongshan-Jiangmen is gradually expedited. With the commencement of development of intercity railways such as Dongguan-Huizhou Railway and Foshan-Zhaoqing Railway, the full-speed development of Guangzhou-Shenzhen Yuanjiang Expressway and Guangzhou-Zhuhai Western Expressway, the stepped-up integrated development of Pearl River Delta Intercity Rail, expressways and pipeline network transmitting water, electricity, oil and gases, are bound to create an inter-connected network of infrastructural facilities within the region, to prepare for a truly-integrated Pearl River Delta.



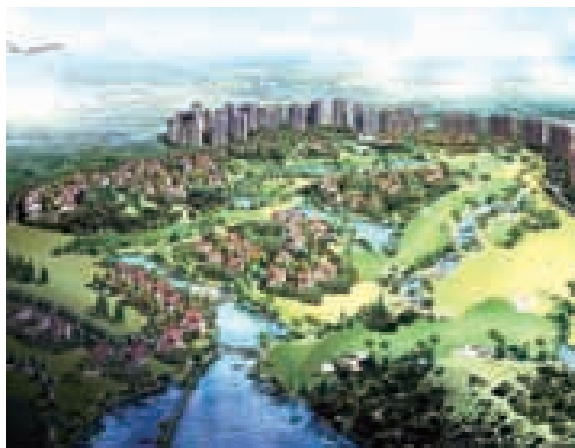


- Railway
- Highway
- 27 *Guangzhou Foshan New World Metropolitan Complex*
- 28 *Shenzhen New World Yi Shan Garden*
- 29 *Shenzhen Jian Gang Shan Project*
- 30 *Zhaoqing New World Garden*
- 31 *Huiyang Hu Xia Liao Project*
- 32 *Huiyang Palm Island Resort*
- 33 *Huizhou Changhuyuan*
- 34 *Zhuhai Jin Hai New World*
- 53 *Shunde New World Centre*
- 60 *New World Hotel Shunde*

The notion of converging Guangzhou and Foshan into one city has gained meaningful progress. In April 2010, the Key Work Plan in respect of the Development of a Guangzhou-Foshan Convergence 2010 was announced by both Guangzhou and Foshan, which concluded 69 items involving the focus on 5 areas namely focused development plan, consistence in policies, infrastructural facilities, industrial cooperation, and joint action. The commencement of operation of the first phase of Guangzhou-Foshan Line in October means the Half-hour Economic Region is up and coming, signifying an important step in the integration of the Pearl River Delta.



# Business Review - *Pearl River Delta*



Bird's eye perspective of Guangzhou Foshan New World Metropolitan Complex



Shenzhen New World Yi Shan Garden

According to the Plan of Express Rail Transportation of Foshan, apart from Guangzhou-Zhuhai Light Rail, there will be seven intercity express lines linking Shunde and Guangzhou in future. By the end of 2010, The Guangzhou-Zhongshan section of Guangzhou-Zhuhai Light Rail is expected to become operational, shortening the travelling time between Shunde and Guangzhou to 10 minutes.

Shunde New World Centre Phase III, the Group's top-class residential development in Shunde, comprises three residential towers each with 29 storeys, offering an aggregate of 734 residential units. Construction of the residential project has been completed and it is planned to be launched for public sale in the fourth quarter of 2010. 263 residential units will be available under phase I named Ming Li Ge (名禮閣).

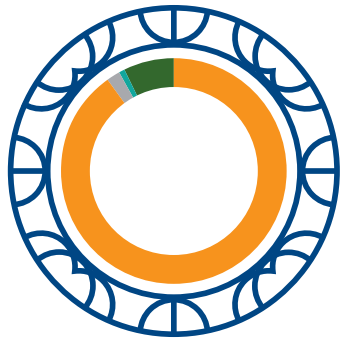
Guangzhou Foshan New World Metropolitan Complex in Foshan, broke ground in March 2010. This flagship project in the Guangzhou-Foshan region is only half-hour away the city centres of Guangzhou and Foshan. The first phase of ecological community will be developed into a mid to low density residence. Further, it is expected that the planned development of a convention and resort hotel will begin in 2010.

The new Phase IIB of Changhuyuan in Huizhou, comprising 478 residential units, was met with overwhelming market response upon its launch in early 2009. Over 90% have been sold.

349 residential units of Zhaoqing New World Garden Phase II have been released to the market and only a small number of units are still available. Construction of the residential portion of Phase III has been commenced and reported satisfactory progress. It is expected to be launched for public sale in the second half of 2010.

Pearl River Delta — Completion Schedule			sq.m.
FY2010	Huizhou Changhuyuan Phase IIB	Residential, Commercial, Carpark	64,686
	Shunde New World Centre Phase III	Residential	48,979
	<b>Total</b>		<b>113,665</b>
FY2012	Zhaoqing New World Garden Phase III	Residential, Commercial, Carpark	92,271
	Huiyang Palm Island Resort Phase VI	Residential	19,391
	<b>Total</b>		<b>111,662</b>

Pearl River Delta – properties under development or held for development  
Eight major properties with total GFA 2,103,453 sq.m.



● Residential 90%    ● Hotel 1%  
● Commercial 2%    ● Carpark 7%

Pearl River Delta – completed investment and hotel properties  
Five major properties with total GFA 148,593 sq.m.



● Commercial 48%    ● Carpark 27%  
● Hotel 25%

## PROPERTY PORTFOLIO

There are eight major properties under development or held for development with total GFA of 2,103,453 sq.m..

There are five major completed investment and hotel properties with total GFA of 148,593 sq.m..



Perspective of Zhaoqing New World Garden Phase III



# Management Discussion and Analysis

## BUSINESS REVIEW

During the year under review, the China property market continued to recover since the second quarter of 2009, benefited from the policy-led surge in liquidity to maintain China economic growth. Riding on the continuing revival of property market, the Group's contracted sales secured during the year was boosted to 1,316,592 sq.m. gross floor area ("GFA") with gross sales proceeds of RMB10.2 billion, representing a year-on-year increase in volume of 141% and over 164% surge in sales proceeds compared to the contracted sales secured in the corresponding period last year when the property market was severely dampened by the 2008 global economic downturn. Of the contracted sales secured during the year, approximately 491,000 sq.m. with gross sales proceeds of approximately RMB3.9 billion are for those projects scheduled to be completed within the next 12 months and their corresponding sales revenues shall be recorded in the consolidated income statement of FY2011.

During FY2010, the Group recorded a net profit of HK\$2.6 billion, a year-on-year increase of 94% from net profit of HK\$1.4 billion achieved in FY2009. The Group's core attributable operating profit ("AOP") from core business operations recorded a substantial increase of 95% to HK\$1.8 billion against AOP of HK\$0.9 billion recorded last year. The significant increase in AOP was mainly attributable to a substantial boost in recorded sale of property and improvement in hotel operating results.

During the year under review, the Group recorded a substantial increase in property sales volume by 120% to 1,039,224 sq.m. as compared to the corresponding period last year. The Group's strategic move to invest in mid-western China has seen positive contribution to the Group's overall property sales performance where approximately 36% of the recorded sales came from these second-tier cities where the property prices are reasonably affordable to the mass population of those cities. With the completion of property projects in eight cities during the year, a more balanced sales distribution covering first and second-tier cities was recorded compared to the corresponding period last year.

It has been the Group's strategic plan to buy out the remaining interests in projects being held by minority shareholders and joint venture partners for enhancing project planning, increasing project management efficiency and control. In line with this strategic direction, the Group has undergone various buyout exercise in which the Group has during the year completed the acquisition of additional interests in five property development projects, namely Shanghai Zhongshan Square, Guangzhou Park Paradise, Guangzhou Covent Garden, Tianjin Nanshi Lot#202 and Tianjin Xin Chun Garden which were held by Shanghai Trio Property Development Co., Ltd., Guangzhou Jixian Zhuang New World City Garden Development Limited, Guangzhou Fong Chuen — New World Property Development Co., Ltd., Tianjin New World Properties Development Co., Ltd. and Tianjin New World Housing Development Limited respectively. As required by the accounting standard of business combinations, these acquisitions were remeasured at their fair value upon the Group's acquisition, giving rise to an aggregate net gain on previously held interests of HK\$1.3 billion and negative goodwill on acquisition of HK\$0.7 billion. These favourable gains in effect untapped the Group's intrinsic value and reflected true value of its high potential land reserve.



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

	<b>FY 2010</b> <b>HK\$'000</b>	FY 2009 HK\$'000
Property sales operation	<b>1,450,077</b>	592,325
Rental operation	<b>489,623</b>	488,032
Hotel operation	<b>(97,728)</b>	(122,492)
Property management services	<b>(37,214)</b>	(11,045)
Hotel management services	<b>6,627</b>	(21,016)
Other operations	<b>706</b>	3,013
AOP before finance costs and taxation charge	<b>1,812,091</b>	928,817
Gain on remeasuring previously held interests of jointly controlled entities and associated companies at fair value upon further acquisition as subsidiaries	<b>1,332,086</b>	88,876
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	<b>732,125</b>	50,940
Changes in fair value of investment properties, net of deferred taxation	<b>57,737</b>	257,659
Write back of provision for/(provision for) properties held for/under development	<b>54,000</b>	(54,841)
Gain on disposal of subsidiaries	—	489,800
Gain on remeasuring non-controlling interests retained at fair value after disposal of partial interest in a subsidiary	—	319,073
Increase in fair value of financial assets at fair value through profit or loss	—	33,591
Gain on disposal of available-for-sale financial assets	—	15,065
Provision for amount due by a jointly controlled entity	<b>(12,000)</b>	(36,500)
Loss on disposal of non-current assets held for sale	<b>(15,364)</b>	—
Impairment of goodwill	<b>(59,372)</b>	(85,639)
(Loss)/gain on early redemption/repurchase of convertible bonds	<b>(162,227)</b>	67,366
Finance costs — project loans	<b>(183,191)</b>	(210,734)
Corporate income tax and land appreciation tax, net of tax indemnity	<b>(511,913)</b>	(219,009)
AOP	<b>3,043,972</b>	1,644,464
Bank and other interest income — corporate	<b>5,944</b>	7,565
Net foreign exchange (losses)/gains	<b>(1,846)</b>	38,744
Deferred tax on undistributed profits	<b>(89,052)</b>	(1,474)
Finance costs — corporate loans	<b>(139,992)</b>	(125,660)
Corporate administrative expenses	<b>(182,599)</b>	(204,270)
Profit attributable to equity holders of the Company	<b>2,636,427</b>	1,359,369



# Management Discussion and Analysis

## Property Sales

During the year under review, the Group's property sales operation achieved an AOP of HK\$1,450.1 million, an increase of 145% against FY2009. Benefited from the significant market rebound in the China property market since April 2009 as a result of the positive effects from series of economic stimulus measures implemented by the PRC government and the increase in completion and contracted sales, the Group's recorded property sales in terms of GFA surged over 120% to 1,039,224 sq.m., generating gross sales proceeds of over RMB8.0 billion. However, the AOP from property sales did not increase in the same magnitude as over one-third of projects completed and sold during the year under review were lower-priced residential units located in second-tier city such as Chengdu, Changsha and Guiyang compared to recorded sales of higher-end properties completed from Guangzhou region last year. The overall gross profit margin achieved during the year under review dropped by 6% comparing to FY2009. Apart from the differences in sales mix between the two years, the effect from recognising the fair value adjustment in costs of sales of certain projects of which additional interests were recently acquired also gave rise to the decrease in overall gross profit margin during the year.

In FY2010, the Group has completed 11 property development projects in Beijing, Wuhan, Changsha, Chengdu, Guangzhou, Guiyang, Huizhou and Shunde with a total GFA of 734,939 sq.m., representing a 7% increase year-on-year.

Development property projects completed in FY2010	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing New View Garden Phase III (北京新景家園三期)	R, C	31,670	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	45,680	60%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R, C	37,535	100%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R, C	68,555	48%
Chengdu New World Riverside Phase IA (成都河畔新世界一期A)	R	91,729	30%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R	55,144	100%
Guangzhou Park Paradise Phase IIE (廣州嶺南新世界二期E)	R	113,234	100%
Guangzhou Xintang New World Garden Phase IV (廣州新塘新世界花園四期)	R	51,456	63%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, P	128,423	50%
Huizhou Changhuyuan Phase IIB (惠州長湖苑二期B)	R, C	62,534	63%
Shunde New World Centre Phase III (順德新世界中心三期)	R	48,979	35%
<b>Total</b>		<b>734,939</b>	

R: Residential

C: Commercial

O: Office

P: Carpark

## Rental operation

In FY2010, the Group's rental operation recorded an AOP of HK\$489.6 million, a slight increase compared to FY2009. The continuing improvement in occupancy rates of various office premises during the year, particularly prominent for Wuhan New World Centre and Wuhan New World International Trade Tower led to a marked increase in AOP from rental operation. The marked increase in AOP from office premises in Wuhan region had been diluted by the effect from the reduction of turnover rent rate upon renewal of tenancy at Beijing New World Centre shopping mall and decrease in rentable area of service apartment and office space at Beijing New World Centre upon sales of the leased units. The pre-matured operating results and high pre-operating expenses incurred for Dalian The Galleria, Wuhan K11 Gourmet Tower and Beijing Baoding Building Shopping Arcade which commenced business during the year under review had posted negative contribution to AOP from rental operation.

During the year under review, the Group's investment property portfolio has increased by 141,498 sq.m., mainly from the completion of retail space and carparks in Beijing, Wuhan, Changsha and Guangzhou.

<b>Investment properties completed in FY2010</b>	<b>Usage</b>	<b>Total GFA (sq.m.)</b>	<b>NWCL's interest</b>
Beijing Baoding Building Shopping Arcade (北京寶鼎大廈商場)	C	40,286	100%
Wuhan K11 Gourmet Tower (武漢K11新食藝)	C, P	20,875	100%
Changsha La Ville New World Phase I (長沙新城新世界一期)	P	24,844	48%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	P	2,739	100%
Guangzhou Park Paradise Phase IIE (廣州嶺南新世界二期E)	C, P	18,212	100%
Guangzhou Xintang New World Garden Phase IV (廣州新塘新世界花園四期)	C, P	29,488	63%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	C	2,902	50%
Huizhou Changhuyuan Phase IIB (惠州長湖苑二期B)	P	2,152	63%
<b>Total</b>		<b>141,498</b>	



# Management Discussion and Analysis

## Hotel operation

During the year under review, the AOP from hotel operation recorded at a loss of HK\$97.7 million as opposed to a loss of HK\$122.5 million in the corresponding period of last year. The significant improvement in operating results from hotel operation was attributable to the continuing growth in hotel performance and gross operating profit of the Group's hotels.

The Group's hotel portfolio currently comprises seven hotels with 2,547 rooms.

Hotel portfolio	Number of rooms
Courtyard by Marriot Beijing (北京萬怡酒店)	299
New World Mayfair Hotel Shanghai (上海巴黎春天新世界酒店)	605
pentahotel Shanghai (上海貝爾特酒店)	259
New World Hotel Shenyang (瀋陽新世界酒店)	258
New World Hotel Dalian (大連新世界酒店)	429
New World Hotel Wuhan (武漢新世界酒店)	327
New World Hotel Shunde (順德新世界酒店)	370
<b>Total</b>	<b>2,547</b>

## Hotel management services

During the year under review, the AOP from hotel management services recorded at a profit of HK\$6.6 million as opposed to a loss of HK\$21.0 million in FY2009. The improved AOP in hotel management services was mainly due to an exceptional income derived from early termination of hotel management contract of L'Arc New World Hotel Macau.

In FY2011, the Group plans to complete 10 projects with a total GFA of 1,376,306 sq.m..

<b>Properties to be completed in FY2011</b>	<b>Usage</b>	<b>Total GFA (sq.m.)</b>	<b>NWCL's interest</b>
Shenyang New World Garden Phase IIA (瀋陽新世界花園二期A)	R, C, O	490,455	90%
Anshan New World Garden Phase IA (鞍山新世界花園一期A)	R, C	111,476	100%
Anshan New World Garden Phase IIA (鞍山新世界花園二期A)	R	24,969	100%
Shanghai Zhongshan Square (上海中山廣場)	C, O	112,030	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R, C	148,330	60%
Chengdu New World Riverside Phase I (成都河畔新世界一期)	R	141,547	30%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, C	141,179	50%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R, C	57,991	100%
Guangzhou Park Paradise Phase IIE (廣州嶺南新世界二期E)	R	33,819	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R, C	86,191	100%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R	28,319	63%
<b>Total</b>		<b>1,376,306</b>	

## LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2010, the Group's cash and bank deposits amounted to HK\$7,976 million (30th June 2009: HK\$3,901 million). The increase in cash and bank deposits was mainly due to strengthening of the Company's capital base. During the year, the Company issued 1,918,584,241 shares of HK\$0.10 each at HK\$2.55 per rights share by way of rights issue on the basis of one rights share for every existing two shares. The net proceeds will be used to refinance existing borrowings and debts, including the possible redemption or repurchase of outstanding convertible bonds. In June 2010, the Group redeemed a total principal amount of RMB2,218,800,000 of convertible bonds.

The Group's consolidated net debt (aggregate of borrowings, net of cash and bank balances) amounted to HK\$10,435 million (30th June 2009: HK\$13,187 million), translating into a gearing ratio of 26% (30th June 2009: 41%). The gearing ratio is calculated on the basis of net debts over total equity.

The Group's borrowings from banks and fellow subsidiaries and liabilities of convertible bonds as at 30th June 2010 totalled HK\$16,672 million (30th June 2009: HK\$16,017 million) of which 20% were secured by way of charges over assets and 80% were unsecured.



# Management Discussion and Analysis

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

	<b>2010</b> <b>HK\$'million</b>	2009 HK\$'million
Repayable:		
Within one year	<b>2,335</b>	5,971
Between one and two years	<b>7,430</b>	2,544
Between two and five years	<b>4,927</b>	7,502
Over five years	<b>1,980</b>	—
<b>Total</b>	<b>16,672</b>	16,017

As at 30th June 2010, the Group's committed unutilised bank loan facilities amounted to HK\$4,548 million (30th June 2009: HK\$2,127 million).

## Capital expenditure commitments

The capital expenditure commitments of the Group as at 30th June 2010 were HK\$475,064,000 (30th June 2009: HK\$724,864,000) of which HK\$367,064,000 (30th June 2009: HK\$616,864,000) were contracted but not provided for in the financial statements and HK\$108,000,000 (30th June 2009: HK\$108,000,000) were authorised but not contracted for. The Group's share of capital expenditure commitments of a jointly controlled entity amounted to HK\$12,843,000 (30th June 2009: Nil). The sources of funding for capital commitments are internally generated resources and bank loan facilities.

## Foreign currency exposure

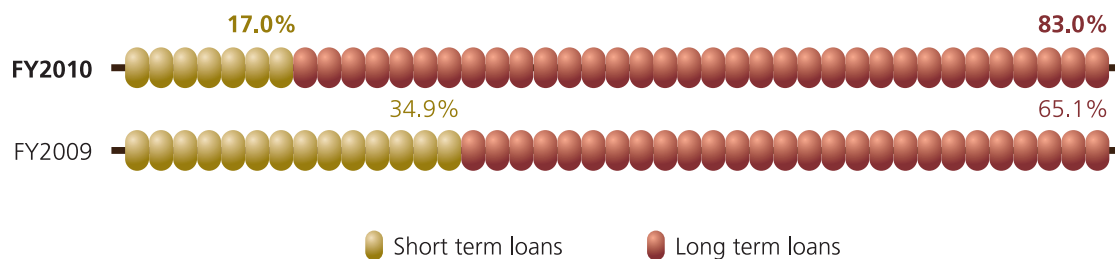
The Group conducts its business mainly in Renminbi. Other than certain bank balances and borrowings denominated in Hong Kong dollar and United States dollar, the Group does not have any material direct exposure to foreign exchange fluctuations. During the year under review, the Group has not used any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

## CONTINGENT LIABILITIES

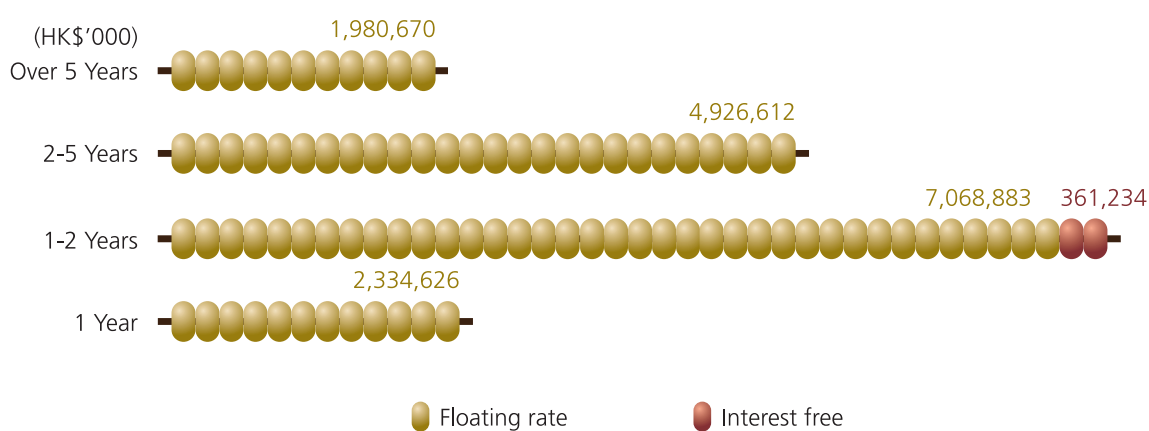
As at 30th June 2010, the Group has contingent liabilities of approximately HK\$2,340,179,000 (30th June 2009: HK\$3,207,018,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain jointly controlled entities.

As at 30th June 2010, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group amounting to HK\$1,654,666,000 (30th June 2009: HK\$753,543,000).

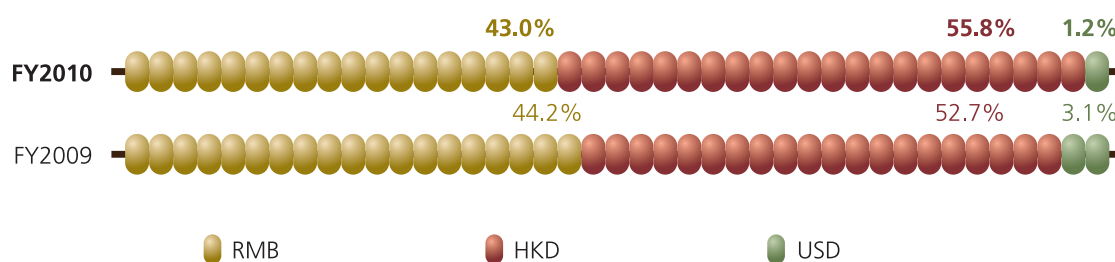
## SOURCE OF BORROWINGS



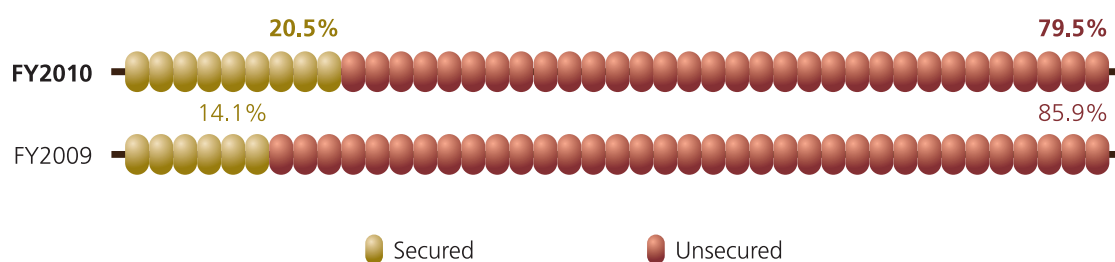
## INTEREST RATE AND MATURITY PROFILE



## CURRENCY PROFILE OF BORROWINGS



## NATURE OF DEBT





# Management Discussion and Analysis

## DETAILS OF CHARGES ON GROUP'S ASSETS

As at 30th June 2010, the Group's property, plant and equipment, investment properties, land use rights, properties held for development, properties under development and bank deposits of HK\$461,243,000 (30th June 2009: HK\$479,887,000), HK\$3,475,598,000 (30th June 2009: HK\$2,531,381,000), HK\$231,909,000 (30th June 2009: HK\$240,529,000), HK\$732,443,000 (30th June 2009: HK\$511,013,000), HK\$4,217,853,000 (30th June 2009: HK\$1,810,659,000) and HK\$10,471,000 (30th June 2009: HK\$258,494,000) respectively have been pledged as securities for short term and long term bank borrowings.

## MAJOR ACQUISITION OR DISPOSAL

During the year under review, the Group acquired 40% interest in Guangzhou Jixian Zhuang New World City Garden Development Limited ("Jixian Zhuang") for consideration of RMB1 and 52.5% equity interest in Shanghai Trio Property Development Co., Ltd. ("Trio") for consideration of approximately HK\$521 million. Jixian Zhuang is principally engaged in the development of Guangzhou Park Paradise, a residential development in Rongtai Cun, Baiyun District, Guangzhou, Guangdong Province, the PRC. The principal activity of Trio is the development of Shanghai Zhongshan Square located in Hongqiao Development Zone, Shanghai, the PRC. After the acquisitions, Jixian Zhuang and Trio became wholly-owned subsidiaries of the Group.

During the financial year ended 30th June 2010, the Group also completed its acquisition of 40% interest in Guangzhou Fong Chuen-New World Property Development Co., Ltd. ("Fong Chuen") for an aggregate consideration of approximately HK\$529 million. Fong Chuen is principally engaged in the development of a residential property project known as Guangzhou Covent Garden located in Liwan Centre, Guangzhou, the PRC. Upon completion of this acquisition, Fong Chuen became a wholly-owned subsidiary of the Group.

## EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2010, the Group has 4,998 full-time employees. Total staff related costs incurred during the year under review were HK\$289 million (2009: HK\$271 million), of which retirement benefits were included. Remuneration of employees is reviewed annually based on assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance.





# Corporate Governance Report

The Board believes that maintaining high level of corporate governance is essential to the success of the Company and is committed to applying the principles of corporate governance in the areas of internal control, risk management, fair disclosure and accountability. The Board will continue to improve the Company's corporate governance practices in response to changing business environment and regulatory requirements with the objective of achieving sustainable development, protecting shareholders' interest and enhancing shareholders' value.

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

## DIRECTORS AND BOARD PRACTICES

### Composition and responsibilities

The Company is headed by the Board which currently comprises fourteen directors, including eight executive directors, three non-executive directors and three independent non-executive directors. The names, biographical details and relationship amongst them, if any, are set out on pages 75 to 81 of this annual report.

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

### Chairman and Managing Director

Dr. Cheng Kar-shun, Henry is the Chairman and Managing Director of the Company. In his dual capacity as Chairman and Managing Director, Dr. Cheng Kar-shun, Henry is responsible for effective running of the Board and formulating business strategies. He also provides leadership for effective running of the Company's business and implementing the policies devised by the Board.

The Code provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Board believes that Dr. Cheng Kar-shun, Henry, in his dual capacity as the Chairman and Managing Director, will provide strong and consistent leadership for the development of the Group.

### Independent non-executive directors

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

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



## Appointment of directors

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the succession planning of directors and assessing the independence of independent non-executive directors. No nomination committee has been established by the Company.

On 8th January 2010, Miss Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad were appointed as executive directors by the Board and Messrs. Doo Wai-hoi, William, Leung Chi-kin, Stewart and Chow Kwai-cheung, previously the executive directors, were re-designated as non-executive directors of the Company.

In evaluating whether an appointee is suitable to act as a director, the Board had considered the experience, qualification and other relevant factors. An induction has been given to the newly appointed directors to provide information regarding the businesses and operation of the Company as well as his/her responsibilities under the statutes, rules and regulations. The appointment of new members to the Board will enable the Company to strengthen the monitoring role of the Board. The re-designation of directors indicated a change in the duties and responsibilities of the relevant directors in the Company who will continue to scrutinize the Company's performance and bring in their knowledge and experience relevant to the business of the Company.

## Rotation of directors

In accordance with the Company's articles of association, all directors are subject to retirement by rotation at least once every three years and each newly appointed director is subject to re-election by the shareholders at the first general meeting after his/her appointment. The names of directors who are eligible for re-election will be disclosed in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars. In this respect, the newly appointed directors offered themselves for re-election by the shareholders of the Company at an extraordinary general meeting duly convened on 3rd June 2010 and provided their profiles in the circular relating to their re-election.

The Code provides that non-executive director should be appointed for a specific term, subject to re-election. In this regard, the Company entered into service contracts with the non-executive directors (including the independent non-executive directors) of the Company for a term of three years subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's articles of association.

## Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Matters which are material and may cause potential conflict of interest will be dealt with at board meetings instead of by way of circulation or by a committee. Directors may participate either in person or through electronic means of communications. Five full board meetings were convened in the year under review, four of which were regular board meetings for reviewing and approving the financial operating performance of the Group. The attendance of each individual director at these board meetings is set out in the following table:

	<b>Number of board meetings attended/held</b>
<b>Executive directors</b>	
Dr. Cheng Kar-shun, Henry (Chairman)	5/5
Mr. Cheng Kar-shing, Peter	4/5
Mr. Cheng Chi-kong, Adrian	4/5
Miss Cheng Chi-man, Sonia*	3/5
Mr. Cheng Chi-him, Conrad*	2/5
Mr. Chow Yu-chun, Alexander	5/5
Mr. Fong Shing-kwong, Michael	3/5
Ms. Ngan Man-ying, Lynda	5/5
<b>Non-executive directors</b>	
Mr. Doo Wai-hoi, William (Vice-Chairman)	5/5
Mr. Leung Chi-kin, Stewart	4/5
Mr. Chow Kwai-cheung	4/5
<b>Independent non-executive directors</b>	
Mr. Cheng Wai-chee, Christopher	4/5
Mr. Tien Pei-chun, James	2/5
Mr. Lee Luen-wai, John	5/5

\* Appointed on 8th January 2010

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



# Corporate Governance Report

## Board committees

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

### (i) **Executive committee**

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

### (ii) **Audit committee**

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

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

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

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

<b>Members of Audit Committee</b>	<b>Number of meetings attended/held</b>
Mr. Cheng Wai-chee, Christopher	2/2
Mr. Tien Pei-chun, James	0/2
Mr. Lee Luen-wai, John	2/2

**(iii) Remuneration committee**

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

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

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

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

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

**Remuneration of directors**

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



# Corporate Governance Report

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

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

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

## FINANCIAL REPORTING AND INTERNAL CONTROL

### Financial reporting

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

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

The reporting responsibilities of PricewaterhouseCoopers, the Company’s external auditors, are stated in the Report of the Independent Auditor on pages 116 to 117 of this annual report.

## Internal control system

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

- (1) A defined organisational structure has been set up with clear line of responsibility and authority. Division heads are assigned to the property projects in the PRC on regional basis to oversee and control the operational and financial aspects of the projects. Systems are in place to review, approve, and administer contract works, capital expenditures, sales and rental arrangement of the property projects.
- (2) A comprehensive management accounting system has been adopted to provide financial and operational performance indicators to the management in a timely manner. Proper controls are in place for the recording and verification of accounting data to provide accurate and timely management information.
- (3) The financial results of the property projects are measured against the annual operational and financial targets. Variances against the budgets are analysed and explained to identify area of improvement and appropriate corrective actions to be taken.
- (4) Evaluation of the Group's internal control is conducted by the internal audit department on an on-going basis. The internal audit department performs risk-based audits to review the effectiveness of the Group's material internal controls so as to provide assurance that key business and operational risks are identified and managed. The work carried out by the internal audit department will ensure the internal controls are in place and functioning as intended. The internal audit department reports to the Board with its findings and makes recommendations to improve the internal control of the Group. The department also sent their reports to the Audit Committee for review and discussion.

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

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

## External Auditors' Remuneration

Fees for auditing services and non-auditing services amounting to HK\$6,208,000 and HK\$1,117,000 respectively were provided in the Group's consolidated income statement for the year ended 30th June 2010.



# Corporate Governance Report

## COMMUNICATION WITH SHAREHOLDERS

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

In addition, the Chairman, members of the Board and external auditors will attend the annual general meetings of the Company where the directors will answer questions raised by the shareholders on the performance of the Group. To ensure the general meetings are conducted in a fair and transparent manner, the Chairman has demanded voting by poll on each resolutions considered at the general meetings held in the past year and appointed the branch Share Registrars as the scrutineers to count the votes and explain to the shareholders at the meetings the procedures for voting by poll. The poll results were subsequently posted both on the websites of the Company and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

The Company also holds press and analysts conferences at least twice a year following the release of interim and full year results announcements at which the executive directors and senior management of the Group are available to answer questions regarding the performance of the Group. The Group has participated in a number of roadshows and meetings with investors and organised a number of site visits during the fiscal year 2010.

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





Dr. Cheng Kar-shun, Henry *GBS*



Mr. Doo Wai-hoi, William *JP*

### CHAIRMAN AND MANAGING DIRECTOR

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

*GBS* (Aged 63)

Dr. Cheng became the Chairman and Managing Director of New World China Land Limited in 1999. He is also a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Dr. Cheng is the Managing Director of New World Development Company Limited, a substantial shareholder of the Company, the Chairman of NWS Holdings Limited, the Chairman and Non-Executive Director of New World Department Store China Limited, the Chairman of International Entertainment Corporation as well as an Independent Non-Executive Director of HKR International Limited and a Non-Executive Director of Lifestyle International Holdings Limited, all being listed public companies in Hong Kong. He was also the Chairman of Taifook Securities Group Limited (a listed public company in Hong Kong), up to his resignation on 13th January 2010. In addition, Dr. Cheng is the Managing Director of New World Hotels (Holdings) Limited and a Director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited and Chow Tai Fook Enterprises Limited. He is the Chairman of the Advisory Council for The Better Hong Kong Foundation and a Standing Committee Member of the Eleventh Chinese People's Political Consultative Conference of the People's Republic of China. In 2001, Dr. Cheng was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the brother of Mr. Cheng Kar-shing, Peter, the brother-in-law of Mr. Doo Wai-hoi, William, the father of Mr. Cheng Chi-kong, Adrian and Miss Cheng Chi-man, Sonia, and the uncle of Mr. Cheng Chi-him, Conrad.

### VICE-CHAIRMAN AND NON-EXECUTIVE DIRECTOR

#### Mr. Doo Wai-hoi, William

*JP* (Aged 66)

Mr. Doo was appointed an Executive Director of New World China Land Limited in June 1999 and has been re-designated as a Non-Executive Director of the Company with effect from 8th January 2010. He is the Vice-Chairman of the Company, a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Mr. Doo is currently the Deputy Chairman and Non-Executive Director of NWS Holdings Limited, an Executive Director of Lifestyle International Holdings Limited and an Independent Non-Executive Director of The Bank of East Asia, Limited and Neo-China Land Group (Holdings) Limited, all being listed public companies in Hong Kong. He was also the Vice-Chairman of Taifook Securities Group Limited (a listed public company in Hong Kong), up to his resignation on 13th January 2010. He is also a Director of New World Hotels (Holdings) Limited and Fung Seng Diamond Company Limited. Mr. Doo has been serving as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. In addition, he is a Member of the Standing Committee of the Eleventh Chinese People's Political Consultative Conference in Shanghai, and the Convener of the Shanghai Committee in Hong Kong and Macau. In 2005, he was appointed as the Honorary Consul of the Kingdom of Morocco in Hong Kong. In 2009, he was awarded the Chevalier de la Légion d'Honneur by the Republic of France. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter, and the uncle of Mr. Cheng Chi-kong, Adrian, Miss Cheng Chi-man, Sonia and Mr. Cheng Chi-him, Conrad.



Mr. Cheng Kar-shing, Peter



Mr. Cheng Chi-kong, Adrian

### EXECUTIVE DIRECTOR

#### Mr. Cheng Kar-shing, Peter

(Aged 58)

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

### EXECUTIVE DIRECTOR

#### Mr. Cheng Chi-kong, Adrian

(Aged 30)

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



Miss Cheng Chi-man, Sonia



Mr. Cheng Chi-him, Conrad

## EXECUTIVE DIRECTOR

### Miss Cheng Chi-man, Sonia

(Aged 29)

Miss Cheng was appointed an Executive Director of New World China Land Limited in January 2010. She has been appointed as the Executive Vice Chairman of New World Hotel Management Limited, a wholly-owned subsidiary of the Company, and is responsible for overseeing the Company's hotel operations since February 2009. She is currently the director of certain subsidiaries of the Company. Before joining the Group, she had worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Miss Cheng holds a Bachelor of Arts Degree in Applied Mathematics with concentration in Economics from Harvard University in U.S.A.. She is the daughter of Dr. Cheng Kar-shun, Henry, the niece of both Mr. Doo Wai-hoi, William and Mr. Cheng Kar-shing, Peter. She is also the sister of Mr. Cheng Chi-kong, Adrian and the cousin of Mr. Cheng Chi-him, Conrad.

## EXECUTIVE DIRECTOR

### Mr. Cheng Chi-him, Conrad

(Aged 31)

Mr. Cheng was appointed an Executive Director of New World China Land Limited in January 2010. He graduated from University of Toronto in Canada with a Bachelor of Arts degree in Statistics and has been specialising in project management of property projects in China since 2005. He is currently an executive director of International Entertainment Corporation, a listed public company in Hong Kong. He was also an Executive Director of New Times Energy Corporation Limited (formerly known as New Times Group Holdings Limited), a listed public company in Hong Kong, from 5th February 2008 to 19th October 2009. He is the son of Mr. Cheng Kar-shing, Peter, the nephew of both Dr. Cheng Kar-shun, Henry and Mr. Doo Wai-hoi, William. He is also the cousin of Mr. Cheng Chi-kong, Adrian and Miss Cheng Chi-man, Sonia.



Mr. Leung Chi-kin, Stewart



Mr. Chow Kwai-cheung

### NON-EXECUTIVE DIRECTOR

#### Mr. Leung Chi-kin, Stewart

(Aged 71)

Mr. Leung was appointed an Executive Director of New World China Land Limited in June 1999 and has been re-designated as a Non-Executive Director of the Company with effect from 8th January 2010. He is an Executive Director and the Group General Manager of New World Development Company Limited, a listed public company in Hong Kong and a substantial shareholder of the Company, as well as a Director of New World Hotels (Holdings) Limited and Hip Hing Construction Company Limited. He also acts as the Vice-Chairman of the Executive Committee of The Real Estate Developers Association of Hong Kong and is a member of the General Committee of The Chamber of Hong Kong Listed Companies.

### NON-EXECUTIVE DIRECTOR

#### Mr. Chow Kwai-cheung

(Aged 68)

Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999 and has been re-designated as a Non-Executive Director of the Company with effect from 8th January 2010. He is currently a Non-Executive Director of New World Development Company Limited, a listed public company in Hong Kong and a substantial shareholder of the Company. He is also a Director of Golden Land Property Development Public Company Limited, a public listed company in Thailand, and a Director of Hip Hing Construction Company Limited. He has over 40 years experience in property development and investment businesses. Mr. Chow joined the New World Group in 1971 and is responsible for the project management of the New World Group.



Mr. Chow Yu-chun, Alexander



Mr. Fong Shing-kwong, Michael

## EXECUTIVE DIRECTOR

### Mr. Chow Yu-chun, Alexander

(Aged 63)

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

## EXECUTIVE DIRECTOR

### Mr. Fong Shing-kwong, Michael

(Aged 62)

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



Ms. Ngan Man-ying, Lynda



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

## EXECUTIVE DIRECTOR

### Ms. Ngan Man-ying, Lynda

(Aged 44)

Ms. Ngan was appointed an Executive Director of New World China Land Limited in January 2006. She is also a member of the Executive Committee of the Board of Directors of the Company and a director of certain subsidiaries of the Company. Ms. Ngan is an Executive Director of New World Department Store China Limited, a listed public company in Hong Kong. Ms. Ngan joined the Group in 1999 and is the Financial Controller and a committee member of the Group's Operation Committee responsible for overseeing the Group's financial accounting, treasury management and corporate governance monitoring. Prior to joining the Company, Ms. Ngan worked for an international accounting firm in Hong Kong and a tax consulting company in Australia. Ms. Ngan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of United Kingdom and has over 23 years of experience in auditing, accounting, business advisory and tax consultancy. Ms. Ngan is the Company Secretary of New World China Land Limited.

## INDEPENDENT NON-EXECUTIVE DIRECTOR

### Mr. Cheng Wai-chee, Christopher

*GBS OBE JP* (Aged 62)

Mr. Cheng was appointed an Independent Non-Executive Director of New World China Land Limited in June 1999. He also acts as the Chairman of the Audit Committee and the Remuneration Committee of the Board of Directors of the Company. Mr. Cheng is the Chairman of Wing Tai Properties Limited (formerly known as USI Holdings Limited) and Winsor Properties Holdings Limited. He is an Independent Non-Executive Director of NWS Holdings Limited and Kingboard Chemical Holdings Limited, all being listed public companies in Hong Kong, and an Independent Director of DBS Group Holdings Limited, a listed public company in Singapore. He is also a Non-Executive Director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust). He was an Independent Non-Executive Director of PICC Property and Casualty Company Limited, a listed public company in Hong Kong, up to his resignation on 23rd October 2009.

Mr. Cheng has a keen interest in the public services. He is currently the Chairman of the Standing Committee on Judicial Salaries and Conditions of Service, a member of the Exchange Fund Advisory Committee and a steward of the Hong Kong Jockey Club. He also serves as a member of the honorary court of the Hong Kong University of Science and Technology, the board of Overseers at Columbia Business School, the board of Temasek Foundation CLG Limited, and a member on the President's Council on International Activities of the Yale University. Mr. Cheng is the former Chairman of the Hong Kong General Chamber of Commerce. Mr. Cheng holds a BBA from the University of Notre Dame, Indiana, USA, and an MBA from Columbia University, New York.



Mr. Tien Pei-chun, James GBS JP



Mr. Lee Luen-wai, John JP

## INDEPENDENT NON-EXECUTIVE DIRECTOR

### Mr. Tien Pei-chun, James

*GBS JP (Aged 63)*

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

## INDEPENDENT NON-EXECUTIVE DIRECTOR

### Mr. Lee Luen-wai, John

*JP (Aged 61)*

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



# Senior Management Profile

## WONG Siu-man, Simon

(Aged 41)

Mr. Wong is a Deputy Regional Executive of the Group responsible for projects in Wuhan. Mr. Wong graduated from the University of Hong Kong majoring in business administration. He possesses more than 15 years of working experience in the property development sector in the PRC. Mr. Wong joined New World Group in 1996.

## CHAN Chi-wing, Wingo

(Aged 48)

Mr. Chan is a Regional Executive of the Group who primarily oversees the Group's projects in Beijing, Tianjin and Jinan. Mr. Chan has more than 20 years experience in real estate development in Hong Kong and China. Besides an honour degree in Architectural Studies from the University of Hong Kong, Mr. Chan has MBA, LLB (Hon) and LLM degrees. He has also been called to the Bar in England and Wales. Mr. Chan joined New World Group in 1986. He has worked with the Group for more than 12 years.

## LAU Chung-chun, Desmond

(Aged 63)

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

## FAN Chor-kwok, Ambrose

(Aged 66)

Mr. Fan is an Assistant General Manager and Regional Director — Central China of the Group, whose primary responsibility is to oversee the Group's projects in Central China including Wuhan and Changsha. Mr. Fan graduated from the University of Hong Kong with a Bachelor Degree in Architecture and the University of Toronto with a Master Degree in Business Administration. Mr. Fan is a Registered Architect in Hong Kong, Member of The Royal Architectural Institute of Canada and The Hong Kong Institute of Architects. Mr. Fan has more than 40 years of experience in architecture, project management and property development and has held a number of senior positions in international consulting firms, property development companies and financial institutions. Mr. Fan joined the New World Group in 1992, was appointed as a Director of New World Project Management Limited in 1993, Assistant General Manager of New World Development (China) Limited in September 1997 and Regional Director — Central China of New World China Land Limited in 2008.



WONG Siu-man, Simon	CHAN Chi-wing, Wingo	LAU Chung-chun, Desmond	FAN Chor-kwok, Ambrose
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GENG Shu-sen,  
Kenneth

WONG See-yuen

CHAN Yiu-ho,  
Benny

### GENG Shu-sen, Kenneth

(Aged 47)

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

### WONG See-yuen

(Aged 54)

Mr. Wong is a Regional Executive of the Group who primarily oversees the Group's project in Chengdu. Mr. Wong holds a Bachelor Degree in Construction Management from Pacific Southern University and Master Degree in Business Administration from Seattle International University. Mr. Wong has over 28 years of experience in real estate management, leasing and project development and management of various projects in Hong Kong. Mr. Wong is the Vice-Chairman Member of Chengdu Association of Enterprises with Foreign Investment. Mr. Wong joined New World Group in 2001.

### CHAN Yiu-ho, Benny

(Aged 38)

Mr. Chan is a Deputy Regional Executive of the Group who primarily assists Mr. Desmond Lau in overseeing the Group's projects in Shenyang. Mr. Chan holds a Bachelor Degree in Business Administration from the Chinese University of Hong Kong, and has over 10 years of experience in real estate development in the PRC. Prior to joining the Group, Mr. Chan worked for an international accounting firm in Hong Kong. Mr. Chan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom.



## SUMMARY

NWCL is committed to promoting green living and low carbon lifestyle to the community and the general public. During the past year, by pulling together our nationwide network of corporate volunteers with other social institutions and social organizations, our care and services were able to be extended to a wider range of vulnerable groups in the community. By consolidating the Group's resources, we are trying to convey the concept of a pluralistic and integrated society to the community and promote the lifestyle of healthy and green living among the residents.

Responsibility grows with ability. NWCL upholds the value of corporate citizenship. We believe the continual and systematic interaction with our employees, property owners, business partners, the general public, minority groups and NGOs will bring dynamics to the sustainable development of business corporations and the society.

### 1. PHILANTHROPY AND CHARITABLE GIVING

#### Guiyang New World Donated RMB1 Million to China Volunteer Service Foundation

At the launching ceremony of "Voluntary Service of Caring for 1M Empty Nesters", Guiyang NWCL donated RMB1 million to China Volunteer Service Foundation for supporting sustained and healthy development of Chinese volunteer service.

#### Guiyang Jinyang Sunny Town Made Donation to the Drought-Hit Area

On 23rd March 2010, at the kick-off ceremony of the "Fighting Drought with Love" donation activity held by the Municipal Party Committee, Municipal Government, and the Charity Federation of Guiyang, Guiyang NWCL donated RMB300,000 to help people in the drought area to get over current difficulties.

### NWCL in Various Regions across China Raised Funds for People in the Affected Area of the Yushu Earthquake

In April 2010, in an effort to relieve people in the affected area of the Yushu Earthquake, NWCL launched donation activities in various regions across China. Donations collected from property owners and employees of NWCL in Shenyang, Anshan, Dalian, Chengdu and Southern China amounted to RMB213,124.

### 2. COMMUNITY SERVICES AND EMPLOYEE VOLUNTEERING

#### Wuhan New World Volunteer Team Held Inauguration Ceremony

On 5th September 2009, Wuhan New World Volunteer Team, a NWCL corporate volunteer organization, held its inauguration ceremony at the front entrance of the Wuhan New World International Trade Tower. This is the fifth volunteer team of NWCL in Mainland China. After the ceremony, the volunteers participated in a traffic coordination activity named "Civilized Traffic". Through taking part in facilitating an orderly traffic, the volunteers promoted the idea of civilized traffic among the citizens.

#### Chengdu New World Volunteer Team Awarded "Elite Volunteer Service Group of Wuhou District 2009"

In recognition of the continual effort of the Chengdu New World Volunteer Team in promoting a harmonious and environmental friendly community and the setting up of a standardized community volunteer service station in 2009, the Chengdu Volunteer Service Committee of Wuhou District awarded the Chengdu New World Volunteer Team "Elite Volunteer Service Group of Wuhou District 2009" in February 2010. At the same time, the Wangjiang Road Mutual Aid Committee of Wuhou District, Chengdu also honoured the Chengdu New World Volunteer Team with the title of "Distinguished Volunteer Service Group" so as to encourage the general public to take a more active role in social volunteer service and to promote the spirit of "contribution, environmental protection and mutual assistance".



### The Canton Club “V Action” Kicked Off New World Volunteer Team (Guangzhou)’s Voluntary Service Month for the Asian Games

On 28th February 2010, Xie Xingfang — World Badminton Champion, Zhao Guangjun — Top 10 Distinguished Volunteer of China, and Wu Yingna — Miss World pageant and volunteer ambassador of Guangzhou, joined hands with over 300 Asian Games volunteers and New World volunteer team members at The Canton Club to make vows to serve the Asian Games. The occasion formally kicked off the “V-style New Life — Asian Games Voluntary Service Month” activity. Embarking from the The Canton Club, “V Action” would last for a month. Nearly 10,000 volunteers, including members from New World Volunteer Team, would participate in the event and over a million service cars, taxies, buses, and private cars would stick a “V Label” onto the vehicle to transmit the passion of the Asian Games.

## 3. GREEN MANAGEMENT

### NWCL Supported the Unveiling of K11 ECO HOME in the Community

Beijing saw the grand opening of K11 ECO HOME in the Beijing New View Garden community on 16th July 2010. The venue itself is a fusion of experiential and exhibition space, and allows the systematic exploration and analysis of the possibility of green cities and green architecture. Both the interior and exterior of K11 ECO HOME exhibit various green and low carbon features that NWCL has applied to its nationwide projects. With the hope of bringing the waste of energy and resources due to cities construction and community development to a minimal, in future, architectural design that shows respect to humanity, that is harmonious with the environment, and that is coupled with convenient traffic, will continue to appear in the newly developed community projects and other K11 commercial projects of NWCL all over Mainland China.

As the foundation base of green education, NWCL hopes that by introducing K11 ECO HOME to the public, more people, including property owners of the communities developed by the Group, would realize that green architecture and the building of a healthy community require the dual effort of both the users and the developers, and hope we can make our way towards a green and sustainable development.

### NWCL won the “Lohas Company Award” of “2010 China Best Low-Carbon Enterprise”

In August 2010, NWCL won the “Lohas Company Award” in “China Best Low-Carbon Enterprise” which was jointly initiated and hosted by Economic Observer and National Research Institute of Economic Observation, and was honored with “2009–2010 China Best Low-Carbon Enterprise”. NWCL was the only Hong Kong enterprise among the 20 award winners including both domestic and transnational corporations.

This appraisal event aims to find best performers among enterprises in the “low-carbon” era, and provide a benchmark and reference to Chinese enterprises’ advancing to the low-carbon era. The judges spoke highly of NWCL’s concept of green building and sustainable low-carbon development, and its outstanding performance in actively applying green operation from the inside and advocating its communities and the public to practise green life, etc.





#### 4. COMMUNITY ENVIRONMENTAL IMPACT DUE TO OPERATION

##### Guangzhou Foshan New World Metropolitan Complex — Water Recycling System

Guangzhou Foshan New World Metropolitan Complex is the largest project of NWCL in the Guangzhou-Foshan core area. Its development includes the planting of additional natural woods and shrubs which foster the ecological growth of the surrounding environment.

Rainwater is collected by a specially designed water system and then processed by recycling facilities, including a wetland facility. Processed water can be used to irrigate nearby green fields and the golf course. The system not only maintains water quality but also helps reduce fresh water consumption and thus greatly preserves natural resources. Energy preservation is also realized by utilizing fully the difference in altitudes of the lakes, as water recycling systems of the lakes are interlinked so that the use of pumping facilities can be minimized. The project plan includes a wetland park which serves multiple ecological purposes, including water purification and landscape education, etc.

##### Vertical Greening at Guangzhou Central Park-view

The entrance to Region L13 of the Guangzhou Central Park-view Phase II will construct a green arch across Block 16 and 17 by using the vertical greening technology. Measuring 15 metres by 11 metres, the green arch transparently connects the two blocks and provides a softening effect to the rigidity of the building. It also marks NWCL's attempt in the application of vertical greening technology. Vertical greening technology not only improves the insulation effect of the external wall of buildings but also brings more greenery to the community.

#### New World Hotel Wuhan Built the First Green “Waste Room”

New World Hotel Wuhan has invested RMB800,000 in building a green “waste room”, the first of its type in Wuhan. The “waste room” is located in the car park on LG1. It has installed the most advanced facilities for the classification, packaging, cleaning, and freezing of wastes and adopted the latest technologies in the disposal, classification and freezing of wastes. The green “waste room” has a gross floor area of about 60 sq.m.. The working areas are divided into a freezing room, a classification room, a cleaning room and a pressure room. The “waste room” can easily process two to three tonnes tons of wastes without creating any pollution or smell of wastes on a daily basis. The advanced waste management and environmental measure have attracted vast media coverage in Wuhan and would be promoted in the hotel industry.

#### 5. COMMUNITY ENVIRONMENTAL CAMPAIGN

##### Shenyang New World Volunteer Team Launched the “Exchanging Used Batteries with Environmental Friendly Bag Charity Activity”

On 28th November 2009, Shenyang New World Volunteer Team co-organized a special class activity — “Exchanging Used Batteries with Environmental Friendly Bag Activity” with Class 096 of the Northeast Yucai School Senior Section. The students had collected over 1,200 used batteries and exchanged them with environmental friendly bags for daily use. “Exchanging Used Batteries with Environmental Friendly Bag Charity Activity” in Shenyang would start from this class activity and later carry out in the Anshan area. Recycle bins for collecting and recycling used batteries were placed at New World Hotel Shenyang, New World Department Stores Shenyang and Anshan, Shenyang New World Garden and Club Royale.



### Chengdu New World Volunteer Team Held Tree-Planting Activity

On 12th March 2010, Chengdu New World Volunteer Team held a tree-planting activity with the theme of "Let's Go Green, Low Carbon Life Counts on You and Me". The practical move of the volunteers marked their contribution in the greening of Chengdu New World Riverside.

### NWCL in Full Support of "Earth Hour 2010"

NWCL was again in full support of the WWF initiative of "Earth Hour 2010". NWCL property projects in 21 cities jointly participated in the activity on 27th March 2010. Besides turning off lightings, including exterior neon lights and landscape lightings, of our commercial properties for one hour from 20:30 to 21:30, the Group also invited employees and 70,000 property owners nationwide to join the event. They were encouraged to turn off the lights and gradually switch to a low carbon lifestyle in their daily lives.

### Beijing NWCL Club Held "Green Field Experience Day" Activity

On 22nd May 2010, members of the Beijing NWCL Club held the "Green Field Experience — Beautiful Village, Happy Farmer's Day" activity in the Liumingying Ecological Farm in Daxing District, Beijing. There were 280 NWCL Club members taking part in the activity. Seizing the opportunity to plant peanuts, taste a village meal, and harvest organic vegetables, the NWCL Club members had an intimate encounter with the nature in an environmental friendly way.

### Chengdu New World Volunteer Team Launched the "Low Carbon Life — New World Clothes Passing Activity"

On 22nd May 2010, with the aim of promoting love and a low carbon lifestyle, Chengdu New World Volunteer Team, together with Chengdu New World Department Store, Chow Tai Fook Jewellery, and Chengdu Commercial Daily, held the "low carbon life — New World clothes passing activity" in the People's Park. In support of the green idea of low carbon lifestyle, hundreds of Chengdu citizens queued up at the occasion to donate or receive clothes. Over 1,000 used clothes were passed on in the activity.

### NWCL Launched the "New World Green Community — Planting New Green Activity"

In response to the United Nations World Environment Day on 5th June, the employees of NWCL initiated the "New World Green Community — Planting New Green Activity" in June 2010. The Group had provided seeds of organic vegetables to the employees and encouraged them to experience low carbon life by using used containers to plant edible vegetables at home. The activity also advocated the employees to keep a "seed growing journal" to record their personal experiences and share them with the colleagues. Well written articles would be published in the corporate newsletter and the best article would be selected by an open vote through the intranet. The activity aimed to encourage employees and their families to get close to the nature and experience the fun of watching plant grow.





## 6. EDUCATION

### Chengdu New World Volunteer Team Visited Bazhong Village Primary Schools

Dozens of volunteers from the Chengdu New World Volunteer Team, brought along with them a number of winter clothings, stationery supplies and greeting cards, visited five village primary schools in Huaxi Town of Tongjiang County in Bazhong City, Sichuan on 16th and 17th January, 2010. The volunteers had been actively collecting winter clothes and trousers for the village schools since December 2009. As of 15th January 2010, several hundreds of winter clothings were collected.

### “New World Volunteer Team” Held Nationwide Commendation Ceremony of the Year

On 27th March 2010, the 2010 nationwide commendation ceremony of “New World Volunteer Team”, NWCL’s corporate volunteer organization, was held at Chengdu Riverside New World. Distinguished volunteers from the New World Volunteer Teams of Shenyang, Beijing, Jinan, Wuhan, Chengdu, Guiyang and Guangzhou, joined by over 100 volunteers of the Chengdu New World Volunteer Team, shared their experiences on the occasion. At the ceremony, Mr. Wong See-yuen, Regional Executive of NWCL in Chengdu presented certificates and trophies to 20 distinguished volunteers. After the ceremony, the awarded volunteers visited Tumen Village Primary School and Daba Village Primary School in Tongjiang County of Bazhong City, Sichuan, where the volunteers set up libraries for the schools and held painting and singing sessions with the children. The volunteers also brought stationery and sport clothings to the children.

### Guiyang New World Volunteer Team Delivered Water to the Drought-Hit Area

In response to the severe drought in Southwest China, the Guiyang New World Volunteer Team launched a donation in the theme of “Love of New World, Care for Drought-Affected People”. On 19th April 2010, around 20 volunteers delivered in person such donations as books, computers, together with 5,000 bottles of mineral water and 20 barrels of purified water, to Wantang Primary School of Zongdi Town and Dalang Primary School of Guizhou Province, so as to relieve the desperate need of water of the children.

## 7. PARTNERSHIP WITH ORGANIZATION

### New World Group Held “Wenchuan Cultural Tour” and “Wenchuan Weizhou Tourism cum Qiang Cultural Exhibition and Performance”

On 20th to 23rd August 2009, New World Development Company Limited and NWCL organized the “Wenchuan Cultural Tour” with China Young Leaders Foundation and Roundtable Community and led 14 Hong Kong high school students to Weizhou in Wenchuan, Sichuan. The trip provided the students with the opportunities to learn more about the culture of the local Qiang people, the post-earthquake reconstruction work, and the preparatory work of developing Wenchuan into a tourist city. The students also visited the water plant project participated by NWCL in Wenchuan, Weizhou. The Group hopes, through the cultural exchange activity, the students could help promote and share with the Hong Kong people the economic development projects going on in Wenchuan and contribute to the post-earthquake reconstruction work.



On 12th to 13th December 2009, the “Wenchuan Weizhou Tourism cum Qiang Cultural Exhibition and Performance” was held in Chai Wan Youth Square, Hong Kong to share the results of the cultural tour to Wenchuan and Weizhou. Through exhibition, photos, videos, cultural performances, a Qiang embroidery workshop and display of Qiang embroideries, Hong Kong people may understand the progress of reconstruction, tourism development and minority cultures in Weizhou; and the general public is encouraged to offer their support to improve people’s livelihood and the economic development there.

#### The 10th International Food Carnival Successfully Held at The Canton Club in Guangzhou

On 8th November 2009, the 10th International Food Carnival was jointly held by NWCL (Southern China) and the Guangdong International Voluntary Service Team (“GIVES”) at The Canton Club of Guangzhou New World Central Park-view. The charity fundraising carnival attracted over a hundred international visitors. The embassies of foreign countries in Guangzhou, chambers of commerce, World Top 500 Companies, and different businesses also offered their supports in different ways. This was the fourth time that NWCL co-organized the International Food Carnival with GIVES. Besides deploying a huge team of volunteers on the spot, NWCL also put up a number of charity sales kiosks. The charity fund raised for GIVES would be used on urgent medication and alleviation for people in need in the Guangdong area.

#### NWCL Joins Hands with UNICEF to Launch “New Life Public Welfare Image Group Exhibition”

In November 2009, “New Life Public Welfare Image Group Exhibition”, which was jointly held by NWCL and the United Nation Children’s Fund (UNICEF), was rolled out in cities including Shenyang, Beijing, Wuhan, Chengdu, and Guangzhou, etc.. The aim of the event was to encourage community residents to purchase tickets for public welfare movies produced by UNICEF, so as to arouse public concerns on children’s survival and their growing environment, as well as care to children’s education in China. The event raised over RMB100,000 through the selling of tickets and the funds were donated to the “Distance Education” project of UNICEF’s Child-Friendly School to improve children education of mountainous regions in Central and West China.

#### NWCL Held Trainings for Migrant Workers at Construction Site

From 26th to 30th April 2010, NWCL, together with the Institute of Contemporary Observation, held training series for migrant workers of its projects in Guangzhou Region. The training focused on cultivating “learning capacity”, “development capacity”, “self protection capacity” and “adaptability to city life” of migrant workers, and consisted of two courses in 120 minutes.





The training was conducted at the construction sites of four in-progress projects, including Guangzhou Covent Garden, Guangzhou New World Oriental Garden, Guangzhou Xintang New World Garden, and Central Park-view, and more than 700 migrant workers attended the training. Migrant workers attending the training were given a set of gifts. Such training activity will also be successively conducted in in-progress projects of NWCL in other cities. To care for the living environment and development of migrant workers at construction sites, short-term training and long-term follow-up were held. Partners were supervised and urged to take up social responsibilities.

### “New World Green Community, Islibrary” Opened at Beijing New World Garden Club House

Starting from June 2010, “New World Green Community, Islibrary” at Beijing New World Garden Club House was opened to the public. The library has collected over 400 donated books and magazines from all walks of life in the society. Community activities like photo exhibitions and reading clubs are regularly hosted and have attracted much attention and support from both the community and the general public. Islibrary is a joint project by NWCL and City Pictorial and iFAIR. Similar community library project is expected to be introduced in other NWCL residential properties in Shenyang, Wuhan, Changsha and Guangzhou, etc. within this year.

## 8. CULTURE AND LEISURE

### “NWCL Brand Exhibition Nationwide Tour — Shenyang” were Held

12th May 2010 saw the grand unveiling of “NWCL Brand Exhibition Nationwide Tour — Shenyang”. The exhibition was held at the first floor of Shenyang New World Department Store (Zhonghua) for 12 days. Besides displaying NWCL’s achievements in urban renewal, resettlement, handling landmark commercial projects and large scale communities in different cities, the exhibition also showcased our footprints and development in Shenyang. Since its grand unveiling in Beijing in 2007, the exhibition has toured around cities like Guangzhou, Dalian and Shenyang and was well received by local media and the general public.

### NWCL Held the Second Sports Day in Wuhan

On 23rd May 2010, NWCL Wuhan held the second Sports Day, Wuhan Polytechnic University at Changqing Garden with 815 employees from the Wuhan participating in the event with 22 competitions.





### First NWCL (Southern China) Community Sports Days Held with Great Success

On 17th July 2010, the First NWCL (Southern China) Sports Day was successfully held in Guangzhou. The month-long event included a torch relay, preliminary rounds of competitions in the communities, and opening and closing ceremonies. Over 500 NWCL Club members, property owners and their families from the residential communities under NWCL (Southern China), including Guangzhou, Xintang, Zhuhai, Huizhou, Zhaoqing, Haikou and Guiyang, had participated in the event.

## 9. COMMUNITY RECOGNITION

### NWCL named "China's Best Corporate Citizen 2009" for the Third Year

In December 2009, NWCL received "China's Best Corporate Citizen 2009 Award", which was co-organized by the "21st Century Economic Report" and "21st Century Business Review". NWCL was the only Hong

Kong company and also one of the three real estate developers among the 30 awarded Chinese and multinational companies.

The theme for this year was "the learning corporate citizen" and the awardees were selected after a half-year assessment. The adjudicators highly praised NWCL's persistence in the practice of corporate citizenship and its efforts in improving the means of communication between the residents and their communities. Since entering the Mainland in the 80s, NWCL has been committed to large scale redevelopment of old cities and resettlement projects. It encouraged participation of its employees and property owners in voluntary and charity works. It assisted in the construction of a new water plant among the first batch of reconstruction projects in the earthquake affected Town of Weizhou in Wenchuan, Sichuan. It also developed a long-term relationship with UNICEF in support of their work to provide education to children in remote areas. All these charity works demonstrate how the Group lives out the spirit of a corporate citizen.





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# Report of the Directors

The directors have pleasure in presenting their annual report and financial statements for the year ended 30th June 2010.

## GROUP ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries, associated companies and jointly controlled entities are shown in note 45 to the financial statements.

## FINANCIAL STATEMENTS

The results of the Group of the year ended 30th June 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 118 to 194.

## DIVIDENDS

The directors have resolved to recommend the payment of a final dividend of HK\$0.07 per share (2009: HK\$0.06 per share) in respect of the year ended 30th June 2010. As no interim dividend has been declared, the proposed final dividend will make a total distribution of HK\$0.07 per share (2009: HK\$0.06 per share) for the year. The proposed final dividend, if approved at forthcoming annual general meeting of the Company, will be paid on or about Tuesday, 28th December 2010 to the shareholders whose names appear on the register of members of the Company on Wednesday, 24th November 2010.

## SHARE CAPITAL

Details of the movements in the share capital during the year are set out in note 31 to the financial statements.

## RESERVES

Details of the movements in reserves are set out in note 32 to the financial statements.

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

On 11th June 2010, New World China Land Finance Limited ("NWCLF"), an indirect wholly-owned subsidiary of the Company, redeemed a total of 22,188 units of the USD settled zero coupon guaranteed convertible bonds due in 2012 ("Bonds") (stock code: 01517) issued by itself with face value of RMB100,000 each for an aggregate consideration of USD332,322,988.80 (before expenses) due to the exercise of put options by bondholders in accordance with the terms and conditions of the Bonds.

The Bonds which were redeemed by NWCLF have been cancelled during the year. The face value of the Bonds which were outstanding as at 30th June 2010 was RMB331,200,000. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year. Subsequent to the balance sheet date, NWCLF purchased a total of 180 units of Bonds for an aggregate consideration of USD2,628,706.30 (before expenses) off market on 6th July 2010. The purchase was completed on 16th July 2010 and the face value of the Bonds was reduced to RMB313,200,000.



# Report of the Directors

## PROPERTY, PLANT AND EQUIPMENT

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

## DONATION

Donation made by the Group during the year amounted to HK\$5,371,000 (2009: HK\$4,433,000).

## DIRECTORS

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

### Executive Directors

Dr. Cheng Kar-shun, Henry  
Mr. Cheng Kar-shing, Peter  
Mr. Cheng Chi-kong, Adrian  
Miss Cheng Chi-man, Sonia (Appointed on 8th January 2010)  
Mr. Cheng Chi-him, Conrad (Appointed on 8th January 2010)  
Mr. Chow Yu-chun, Alexander  
Mr. Fong Shing-kwong, Michael  
Ms. Ngan Man-ying, Lynda

### Non-executive Directors

Mr. Doo Wai-hoi, William (Re-designated from Executive Director on 8th January 2010)  
Mr. Leung Chi-kin, Stewart (Re-designated from Executive Director on 8th January 2010)  
Mr. Chow Kwai-cheung (Re-designated from Executive Director on 8th January 2010)  
Mr. Fu Sze-shing (Resigned on 1st December 2009)

### Independent Non-executive Directors

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

In accordance with Article 116 of the Company's Articles of Association, Dr. Cheng Kar-shun, Henry, Messrs. Cheng Chi-kong, Adrian, Chow Kwai-cheung and Lee Luen-wai, John will retire by rotation at the forthcoming annual general meeting, and being eligible, will offer themselves for re-election. The remaining current directors continue in office.

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

## PRE-EMPTIVE RIGHTS

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

## DIRECTORS' INTEREST IN CONTRACTS

Save for contracts amongst group companies and the sale and purchase agreement dated 30th April 2009 ("S&P Agreement") between the Group, Mr. Doo Wai-hoi, William ("Mr. Doo"), a director of the Company, and Guilherme Holdings (Hong Kong) Limited, a wholly-owned company of Mr. Doo, relating to the acquisition by the Group of 52.5% equity interest in Shanghai Trio Property Development Co., Ltd. and the disposal by the Group of 50% equity interest in Shanghai Juyi Real Estate Development Co., Ltd. which was completed during the year, no other contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its holding company or fellow subsidiaries is a party, and in which any director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year. Details of the S&P Agreement were set out in the announcement of the Company dated 30th April 2009 and in a circular dated 13th May 2009.

## CONNECTED TRANSACTIONS

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

### A. Master Service Agreement

On 30th April 2010, a master service agreement ("Master Service Agreement") was entered into between the Company and New World Development Company Limited ("NWD"), the ultimate holding company of the Company, under which the Company agreed to (i) engage the group companies of NWD ("NWD Group") to provide contracting services, property agency services and leasing services to members of the Company; and (ii) provide leasing and property management services and hotel management services to members of NWD Group, on non-exclusive basis and subject to the terms and conditions of each operational agreement which shall be on normal commercial terms or at prices and terms no less favourable to the Company than terms available to or from (as the case may be) independent third parties, with effect from 30th April 2010 for an initial term of twenty-six months.

An ordinary resolution approving the Master Service Agreement was duly passed by the independent shareholders of the Company by poll at an extraordinary general meeting of the Company held on 3rd June 2010. Details of the Master Service Agreement were set out in the announcement of the Company dated 30th April 2010 and in a circular dated 18th May 2010.

The aggregate transaction values in respect of each category of services rendered by NWD Group to the Group under the Master Service Agreement and the maximum annual values ("Annual Cap") stipulated under the Master Service Agreement for the year ended 30th June 2010 were as follows:

	<b>Aggregate transaction values</b>	<b>Annual Cap</b>
	HK\$'000	HK\$'000
Contracting services	912,438	1,343,800
Property agency services	19,784	46,300
Leasing services	15,328	15,400



## CONNECTED TRANSACTIONS (Continued)

### A. Master Service Agreement (Continued)

The aggregate transaction values in respect of each category of services rendered by the Group to NWD Group under the Master Service Agreement and the Annual Cap stipulated under the Master Service Agreement for the year ended 30th June 2010 were as follows:

	<b>Aggregate transaction values</b>	<b>Annual Cap</b>
	HK\$'000	HK\$'000
Hotel management services	10,084	14,700
Leasing and property management services	381,698	472,800

### B. Hotel management services

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

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

The fees receivable by NWHM are calculated at: (a) for the basic management fees: 2% of the total revenue of the hotel; and (b) for the incentive management fees: (i) 5% of the net operating profit ("NOP") of the hotel, which represents the total revenue of the hotel less the cost of operation, basic management fees and reserve for capital items, for the period from 10th January 2008 to 31st December 2012; (ii) 6% of the NOP for the next five years up to 31st December 2017; and (iii) 7% of the NOP from 1st January 2018. The aggregate transaction values in respect of the services provided under the contract amounted to HK\$2,810,000 for the year ended 30th June 2010 (2009: HK\$1,978,000), which were within the annual cap of RMB10,000,000. With effect from 1st July 2010, the management services provided by NWHM to Beijing Jing-Guang will be governed by the Master Service Agreement mentioned in paragraph A above.

At the date of the contract, Beijing Jing-Guang was a 60%-owned subsidiary of Hong Kong Jing-Guang Development Limited which in turn was an indirect 82%-owned subsidiary of a company owned by NWD and Chow Tai Fook Enterprises Limited ("CTF") as to 64% and 36%, respectively. CTF is regarded as a connected person of the Company by virtue of its holding of more than one-third of the issued share capital of NWD which is the Company's ultimate holding company. Therefore, Beijing Jing-Guang was regarded as an associate of NWD and CTF, both connected persons of the Company. Details of the contract were set out in the Company's announcement dated 10th January 2008.

- (2) On 2nd June 2008, a management service contract was entered into among New World Hotel Management (Macau) Limited (“NWHM (Macau)”), then 70.5% owned subsidiary of the Company, Arc of Triumph Development Company Limited (“AOT Development”) and Arc of Triumph Hotel Management Company Limited (“AOT Management”) for the provision of management services by NWHM (Macau) to L’Arc New World Hotel Macau for an initial term of ten years commencing from the opening date of the hotel, which is renewable for ten years each time upon its expiry. The management fees receivable will be HK\$500,000 per month commencing from the opening date of the hotel. NWHM (Macau) has become an indirect wholly-owned subsidiary of the Company since 16th January 2009. The aggregate transaction values in respect of the services provided under the contract amounted to HK\$5,831,000 for the year ended 30th June 2010 (2009: Nil), which were within the annual cap of HK\$6,000,000. The contract was subsequently terminated by mutual agreement among the parties with effect from 15th June 2010.

At the date of the contract, CTF held approximately 74.78% interest in International Entertainment Corporation which in turn held 40% interest in AOT Development. Accordingly, AOT Development and its 96% owned subsidiary, AOT Management, were regarded as associates of CTF, which is a connected person of the Company by reason stated in paragraph B(1) above. Details of the management service contract were set out in the Company’s announcement dated 2nd June 2008.

- (3) On 20th November 2009, a hotel management agreement and a sales and marketing services agreement were entered into by NWH Management Philippines, Incorporated (“NWHM Philippines”) and NWHM International Marketing Limited (“NWHM Marketing”), both indirect wholly-owned subsidiaries of the Company, respectively with New World International Development Philippines, Inc. (“NWIDP”) for the provision of hotel management services and sales and marketing services to New World Hotel Makati City, Manila, a hotel owned by NWIDP at Esperanza Street corner Makati Avenue, Makati City, Metro Manila, Philippines. Both agreements have an initial term of 5 years commencing from 23rd October 2009 and expiring on 22nd October 2014, which are renewable for additional successive periods not exceeding 5 years each time upon its expiry.

The fees receivable by NWHM Philippines under the hotel management agreement are calculated at: (a) 2% of the total revenue of the hotel during the initial 5-year term; and (b) 2.5% and 3% of the total revenue of the hotel during the second and third 5-year term, respectively. The fees receivable by NWHM Marketing under the sales and marketing services agreement are calculated at 2.5% of the total revenue of the hotel. The aggregate transaction values in respect of the services provided under the agreements amounted to HK\$7,273,000 for the year ended 30th June 2010 (2009: Nil), which were within the annual cap of HK\$9,600,000. With effect from 1st July 2010, the services provided by NWHM Philippines and NWHM Marketing to NWIDP will be governed by the Master Service Agreement mentioned in paragraph A above.

At the date of the agreements, NWIDP was effectively owned as to approximately 42% by New World Hotels (Holdings) Limited which in turn was owned by NWD and CTF as to 64% and 36%, respectively. Therefore, NWIDP was regarded as an associate of NWD and CTF, being connected persons of the Company within the meaning of the Listing Rules. Details of agreements were set out in the Company’s announcement dated 20th November 2009.

- (4) On 1st February 2010, a management service contract was entered into between NWHM and 佛山市順德區寶興酒店有限公司 (Foshan City Shunde Poh-hing Hotel Co., Ltd.) (“Shunde Poh-hing”), under which NWHM agreed to provide hotel management services to New World Hotel Shunde, a hotel located at 150 Qing-hui Road, Da-liang, Shunde District, Foshan City, Guangdong Province, the PRC. The contract has an initial term of 20 years commencing from 1st January 2010 and expiring on 31st December 2029, which is renewable for successive terms of 10 years each time upon its expiry.



## CONNECTED TRANSACTIONS (Continued)

### B. Hotel management services (Continued)

#### (4) (Continued)

The fees receivable by NWHM are calculated at: (a) for the basic management fees: 2% of the total revenue of the hotel; and (b) for the incentive management fees: (i) 5% of the gross operating profit ("GOP") of the hotel, which represents the total revenue less cost of operation, from 1st January 2010 to 31st December 2014; (ii) 6% of the GOP for the next five years up to 31st December 2019; and (iii) 7% of the GOP from 1st January 2020. The aggregate transaction values in respect of the services provided under the contract amounted to HK\$1,300,000 for the year ended 30th June 2010 (2009: Nil), which were within the annual cap of HK\$2,250,000.

At the date of the contract, Shunde Poh-hing was a jointly controlled entity owned as to 65% by Global Perfect Development Limited ("Global Perfect") and as to 35% by an independent third party. Global Perfect was in turn owned as to 50% by the Group and as to 50% by CTF Nominee Limited as a nominee for Centennial Success Limited ("Centennial"). Shunde Poh-hing was therefore an associate of Centennial which owns the entire interest in CTF, a connected person of the Company by reason stated in paragraph B(1) above. Accordingly, Shunde Poh-hing was regarded as an associate of a connected person of the Company under the Listing Rules. Details of the management service contract were set out in the Company's announcement dated 1st February 2010.

### C. Acquisitions and disposal

- (1) On 3rd September 2009, Ever Brisk Limited ("Ever Brisk"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with 天津市安居建設發展總公司 (Tianjin Anju Construction Development Company Limited) ("Tianjin Anju") whereby Tianjin Anju agreed to withdraw all of its 30% interest in 天津新世界房地產開發有限公司 (Tianjin New World Properties Development Company Limited) ("Tianjin New World Properties"), a co-operative joint venture enterprise, for nil consideration. Upon completion of the registration procedure in respect of the withdrawal of Tianjin Anju on 24th September 2009, Ever Brisk became the sole owner of Tianjin New World Properties and Tianjin New World Properties became an indirect wholly-owned subsidiary of the Company.

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

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

- (2) On 6th October 2009, Sweet Prospects Enterprises Limited ("Sweet Prospects") and 廣州新穗旅游中心有限公司 (Guangzhou Xin Sui Tourism Centre Limited) ("Xin Sui"), both indirect wholly-owned subsidiaries of the Company, entered into an agreement with 廣州宏圖實業有限公司 (Guangzhou Hong Tu Industrial Co. Ltd.) ("Hong Tu") whereby Hong Tu agreed to transfer all of its rights and obligations in 廣州集賢莊新世界城市花園發展有限公司 (Guangzhou Jixian Zhuang New World City Garden Development Limited) ("Jixian Zhuang"), a co-operative joint venture enterprise, to Xin Sui for a consideration of RMB1. Upon completion of the registration procedure in respect of the transfer on 11th November 2009, Xin Sui and Sweet Prospects owned 40% and 60% interest in Jixian Zhuang, respectively and Jixian Zhuang became an indirect wholly-owned subsidiary of the Company.



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

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

- (3) On 27th November 2009, Xin Sui and China Joy International Limited (“China Joy”), both indirect wholly-owned subsidiaries of the Company, entered into an agreement with 廣州市芳村區房地產開發總公司 and 廣州市芳村房產開發經營有限公司 (collectively, the “Transferors”) whereby the Transferors agreed to transfer their collective entitlement of 25% of the profits of 廣州芳村—新世界房地產發展有限公司 (Guangzhou Fong Chuen-New World Property Development Co., Ltd.) (“Guangzhou Fong Chuen”), a co-operative joint venture enterprise, to Xin Sui for a consideration of RMB465,400,980. Upon completion of the registration procedure in respect of the transfer on 18th March 2010, Xin Sui and China Joy owned 25% and 75% interest in Guangzhou Fong Chuen, respectively and Guangzhou Fong Chuen became an indirect wholly-owned subsidiary of the Company.

The principal business activity of Guangzhou Fong Chuen is the development of a residential property project known as Guangzhou Covent Garden located in Liwan Centre, Guangzhou, Guangdong Province, the PRC with a total site area of approximately 370,000 sq.m..

The Transferors are connected persons of the Company by virtue of their holding of 25% interest in Guangzhou Fong Chuen. Accordingly, the entering into the agreement constituted a connected transaction of the Company under the Listing Rules, details of which were set out in the announcement of the Company dated 27th November 2009 and in a circular dated 17th December 2009.

- (4) On 4th October 2010, 瀋陽新世界酒店有限公司 (Shenyang New World Hotel Co., Ltd.) (“Shenyang Hotel”), an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with 瀋陽新世界百貨有限公司 (Shenyang New World Department Store Ltd.) (“Shenyang DS”), an indirect wholly-owned subsidiary of New World Department Store China Limited (“NWDS”) whereby Shenyang Hotel agreed to sell and Shenyang DS agreed to acquire a portion of a property temporarily known as 瀋陽新世界商業中心一期 (Shenyang New World Commercial Centre Phase 1) (the “Property”) to be developed by Shenyang Hotel on Nanning South Street, Shenyang City, Liaoning Province, the PRC, including certain floor area of Lower Ground Level 1 to Upper Ground Level 5 of the Property, and certain portion of the equipment and facility room of Lower Ground Levels 2 to 3 and that of Upper Ground Level 6 of the Property with projected buildable floor area of approximately 25,363 square metres together with the right of use of certain outer wall area of Upper Ground Levels 1 to 5 of the Property and the other designated areas and facilities as prescribed in the agreement for a consideration of RMB456,534,000. The consideration is subject to adjustment and receivable by instalments in accordance with the terms of the agreement, details of which were set out in the announcement of the Company dated 4th October 2010.

By virtue of the fact that NWDS is a subsidiary of NWD, the entering into the agreement constituted a connected transaction of the Company under the Listing Rules. The disposal is in line with the Group’s strategy to realize its investment and secure presales at suitable opportunity. At the date of the report, the agreement is conditional upon the approval by the independent shareholders of NWDS.

#### D. Other connected transaction

In July 1999, a deed of tax indemnity was entered into between NWD and the Group whereby NWD undertakes to indemnify the Group in respect of, inter alia, certain PRC corporate income tax and land appreciation tax payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK\$339,469,000 (2009: HK\$6,224,000) was effected.



## CONNECTED TRANSACTIONS (Continued)

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

The independent non-executive directors of the Company had reviewed the continuing connected transactions arising from the master service agreement (paragraph A above) and the hotel management service contracts (paragraph B above); for the financial year ended 30th June 2010 and confirmed that the transactions were:

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

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

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

Save as disclosed above, a summary of significant related party transactions that do not constitute connected transactions made during the year was disclosed in note 43 to the financial statements.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th June 2010, the interests of the directors and their associates in shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

### (A) Long position in shares

	Number of shares			Total	Percentage to the relevant issued share capital at 30th June 2010
	Personal interests	Family interests	Corporate interests		
<b>New World China Land Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	18,750,000	2,925,000	78,406,800 <sup>(1)</sup>	<b>100,081,800</b>	1.74
Mr. Doo Wai-hoi, William	13,125,000	—	52,258,400 <sup>(2)</sup>	<b>65,383,400</b>	1.14
Miss Cheng Chi-man, Sonia	168,400	—	—	<b>168,400</b>	0.00
Mr. Chow Yu-chun, Alexander	9,825,000	—	—	<b>9,825,000</b>	0.17
Mr. Fong Shing-kwong, Michael	2,105,250	—	—	<b>2,105,250</b>	0.04
Ms. Ngan Man-ying, Lynda	100,000	—	—	<b>100,000</b>	0.00
Mr. Leung Chi-kin, Stewart	790,000	—	—	<b>790,000</b>	0.01
Mr. Chow Kwai-cheung	126	—	—	<b>126</b>	0.00
Mr. Cheng Wai-chee, Christopher	83,600	—	—	<b>83,600</b>	0.00
Mr. Tien Pei-chun, James	83,600	—	—	<b>83,600</b>	0.00
Mr. Lee Luen-wai, John	83,600	—	—	<b>83,600</b>	0.00

	Number of shares			Total	Percentage to the relevant issued share capital at 30th June 2010
	Personal interests	Family interests	Corporate interests		
<b>New World Development Company Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	300,000	—	300,000	0.01
Mr. Doo Wai-hoi, William	—	—	1,000,000 <sup>(2)</sup>	1,000,000	0.03
Mr. Leung Chi-kin, Stewart	134,538	—	—	134,538	0.00
Mr. Chow Kwai-cheung	56,087	—	—	56,087	0.00
Mr. Fong Shing-kwong, Michael	208,788	—	—	208,788	0.01
<b>NWS Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	—	8,000,000 <sup>(1)</sup>	17,179,199	0.79
Mr. Doo Wai-hoi, William	2,006,566	—	9,130,000 <sup>(2)</sup>	11,136,566	0.51
Mr. Cheng Kar-shing, Peter	217,729	—	3,214,177 <sup>(3)</sup>	3,431,906	0.16
Mr. Fong Shing-kwong, Michael	1,620,707	—	—	1,620,707	0.07
Mr. Leung Chi-kin, Stewart	2,202,351	—	—	2,202,351	0.10
Mr. Chow Kwai-cheung	8,889	—	—	8,889	0.00
Mr. Cheng Wai-chee, Christopher	824,068	—	—	824,068	0.04
<b>New World Department Store China Limited</b>					
(Ordinary shares of HK\$0.10 each)					
Mr. Cheng Chi-kong, Adrian	—	—	1,107,000 <sup>(4)</sup>	1,107,000	0.07
Miss Cheng Chi-man, Sonia	92,000	—	—	92,000	0.01
<b>Building Material Supplies Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 <sup>(5)</sup>	1	100.00
<b>Clever Basis Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 <sup>(5)</sup>	1	100.00
<b>Dragon Fortune Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 <sup>(6)</sup>	15,869	27.41
<b>Elite Master Holdings Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 <sup>(5)</sup>	1	100.00
<b>Mega Choice Holdings Limited</b>					
<i>(in liquidation)</i>					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	—	—	420,585,070 <sup>(1)</sup>	420,585,070	34.61



# Report of the Directors

## DIRECTORS' INTERESTS IN SECURITIES (Continued)

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

	Number of shares			Total	Percentage to the relevant issued share capital at 30th June 2010
	Personal interests	Family interests	Corporate interests		
<b>New World Risk Management (L) Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	120,000 <sup>(5)</sup>	<b>120,000</b>	100.00
<b>NWS Engineering Group Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	50,000,000 <sup>(5)</sup>	<b>50,000,000</b>	100.00
<b>NWS Facility Services Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 <sup>(5)</sup>	<b>1</b>	100.00
<b>NWS International Insurance Limited</b>					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	500,000 <sup>(5)</sup>	<b>500,000</b>	100.00
<b>Sun City Holdings Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 <sup>(7)</sup>	<b>3,650,000</b>	45.63
<b>Sun Legend Investments Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 <sup>(8)</sup>	<b>500</b>	50.00
<b>Waihong Cleaning Limited</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Doo Wai-hoi, William	—	—	1 <sup>(5)</sup>	<b>1</b>	100.00
<b>YE Holdings Corporation</b>					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	<b>37,500</b>	1.50

#### Notes:

1. These shares are beneficially owned by companies wholly-owned by Dr. Cheng Kar-shun, Henry.
2. These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
3. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
4. These shares are beneficially owned by a company wholly-owned by Mr. Cheng Chi-kong, Adrian.
5. These shares are deemed interest held by a company, which is 90% owned by Mr. Doo Wai-hoi, William, under contracts to acquire such interests and is subject to completion of all conditions contained therein.
6. 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
7. These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 49.58%.
8. Mr. Cheng Kar-shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

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

### (1) The Company

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

Name of director	Date of grant	Exercisable period (note)	Number of share options				Balance as at 30th June 2010	Exercise price per share (before adjustment) (note 6) HK\$	Exercise price per share (after adjustment) (note 6) HK\$
			Balance as at 1st July 2009	Adjusted during the year (note 6)	Exercised during the year	Re-classified during the year			
Dr. Cheng Kar-shun, Henry	7th January 2008	(1)	2,000,000	238,806	—	—	2,238,806	6.972	6.228
	29th December 2008	(2)	1,600,000	191,045	—	—	1,791,045	1.500	1.340
Mr. Doo Wai-hoi, William	7th January 2008	(1)	800,000	95,522	—	—	895,522	6.972	6.228
	29th December 2008	(2)	650,000	77,612	—	—	727,612	1.500	1.340
Mr. Cheng Kar-shing, Peter	7th January 2008	(1)	800,000	95,522	—	—	895,522	6.972	6.228
	29th December 2008	(2)	650,000	77,612	—	—	727,612	1.500	1.340
Mr. Cheng Chi-kong, Adrian	25th July 2006	(3)	331,600	39,594	—	—	371,194	2.865	2.559
	7th January 2008	(1)	1,500,000	179,104	—	—	1,679,104	6.972	6.228
	29th December 2008	(2)	1,200,000	143,284	—	—	1,343,284	1.500	1.340
Miss Cheng Chi-man, Sonia	29th December 2008	(4)	—	—	—	755,821 <sup>(7)</sup>	755,821	1.500	1.340
Mr. Chow Yu-chun, Alexander	7th January 2008	(1)	500,000	59,701	—	—	559,701	6.972	6.228
	29th December 2008	(2)	500,000	59,701	—	—	559,701	1.500	1.340
Mr. Fong Shing-kwong, Michael	7th January 2008	(1)	500,000	59,701	—	—	559,701	6.972	6.228
	29th December 2008	(5)	112,500	13,433	—	—	125,933	1.500	1.340
Ms. Ngan Man-ying, Lynda	7th January 2008	(1)	1,000,000	119,403	—	—	1,119,403	6.972	6.228
	29th December 2008	(2)	900,000	107,463	—	—	1,007,463	1.500	1.340
Mr. Leung Chi-kin, Stewart	7th January 2008	(1)	200,000	23,882	—	—	223,882	6.972	6.228
	29th December 2008	(2)	150,000	17,910	(40,000) <sup>(9)</sup>	—	127,910	1.500	1.340
Mr. Chow Kwai-cheung	7th January 2008	(1)	200,000	23,882	—	—	223,882	6.972	6.228
	29th December 2008	(2)	150,000	17,910	—	—	167,910	1.500	1.340
Mr. Cheng Wai-chee, Christopher	7th January 2008	(1)	300,000	35,821	—	—	335,821	6.972	6.228
	29th December 2008	(2)	300,000	35,821	(83,600) <sup>(10)</sup>	—	252,221	1.500	1.340
Mr. Tien Pei-chun, James	7th January 2008	(1)	300,000	35,821	—	—	335,821	6.972	6.228
	29th December 2008	(2)	300,000	35,821	(83,600) <sup>(10)</sup>	—	252,221	1.500	1.340
Mr. Lee Luen-wai, John	7th January 2008	(1)	300,000	35,821	—	—	335,821	6.972	6.228
	29th December 2008	(2)	300,000	35,821	(83,600) <sup>(10)</sup>	—	252,221	1.500	1.340
Mr. Fu Sze-shing	7th January 2008	(1)	200,000	23,882	—	(223,882) <sup>(8)</sup>	—	6.972	6.228
	29th December 2008	(2)	150,000	17,910	—	(167,910) <sup>(8)</sup>	—	1.500	1.340
Total			15,894,100	1,897,805	(290,800)	364,029	17,865,134		

#### Notes:

- Divided into 3 tranches, exercisable from 8th February 2008, 8th February 2009 and 8th February 2010, respectively to 7th February 2011.
- Divided into 4 tranches, exercisable from 30th January 2009, 30th January 2010, 30th January 2011 and 30th January 2012, respectively to 29th January 2013.
- Divided into 5 tranches, exercisable from 26th August 2006, 26th August 2007, 26th August 2008, 26th August 2009 and 26th August 2010, respectively to 25th August 2011.
- Divided into 5 tranches, exercisable from 30th January 2009, 30th January 2010, 30th January 2011, 30th January 2012 and 30th January 2013, respectively to 29th January 2014.
- Divided into 3 tranches, exercisable from 30th January 2010, 30th January 2011 and 30th January 2012, respectively to 29th January 2013.



## DIRECTORS' INTERESTS IN SECURITIES (Continued)

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

#### (1) The Company (Continued)

Notes: (Continued)

6. Pursuant to share option scheme of the Company, the number of share options and exercise price are subject to adjustment in case of alteration in the Company's capital structure. Accordingly, the rights issue as announced by the Company on 9th October 2009 which became unconditional on 16th November 2009 constituted an event giving rise to an adjustment to the exercise prices and the number of outstanding share options in accordance with the share option scheme on 17th November 2009.
7. Miss Cheng Chi-man, Sonia was appointed as an executive director of the Company on 8th January 2010, the balance of share options held by her in the Company as at the date of her appointment was re-classified as director's interest.
8. The interest of Mr. Fu Sze-shing in the share options was re-classified as employee's interest due to his resignation as a non-executive director of the Company on 1st December 2009. Mr. Fu Sze-shing remains to act as a director of certain subsidiaries of the Group.
9. The exercise date was 19th November 2009. On the trading date immediately before the exercise date, the closing price per share was HK\$3.050.
10. The exercise date was 11th December 2009. On the trading date immediately before the exercise date, the closing price per share was HK\$3.050.
11. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

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

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

Name of director	Date of grant	Exercisable period (note)	Number of share options		Exercise price per share HK\$	
			Balance as at 1st July 2009	Balance as at 30th June 2010		
Dr. Cheng Kar-shun, Henry	19th March 2007	(1)	36,710,652	—	36,710,652	17.654
Mr. Cheng Kar-shing, Peter	19th March 2007	(1)	201,153	—	201,153	17.654
		(2)	1,206,925	—	1,206,925	17.654
Mr. Cheng Chi-kong, Adrian	19th March 2007	(2)	502,885	—	502,885	17.654
Mr. Chow Yu-chun, Alexander	19th March 2007	(2)	1,508,656	—	1,508,656	17.654
Mr. Fong Shing-kwong, Michael	19th March 2007	(3)	603,462	—	603,462	17.654
Mr. Leung Chi-kin, Stewart	19th March 2007	(1)	35,704,880	—	35,704,880	17.654
Mr. Chow Kwai-cheung	19th March 2007	(2)	1,206,925	—	1,206,925	17.654
Mr. Lee Luen-wai, John	19th March 2007	(1)	301,731	—	301,731	17.654
Mr. Fu Sze-shing	19th March 2007	(2)	754,327	—	754,327 <sup>(4)</sup>	17.654
Total			78,701,596	—	78,701,596	

Notes:

1. Exercisable from 19th March 2007 to 18th March 2012.
2. Divided into 5 tranches, exercisable from 19th March 2007, 19th March 2008, 19th March 2009, 19th March 2010 and 19th March 2011, respectively to 18th March 2012.
3. Divided into 3 tranches, exercisable from 19th March 2009, 19th March 2010 and 19th March 2011, respectively to 18th March 2012.
4. Mr. Fu Sze-shing resigned as a non-executive director of the Company with effect from 1st December 2009 and the closing balance of his interests refers to the balance as at the date of his resignation.
5. The cash consideration paid by each of the directors for grant of the share options is HK\$10.

### (3) NWS Holdings Limited

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

Name of director	Date of grant	Exercisable period (note)	Number of share options			Balance as at 30th June 2010	Exercise price per share (note 3) HK\$
			Balance as at 1st July 2009	Exercised during the year	Adjusted during the year (note 3)		
Dr. Cheng Kar-shun, Henry	21st August 2007	(1)	1,200,511	—	10,220	<b>1,210,731</b>	16.055
		(2)	1,800,766	—	15,331	<b>1,816,097</b>	16.055
Mr. Doo Wai-hoi, William	21st August 2007	(1)	800,340	—	6,813	<b>807,153</b>	16.055
		(2)	1,200,511	—	10,221	<b>1,210,732</b>	16.055
Mr. Cheng Wai-chee, Christopher	21st August 2007	(1)	240,102	—	2,043	<b>242,145</b>	16.055
		(2)	360,153	—	3,066	<b>363,219</b>	16.055
Total			5,602,383	—	47,694	<b>5,650,077</b>	

Notes:

1. Exercisable from 21st August 2008 to 20th August 2012.
2. Divided into 3 tranches exercisable from 21st August 2009, 21st August 2010 and 21st August 2011, respectively to 20th August 2012.
3. NWS declared final dividend for the year ended 30th June 2009 and interim dividend for the year ending 30th June 2010 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\$16.193 to HK\$16.157 on 22nd January 2010 and further to HK\$16.055 on 7th June 2010.
4. The cash consideration paid by each of the directors for grant of the share options is HK\$10.



## DIRECTORS' INTERESTS IN SECURITIES (Continued)

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

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

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

Name of director	Date of grant	Exercisable period (note)	Number of share options			
			Balance as at 1st July 2009	Exercised during the year	Balance as at 30th June 2010	Exercise price per share HK\$
Dr. Cheng Kar-shun, Henry	27th November 2007	(1)	1,000,000	—	1,000,000	8.660
Mr. Cheng Chi-kong, Adrian	27th November 2007	(1)	500,000	—	500,000	8.660
Ms. Ngan Man-ying, Lynda	27th November 2007	(1)	500,000	—	500,000	8.660
Total			2,000,000	—	2,000,000	

Notes:

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

### (C) Long position in debentures

The following director of the Company has interest in the debentures issued by Fita International Limited (“Fita”), a wholly-owned subsidiary of NWD. Details of the debentures of Fita held by him as at 30th June 2010 are as follows:

Name of director	Amount of debentures in USD issued by Fita			Percentage to the total debentures in issue as at 30th June 2010
	Personal interests	Family interests	Total	
Mr. Lee Luen-wai, John	1,000,000	1,000,000	2,000,000	0.27

Save as disclosed above, as at 30th June 2010, none of the directors, chief executive or any of their associates had or deemed to have any interest or short position 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 Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.



## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

<b>Name of director</b>	<b>Name of entity with competing business</b>	<b>Business activity of the entity</b>	<b>Nature of interest of director in the entity</b>
Dr. Cheng Kar-shun, Henry	Centennial Success Limited ("CSL") group of companies	Property investment and development, hotel operation and transport	Director
	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
Mr. Doo Wai-hoi, William	Guilherme Holdings (Hong Kong) Limited	Property development and other investments	Shareholder and Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Shareholder
Mr. Cheng Kar-shing, Peter	CSL group of companies	Property investment and development, hotel operation and transport	Director
	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director



# Report of the Directors

## DIRECTORS' INTERESTS IN COMPETING BUSINESS (Continued)

Name of director	Name of entity with competing business	Business activity of the entity	Nature of interest of director in the entity
Mr. Cheng Chi-kong, Adrian	CSL group of companies	Property investment and development, hotel operation and transport	Director
	Cheung Hung Development (Holdings) Limited ("Cheung Hung") group of companies	Property investment and development	Director
Mr. Cheng Chi-him, Conrad	Cheung Hung group of companies	Property investment and development	Director
Mr. Chow Yu-chun, Alexander	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Cheung Hung group of companies	Property investment and development	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
Mr. Fong Shing-kwong, Michael	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Cheung Hung group of companies	Property investment and development	Director
	Morning Star Resources Limited	Property development	Shareholder
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
Ms. Ngan Man-ying, Lynda	Wuxi New City Development Co., Ltd.	Hotel operation in Wuxi	Director
	NWD group of companies	Property, infrastructure, hotel operation, department store operation, services as well as telecommunications and technology	Director
	Cheung Hung group of companies	Property investment and development	Director
Mr. Chow Kwai-cheung	Shanghai New World Shangxian Lane Development Ltd.	Property development in Shanghai	Director
	廣州金湖住宅發展有限公司	Property development in Guangzhou	Director
	廣州紅丰房地產有限公司	Property development in Guangzhou	Director

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

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30th June 2010, the interests or short position of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

### Long position of substantial shareholders in the shares of the Company

Name	Number of shares		Total	Percentage to the issued share capital as at 30th June 2010
	Beneficial interests	Corporate interests		
Cheng Yu Tung Family (Holdings) Limited ("CYTF") (note 1)	—	4,061,034,137	<b>4,061,034,137</b>	70.54
Centennial Success Limited ("CSL") (note 1)	—	4,061,034,137	<b>4,061,034,137</b>	70.54
Chow Tai Fook Enterprises Limited ("CTF") (note 2)	—	4,061,034,137	<b>4,061,034,137</b>	70.54
New World Development Company Limited ("NWD") (note 3)	3,806,449,096	254,585,041	<b>4,061,034,137</b>	70.54

Notes :

1. CYTF holds 51% interest in CSL which in turn holds the entire interests in CTF. Therefore, CYTF and CSL are deemed to have interests in the shares in which CTF is deemed to be interested by virtue of its interests in NWD as mentioned in note 2 below.
2. CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares in which NWD is interested or deemed to be interested.
3. The number of shares held under the corporate interests of NWD includes 170,027,818 shares held by Easywin Enterprises Corporation Limited, its wholly-owned subsidiary, 22,508,064 shares held by Great Worth Holdings Limited, its 59% owned subsidiary, and 62,049,159 shares held by High Earnings Holdings Limited, its 57% owned subsidiary.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30th June 2010.

## SHARE OPTION SCHEME

On 18th December 2000, the Company adopted a share option scheme ("2000 Share Option Scheme") pursuant to which employees, including directors of the Group, were given opportunity to obtain equity holdings in the Company. The 2000 Share Option Scheme was subsequently terminated at the annual general meeting of the Company held on 26th November 2002 whereby a new share option scheme ("2002 Share Option Scheme") was adopted in compliance with the new requirements of the Listing Rules. Any share options which were granted under the 2000 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2000 Share Option Scheme. No share option has been granted, exercised, cancelled, lapsed or outstanding under the 2000 Share Option Scheme during the financial year ended 30th June 2010.



## SHARE OPTION SCHEME *(Continued)*

Pursuant to the 2002 Share Option Scheme, the number of share options and exercise prices are subject to adjustment in case of alteration in the Company's capital structure. Accordingly, the rights issue as announced by the Company on 9th October 2009 which became unconditional on 16th November 2009 constituted an event giving rise to an adjustment to the exercise prices and the number of outstanding share options on 17th November 2009 in accordance with the 2002 Share Option Scheme.

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

	<b>2000 Share Option Scheme</b>	<b>2002 Share Option Scheme</b>
Purpose of the schemes	As incentive to employees, including executive directors, of the Company or its subsidiaries	To provide an opportunity for the full-time or part-time employees, including directors, of the Group to participate in the equity of the Company as well as to motivate them to optimise their performance
Participants of the schemes	Full-time employees, including any directors, of the Company or its subsidiaries	Full-time or part-time employees, including directors, of the Company or its subsidiaries
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of this annual report	The Company had granted share options representing the rights to subscribe for 65,745,200 shares of the Company under the 2000 Share Option Scheme, together with share options representing 38,158,200 shares by way of adjustment on the number of share options as a result of the Company's issue of rights shares becoming unconditional on 8th April 2005. No further options will be granted under the 2000 Share Option Scheme	The Company had granted share options representing the rights to subscribe for 74,402,200 shares under the 2002 Share Option Scheme up to the date of this report, together with share options representing 6,465,900 shares and 5,357,008 shares by way of adjustment on the number of share options as a result of the Company's issue of rights shares becoming unconditional on 8th April 2005 and 16th November 2009, respectively. The Company may further grant share options to subscribe for 33,663,410 shares of the Company, representing approximately 0.58% of the total issued share capital of the Company as at the date of this report
Maximum entitlement of each participant under the schemes	25% of the aggregate number of shares for the time being issued and issuable under the scheme	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by shareholders in general meeting

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

During the year ended 30th June 2010, movement of share options granted to the directors and employees of the Group, including the adjustment made, under the 2002 Share Option Scheme was as follows:

(A) Movement of share options granted to directors was disclosed under the heading "Directors' interests in securities" above.



# Report of the Directors

## SHARE OPTION SCHEME (Continued)

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

Date of grant	Number of share options (note 1)							Outstanding as at 30th June 2010	Exercise price per share (before adjustment) (note 7) HK\$	Exercise price per share (after adjustment) (note 7) HK\$
	Balance as at 1st July 2009	Granted during the year (note 5)	Exercised during the year (before adjustment) (note 6)	Adjusted during the year (note 7)	Exercised during the year (after adjustment) (note 6)	Lapsed during the year	Re-classified as director's interest/ employee's interest during the year			
4th November to 1st December 2004	50,000	—	(50,000)	—	—	—	—	—	2.484	N/A
22nd December 2004 to 18th January 2005	49,800	—	(49,800)	—	—	—	—	—	2.689	N/A
13th July to 9th August 2005	150,000	—	(90,400)	7,116	(66,716)	—	—	—	2.300	2.055
7th November to 2nd December 2005	10,400	—	—	1,241	—	—	—	11,641	2.620	2.341
28th March to 24th April 2006	1,979,600	—	—	236,370	—	(137,463)	—	2,078,507	3.915	3.497
28th June to 26th July 2006	58,000	—	—	6,925	—	—	—	64,925	2.865	2.559
17th October to 13th November 2006	99,600	—	—	11,892	—	—	—	111,492	3.340	2.984
28th December 2006 to 24th January 2007	846,800	—	—	101,110	—	(188,060)	—	759,850	4.712	4.209
19th March to 13th April 2007	735,200	—	—	87,785	—	—	—	822,985	4.500	4.020
14th June to 11th July 2007	1,491,600	—	—	178,101	—	—	—	1,669,701	6.710	5.994
17th October to 13th November 2007	1,460,800	—	—	174,423	—	—	—	1,635,223	8.070	7.209
28th December 2007 to 24th January 2008	870,000	—	—	103,880	—	—	—	973,880	6.972	6.228
28th December 2007 to 24th January 2008	4,160,000 <sup>(2)</sup>	—	—	496,714	—	—	223,882 <sup>(8)</sup>	4,880,596	6.972	6.228
22nd April to 19th May 2008	868,800	—	—	69,110	—	(290,000)	—	647,910	5.260	4.699
31st July to 27th August 2008	907,600	—	—	108,370	—	(755,373)	—	260,597	3.662	3.271
12th November to 9th December 2008	1,048,000	—	—	125,134	(191,600)	—	—	981,534	1.682	1.503
2nd December to 29th December 2008	1,324,200 <sup>(3)</sup>	—	(356,800)	115,510	(122,143)	(170)	—	960,597	1.500	1.340
2nd December to 29th December 2008	7,983,500 <sup>(4)</sup>	—	(118,000)	929,015	(679,286)	(358,166)	167,910 <sup>(8)</sup>	7,924,973	1.500	1.340
2nd December to 29th December 2008	2,151,200	—	(32,400)	252,991	(62,400)	—	(755,821) <sup>(9)</sup>	1,553,570	1.500	1.340
3rd February to 2nd March 2009	816,800	—	—	97,528	(82,800)	—	—	831,528	1.980	1.769
26th June to 23rd July 2009	834,000	2,395,800	—	355,988	—	(337,952)	—	3,247,836	4.550	4.065
19th November to 16th December 2009	—	3,470,000	—	—	—	—	—	3,470,000	N/A	3.068
12th January to 2nd February 2010	—	5,212,400	—	—	—	—	—	5,212,400	N/A	2.990
18th May to 14th June 2010	—	1,479,600	—	—	—	—	—	1,479,600	N/A	2.350
31st May to 25th June 2010	—	1,000,000	—	—	—	—	—	1,000,000	N/A	2.440
<b>Total</b>	<b>27,895,900</b>	<b>13,557,800</b>	<b>(697,400)</b>	<b>3,459,203</b>	<b>(1,204,945)</b>	<b>(2,067,184)</b>	<b>(364,029)</b>	<b>40,579,345</b>		

Notes:

- The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in notes 2, 3 and 4.
- The share options are exercisable within three years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is about 33% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.

3. *The share options are exercisable within two years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 50% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.*
4. *The share options are exercisable within four years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 25% of the total number of the share options granted together with any unexercised share options carried forward from the previous anniversary year.*
5. *The closing prices per share immediately before 26th June 2009, 19th November 2009, 12th January 2010, 18th May 2010 and 31st May 2010, the dates of offer to grant, were HK\$4.390, HK\$3.050, HK\$2.940, HK\$2.250 and HK\$2.440, respectively.*
6. *The weighted average closing price of the shares immediately before the dates on which share options were exercised (both before and after the date of adjustment) under the 2002 Share Option Scheme was HK\$3.003.*
7. *Adjustments were made to the exercise prices and the number of outstanding share options in accordance with the 2002 Share Option Scheme on 17th November 2009 as a result of the rights issue as announced by the Company on 9th October 2009 which became unconditional on 16th November 2009.*
8. *As disclosed under the section headed "Directors' interests in securities", the interest of a former director of the Company in the share options was re-classified as employee's interest on 1st December 2009.*
9. *The interest of Miss Cheng Chi-man, Sonia in the share options was re-classified as director's interest on 8th January 2010 when she was appointed as an executive director of the Company.*

The fair values of the share options granted during the year with exercise prices per share of HK\$4.550 (adjusted to HK\$4.065), HK\$3.068, HK\$2.990, HK\$2.350 and HK\$2.440 are estimated at HK\$1.85, HK\$1.20, HK\$1.21, HK\$0.95 and HK\$0.98, respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 1.54% to 2.10% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility ranging from 55% to 56%, assuming dividend yield ranging from 1.45% to 1.58% and an expected option life of 5 years.

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

## CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES

### (A) Advances and guarantees to entities

In accordance with the requirements under rule 13.20 of the Listing Rules, the directors of the Company reported that none of the entities of which the Group made advances and guarantees individually exceeded 8% of the Company's total asset value as at 30th June 2010.



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

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

As at 30th June 2010, the Group had made loans and advances totalling HK\$4,493,307,000 to affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of affiliated companies in the amount of HK\$2,340,179,000. These amounts in aggregate exceed 8% of the Company's total asset value as at 30th June 2010. In accordance with the requirement under rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30th June 2010 are presented below:

	<b>Proforma combined balance sheet HK\$'000</b>	<b>Group's attributable interests HK\$'000</b>
Non-current assets	18,218,171	11,291,882
Current assets	8,721,736	6,094,109
Current liabilities	(3,934,766)	(2,383,517)
Non-current liabilities	(6,392,585)	(3,860,218)
Shareholders' loans and advances	(4,521,928)	(4,493,307)
	12,090,628	6,648,949

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

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

On 12th June 2006 and 13th June 2006, the Company was granted a 4-year term loan facility of up to HK\$800,000,000 (the "HK\$800,000,000 4-Year Facility") and a 3-year term loan facility of HK\$300,000,000 (the "HK\$300,000,000 3-Year Facility"), respectively to fund the general corporate funding requirement of the Company and its subsidiaries, including refinancing the Company's existing loans. The HK\$300,000,000 3-Year Facility had been renewed for further three years up to 12th June 2012. On 28th May 2010, Company obtained a 5-year term loan facility of up to HK\$1,000,000,000 to finance the general working capital of the Company (including the repayment of the HK\$800,000,000 4-Year Facility).

On 30th October 2007 and 28th December 2007, New World China Finance (BVI) Limited ("NWCF") and Superb Wealthy Group Limited ("Superb Wealthy"), wholly-owned subsidiaries, were granted 5-year term/revolving loan facilities of HK\$2,700,000,000 and HK\$700,000,000, respectively. On 30th September 2008 and 16th October 2008, Superb Wealthy was also granted loan facilities of HK\$700,000,000 and HK\$400,000,000 for 3 years. It was further granted loan facilities of HK\$250,000,000, HK\$150,000,000, HK\$100,000,000, HK\$500,000,000 and HK\$700,000,000 for a term of 2 to 5 years on 29th October 2009, 6th November 2009, 19th April 2010, 28th May 2010 and 5th July 2010, respectively. New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary, was also granted a 3-year term loan facility of HK\$250,000,000 on 31st December 2009. The facilities obtained by NWCF, Superb Wealthy and NWDC will be utilised to finance the investment in property projects, repay borrowings and fund the general working capital requirement of the Company and its subsidiaries.

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



## STATEMENT OF PUBLIC FLOAT SUFFICIENCY

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

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's revenues were attributed by the Group's five largest customers and 25% of the Group's total purchases were attributed by the Group's five largest suppliers and 13% of the Group's total purchases were attributed by the Group's largest supplier. NWD Group is one of the five largest suppliers of the Group. Save as disclosed above, none of the directors, their associates, or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has any interest in any of the five largest suppliers of the Group.

## AUDITOR

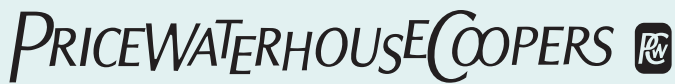
The financial statements have been audited by Messrs. PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

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

*Chairman and Managing Director*

Hong Kong, 6th October 2010



羅兵咸永道會計師事務所

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

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

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of New World China Land Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 118 to 194, which comprise the consolidated and company statements of financial position as at 30th June 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

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

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

## AUDITOR'S RESPONSIBILITY *(Continued)*

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

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th June 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 6th October 2010



# Consolidated Income Statement

For the year ended 30th June 2010

	Note	2010 HK\$'000	2009 HK\$'000
Revenues	6	<b>6,340,752</b>	2,038,623
Cost of sales		<b>(4,808,486)</b>	(1,336,861)
Gross profit		<b>1,532,266</b>	701,762
Other income	7	<b>649,036</b>	534,386
Other gains, net	8	<b>1,868,823</b>	1,007,542
Changes in fair value of investment properties	17	<b>169,262</b>	135,182
Selling expenses		<b>(216,419)</b>	(135,560)
Administrative expenses		<b>(100,199)</b>	(90,065)
Other operating expenses		<b>(831,849)</b>	(670,196)
Operating profit before finance costs	9	<b>3,070,920</b>	1,483,051
Finance costs	10	<b>(280,244)</b>	(274,796)
Share of results of			
Associated companies		<b>15,860</b>	171,783
Jointly controlled entities		<b>463,814</b>	93,547
Profit before taxation		<b>3,270,350</b>	1,473,585
Taxation charge	13	<b>(629,183)</b>	(179,362)
Profit for the year		<b>2,641,167</b>	1,294,223
Attributable to:			
Equity holders of the Company		<b>2,636,427</b>	1,359,369
Non-controlling interests		<b>4,740</b>	(65,146)
		<b>2,641,167</b>	1,294,223
Dividend	14	<b>403,037</b>	230,230
Dividend per share	14		
Final dividend		<b>7.00 cents</b>	6.00 cents
Earnings per share	15		
Basic		<b>50.75 cents</b>	31.67 cents
Diluted		<b>48.22 cents</b>	29.94 cents



# Consolidated Statement of Comprehensive Income

For the year ended 30th June 2010

	2010 HK\$'000	2009 HK\$'000
Profit for the year	2,641,167	1,294,223
Other comprehensive income:		
Changes in fair value of available-for-sale financial assets	4,086	57,136
Deferred tax on changes in fair value of available-for-sale financial assets	—	(1,358)
Disposal of available-for-sale financial assets	—	(19,992)
Release of deferred tax on change in fair value of available-for-sale financial assets upon disposal	—	6,060
Translation differences	(8,207)	36,778
Realisation of translation differences upon disposal of subsidiaries	—	(233,455)
Other comprehensive income for the year, net of tax	(4,121)	(154,831)
Total comprehensive income for the year	2,637,046	1,139,392
Total comprehensive income attributable to:		
Equity holders of the Company	2,634,575	1,207,653
Non-controlling interests	2,471	(68,261)
	2,637,046	1,139,392



# Consolidated Statement of Financial Position

As at 30th June 2010

	Note	2010 HK\$'000	2009 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	1,641,140	1,784,002
Investment properties	17	12,409,018	9,131,467
Land use rights	18	604,530	583,892
Goodwill	19	23,394	82,766
Properties held for development	21	10,610,021	7,344,944
Associated companies	22	400,705	383,246
Jointly controlled entities	23	9,905,121	13,284,317
Available-for-sale financial assets	24	221,996	217,910
Cash and bank balances, restricted	25	9,091	26,136
		<b>35,825,016</b>	32,838,680
<b>Current assets</b>			
Properties under development	26	12,198,336	7,341,319
Completed properties held for sale	27	1,831,516	2,293,663
Hotel inventories, at cost		2,960	3,494
Prepayments, debtors and other receivables	28	10,667,110	7,020,922
Amounts due from related companies	29	491,645	33,638
Cash and bank balances, restricted	25	1,380	232,358
Cash and bank balances, unrestricted	25	7,965,386	3,642,416
		<b>33,158,333</b>	20,567,810
Non-current assets held for sale	30	—	985,159
		<b>33,158,333</b>	21,552,969
<b>Total assets</b>		<b>68,983,349</b>	54,391,649
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	31	575,725	383,647
Reserves	32	36,711,315	29,909,271
Proposed final dividend	32	403,037	230,230
		<b>37,690,077</b>	30,523,148
<b>Non-controlling interests</b>		<b>1,714,322</b>	1,513,734
<b>Total equity</b>		<b>39,404,399</b>	32,036,882

	Note	2010 HK\$'000	2009 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings	33	16,076,473	11,117,308
Deferred tax liabilities	34	2,266,299	799,773
		<b>18,342,772</b>	11,917,081
<b>Current liabilities</b>			
Creditors and accruals	35	2,335,104	2,083,901
Deposits received on sale of properties		4,629,965	1,363,484
Amounts due to related companies	29	934,969	425,211
Short term loans	36	354,773	562,500
Current portion of long term borrowings	33	1,979,853	5,408,206
Amounts due to non-controlling interests	37	99,626	99,626
Taxes payable	38	901,888	494,758
		<b>11,236,178</b>	10,437,686
<b>Total liabilities</b>		<b>29,578,950</b>	22,354,767
<b>Total equity and liabilities</b>		<b>68,983,349</b>	54,391,649
<b>Net current assets</b>		<b>21,922,155</b>	11,115,283
<b>Total assets less current liabilities</b>		<b>57,747,171</b>	43,953,963

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

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



# Statement of Financial Position

As at 30th June 2010

	Note	2010 HK\$'000	2009 HK\$'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Subsidiaries	20	27,149,566	23,550,730
<b>Current assets</b>			
Prepayments and other receivables	28	11,906	8,513
Amounts due from related companies	29	507,200	61,979
Cash and bank balances, unrestricted	25	1,874,439	250,189
		<b>2,393,545</b>	320,681
<b>Total assets</b>		<b>29,543,111</b>	23,871,411
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	31	575,725	383,647
Reserves	32	23,566,404	19,149,750
Proposed final dividend	32	403,037	230,230
<b>Total equity</b>		<b>24,545,166</b>	19,763,627
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Long term borrowings	33	4,967,784	3,163,212
<b>Current liabilities</b>			
Creditors and accruals	35	14,548	13,796
Amounts due to related companies	29	—	25,666
Current portion of long term borrowings	33	4,638	899,207
Taxes payable	38	10,975	5,903
		<b>30,161</b>	944,572
<b>Total liabilities</b>		<b>4,997,945</b>	4,107,784
<b>Total equity and liabilities</b>		<b>29,543,111</b>	23,871,411

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

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





# Consolidated Cash Flow Statement

For the year ended 30th June 2010

	Note	2010 HK\$'000	2009 HK\$'000
<b>Operating activities</b>			
Net cash used in operations	42(a)	(1,564,788)	(4,124,384)
Tax paid		(557,296)	(157,419)
<b>Net cash used in operating activities</b>		<b>(2,122,084)</b>	(4,281,803)
<b>Investing activities</b>			
Dividend income from jointly controlled entities		78,070	—
Dividend received from available-for-sale financial assets		—	8,839
Interest received		130,273	69,179
Additions to property, plant and equipment, land use rights and investment properties		(1,018,458)	(84,943)
Increase in investments in associated companies		(1,603)	(57,032)
Increase in investments in jointly controlled entities		(522,159)	(1,022,388)
Decrease in investments in jointly controlled entities		2,091,540	1,076,855
Decrease in investments in associated companies		3	56,333
Acquisition of subsidiaries	42(c)	323,971	(384,284)
Acquisition of additional interests in subsidiaries		—	(485,477)
Disposal of subsidiaries	42(e)	—	603,704
Disposal of non-current assets held for sale		1,078,594	—
Disposal of available-for-sale financial assets		—	117,928
Disposal of property, plant and equipment and investment properties		35,604	3,156
<b>Net cash generated from/(used in) investing activities</b>		<b>2,195,835</b>	(98,130)
<b>Financing activities</b>			
Interest paid		(520,118)	(505,295)
Increase in long term borrowings		5,081,966	4,785,731
Repayment of long term borrowings		(2,928,556)	(1,014,165)
Net (decrease)/increase in short term loans		(207,727)	112,954
Capital contribution from non-controlling interests		807,239	303,128
Decrease in amounts due to non-controlling interests		(15,510)	(13,667)
Decrease in loans from fellow subsidiary companies		(140,032)	—
Issue of shares		4,857,027	3,437
Redemption/repurchase of convertible bonds		(2,592,777)	(193,201)
Dividends paid		(345,350)	(76,692)
Decrease in restricted bank balances		248,023	197,974
<b>Net cash generated from financing activities</b>		<b>4,244,185</b>	3,600,204
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,317,936</b>	(779,729)
Cash and cash equivalents at beginning of the year		3,642,416	4,368,149
Exchange differences on cash and cash equivalents		5,034	53,996
<b>Cash and cash equivalents at end of the year</b>		<b>7,965,386</b>	3,642,416
<b>Analysis of cash and cash equivalents:</b>			
<b>Unrestricted cash and bank balances</b>	25	<b>7,965,386</b>	3,642,416



# Consolidated Statement of Changes in Equity

For the year ended 30th June 2010

	Attributable to equity holders of the Company			Non-controlling interests	Total equity
	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000	HK\$'000	HK\$'000
Balance at 1st July 2008	383,450	29,321,359	29,704,809	1,331,697	31,036,506
Translation differences	—	39,893	39,893	(3,115)	36,778
Revaluation of available-for-sale financial assets, net of tax	—	55,778	55,778	—	55,778
Disposal of available-for-sale financial assets	—	(13,932)	(13,932)	—	(13,932)
Disposal of subsidiaries	—	(233,455)	(233,455)	—	(233,455)
Other comprehensive income for the year	—	(151,716)	(151,716)	(3,115)	(154,831)
Profit for the year	—	1,359,369	1,359,369	(65,146)	1,294,223
Total comprehensive income for the year	—	1,207,653	1,207,653	(68,261)	1,139,392
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	197	3,240	3,437	—	3,437
Capital contribution from non-controlling interests	—	—	—	303,128	303,128
Share-based payments	—	24,268	24,268	—	24,268
Repurchase of convertible bonds	—	(5,477)	(5,477)	—	(5,477)
Dividend paid	—	(76,692)	(76,692)	—	(76,692)
	197	(54,661)	(54,464)	303,128	248,664
Change in ownership interests in subsidiaries					
Acquisition of additional interests in subsidiaries	—	(334,850)	(334,850)	77,697	(257,153)
Disposal of subsidiaries	—	—	—	(130,527)	(130,527)
	—	(334,850)	(334,850)	(52,830)	(387,680)
Total transactions with owners	197	(389,511)	(389,314)	250,298	(139,016)
Balance at 30th June 2009	383,647	30,139,501	30,523,148	1,513,734	32,036,882
Balance at 1st July 2009	<b>383,647</b>	<b>30,139,501</b>	<b>30,523,148</b>	<b>1,513,734</b>	<b>32,036,882</b>
Translation differences	—	(5,938)	(5,938)	(2,269)	(8,207)
Revaluation of available-for-sale financial assets	—	4,086	4,086	—	4,086
Other comprehensive income for the year	—	(1,852)	(1,852)	(2,269)	(4,121)
Profit for the year	—	2,636,427	2,636,427	4,740	2,641,167
Total comprehensive income for the year	—	2,634,575	2,634,575	2,471	2,637,046
Transactions with owners					
Contribution by and distribution to owners					
Issue of shares	192,078	4,664,949	4,857,027	—	4,857,027
Capital contribution from non-controlling interests	—	—	—	198,117	198,117
Share-based payments	—	20,678	20,678	—	20,678
Dividend paid	—	(345,351)	(345,351)	—	(345,351)
Total transactions with owners	192,078	4,340,276	4,532,354	198,117	4,730,471
Balance at 30th June 2010	<b>575,725</b>	<b>37,114,352</b>	<b>37,690,077</b>	<b>1,714,322</b>	<b>39,404,399</b>



## 1. GENERAL INFORMATION

New World China Land Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in investment and development of property projects in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong is 9/F., New World Tower I, 18 Queen’s Road Central, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

The ultimate holding company is New World Development Company Limited (“NWD”), a company incorporated and listed in Hong Kong.

These financial statements have been approved for issue by the Board of Directors on 6th October 2010.

## 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which are measured at fair value.

### (a) Change in accounting policy

In the current year, the Group changed its accounting policy of land use rights included in properties held for/under development and completed properties held for sale. These land use rights meet the definition of both inventories under HKAS 2 “Inventories” and leasehold land under HKAS 17 “Leases”. Previously, these land use rights were classified as prepaid operating leases which were amortised on a straight-line basis over the period of the lease in accordance with HKAS 17. Such amortisation was capitalised as part of the cost of properties under development during the course of development. With the change of the accounting policy, these land use rights are classified as inventories in accordance with HKAS 2 and are measured at the lower of cost and net realisable value.

Management believes that the classification of land use rights as inventories can result in a more relevant presentation of the financial position of the Group, and of its performance for the year. The revised treatment reflects management’s intent regarding the use of the land use rights and results in a presentation consistent with industry practice.

The change in accounting policy has no material impact on the retained profits as at 1st July 2008 and 30th June 2009, and the profit for the current and prior years.



## 2. BASIS OF PREPARATION (Continued)

### (b) The adoption of new or revised HKFRS

For the year ended 30th June 2009, the Group has early adopted HKFRS 3 (Revised) “Business Combinations” and HKAS 27 (Revised) “Consolidated and Separate Financial Statements” which were prospectively applicable for the accounting periods beginning on or after 1st July 2009.

In the current year, the Group has adopted the following new or revised standards, amendments to standards and interpretations which are mandatory for the financial year ended 30th June 2010:

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 1 (Revised) 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 Amendment	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	Improvements to HKFRSs 2008

In addition, the Group has early adopted HKAS 32 Amendment “Financial Instruments: Presentation — Classification of Rights Issues” which is effective for accounting periods beginning on or after 1st February 2010.

The effects of the adoption and early adoption of these new or revised standards, amendments and interpretations are detailed below:

HKAS 1 (Revised) — Presentation of Financial Statements: The standard requires all non-owner changes in equity (i.e. comprehensive income) to be presented in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The Group has chosen to adopt the two statements approach and a new consolidated statement of comprehensive income is included after the consolidated income statement in the financial statements for the year ended 30th June 2010.

HKFRS 7 Amendments — Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments: These amendments enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require disclosure of fair value measurement hierarchy. The Group has included the relevant information in the consolidated financial statements.

HKFRS 8 — Operating Segments: HKFRS 8 replaces HKAS 14 — Segment Reporting. The new standard uses a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of HKFRS 8 does not have any significant changes to the Group's reportable segments.

HKAS 40 Amendments — Investment property: The Group adopted these amendments with prospective application from 1st July 2009. Properties being constructed or developed for future use as investment properties are brought within the scope of HKAS 40 and are reclassified from properties under development at 1st July 2009 at their carrying amounts and are measured at fair value.

HKAS 32 Amendment — Financial Instruments: Presentation — Classification of Rights Issues: The offer of rights issue of the Company which is denominated in currency other than the functional currency of the Company is no longer accounted for as a derivative liability but is classified as equity of the Company. As a result, the change in fair value of the derivatives of HK\$287,788,000 is no longer required to be recognised in the consolidated income statement.

The effects of the changes following the adoption and early adoption of the relevant new or revised accounting standards on the consolidated income statement for year ended 30th June 2010 are as follows:

	HKAS 40 Amendments HK\$'000	HKAS 32 Amendment HK\$'000	Total HK\$'000
Increase/(decrease) in profit for the year			
Changes in fair value of derivative liabilities	—	(287,788)	(287,788)
Changes in fair value of investment properties	(19,605)	—	(19,605)
Share of results of jointly controlled entities	23,166	—	23,166
Profit before taxation	3,561	(287,788)	(284,227)
Taxation charge			
Deferred taxation	4,901	—	4,901
Profit for the year	8,462	(287,788)	(279,326)
Attributable to:			
Equity holders of the Company	947	(287,788)	(286,841)
Non-controlling interests	7,515	—	7,515
	8,462	(287,788)	(279,326)
Increase/(decrease) in			
Earnings per share (HK cents)			
Basic	0.02	(5.54)	(5.52)
Diluted	0.02	(5.19)	(5.17)



# Notes to the Financial Statements

## 2. BASIS OF PREPARATION (Continued)

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

The effects of the changes following the adoption and early adoption of the relevant new or revised accounting standards on the consolidated statement of financial position as at 30th June 2010 are as follows:

	HKAS 40 Amendments HK\$'000	HKAS 32 Amendment HK\$'000	Total HK\$'000
Increase/(decrease) in			
Investment properties	1,318,062	—	1,318,062
Properties under development	(1,337,667)	—	(1,337,667)
Jointly controlled entities	23,166	—	23,166
<b>Total assets</b>	<b>3,561</b>	<b>—</b>	<b>3,561</b>
Reserves	947	—	947
Non-controlling interests	7,515	—	7,515
<b>Total equity</b>	<b>8,462</b>	<b>—</b>	<b>8,462</b>
Deferred tax liabilities	(4,901)	—	(4,901)
<b>Total equity and liabilities</b>	<b>3,561</b>	<b>—</b>	<b>3,561</b>

The adoption of other revised standards, amendments and interpretations does not have a significant effect on the results and financial position of the Group.

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

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1st January 2010 or later periods but which the Group has not early adopted:

#### **Effective for the year ending 30th June 2011**

HKFRS 1 Amendment	Additional Exemption for First-time Adopters
HKFRS 1 Amendment	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments
HKFRSs Amendments	Improvements to HKFRSs 2009

#### **Effective for the year ending 30th June 2012 or after**

HKFRS 9	Financial Instruments
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) - Int 14 Amendment	Prepayments of Minimum Funding Requirement
HKFRSs Amendments	Improvements to HKFRSs 2010

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

### 3. PRINCIPAL ACCOUNTING POLICIES

#### (a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries made up to 30th June.

##### (i) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are 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. On the acquisition by acquisition basis, the Group recognises a non-controlling interest in the acquiree either at fair value or at non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree 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 by the Company on the basis of dividend received and receivable.

##### (ii) *Joint ventures*

A jointly controlled entity is a joint venture established as a corporation, partnership or other entity in which the venturers have their respective interests and establish a contractual arrangement among them to define their joint control over the economic activity of the entity.



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

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

#### **(ii) Joint ventures *(Continued)***

The Group recognises its interest in jointly controlled entities using equity method of accounting. Interests in jointly controlled entities are stated at cost plus the share of post-acquisition results and reserves and goodwill on acquisition less provision for impairment losses. The interests in jointly controlled entities also include long term interests 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 is attributable to the other venturers. The Group does not recognise its share of profits or losses from the jointly controlled entity that result from the purchase of assets from the jointly controlled entity until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### **(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 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. Investments in associated companies include goodwill (net of any accumulated impairment loss) identified on acquisition. The interests in associated companies also include long term interests that, in substance, form part of the Group's net investment in associated companies.

The share of post acquisition profits or losses of associated companies is recognised in the consolidated income statement, and the share of post-acquisition movements in reserves is recognised in reserves. When the share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.



**(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 interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling interests are also recorded in equity.

**(b) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the attributable share of the net identifiable assets of the acquired subsidiaries, associated companies or jointly controlled entities. Goodwill on acquisitions of jointly controlled entities and associated companies is included in interests in jointly controlled entities and associated companies respectively. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of all or part of 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.

**(c) Assets under leases**

**(i) Finance leases**

Leases that substantially transfer to the Group at the inception of the leases all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised 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 capital and finance charges so as to achieve a constant rate on the capital balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The finance charges are charged to the income statement over the lease periods 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) below.

**(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.

**(d) Land use rights**

The upfront prepayments made for the land use rights are expensed in the income statement on a straight-line basis over the period of the rights or when there is impairment, the impairment is expensed in the income statement.



## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (e) Investment properties

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

Investment property also includes property that is being constructed or developed for future use 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 qualified valuers on an open market value basis at each of the end of the reporting period. Changes in fair value are recognised in the income statement.

Where fair value of property that is being constructed or developed as investment property is not reliably determinable, it is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

### (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 item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to 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 cost 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:

Other properties	20–40 years
Leasehold improvements	5–10 years or over the relevant lease period
Furniture, fixtures and equipment	5 years
Motor vehicles	3 years

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each of the end of the reporting period.

#### (iii) **Gain or loss on disposal**

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(g) **Impairment of investments in subsidiaries, jointly controlled entities, associated companies and non-financial assets**

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 from impairment are reviewed for possible reversal of the impairment at each of the end of the reporting period.

Impairment testing of the investments in subsidiaries, jointly controlled entities or associated companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, jointly controlled entity or associated company in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

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

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

(i) **Investments**

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

**(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading and those designated as at fair value through profit or loss at inception under certain circumstances. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable and are included in current assets, except for those with maturities of more than twelve months after the end of the reporting period, which are classified as non-current assets.

**(iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities of less than twelve months from the end of the reporting period, which are classified as current assets.



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

### (i) Investments *(Continued)*

#### **(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 from the end of the reporting period.

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 or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from financial assets. Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the financial asset and other changes in the carrying amount of the financial asset. The translation differences on monetary financial assets are recognised in the income statement; translation differences on non-monetary financial assets are recognised in equity.

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

### (j) Impairment of financial assets

The Group assesses at each of the end of the reporting period 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.

**(k) Properties held for/under development**

Properties held for/under development comprise prepayments for land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. 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.

**(l) Completed properties held for sale**

Completed properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Completed properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

**(m) Hotel inventories**

Hotel inventories primarily comprise food, beverages and operating supplies and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

**(n) Trade and other receivables**

Trade and other receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the provision is recognised in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

**(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 statement of financial position.

**(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 obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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



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

### (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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### (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 taxation

The current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group, jointly controlled entities and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred taxation 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 the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (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 consolidated income statement over the period of the borrowings using the effective interest method or capitalised on the basis set out in note 3(v), 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 end of the reporting period.

#### (v) 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.

#### (w) 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.



## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (w) Convertible bonds (Continued)

#### (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 instrument and is measured at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as a liability under the contract. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability under the contract.

The derivative component is subsequently carried at fair value and changes in fair value are recognised in the income statement. The liability under the contract is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion, redemption or maturity.

When the bond is converted, the carrying amount of the liability under the contract together with the fair value of the relevant derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the bond is redeemed, any difference between the redemption amount and the carrying amounts of both components is recognised in the income statement.

### (x) 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 end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (ii) **Defined contribution plans**

The Group's contributions to defined contribution retirement plans, including the Mandatory Provident Fund Scheme and employee pension schemes established by municipal government in 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.

#### (iii) **Share-based compensation**

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions. At the end of each reporting period, 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.

### (y) 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 Company's functional currency is Renminbi. The consolidated financial statements are presented in Hong Kong dollars to facilitate analysis of financial information by the holding company.



**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the end of the reporting period are recognised in the income statement.

Translation differences on financial assets held at fair value through profit or loss is reported as part of the fair value gain or loss. Translation differences on non-monetary available-for-sale financial assets are included in equity.

**(iii) Group companies**

The results and financial position of all the 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 statement of financial position presented are translated at the closing rate at the date of the end of that reporting period;
- (2) income and expenses for each income statement are translated at average exchange rates; and
- (3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is 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 closing rate.

**(z) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

**(aa) 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 returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

**(i) Property sales**

Revenue from sale of properties is recognised 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.



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

### (aa) Revenue recognition *(Continued)*

#### **(ii) Rental income**

Rental income is recognised on a straight-line basis over the terms of lease agreements or on a specified basis according to the terms of lease agreements in respect of contingent rental income.

#### **(iii) Hotel operations income**

Hotel operations income is recognised when services are rendered.

#### **(iv) Property management services fee income**

Property management services fee income is recognised when services are rendered.

#### **(v) Project management fee income**

Project management fee income is recognised when services are rendered.

#### **(vi) Hotel management services fee income**

Hotel management services fee income is recognised when services are rendered.

#### **(vii) Interest income**

Interest income is recognised on a time proportion basis using the effective interest method to the extent that interest income can be reliably measured and it is probable that future economic benefit will flow to the Group.

#### **(viii) Trademark fee income**

Trademark fee income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

### (ab) Dividend distribution

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

### (ac) Insurance contracts

The Group regards its financial guarantee contracts in respect of mortgage facilities provided to certain property purchasers and guarantees provided to its related parties as insurance contracts.

The Group assesses at the end of each reporting period the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the income statement.

## 4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

The Group conducts its operation in the PRC and accordingly is subject to special consideration and risk exposure under an unique political, economic and legal environment. The Group's activities expose it to a variety of financial risks and the Group's overall risk management policy seeks to minimise potential adverse effects on the Group's financial performance. The Group continues to control financial risk in a conservative approach to safeguard the interest of shareholders.

### (a) Market risk

#### (i) *Foreign exchange risk*

The Group's operations are mainly conducted in the PRC. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into forward foreign exchange contracts to reduce the exposure should the need arises.

At 30th June 2010, the Group's entities with functional currency of Renminbi had net monetary liabilities denominated in Hong Kong dollar of HK\$7,901,382,000 (2009: HK\$9,283,051,000) and net monetary assets denominated in United States dollar of HK\$96,450,000 (2009: HK\$147,244,000). If Hong Kong dollar and United States dollar had strengthened/weakened by 5% against Renminbi respectively with all other variables unchanged, the Group's profit before taxation would have been HK\$390,247,000 (2009: HK\$456,790,000) lower/higher respectively.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period. There are no other significant monetary balances held by related companies at 30th June 2010 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

#### (ii) *Interest rate risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets mainly include bank deposits and amounts due from jointly controlled entities. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. Fair value interest rate risk is the risk that the value of a financial asset or liability will fluctuate because of changes in market interest rates. The Group's borrowings issued at fixed rates expose the Group to fair value interest rate risk.

To mitigate the risk, the Group has maintained fixed and floating rate debts. The level of fixed rate debt for the Group is decided after taking into consideration the potential impact of higher interest rates on profit or loss, interest cover and the cash flow cycles of the Group's businesses and investments.



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

### (a) Market risk *(Continued)*

#### (ii) **Interest rate risk** *(Continued)*

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\$26,304,000 lower/higher (2009: HK\$4,421,000 higher/lower). 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 end of the reporting period. 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 of the end of the reporting period. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments. As a consequence, they are included in the calculation of profit before taxation sensitivities.

#### (iii) **Price risk**

The Group is exposed to equity securities price risk because of the listed equity investments held by the Group which are stated at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are dealt with in equity. The performance of the Group's listed equity investments are monitored regularly, together with an assessment of their relevance to the Group's long term strategic plans. The Group is not exposed to commodity price risk.

At 30th June 2010, if the price of listed equity investments had been 25% higher/lower with all other variables held constant, the Group's investment revaluation reserve would have been HK\$55,499,000 (2009: HK\$54,478,000) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

### (b) Credit risk

The credit risk of the Group and the Company mainly arises from deposits with banks, prepayments, trade and other receivables and balances receivables from related companies, associated companies and jointly controlled entities. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies in each of its core businesses.

Deposits are mainly placed with high-credit-quality financial institutions. Prepayments mainly include prepaid land preparatory cost, prepayments for purchase of land and proposed development projects. The Group is well aware of the progress and will continue to monitor the status and take appropriate actions if necessary. Trade receivables include mainly receivables from sale and lease of properties and other services. The Group and the Company carry out regular review and follow-up action on any overdue amounts to minimise exposures to credit risk. There is no concentration of credit risk with respect to trade receivables from third party customers as there are a large number of customers.

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

The Group provides guarantees to banks in connection with certain property purchasers' borrowing of mortgage loans to finance their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the PRC. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchasers' deposits and sell the properties to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at each of the end of the reporting period the potential liabilities based on the current estimates of future cash flows. As at 30th June 2010, no provision has been made in the financial statements (2009: Nil).

(c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities. It is the policy of the Group and the Company to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group and the Company also maintain undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements. At 30th June 2010, the Group's committed unutilised bank loan facilities amounted to HK\$4,548 million (2009: HK\$2,127 million).

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cashflow.

**Group**

	Carrying amount HK\$'000	Total contractual undiscounted cashflow HK\$'000	Within 1 year HK\$'000	Over 1 year but within 5 years HK\$'000	After 5 years HK\$'000
<b>At 30th June 2010</b>					
Creditors and accruals	2,335,104	2,288,805	1,999,112	284,090	5,603
Amounts due to jointly controlled entities	1,393,453	1,393,453	1,393,453	—	—
Amounts due to group companies	250,203	250,203	250,203	—	—
Amounts due to non-controlling interests	99,626	99,626	99,626	—	—
Short term loans	354,773	360,205	360,205	—	—
Long term borrowings	18,056,326	20,078,000	2,547,743	14,242,986	3,287,271
<b>At 30th June 2009</b>					
Creditors and accruals	2,083,901	2,028,101	1,948,774	75,741	3,586
Amounts due to jointly controlled entities	1,191,196	1,191,196	1,191,196	—	—
Amounts due to group companies	425,211	425,211	425,211	—	—
Amounts due to non-controlling interests	99,626	99,626	99,626	—	—
Short term loans	562,500	584,592	584,592	—	—
Long term borrowings	16,525,514	17,903,914	6,123,623	10,519,114	1,261,177



# Notes to the Financial Statements

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

### (c) Liquidity risk (Continued)

#### Company

	Carrying amount HK\$'000	Total contractual undiscounted cashflow HK\$'000	Within 1 year HK\$'000	Over 1 year but within 5 years HK\$'000	After 5 years HK\$'000
<b>At 30th June 2010</b>					
Creditors and accruals	14,548	14,548	14,548	—	—
Long term borrowings	4,972,422	5,025,630	27,805	2,586,368	2,411,457
<b>At 30th June 2009</b>					
Creditors and accruals	13,796	13,796	13,796	—	—
Amounts due to group companies	25,666	25,666	25,666	—	—
Long term borrowings	4,062,419	4,097,196	914,361	475,502	2,707,333

### (d) Capital management

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

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

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

The gearing ratios at 30th June 2010 and 2009 were as follows:

	2010 HK\$'000	2009 HK\$'000
Consolidated gross debt	18,411,099	17,088,014
Less: cash and bank balances	(7,975,857)	(3,900,910)
Consolidated net debt	10,435,242	13,187,104
Total equity	39,404,399	32,036,882
Gearing ratio	26.5%	41.2%

The decrease in gearing ratio at 30th June 2010 is primarily due to the issuance of 1,918,584,241 shares of HK\$0.10 each at HK\$2.55 per share by way of right issue (note 31).

#### (e) Fair value estimation

Effective 1st July 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise listed equity securities classified as available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. None of the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. None of the instrument is included in level 3.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

#### (a) Valuation of completed investment properties and investment properties under development

The fair value of each investment property is individually determined at each of the end of reporting period by independent valuers based on a market value assessment. The valuers have relied on the discounted cash flow analysis and the capitalisation of income approach as their primary methods, supported by the direct comparison method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cashflow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.



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

### (a) Valuation of completed investment properties and investment properties under development *(Continued)*

In the case of investment properties under development, their fair value reflects the expectations of market participants of the value of the properties when they are completed, less deductions for the costs required to complete the projects and appropriate adjustments for profit and risk. The valuation and all key assumptions used in the valuation should reflect market conditions at the end of each reporting period. The key assumptions include value of completed properties, period of development, outstanding construction costs, finance costs, other professional costs, risk associated with completing the projects and generating income after completion and investors' return as a percentage of value or cost. The fair value is made by reference to independent valuation.

### (b) Provision for properties held for/under development and for sale

The Group assesses the carrying amounts of properties held for/under development and for sale according to their estimated net realisable value based on the realisability of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

### (c) Income taxes

The Group is subject to corporate income tax, land appreciation tax, withholding tax and other taxes in the PRC. Significant judgement is required in determining the provision for taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the provision for income and other taxes and deferred tax in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

### (d) Share-based payments

The fair value of options granted is estimated by independent professional valuers based on various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options at the date of grant.

### (e) Impairment of goodwill

The Group tests annually for impairment of goodwill in accordance with accounting policy as stated in note 3(g). The recoverable amounts of cash-generating units have been determined based on the higher of the fair value less costs to sell and value in use calculation of the underlying assets, mainly properties. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

### (f) Recoverability of prepayments, debtors and other receivables

The Group assess whether there is objective evidence as stated in note 3(n) that prepayments, debtors, 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 prepayments and receivables will impact the amount impairment required.

### (g) Financial guarantees

The Group assesses at each of the end of the reporting period the liabilities under insurance contracts, using current estimates of future cash flows.

In respect of the financial guarantee contracts provided to property purchasers, the Group considers the net realisable value of the relevant properties against the outstanding mortgage principal and interest.



## 6. REVENUES AND SEGMENT INFORMATION

- (a) The Group is principally engaged in investment in and development of property projects in the PRC. Revenues comprise turnover which include gross proceeds from sale of properties, revenue from rental and hotel operation, property management services fee income, project management fee income and hotel management services fee income.

	2010 HK\$'000	2009 HK\$'000
Sale of properties	5,406,162	1,324,113
Rental income	453,674	393,331
Income from hotel operation	339,745	231,946
Property management services fee income	104,499	69,043
Project management fee income	19,943	20,190
Hotel management services fee income	16,729	—
	<b>6,340,752</b>	2,038,623

- (b) The chief operating decision-maker has been identified as the executive committee. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The committee considers the business from the perspective of the services and products. The management assesses the performance of property sales, rental operation, hotel operation, property management services and hotel management services operations. Other operations include ancillary services in property projects.

The executive committee assesses the performance of the operating segments based on a measure of attributable operating profit before finance costs and taxation charge. This measurement basis excludes the effects of changes in fair value of investment properties, gains and losses from changes in group structure, impairment and expenses and income at corporate office. Interest income is included in the result of each operating segment that is reviewed by the executive committee.

Sales between segments are carried out in accordance with terms agreed by the parties involved. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the consolidated income statement.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties held for/under development, goodwill, prepayments, debtors and other receivables, amounts due from related companies, completed properties held for sale and non-current assets held for sale. They exclude cash and bank balances, available-for-sale financial assets and prepayment for proposed development projects held and managed at corporate office. These are part of the reconciliation to total assets on the consolidated statement of financial position.

Segment liabilities comprise mainly creditors and accruals, deposits received on sale of properties and amounts due to related companies. They exclude bank and other borrowings, deferred tax liabilities, taxes payable, other creditors and accruals at corporate office. These are part of the reconciliation to total liabilities on the consolidated statement of financial position.

The majority of the assets and operations of the Group are located in the PRC. Revenues are mainly derived from the PRC. Non-current assets other than financial instruments are mainly located in the PRC.



# Notes to the Financial Statements

## 6. REVENUES AND SEGMENT INFORMATION (Continued)

Year ended 30th June 2010	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Hotel management services HK\$'000	Other operations HK\$'000	Total HK\$'000
<b>Segment revenues</b>							
Company and subsidiaries							
Total revenues	5,426,105	454,109	339,745	126,609	29,908	—	6,376,476
Inter-segment revenues	—	(435)	—	(22,110)	(13,179)	—	(35,724)
External revenues	5,426,105	453,674	339,745	104,499	16,729	—	6,340,752
Associated companies —							
attributable to the Group	3,641	18,908	20,642	—	—	—	43,191
Jointly controlled entities —							
attributable to the Group	2,328,031	441,229	76,581	43,202	—	—	2,889,043
	7,757,777	913,811	436,968	147,701	16,729	—	9,272,986
<b>Segment bank and other interest income</b>							
	100,727	8,728	210	105	6	15	109,791
<b>Attributable operating profit before finance costs and taxation charge</b>							
Company and subsidiaries							
	751,773	183,090	(66,307)	(37,476)	6,627	(288)	837,419
Associated companies							
	132	9,586	2,862	—	—	—	12,580
Jointly controlled entities							
	698,172	296,947	(34,283)	262	—	994	962,092
	1,450,077	489,623	(97,728)	(37,214)	6,627	706	1,812,091
<b>Additions to non-current assets other than financial instruments</b>							
	1,747,319	1,855,060	21,717	888	223	587	3,625,794
<b>Depreciation and amortisation</b>							
	37,832	28,426	151,290	941	1,057	1,962	221,508
<b>Share of results of</b>							
Associated companies							
	(85)	8,101	7,844	—	—	—	15,860
Jointly controlled entities							
	203,353	301,916	(41,471)	(461)	—	477	463,814
<b>As at 30th June 2010</b>							
<b>Segment assets</b>							
	40,066,650	13,157,839	1,896,585	87,514	51,470	24,336	55,284,394
Associated companies and jointly controlled entities							
	3,222,852	6,255,250	816,007	(342)	602	11,457	10,305,826
Available-for-sale financial assets							
							221,996
Property, plant and equipment at corporate office							
							4,487
Prepayments, debtors and other receivables at corporate office							
							314,059
Amounts due from related companies at corporate office							
							425,190
Cash and bank balances at corporate office							
							2,427,397
<b>Total assets</b>							
							68,983,349
<b>Segment liabilities</b>							
	7,646,641	304,595	257,145	40,972	13,727	11,829	8,274,909
Creditors and accruals at corporate office							
							36,150
Taxes payable							
							590,493
Borrowings							
							18,411,099
Deferred tax liabilities							
							2,266,299
<b>Total liabilities</b>							
							29,578,950

Year ended	Property	Rental	Hotel	Property	Hotel	Other	Total
30th June 2009	sales	operation	operation	management	management	operations	
	HK\$'000	HK\$'000	HK\$'000	services	services	HK\$'000	HK\$'000
<b>Segment revenues</b>							
Company and subsidiaries							
Total revenues	1,344,303	394,581	231,946	90,052	—	—	2,060,882
Inter-segment revenues	—	(1,250)	—	(21,009)	—	—	(22,259)
External revenues	1,344,303	393,331	231,946	69,043	—	—	2,038,623
Associated companies —							
attributable to the Group	7,690	126,585	2,598	17,295	—	—	154,168
Jointly controlled entities —							
attributable to the Group	2,018,914	356,696	94,930	23,495	—	—	2,494,035
	3,370,907	876,612	329,474	109,833	—	—	4,686,826
<b>Segment bank and other interest</b>							
income	70,605	22,803	2,447	239	—	6	96,100
<b>Attributable operating profit before</b>							
<b>finance costs and taxation charge</b>							
Company and subsidiaries	503,059	165,899	(67,518)	(8,354)	(21,016)	(615)	571,455
Associated companies	(185)	9,441	(176)	(108)	—	—	8,972
Jointly controlled entities	89,451	312,692	(54,798)	(2,583)	—	3,628	348,390
	592,325	488,032	(122,492)	(11,045)	(21,016)	3,013	928,817
<b>Additions to non-current assets other</b>							
<b>than financial instruments</b>							
	29,847	1,380,658	95,726	1,208	3,934	1,765	1,513,138
Depreciation and amortisation	38,384	38,585	108,937	869	1,033	1,939	189,747
<b>Share of results of</b>							
<b>Associated companies</b>							
	(1,868)	173,825	(174)	—	—	—	171,783
<b>Jointly controlled entities</b>							
	(82,695)	236,812	(60,673)	(3,525)	—	3,628	93,547
<b>As at 30th June 2009</b>							
Segment assets	26,683,894	10,926,245	2,087,085	72,531	7,628	6,921	39,784,304
Associated companies and jointly							
controlled entities	6,783,168	6,212,947	679,347	(7,706)	412	(605)	13,667,563
Available-for-sale financial assets							217,910
Property, plant and equipment at							
corporate office							5,925
Prepayments, debtors and other							
receivables at corporate office							355,559
Amounts due from related companies							
at corporate office							8,942
Cash and bank balances at corporate							
office							351,446
Total assets							54,391,649
Segment liabilities	3,484,342	425,538	108,514	26,782	4,078	2,829	4,052,083
Creditors and accruals at corporate							
office							132,216
Taxes payable							282,681
Borrowings							17,088,014
Deferred tax liabilities							799,773
Total liabilities							22,354,767



# Notes to the Financial Statements

## 6. REVENUES AND SEGMENT INFORMATION (Continued)

Reconciliations of revenues and profit before taxation:

	2010 HK\$'000	2009 HK\$'000
(i) Revenues		
Total segment revenues	9,272,986	4,686,826
Less:		
Revenues of associated companies and jointly controlled entities, attributable to the Group	(2,932,234)	(2,648,203)
Revenues as presented in consolidated income statement	6,340,752	2,038,623
(ii) Profit before taxation		
Attributable operating profit before finance costs and taxation charge	1,812,091	928,817
Gain on remeasuring previously held interests of jointly controlled entities and associated companies at fair value upon further acquisition as subsidiaries	1,332,086	88,876
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	732,125	50,940
Changes in fair value of investment properties, net of deferred taxation	57,737	257,659
Write back of provision for/(provision for) properties held for/under development	54,000	(54,841)
Gain on disposal of subsidiaries	—	489,800
Gain on remeasuring non-controlling interests retained at fair value after disposal of partial interest in a subsidiary	—	319,073
Increase in fair value of financial assets at fair value through profit or loss	—	33,591
Gain on disposal of available-for-sale financial assets	—	15,065
Provision for amount due by a jointly controlled entity	(12,000)	(36,500)
Loss on disposal of non-current assets held for sale	(15,364)	—
Impairment of goodwill	(59,372)	(85,639)
(Loss)/gain on early redemption/repurchase of convertible bonds	(162,227)	67,366
Finance costs — project loans	(183,191)	(210,734)
Corporate income tax and land appreciation tax, net of tax indemnity	(511,913)	(219,009)
Attributable operating profit	3,043,972	1,644,464
Bank and other interest income — corporate	5,944	7,565
Net foreign exchange (losses)/gains	(1,846)	38,744
Deferred tax on undistributed profits	(89,052)	(1,474)
Finance costs — corporate loans	(139,992)	(125,660)
Corporate administrative expenses	(182,599)	(204,270)
Profit attributable to equity holders of the Company	2,636,427	1,359,369
Taxation charge	629,183	179,362
Profit/(loss) attributable to non-controlling interests	4,740	(65,146)
Profit before taxation	3,270,350	1,473,585

## 7. OTHER INCOME

	2010 HK\$'000	2009 HK\$'000
Tax indemnity from the ultimate holding company (note 13)	339,469	6,224
Bank and other interest income	130,273	58,605
Interest income from jointly controlled entities, net of withholding tax (note)	119,184	431,667
Income from early termination of a hotel management contract	30,000	—
Trademark fee income from jointly controlled entities	15,903	29,051
Dividend income from available-for-sale financial assets	14,207	8,839
	<b>649,036</b>	534,386

Note: The property projects of the Group's jointly controlled entities have been partly financed by the Group in the form of equity capital and unsecured shareholder's advances, majority of which are interest bearing. The Group's attributable share of shareholders' loan interest expenses of jointly controlled entities is included in the share of results of jointly controlled entities as follows:

	2010 HK\$'000	2009 HK\$'000
Share of shareholders' loan interest expenses of jointly controlled entities	(97,178)	(379,027)

## 8. OTHER GAINS, NET

	2010 HK\$'000	2009 HK\$'000
Gain on remeasuring previously held interests of jointly controlled entities and associated companies at fair value upon further acquisition as subsidiaries (note 41)	1,332,086	88,876
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries (note 41)	732,125	50,940
Write back of provision for/(provision for) properties held for/under development	54,000	(16,926)
Gain on disposal of investment properties	946	375
Gain on disposal of subsidiaries	—	489,800
Gain on remeasuring non-controlling interests retained at fair value after disposal of partial interest in a subsidiary	—	319,073
Write back of provision for amount due by a jointly controlled entity	—	61,468
Increase in fair value of financial assets at fair value through profit or loss	—	33,591
Gain on disposal of available-for-sale financial assets	—	15,065
Net foreign exchange (losses)/gains	(1,371)	20,053
Provision for amount due by a jointly controlled entity	(12,000)	(36,500)
Loss on disposal of non-current assets held for sale	(15,364)	—
Impairment of goodwill	(59,372)	(85,639)
(Loss)/gain on early redemption/repurchase of convertible bonds	(162,227)	67,366
	<b>1,868,823</b>	1,007,542



# Notes to the Financial Statements

## 9. OPERATING PROFIT BEFORE FINANCE COSTS

	2010 HK\$'000	2009 HK\$'000
Operating profit before finance costs is arrived at after crediting:		
Gross rental income from investment properties	429,277	287,800
Gain on disposal of investment properties	946	375
Gain on disposal of property, plant and equipment	1,032	—
and after charging:		
Cost of properties sold	4,281,803	921,588
Staff costs (note 11)	289,252	270,550
Depreciation of property, plant and equipment	204,800	177,110
Outgoings in respect of investment properties	201,513	128,720
Rental for leased premises	32,658	60,626
Loss on disposals/write off of property, plant and equipment	—	54,579
Amortisation of land use rights	16,708	15,592
Auditors' remuneration	9,281	9,193

Contingent rent included in revenue amounted to HK\$2,920,000 (2009: HK\$1,537,000) for the year.

	2010 HK\$'000	2009 HK\$'000
The future minimum rental receivable under non-cancellable operating leases are as follows:		
Within one year	329,869	263,823
Between two and five years	552,906	417,442
Beyond five years	728,236	700,334
	<b>1,611,011</b>	<b>1,381,599</b>

Generally the Group's operating leases are for terms of two to five years except for twenty (2009: fifteen) long term leases which are beyond five years.

## 10. FINANCE COSTS

	2010 HK\$'000	2009 HK\$'000
Interest on bank borrowings		
— wholly repayable within five years	394,929	457,956
— not wholly repayable within five years	96,188	—
Interest on loans from fellow subsidiaries wholly repayable within five years	24,225	40,846
Interest on loans from non-controlling interests not wholly repayable within five years	2,525	3,099
Interest on short term loans	24,494	42,541
Interest on advances from participating interest	81,476	42,219
Interest on convertible bonds wholly repayable within five years	103,879	107,733
	<b>727,716</b>	694,394
Amounts capitalised in properties held for/under development	<b>(447,472)</b>	(419,598)
	<b>280,244</b>	274,796

Note: To the extent funds are borrowed generally and used for the purpose of financing certain properties held for/under development, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation is 1.38% (2009: 2.07%) for the year.

## 11. STAFF COSTS

	2010 HK\$'000	2009 HK\$'000
Wages, salaries and other benefits	261,937	240,246
Pension costs — defined contribution plans (note)	6,637	6,036
Share-based payments	20,678	24,268
	<b>289,252</b>	270,550

Note: The Group has established a defined contribution retirement scheme under the Occupational Retirement Scheme Ordinance for all employees in Hong Kong since September 1999. The contributions to the scheme are based on a percentage of the employees' salaries ranging from 5% to 10%, depending upon the length of service of the employees. The Group's contributions to the scheme are expensed as incurred and are not forfeited in respect of those employees who leave the scheme prior to vesting fully in the contributions.

With the implementation of the Mandatory Provident Fund ("MPF") Scheme Ordinance on 1st December 2000, the Group established a new MPF Scheme. Except for employees who commenced employment after 1st October 2000, all the existing employees were given an option to select between the existing defined contribution retirement scheme and the MPF Scheme. The employees who commenced employment after 1st October 2000 are required to join the MPF Scheme. The Group's contributions to the MPF scheme are based on fixed percentages of members' salaries, ranging from 5% of MPF relevant income to 10% of the basic salary. Members' mandatory contributions are fixed at 5% of MPF relevant income.

The Group also contributes to retirement plans for its employees in the PRC at a percentage in compliance with the requirements of the respective municipal governments in the PRC.

The assets of all retirement schemes are held separately from those of the Group in independently administered funds. The total pension costs charged to the consolidated income statement for the year amounted to HK\$6,637,000 (2009: HK\$6,036,000).



# Notes to the Financial Statements

## 12. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

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

Name of director	Fees HK\$'000	Other emoluments HK\$'000	Retirement benefits HK\$'000	Share option benefits HK\$'000	Total HK\$'000
<b>For the year ended 30th June 2010</b>					
Dr. Cheng Kar-shun, Henry	150	—	—	1,041	1,191
Mr. Cheng Chi-kong, Adrian	150	1,740	75	816	2,781
Mr. Doo Wai-hoi, William	125	—	—	418	543
Mr. Cheng Kar-shing, Peter	150	—	—	418	568
Miss Cheng Chi-man, Sonia	75	462	23	120	680
Mr. Cheng Chi-him, Conrad	75	462	23	—	560
Mr. Leung Chi-kin, Stewart	125	—	—	102	227
Mr. Chow Yu-chun, Alexander	150	—	—	278	428
Mr. Chow Kwai-cheung	125	—	—	102	227
Mr. Fong Shing-kwong, Michael	150	1,200	60	217	1,627
Ms. Ngan Man-ying, Lynda	150	4,080	291	538	5,059
Mr. Fu Sze-shing	—	—	—	—	—
Mr. Cheng Wai-chee, Christopher	200	—	—	166	366
Mr. Tien Pei-chun, James	200	—	—	166	366
Mr. Lee Luen-wai, John	200	—	—	166	366
	<b>2,025</b>	<b>7,944</b>	<b>472</b>	<b>4,548</b>	<b>14,989</b>

For the year ended 30th June 2009

Dr. Cheng Kar-shun, Henry	150	—	—	2,110	2,260
Mr. Doo Wai-hoi, William	150	750	—	847	1,747
Mr. Cheng Kar-shing, Peter	150	—	—	847	997
Mr. Cheng Chi-kong, Adrian	150	1,520	66	1,661	3,397
Mr. Leung Chi-kin, Stewart	150	—	—	208	358
Mr. Chow Kwai-cheung	150	—	—	208	358
Mr. Chow Yu-chun, Alexander	150	—	—	555	705
Mr. Fong Shing-kwong, Michael	150	1,200	60	460	1,870
Ms. Ngan Man-ying, Lynda	150	3,644	199	1,082	5,075
Mr. Fu Sze-shing	100	—	—	208	308
Mr. Cheng Wai-chee, Christopher	200	—	—	333	533
Mr. Tien Pei-chun, James	200	—	—	333	533
Mr. Lee Luen-wai, John	200	—	—	333	533
	<b>2,050</b>	<b>7,114</b>	<b>325</b>	<b>9,185</b>	<b>18,674</b>

None of the directors has waived his/her right to receive his/her emoluments (2009:Nil).



- (ii) The five individuals whose emoluments were the highest in the Group for the year include one (2009: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2009: four) individuals during the year are as follows:

	2010 HK\$'000	2009 HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	14,058	13,888
Share option benefits	1,442	2,275
Contribution to retirement benefit scheme	824	833
	<b>16,324</b>	16,996

The emoluments fall within the following bands:

	Number of individuals	
	2010	2009
HK\$3,500,001 – HK\$4,000,000	2	1
HK\$4,000,001 – HK\$4,500,000	2	2
HK\$4,500,001 – HK\$5,000,000	—	1
	<b>4</b>	4



# Notes to the Financial Statements

## 13. TAXATION CHARGE

	2010 HK\$'000	2009 HK\$'000
Current taxation		
PRC corporate income tax	214,981	64,468
PRC land appreciation tax	279,262	70,768
Deferred taxation	134,940	44,126
	<b>629,183</b>	179,362

Share of taxation of associated companies and jointly controlled entities for the year ended 30th June 2010 of HK\$1,292,000 (2009: HK\$28,410,000) and HK\$448,767,000 (2009: HK\$64,782,000) respectively are included in the consolidated income statement as share of results of associated companies and jointly controlled entities.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the rate of taxation prevailing in the PRC in which the Group operates as follows:

	2010 HK\$'000	2009 HK\$'000
Profit before taxation	3,270,350	1,473,585
Share of results of		
Associated companies	(15,860)	(171,783)
Jointly controlled entities	(463,814)	(93,547)
	<b>2,790,676</b>	1,208,255
Calculated at a taxation rate of 25% (2009: 25%)	697,669	302,064
Income not subject to taxation	(707,803)	(403,923)
Expenses not deductible for taxation purposes	165,913	155,986
Tax losses not recognised	110,232	92,068
Deduction from PRC land appreciation tax	(69,815)	(17,692)
Utilisation of previously unrecognised tax losses	(32,507)	(18,806)
Temporary differences not recognised	(8,083)	(2,577)
Recognition of previously unrecognised temporary differences	105,263	—
Deferred taxation on undistributed profits	89,052	1,474
	<b>349,921</b>	108,594
PRC land appreciation tax	279,262	70,768
	<b>629,183</b>	179,362

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year (2009: Nil). PRC corporate income tax ("CIT") has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 25% (2009: 25%). PRC land appreciation tax ("LAT") is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

In July 1999, a deed of tax indemnity was entered into between NWD, the ultimate holding company, and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK\$339,469,000 (2009: HK\$6,224,000) was effected (note 7).

## 14. DIVIDEND

	2010 HK\$'000	2009 HK\$'000
Final dividend proposed of HK\$0.07 (2009: paid of HK\$0.06) per share	<b>403,037</b>	230,230

At a meeting held on 6th October 2010, the directors recommended a final dividend of HK\$0.07 per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of contributed surplus for the year ending 30th June 2011.

## 15. EARNINGS PER SHARE

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

	2010 HK\$'000	2009 HK\$'000
Profit attributable to equity holders of the Company	<b>2,636,427</b>	1,359,369
Interest expense on convertible bonds	<b>39,348</b>	40,808
Profit used to determine diluted earnings per share	<b>2,675,775</b>	1,400,177

	Number of shares	
	2010	2009
Weighted average number of shares for calculating basic earnings per share	<b>5,194,521,293</b>	4,292,758,416
Effect of dilutive potential shares:		
Share options	<b>9,303,870</b>	4,187,913
Convertible bonds	<b>345,752,134</b>	379,376,433
Weighted average number of shares for calculating diluted earnings per share	<b>5,549,577,297</b>	4,676,322,762

The earnings per share for the year ended 30th June 2009 have been adjusted to reflect the effect of rights issue during the year (note 31).



# Notes to the Financial Statements

## 16. PROPERTY, PLANT AND EQUIPMENT

### Group

	Other properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1st July 2009	1,790,300	304,654	641,836	74,243	2,811,033
Acquisition of subsidiaries	—	—	4,101	1,776	5,877
Additions	4,777	12,623	34,468	13,358	65,226
Transfer from completed properties held for sale	12,066	—	—	—	12,066
Transfer from/to investment properties	(7,012)	—	—	—	(7,012)
Disposals/write off	(41)	(20,050)	(8,271)	(3,299)	(31,661)
At 30th June 2010	1,800,090	297,227	672,134	86,078	2,855,529
<b>Accumulated depreciation and impairment</b>					
At 1st July 2009	287,881	236,089	463,144	39,917	1,027,031
Charge for the year	123,314	30,442	40,563	10,481	204,800
Disposals/write off	(36)	(8,599)	(5,574)	(3,233)	(17,442)
At 30th June 2010	411,159	257,932	498,133	47,165	1,214,389
<b>Net book value</b>					
At 30th June 2010	1,388,931	39,295	174,001	38,913	1,641,140
<b>Cost</b>					
At 1st July 2008	962,185	295,463	536,791	74,674	1,869,113
Acquisition of subsidiaries	2,389	503	293	1,046	4,231
Additions	2,973	10,201	114,335	6,555	134,064
Transfer from properties under development	892,853	—	—	—	892,853
Disposals/write off	(69,263)	(1,513)	(8,272)	(3,080)	(82,128)
Disposal of subsidiaries	(837)	—	(1,311)	(4,952)	(7,100)
At 30th June 2009	1,790,300	304,654	641,836	74,243	2,811,033
<b>Accumulated depreciation and impairment</b>					
At 1st July 2008	237,805	201,086	406,053	36,757	881,701
Charge for the year	65,862	36,516	65,013	9,719	177,110
Disposals/write off	(15,720)	(1,513)	(7,055)	(2,741)	(27,029)
Disposal of subsidiaries	(66)	—	(867)	(3,818)	(4,751)
At 30th June 2009	287,881	236,089	463,144	39,917	1,027,031
<b>Net book value</b>					
At 30th June 2009	1,502,419	68,565	178,692	34,326	1,784,002

As at 30th June 2010, certain other properties and furniture, fixtures and equipment with carrying amount of HK\$461,243,000 (2009: HK\$479,887,000) were pledged as securities for the Group's long term borrowings.

## 17. INVESTMENT PROPERTIES

	Group	
	2010	2009
	HK\$'000	HK\$'000
Completed investment properties	11,090,956	9,131,467
Investment properties under development	1,318,062	—
	<b>12,409,018</b>	9,131,467

The movement in investment properties during the year is as follows:

	Group	
	2010	2009
	HK\$'000	HK\$'000
At valuation		
At the beginning of the year	9,131,467	7,321,728
Acquisition of subsidiaries	900,881	1,374,047
Additions	953,232	796
Transfer from properties under development	1,286,362	313,487
Transfer from completed properties held for sale	18,970	—
Disposals	(20,822)	(1,841)
Disposal of a subsidiary	—	(11,932)
Transfer from/to other properties/land use rights	(30,334)	—
Changes in fair value	169,262	135,182
At the end of the year	<b>12,409,018</b>	9,131,467

The investment properties were revalued at 30th June 2010 on an open market value basis by Knight Frank Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	2010	2009
	HK\$'000	HK\$'000
Leases of over 50 years	726,369	121,477
Leases of between 10 and 50 years	11,654,240	8,981,354
Leases of below 10 years	28,409	28,636
	<b>12,409,018</b>	9,131,467

As at 30th June 2010, certain investment properties with carrying value of HK\$3,475,598,000 (2009: HK\$2,531,381,000) were pledged as securities for the Group's long term borrowings.



## 18. LAND USE RIGHTS

	Group	
	2010	2009
	HK\$'000	HK\$'000
At the beginning of the year	583,892	494,142
Transfer from properties under development	—	102,387
Transfer from/to investment properties	37,346	—
Amortisation	(16,708)	(12,637)
At the end of the year	604,530	583,892

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

	2010	2009
	HK\$'000	HK\$'000
Leases of over 50 years	1,342	1,382
Leases of between 10 and 50 years	603,188	582,510
	604,530	583,892

As at 30th June 2010, land use rights with carrying amount of HK\$231,909,000 (2009: HK\$240,529,000) were pledged as securities for the Group's long term borrowings.

## 19. GOODWILL

	Group	
	2010	2009
	HK\$'000	HK\$'000
At the beginning of the year	82,766	127,766
Acquisition of subsidiaries	—	40,639
Impairment	(59,372)	(85,639)
At the end of the year	23,394	82,766
Cost	235,983	235,983
Accumulated impairment	(212,589)	(153,217)
	23,394	82,766

Goodwill is allocated to the Group's cash generating units identified according to business segment. As at 30th June 2010, goodwill of HK\$14,227,000 (2009: HK\$66,088,000), HK\$Nil (2009: HK\$7,511,000) and HK\$9,167,000 (2009: HK\$9,167,000) is allocated to the segments of property sales, rental operation and hotel operation respectively.

For the purpose of impairment test, the recoverable amount of the business unit is determined based on value-in-use calculations, which uses cash flow projections based on financial budgets and a pre-tax discount rate. The key assumptions adopted on growth rates and discount rates used in the value-in-use calculations are based on management best estimates. Growth rates with range from 2% to 5% are determined by considering both internal and external factors relating to the relevant segments. Discount rates used also reflect specific risks relating to the relevant segments, which was 12% (2009: 7%).

## 20. SUBSIDIARIES

	Company	
	2010	2009
	HK\$'000	HK\$'000
Unlisted shares, at cost of HK\$4 (2009: HK\$4)	—	—
Amounts due by subsidiaries, net of provision	<b>27,149,566</b>	23,550,730
	<b>27,149,566</b>	23,550,730

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

Details of principal subsidiaries are given in note 45.

## 21. PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2010	2009
	HK\$'000	HK\$'000
Land use rights	<b>5,885,075</b>	4,529,548
Development and incidental costs	<b>4,553,743</b>	2,612,715
Interest capitalised	<b>171,203</b>	256,681
	<b>10,610,021</b>	7,398,944
Less: provision	—	(54,000)
	<b>10,610,021</b>	7,344,944

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

	2010	2009
	HK\$'000	HK\$'000
Leases of over 50 years	<b>5,461,786</b>	3,996,783
Leases of between 10 and 50 years	<b>423,289</b>	532,765
	<b>5,885,075</b>	4,529,548

As at 30th June 2010, the aggregate carrying value of properties held for development pledged as securities for long term borrowings amounted to HK\$732,443,000 (2009: HK\$511,013,000).



# Notes to the Financial Statements

## 22. ASSOCIATED COMPANIES

	Group	
	2010	2009
	HK\$'000	HK\$'000
Group's share of net assets	<b>(40,474)</b>	(53,576)
Amounts due by associated companies, net of provision (note (i))	<b>441,179</b>	436,822
	<b>400,705</b>	383,246

Notes:

(i) The amounts receivable are unsecured, interest free and have no specific repayment terms.

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

	2010	2009
	HK\$'000	HK\$'000
Revenues	<b>43,191</b>	154,168
Profit for the year	<b>15,860</b>	171,783
Non-current assets	<b>391,284</b>	377,031
Current assets	<b>25,609</b>	24,658
Total assets	<b>416,893</b>	401,689
Non-current liabilities	<b>(452,482)</b>	(452,310)
Current liabilities	<b>(4,885)</b>	(2,955)
Total liabilities	<b>(457,367)</b>	(455,265)

(iii) Details of principal associated companies are given in note 45.



## 23. JOINTLY CONTROLLED ENTITIES

	Group	
	2010	2009
	HK\$'000	HK\$'000
Equity joint ventures		
Group's share of net assets	37,565	34,062
Amounts due by jointly controlled entities		
Non-interest bearing (note (i))	102,153	65,126
Amounts due to jointly controlled entities (note (i))	(34,244)	(209)
	<b>105,474</b>	98,979
Wholly foreign owned enterprises		
Group's share of net assets	1,630,136	1,614,929
Amounts due by jointly controlled entities		
Interest bearing (note (ii))	57,247	63,180
Non-interest bearing (note (i))	134,960	207,712
Amounts due to jointly controlled entities (note (i))	(32,419)	(34,783)
	<b>1,789,924</b>	1,851,038
Co-operative joint ventures		
Cost of investments	3,979,050	4,922,772
Goodwill	12,704	12,704
Share of undistributed post-acquisition results and reserves	594,903	495,595
	<b>4,586,657</b>	5,431,071
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (iii))	2,783,516	5,578,104
Non-interest bearing (note (i))	379,765	653,984
Amounts due to jointly controlled entities (note (i))	(621,651)	(1,135,832)
	<b>7,128,287</b>	10,527,327
Companies limited by shares		
Group's share of net assets	381,339	425,352
Amounts due by jointly controlled entities, net of provision		
Interest bearing (note (ii))	108,144	108,144
Non-interest bearing (note (i))	349,634	231,157
Amounts due to jointly controlled entities (note (i))	(20,373)	(20,372)
	<b>818,744</b>	744,281
Deposits for proposed joint ventures (note (iv))	62,692	62,692
	<b>9,905,121</b>	13,284,317

### Notes:

- (i) The amounts receivable and payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.
- (ii) The amounts receivable are unsecured, carry interest ranging from PRC bank rate to 10% (2009: 1% over London Interbank Offered Rate ("LIBOR") to 10%) per annum and have repayment terms as specified in the joint venture contracts.



# Notes to the Financial Statements

## 23. JOINTLY CONTROLLED ENTITIES (Continued)

Notes: (Continued)

- (iii) The amounts receivable are unsecured, carry interest ranging from Hong Kong prime rate to 10% (2009: Hong Kong prime rate to 10%) per annum and have repayment terms as specified in the joint venture contracts.
- (iv) The balances represent payments on account of proposed joint ventures for which the agreement is pending the approval from the relevant government authority. Upon the completion of registration of the joint venture company, the relevant amount will be reclassified to joint venture balance.
- (v) The Group's share of revenues, results, assets and liabilities of its jointly controlled entities are as follows:

	2010 HK\$'000	2009 HK\$'000
Revenues	2,889,043	2,494,035
Profit for the year	463,814	93,547
Non-current assets	10,901,017	12,571,715
Current assets	6,156,303	11,627,829
Total assets	17,057,320	24,199,544
Non-current liabilities	(8,040,530)	(11,746,759)
Current liabilities	(2,393,797)	(4,960,075)
Total liabilities	(10,434,327)	(16,706,834)

- (vi) Details of principal jointly controlled entities are given in note 45.

## 24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2010 HK\$'000	2009 HK\$'000
Listed shares in Hong Kong, at fair value	221,996	217,910

The available-for-sale financial assets are denominated in Hong Kong dollar.

## 25. CASH AND BANK BALANCES

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Restricted balances included under				
non-current assets	9,091	26,136	—	—
Restricted balances included under current assets	1,380	232,358	—	—
Unrestricted balances	7,965,386	3,642,416	1,874,439	250,189
	7,975,857	3,900,910	1,874,439	250,189

The effective interest rate on short term bank deposits was ranging from 0.001% to 1.35% (2009: 0.0001% to 1.71%). These deposits have an average maturity of 2 to 95 days (2009: 2 to 30 days).

Restricted bank balances are funds which are pledged to secure certain short term loans and long term borrowings.

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

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong dollar	2,596,142	320,179	1,871,691	248,188
Renminbi	5,071,183	2,936,976	—	—
United States dollar	308,532	643,755	2,748	2,001
	<b>7,975,857</b>	3,900,910	<b>1,874,439</b>	250,189

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.

## 26. PROPERTIES UNDER DEVELOPMENT

	Group	
	2010 HK\$'000	2009 HK\$'000
Land use rights	2,571,994	2,312,822
Development and incidental costs	8,985,097	4,818,562
Interest capitalised	641,245	269,192
	<b>12,198,336</b>	7,400,576
Less: provision	—	(59,257)
	<b>12,198,336</b>	7,341,319

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

	2010 HK\$'000	2009 HK\$'000
Leases of over 50 years	2,185,379	1,983,343
Leases of between 10 and 50 years	386,615	329,479
	<b>2,571,994</b>	2,312,822

Properties under development with an aggregate carrying value of HK\$4,217,853,000 (2009: HK\$1,810,659,000) were pledged as securities for the Group's long term borrowings.

	2010 HK\$'000	2009 HK\$'000
Properties under development for sale:		
Expected to be completed and available for sale after more than 12 months	6,109,568	5,392,750
Expected to be completed and available for sale within 12 months	6,088,768	1,948,569
	<b>12,198,336</b>	7,341,319



# Notes to the Financial Statements

## 27. COMPLETED PROPERTIES HELD FOR SALE

	Group	
	2010 HK\$'000	2009 HK\$'000
Land use rights	141,589	260,716
Development costs	1,609,433	1,934,008
Interest capitalised	80,494	98,939
	<b>1,831,516</b>	<b>2,293,663</b>

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

	Group	
	2010 HK\$'000	2009 HK\$'000
Leases of over 50 years	139,074	181,390
Leases of between 10 and 50 years	2,515	79,326
	<b>141,589</b>	<b>260,716</b>

## 28. PREPAYMENTS, DEBTORS AND OTHER RECEIVABLES

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Trade debtors (note a)	322,150	375,984	—	—
Prepaid land preparatory cost (note b)	2,428,480	641,248	—	—
Prepayment for purchase of land (note b)	6,410,849	4,849,366	—	—
Prepayment for proposed development projects (note b)	232,924	282,788	—	—
Prepaid taxes (note b)	750,270	254,368	—	—
Other prepayments, deposits and receivables (note b)	522,437	617,168	11,906	8,513
	<b>10,667,110</b>	<b>7,020,922</b>	<b>11,906</b>	<b>8,513</b>

Notes:

- (a) Trade debtors mainly include sales proceed receivables, rental receivables and property management fee receivables. Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sale and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements. Monthly property management fees are payable in advance in accordance with the agreements. The ageing analysis of trade debtors based on invoice date is as follows:

	Group	
	2010 HK\$'000	2009 HK\$'000
0 to 30 days	160,226	186,858
31 to 60 days	37,273	31,091
61 to 90 days	11,752	10,904
Over 90 days	112,899	147,131
	<b>322,150</b>	<b>375,984</b>

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

- (b) The carrying amounts of the Group and the Company are mainly denominated in Renminbi.
- (c) At 30th June 2010, trade debtors of HK\$247,258,000 (2009: HK\$92,628,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	<b>Group</b> 2010 HK\$'000	2009 HK\$'000
0 to 30 days	98,964	22,772
31 to 60 days	26,025	5,349
61 to 90 days	12,054	10,514
Over 90 days	110,215	53,993
	<b>247,258</b>	92,628

- (d) During the year, impairment loss on trade debtors of HK\$18,122,000 (2009: HK\$24,738,000) was recognised in the consolidated income statement.
- (e) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

## 29. AMOUNTS DUE FROM/TO RELATED COMPANIES

Related companies include group companies and jointly controlled entities of the Group.

	<b>Group</b>		<b>Company</b>	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Amounts due from group companies (note a)	491,645	33,638	507,200	61,979
Amounts due to group companies (note b)	(250,203)	(425,211)	—	(25,666)
Amounts due to jointly controlled entities (note c)	(684,766)	—	—	—
	<b>(443,324)</b>	(391,573)	<b>507,200</b>	36,313

Notes:

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

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

	<b>Group</b>		<b>Company</b>	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong dollar	425,743	9,550	507,200	61,979
Renminbi	65,902	24,088	—	—
	<b>491,645</b>	33,638	<b>507,200</b>	61,979

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

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

	<b>Group</b>		<b>Company</b>	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong dollar	—	(147,873)	—	(25,666)
Renminbi	(250,203)	(277,338)	—	—
	<b>(250,203)</b>	(425,211)	—	(25,666)

- (c) The amounts payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts. The amounts payable are mainly denominated in Renminbi.



## 30. NON-CURRENT ASSETS HELD FOR SALE

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

During the year, the transaction was completed for a consideration of HK\$1,173,911,000, resulting in a loss of HK\$15,364,000 (note 8).

## 31. SHARE CAPITAL

	2010 HK\$'000	2009 HK\$'000
Authorised:		
8,000,000,000 shares of HK\$0.1 each	800,000	800,000
Issued and fully paid:		
5,757,248,468 (2009: 3,836,471,082) shares of HK\$0.1 each	575,725	383,647

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

	Number of shares of HK\$0.1 each	HK\$'000
At 30th June 2008	3,834,502,332	383,450
Exercise of share options (note (ii))	1,968,750	197
At 30th June 2009	3,836,471,082	383,647
Exercise of share options (note (ii))	2,193,145	219
Rights issue (note (i))	1,918,584,241	191,859
At 30th June 2010	5,757,248,468	575,725

Notes:

- (i) During the year, 1,918,584,241 shares of HK\$0.10 each were issued at HK\$2.55 per share by way of rights issue on the basis of one rights share for every two existing shares ("Rights Issue").

- (ii) Pursuant to the share option scheme adopted on 26th November 2002, the Company may grant options to executive directors and employees of the Company or its subsidiaries to subscribe for shares in the Company. Adjustments were made to the exercise price of and the number of shares that can be subscribed for under the outstanding share options on 17th November 2009 ("Date of Adjustment") as a result of the Rights Issue which became unconditional on 16th November 2009. The movements in the number of share options granted during the year and the balance outstanding at 30th June 2010 are as follows:

Date of offer to grant	Exercise price per share before the Date of Adjustment HK\$	Exercise price per share after the Date of Adjustment HK\$	Number of share options						Number of share options exercisable	
			At 1st July 2009	Granted during the year	Exercised from 1st July 2009 up to the Date of Adjustment	Adjusted on the Date of Adjustment (note 5)	Exercised from the Date of Adjustment up to 30th June 2010	Lapsed during the year	At 30th June 2010	At 30th June 2010
4th November 2004	2.484 <sup>(1)</sup>	—	50,000	—	(50,000)	—	—	—	—	—
22nd December 2004	2.689 <sup>(1)</sup>	—	49,800	—	(49,800)	—	—	—	—	—
13th July 2005	2.300 <sup>(1)</sup>	2.055	150,000	—	(90,400)	7,116	(66,716)	—	—	—
7th November 2005	2.620 <sup>(1)</sup>	2.341	10,400	—	—	1,241	—	—	11,641	11,641
28th March 2006	3.915 <sup>(1)</sup>	3.497	1,979,600	—	—	236,370	—	(137,463)	2,078,507	2,078,507
28th June 2006	2.865 <sup>(1)</sup>	2.559	389,600	—	—	46,519	—	—	436,119	292,925
17th October 2006	3.340 <sup>(1)</sup>	2.984	99,600	—	—	11,892	—	—	111,492	74,418
28th December 2006	4.712 <sup>(1)</sup>	4.209	846,800	—	—	101,110	—	(188,060)	759,850	570,000
19th March 2007	4.500 <sup>(1)</sup>	4.020	735,200	—	—	87,785	—	—	822,985	656,238
14th June 2007	6.710 <sup>(1)</sup>	5.994	1,491,600	—	—	178,101	—	—	1,669,701	1,001,822
17th October 2007	8.070 <sup>(1)</sup>	7.209	1,460,800	—	—	174,423	—	—	1,635,223	981,133
28th December 2007	6.972 <sup>(1)</sup>	6.228	870,000	—	—	103,880	—	—	973,880	584,329
28th December 2007	6.972 <sup>(2)</sup>	6.228	12,760,000	—	—	1,523,582	—	—	14,283,582	14,283,582
22nd April 2008	5.260 <sup>(1)</sup>	4.699	868,800	—	—	69,110	—	(290,000)	647,910	388,746
31st July 2008	3.662 <sup>(1)</sup>	3.271	907,600	—	—	108,370	—	(755,373)	260,597	100,746
12th November 2008	1.682 <sup>(1)</sup>	1.503	1,048,000	—	—	125,134	(191,600)	—	981,534	173,148
2nd December 2008	1.500 <sup>(3)</sup>	1.340	1,324,200	—	(356,800)	115,510	(122,143)	(170)	960,597	960,597
2nd December 2008	1.500 <sup>(4)</sup>	1.340	14,946,000	—	(118,000)	1,760,358	(970,086)	(358,166)	15,260,106	6,942,937
2nd December 2008	1.500 <sup>(1)</sup>	1.340	2,151,200	—	(32,400)	252,991	(62,400)	—	2,309,391	718,942
3rd February 2009	1.980 <sup>(1)</sup>	1.769	816,800	—	—	97,528	(82,800)	—	831,528	203,679
26th June 2009	4.550 <sup>(1)</sup>	4.065	834,000	2,395,800	—	355,988	—	(337,952)	3,247,836	649,567
19th November 2009	—	3.068 <sup>(1)</sup>	—	3,470,000	—	—	—	—	3,470,000	694,000
12th January 2010	—	2.990 <sup>(1)</sup>	—	5,212,400	—	—	—	—	5,212,400	1,042,480
18th May 2010	—	2.350 <sup>(1)</sup>	—	1,479,600	—	—	—	—	1,479,600	295,920
31st May 2010	—	2.440 <sup>(1)</sup>	—	1,000,000	—	—	—	—	1,000,000	—
			43,790,000	13,557,800	(697,400)	5,357,008	(1,495,745)	(2,067,184)	58,444,479	32,705,357
Weighted average exercise price of each category (HK\$)			4.034	3.175	1.759	4.091	1.417	3.510	3.578	4.339

Notes:

- On dates of grant, 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.
- On dates of grant, the share options are divided into 3 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.
- On dates of grant, the share options are divided into 2 tranches and exercisable within a period of 2 years commencing on the expiry of one month after the dates on which the options were accepted.
- On dates of grant, the share options are divided into 4 tranches and exercisable within a period of 4 years commencing on the expiry of one month after the dates on which the options were accepted.
- Adjustments were made to the exercise price and the number of outstanding share options in accordance with the share option scheme on 17th November 2009 as a result of the Rights Issue as announced by the Company on 9th October 2009 which become unconditional on 16th November 2009.
- Fair value of options and assumptions

The fair value of options granted during the year determined using the Binomial Model was HK\$18,849,700 (2009: HK\$20,690,000). The significant inputs to the model was share price ranging from HK\$2.35 to HK\$4.55 (2009: HK\$1.5 to HK\$4.55) at the grant dates, exercise prices ranging from HK\$2.35 to HK\$4.55 (2009: HK\$1.5 to HK\$4.55), volatility of the share ranging from 55% to 56% (2009: 46% to 61%), expected life of options of 5 years (2009: 2 to 5 years), expected dividend yield ranging from 1.45% to 1.58% (2009: 0.85% to 1.45%), risk-free interest rate ranging from 1.54% to 2.10% (2009: 0.96% to 3.32%) and suboptimal exercise factor ranging from 1.87 to 1.88 times (2009: 1.5 to 1.87 times) of the exercise prices (which accounts for the early exercise behaviour of the option holders). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company over the past 5 years.



# Notes to the Financial Statements

## 32. RESERVES

### Group

	Contributed surplus	Share premium	Other reserve	Share option reserve	Convertible bonds — equity component	Investment revaluation reserve	Exchange reserve	Retained profits	Total
	HK\$'000	HK\$'000	(note 1) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1st July 2009	13,919,065	7,533,637	202,237	39,149	387,743	64,011	2,425,890	5,567,769	30,139,501
Profit for the year	—	—	—	—	—	—	—	2,636,427	2,636,427
Premium on issue of shares	—	4,664,949	—	—	—	—	—	—	4,664,949
Change in fair value of available-for-sale financial assets	—	—	—	—	—	4,086	—	—	4,086
Share-based payments	—	—	—	20,678	—	—	—	—	20,678
Transfer of reserve upon exercise and lapse of share options	—	1,234	—	(4,227)	—	—	—	2,993	—
Redemption of convertible bonds	—	—	—	—	(337,382)	—	—	337,382	—
Dividend paid	(345,351)	—	—	—	—	—	—	—	(345,351)
Translation differences	—	—	—	—	—	—	(5,938)	—	(5,938)
As at 30th June 2010 before proposed final dividend	13,573,714	12,199,820	202,237	55,600	50,361	68,097	2,419,952	8,544,571	37,114,352
Representing:									
As at 30th June 2010 after proposed final dividend	13,170,677	12,199,820	202,237	55,600	50,361	68,097	2,419,952	8,544,571	36,711,315
2010 proposed final dividend	403,037	—	—	—	—	—	—	—	403,037
	13,573,714	12,199,820	202,237	55,600	50,361	68,097	2,419,952	8,544,571	37,114,352
As at 1st July 2008	13,995,757	7,529,491	202,237	20,031	425,757	22,165	2,619,452	4,506,469	29,321,359
Profit for the year	—	—	—	—	—	—	—	1,359,369	1,359,369
Premium on issue of shares	—	3,240	—	—	—	—	—	—	3,240
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	(334,850)	(334,850)
Disposal of subsidiaries	—	—	—	—	—	—	(233,455)	—	(233,455)
Change in fair value of available-for-sale financial assets, net of tax	—	—	—	—	—	57,136	—	—	57,136
Disposal of available-for-sale financial assets	—	—	—	—	—	(15,290)	—	—	(15,290)
Share-based payments	—	—	—	24,268	—	—	—	—	24,268
Transfer of reserve upon exercise and lapse of share options	—	906	—	(5,150)	—	—	—	4,244	—
Repurchase of convertible bonds	—	—	—	—	(38,014)	—	—	32,537	(5,477)
Dividend paid	(76,692)	—	—	—	—	—	—	—	(76,692)
Translation differences	—	—	—	—	—	—	39,893	—	39,893
As at 30th June 2009 before proposed final dividend	13,919,065	7,533,637	202,237	39,149	387,743	64,011	2,425,890	5,567,769	30,139,501
Representing:									
As at 30th June 2009 after proposed final dividend	13,688,835	7,533,637	202,237	39,149	387,743	64,011	2,425,890	5,567,769	29,909,271
2009 proposed final dividend	230,230	—	—	—	—	—	—	—	230,230
	13,919,065	7,533,637	202,237	39,149	387,743	64,011	2,425,890	5,567,769	30,139,501



Notes:

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

	2010 HK\$'000	2009 HK\$'000
Total comprehensive income for the year attributable to the shareholders of the Company	2,634,575	1,207,653
Transfer from/to the non-controlling interests		
Acquisition of additional interests in subsidiaries	—	(334,850)
Total comprehensive income for the year attributable to the shareholders of the Company and net transfer from/to the non-controlling interests	2,634,575	872,803

## Company

	Contributed surplus HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1st July 2009	13,939,226	7,533,637	4,015,433	39,149	—	(6,147,465)	19,379,980
Premium on issue of shares	—	4,664,949	—	—	—	—	4,664,949
Profit for the year	—	—	—	—	—	249,185	249,185
Share-based payments	—	—	—	20,678	—	—	20,678
Transfer of reserve upon exercise and lapse of share options	—	1,234	—	(4,227)	—	2,993	—
Dividend paid	(345,351)	—	—	—	—	—	(345,351)
As at 30th June 2010 before proposed final dividend	13,593,875	12,199,820	4,015,433	55,600	—	(5,895,287)	23,969,441
Representing:							
As at 30th June 2010 after proposed final dividend	13,190,838	12,199,820	4,015,433	55,600	—	(5,895,287)	23,566,404
2010 proposed final dividend	403,037	—	—	—	—	—	403,037
	13,593,875	12,199,820	4,015,433	55,600	—	(5,895,287)	23,969,441
As at 1st July 2008	14,015,918	7,529,491	4,015,433	20,031	22,165	(5,529,079)	20,073,959
Premium on issue of shares	—	3,240	—	—	—	—	3,240
Loss for the year	—	—	—	—	—	(622,630)	(622,630)
Change in fair value of available-for-sale financial assets, net of tax	—	—	—	—	(6,875)	—	(6,875)
Disposal of available-for-sale financial assets	—	—	—	—	(15,290)	—	(15,290)
Share-based payments	—	—	—	24,268	—	—	24,268
Transfer of reserve upon exercise and lapse of share options	—	906	—	(5,150)	—	4,244	—
Dividend paid	(76,692)	—	—	—	—	—	(76,692)
As at 30th June 2009 before proposed final dividend	13,939,226	7,533,637	4,015,433	39,149	—	(6,147,465)	19,379,980
Representing:							
As at 30th June 2009 after proposed final dividend	13,708,996	7,533,637	4,015,433	39,149	—	(6,147,465)	19,149,750
2009 proposed final dividend	230,230	—	—	—	—	—	230,230
	13,939,226	7,533,637	4,015,433	39,149	—	(6,147,465)	19,379,980

The contributed surplus of the Company represents the excess of the consolidated net asset value of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof as a result of a reorganisation that took place in 1999, less distributions in subsequent years.



# Notes to the Financial Statements

## 33. LONG TERM BORROWINGS

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Bank loans (note (i))				
Secured	<b>3,415,698</b>	2,036,834	—	—
Unsecured	<b>9,933,939</b>	8,021,275	<b>1,336,759</b>	1,193,357
Loans from fellow subsidiaries (note (ii))	<b>2,606,381</b>	2,722,188	—	—
Loans from non-controlling interests (note (iii))	<b>79,033</b>	92,159	—	—
Advances from participating interest (note (iv))	<b>1,660,041</b>	979,332	<b>3,635,663</b>	2,869,062
Convertible bonds (note (v))	<b>361,234</b>	2,673,726	—	—
	<b>18,056,326</b>	16,525,514	<b>4,972,422</b>	4,062,419
Current portion included in current liabilities	<b>(1,979,853)</b>	(5,408,206)	<b>(4,638)</b>	(899,207)
	<b>16,076,473</b>	11,117,308	<b>4,967,784</b>	3,163,212

Notes:

(i) The bank loans are repayable as follows:

	Secured		Group Unsecured		Total		Company Unsecured	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
	Within one year	<b>349,250</b>	632,988	<b>1,630,603</b>	2,001,076	<b>1,979,853</b>	2,634,064	—
Between one and two years	<b>793,164</b>	886,363	<b>3,669,338</b>	1,637,822	<b>4,462,502</b>	2,524,185	<b>546,694</b>	—
Between two and five years	<b>1,135,795</b>	517,483	<b>3,790,817</b>	4,382,377	<b>4,926,612</b>	4,899,860	<b>790,065</b>	294,150
After five years	<b>1,137,489</b>	—	<b>843,181</b>	—	<b>1,980,670</b>	—	—	—
	<b>3,415,698</b>	2,036,834	<b>9,933,939</b>	8,021,275	<b>13,349,637</b>	10,058,109	<b>1,336,759</b>	1,193,357

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

	Group	
	2010 HK\$'000	2009 HK\$'000
Within one year	—	100,416
Between one and two years	<b>2,606,381</b>	19,593
Between two and five years	—	2,602,179
	<b>2,606,381</b>	2,722,188

The loans from fellow subsidiaries are unsecured and bear interest at three months Hong Kong Interbank Offered Rate ("HIBOR") (2009: three months HIBOR to 1.35% above LIBOR) per annum.

(iii) The loans from non-controlling interests are unsecured, bear interest at 5% (2009: 5%) per annum and have repayment terms as specified in the joint venture contracts.

(iv) The advances from participating interest of certain property projects are unsecured, interest free and repayable in accordance with the terms as specified in the agreements entered into between the Group and the participating interest.

- (v) In June 2007, a subsidiary of the Company issued USD settled zero coupon guaranteed convertible bonds in the aggregate amount of RMB2,800,000,000, which are convertible into fully paid shares with par value of HK\$0.1 each of the Company.

The bonds, guaranteed by the Company, are convertible into shares of the Company at a conversion price of HK\$8.044 per share at any time on and after 26th June 2007 up to 26th May 2012, with the Renminbi principal amount of the bond translated into Hong Kong dollar at a fixed rate of HK\$1 = RMB0.9848, subject to adjustments according to the terms governing the convertible bonds. The bonds are redeemable by the issuer at any time on or after 11th June 2010 at the option of the issuer, subject to the terms governing the convertible bonds. Moreover, the bondholders have the option to redeem all or some of the bonds held by them on 11th June 2010 at 102.27% of the principal amount. Unless previously redeemed, converted or purchased and cancelled, the bonds will be redeemed on the maturity date on 11th June 2012 at 103.81% of the principal amount.

During the year, the Group early redeemed convertible bonds with principal amount of RMB2,218,800,000. In 2009, the Group repurchased principal amount of RMB250,000,000 of convertible bonds.

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

	2010			2009		
	Hong Kong dollar	Renminbi	United States dollar	Hong Kong dollar	Renminbi	United States dollar
Bank borrowings	1.88%	5.47%	—	1.34%	6.02%	4.15%
Loans from fellow subsidiaries	0.57%	—	0.57%	0.36%	—	1.51%
Loans from non-controlling interests	5.00%	—	—	5.00%	—	—
Advances from participating interest	4.91%	—	—	4.31%	—	—
Convertible bonds	—	4.08%	—	—	4.08%	—

- (vii) The carrying amounts of bank borrowings, loans from fellow subsidiaries, loans from non-controlling interests and advances from participating interest approximate their fair values.

The fair value of the liability component at the date of the issuance of the bonds, included in the long term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in the reserve. The present value of the liability component of the convertible bonds at 30th June 2010, which was estimated using cash flows discounted at a rate of 9.3% (2009: 11.7%) and at the exchange rate ruling at the end of the reporting period, amounted to HK\$328,482,000 (RMB289,064,000) (2009: HK\$2,172,863,000 (RMB1,912,119,000)).

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

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong dollar	10,939,248	9,518,435	1,336,759	1,193,357
Renminbi	6,906,478	6,519,618	3,635,663	2,869,062
United States dollar	210,600	487,461	—	—
	<b>18,056,326</b>	16,525,514	<b>4,972,422</b>	4,062,419

- (ix) For the interest-bearing borrowings, except for the loans from non-controlling interests of HK\$79,033,000 (2009: HK\$92,159,000) which reprice in more than five years, the rest of the borrowings reprice or mature (whichever is earlier) in one year or less.

## 34. DEFERRED TAX LIABILITIES

Deferred taxation is provided in full, using the liability method, on temporary differences using the rate of taxation prevailing in the PRC in which the Group operates.

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



# Notes to the Financial Statements

## 34. DEFERRED TAX LIABILITIES (Continued)

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

### Group

#### Deferred tax assets/(liabilities)

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Revaluation of available- for-sale financial assets HK\$'000	Recognition of income from sale of properties HK\$'000	Fair value adjustment arising from acquisition HK\$'000	Tax losses HK\$'000	Undistributed profits of subsidiaries, associated companies and jointly controlled entities HK\$'000	Provisions HK\$'000	Total HK\$'000
At 30th June 2008	(114,738)	(272,356)	(4,702)	(21,925)	(200,820)	87,164	(37,569)	13,392	(551,554)
Credited/(charged) to income statement	14,772	(33,885)	—	14,236	6,671	(43,816)	(1,474)	(630)	(44,126)
Acquisition of interests in subsidiaries	—	—	—	—	(210,242)	—	—	—	(210,242)
Disposal of subsidiaries	—	1,447	—	—	—	—	—	—	1,447
Disposal of available-for-sale financial assets	—	—	6,060	—	—	—	—	—	6,060
Charged to equity	—	—	(1,358)	—	—	—	—	—	(1,358)
At 30th June 2009	<b>(99,966)</b>	<b>(304,794)</b>	—	<b>(7,689)</b>	<b>(404,391)</b>	<b>43,348</b>	<b>(39,043)</b>	<b>12,762</b>	<b>(799,773)</b>
Credited/(charged) to income statement	<b>(168,012)</b>	<b>(75,695)</b>	—	—	<b>101,491</b>	<b>87,909</b>	<b>(89,052)</b>	<b>8,419</b>	<b>(134,940)</b>
Acquisition of interests in subsidiaries	—	—	—	—	<b>(1,331,586)</b>	—	—	—	<b>(1,331,586)</b>
At 30th June 2010	<b>(267,978)</b>	<b>(380,489)</b>	—	<b>(7,689)</b>	<b>(1,634,486)</b>	<b>131,257</b>	<b>(128,095)</b>	<b>21,181</b>	<b>(2,266,299)</b>

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of HK\$669,395,000 (2009: HK\$593,806,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2015 (2009: 2014).

As at 30th June 2010, the aggregate amount of temporary differences associated with investments in subsidiaries and jointly controlled entities for which deferred tax liabilities have not been recognised amounting to approximately HK\$414,709,000 (2009: HK\$881,562,000), as the directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not reverse in the foreseeable future.

### 35. CREDITORS AND ACCRUALS

	Group		Company	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors (note (i))	1,601,556	1,080,032	—	—
Other creditors and accruals (note (ii))	733,548	1,003,869	14,548	13,796
	<b>2,335,104</b>	2,083,901	<b>14,548</b>	13,796

Notes:

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

	Group	
	2010	2009
	HK\$'000	HK\$'000
0 to 30 days	1,100,573	632,549
31 to 60 days	37,072	64,689
61 to 90 days	31,845	9,835
Over 90 days	432,066	372,959
	<b>1,601,556</b>	1,080,032

The carrying amounts of the trade creditors of the Group are mainly denominated in Renminbi as at 30th June 2010 and 2009.

(ii) Other creditors and accruals included retention payables of construction costs, other payables and various accruals. The carrying amounts of other creditors and accruals of the Group and the Company are mainly denominated in Renminbi and Hong Kong dollar respectively.

### 36. SHORT TERM LOANS

	Group	
	2010	2009
	HK\$'000	HK\$'000
Secured bank loans	—	218,182
Unsecured bank loans	213,636	344,318
Other unsecured loans	141,137	—
	<b>354,773</b>	562,500

The effective interest rates of the short term loans range from 2.32% to 4.78% (2009: 4.78% to 5.04%). Their carrying amounts approximate their fair values.

The carrying amounts of short term loans are denominated in the following currencies:

	Group	
	2010	2009
	HK\$'000	HK\$'000
Hong Kong dollar	100,000	—
Renminbi	254,773	562,500
	<b>354,773</b>	562,500



## 37. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests are unsecured, interest free and repayable on demand. The carrying amounts of the balances are mainly denominated in Renminbi as at 30th June 2010 and 2009 and approximate their fair values.

## 38. TAXES PAYABLE

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Corporate income tax payable	140,692	76,459	—	—
Withholding tax payable	223,721	137,218	10,975	5,903
Land appreciation tax payable	438,216	200,039	—	—
Other PRC taxes payable	99,259	81,042	—	—
	<b>901,888</b>	494,758	<b>10,975</b>	5,903

## 39. GUARANTEES

### (i) Corporate guarantees for banking facilities

#### **Group**

The Group has corporate guarantees of approximately HK\$2,340,179,000 (2009: HK\$3,207,018,000) given in respect of bank loan facilities extended to certain jointly controlled entities. As at 30th June 2010, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the jointly controlled entities was approximately HK\$1,513,782,000 (30th June 2009: HK\$2,014,538,000).

#### **Company**

The Company has corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries and jointly controlled entities of approximately HK\$9,286,233,000 (2009: HK\$3,427,065,000) and HK\$2,340,179,000 (2009: HK\$3,207,018,000) respectively.

### (ii) Guarantees in respect of mortgage facilities

As at 30th June 2010, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the outstanding mortgage loans under these guarantees amounted to HK\$1,654,666,000 (30th June 2009: HK\$753,543,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

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

As at 30th June 2010, the Company had provided guarantee in respect of the convertible bonds issued by a subsidiary and the outstanding balance of the convertible bonds of RMB331,200,000 (30th June 2009: RMB2,550,000,000) amounted to HK\$376,364,000 (30th June 2009: HK\$2,897,727,000) at the exchange rate ruling at the end of the reporting period.

## 40. COMMITMENTS

### (i) Capital expenditure commitments

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

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Authorised but not contracted for		
Purchase consideration for proposed development projects	<b>108,000</b>	108,000
Contracted but not provided for		
Investment properties	<b>290,674</b>	17,166
Purchase consideration for proposed development projects	<b>76,390</b>	599,698
	<b>367,064</b>	616,864
	<b>475,064</b>	724,864

(b) The Group's share of capital expenditure commitment of a jointly controlled entity not included above is as follows:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Authorised but not contracted for	—	—
Contracted but not provided for		
Investment properties	<b>12,843</b>	—
	<b>12,843</b>	—

### (ii) Lease commitments

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
As at 30th June 2010, future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:				
The first year	<b>19,065</b>	21,881	<b>8,110</b>	9,386
The second to fifth years	<b>7,949</b>	26,567	<b>7,312</b>	14,606
	<b>27,014</b>	48,448	<b>15,422</b>	23,992



# Notes to the Financial Statements

## 41. BUSINESS COMBINATIONS

The Group has completed acquisitions of certain interests in the following jointly controlled entities which all became wholly-owned subsidiaries of the Group. The effect of these business combinations on the consolidated income statement are summarised as follows:

	Note	Gain on remeasuring previously held interests of jointly controlled entities and associated companies at fair value upon further acquisition as subsidiaries HK\$'000	Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries HK\$'000	Total HK\$'000
Tianjin New World Properties Development Co., Ltd. ("Tianjin New World Properties")	(a)	—	111,592	111,592
Guangzhou Jixian Zhuang New World City Garden Development Limited ("Jixian Zhuang")	(b)	261,185	333,380	594,565
Shanghai Trio Property Development Co., Ltd. ("Trio")	(c)	252,063	33,902	285,965
Tianjin New World Housing Development Co., Limited ("Tianjin New World Housing")	(d)	64,824	107,714	172,538
Guangzhou Fong Chuen — New World Property Development Co., Ltd. ("Fong Chuen")	(e)	754,014	145,537	899,551
		<b>1,332,086</b>	<b>732,125</b>	<b>2,064,211</b>

Notes:

- (a) In September 2009, the Group acquired 30% interest in Tianjin New World Properties without consideration as a result of the withdrawal of the joint venture partner of Tianjin New World Properties from the co-operative joint venture. As a result, Tianjin New World Properties became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$'000
Consideration transferred	—
Fair value of equity interest held in Tianjin New World Properties before the business combination	1,381,430
	<b>1,381,430</b>

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

	HK\$'000
Property, plant and equipment	369
Prepayments, debtors and other receivables	1,660,410
Cash and bank balances, unrestricted	48,499
Creditors and accruals	(376)
Deposits received on sales of properties	(191,530)
Balance with a jointly controlled entity	(24,350)
Total identifiable net assets	1,493,022
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	(111,592)
	<b>1,381,430</b>



Since the date of acquisition, Tianjin New World Properties did not contribute any revenue and incurred loss of approximately HK\$5,545,000. If the acquisition had occurred on 1st July 2009, there would not have been material effect on the Group's revenue and profit for the year.

- (b) In November 2009, the Group acquired 40% interest in Jixian Zhuang for a consideration of RMB1. As a result, Jixian Zhuang became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$'000
Consideration transferred	—
Fair value of equity interest held in Jixian Zhuang before the business combination	686,070
	<b>686,070</b>

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

	HK\$'000
Investment properties	490,382
Property, plant and equipment	1,981
Prepayments, debtors and other receivables	51,902
Completed properties held for sale	71,591
Properties under development	1,087,686
Cash and bank balances, unrestricted	831,812
Creditors and accruals	(115,308)
Deposits received on sales of properties	(777,823)
Long term borrowings	(272,727)
Deferred tax liabilities	(281,964)
Taxes payable	(78,838)
Balance with a jointly controlled entity	10,756
Total identifiable net assets	1,019,450
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	(333,380)
	<b>686,070</b>

Since the date of acquisition, Jixian Zhuang contributed revenues of approximately HK\$812,092,000 and profit of approximately HK\$45,809,000. If the acquisition had occurred on 1st July 2009, the Group's revenue and profit for the year would have increased by HK\$447,015,000 and HK\$103,170,000 respectively.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$261,185,000 as a result of remeasuring at fair value of its 60% equity interest in Jixian Zhuang before the business combination and excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.



# Notes to the Financial Statements

## 41. BUSINESS COMBINATIONS (Continued)

- (c) In December 2009, the Group acquired 52.5% interest in Trio for a consideration of HK\$520,638,000. As a result, Trio became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$'000
Consideration transferred	520,638
Fair value of equity interest held in Trio before the business combination	501,727
	1,022,365

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

	HK\$'000
Investment properties	169,589
Property, plant and equipment	422
Prepayments, debtors and other receivables	1,185
Completed properties held for sale	220,125
Properties under development	1,596,043
Cash and bank balances, unrestricted	56,561
Creditors and accruals	(14,612)
Taxes payable	(266)
Long term borrowings	(454,545)
Deferred tax liabilities	(420,703)
Balance with a jointly controlled entity	(97,532)
Total identifiable net assets	1,056,267
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	(33,902)
	1,022,365

Since the date of acquisition, Trio contributed revenues of approximately HK\$408,000 and incurred loss of approximately HK\$6,044,000. If the acquisition had occurred on 1st July 2009, there would not have been material effect on the Group's revenue and profit for the year.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$252,063,000 as a result of remeasuring at fair value of its 47.5% equity interest in Trio before the business combination and excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.

- (d) In March 2010, the Group acquired 40% interest in Tianjin New World Housing without consideration as a result of the withdrawal of the joint venture partner of Tianjin New World Housing from the co-operative joint venture. As a result, Tianjin New World Housing became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$'000
Consideration transferred	—
Fair value of equity interest held in Tianjin New World Housing before the business combination	236,053
	<b>236,053</b>

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

	HK\$'000
Investment properties	18,523
Property, plant and equipment	2,168
Prepayments, debtors and other receivables	79,240
Completed properties for sales	175,000
Properties under development	92,045
Cash and bank balances, unrestricted	3,457
Creditors and accruals	(27,108)
Taxes payable	(1)
Deferred tax liabilities	(16,125)
Balance with a jointly controlled entity	16,568
Total identifiable net assets	343,767
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	(107,714)
	<b>236,053</b>

Since the date of acquisition, Tianjin New World Housing contributed revenue of approximately HK\$37,539,000 and incurred loss of approximately HK\$12,407,000. If the acquisition had occurred on 1st July 2009, there would not have been material effect on the Group's revenue and profit for the year.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$64,824,000 as a result of remeasuring at fair value of its 60% equity interest in Tianjin New World Housing before business combination and excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.



# Notes to the Financial Statements

## 41. BUSINESS COMBINATIONS (Continued)

- (e) In March 2010, the Group acquired 40% interest in Fong Chuen for a consideration of approximately RMB465,401,000 (approximately HK\$528,865,000). As a result, Fong Chuen became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$'000
Consideration transferred	528,865
Fair value of equity interest held in Fong Chuen before the business combination	1,305,709
	1,834,574

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

	HK\$'000
Investment properties	222,387
Property, plant and equipment	937
Prepayments, debtors and other receivables	52,436
Completed properties held for sale	37,500
Properties under development	2,728,409
Cash and bank balances, unrestricted	380,814
Creditors and accruals	(31,991)
Deposits received on sales of properties	(320,106)
Long term borrowings	(431,818)
Deferred tax liabilities	(612,794)
Taxes payable	(20,084)
Balance with a jointly controlled entity	(25,579)
Total identifiable net assets	1,980,111
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	(145,537)
	1,834,574

Since the date of acquisition, Fong Chuen contributed revenues of approximately HK\$23,778,000 and incurred loss of approximately HK\$7,231,000. If the acquisition had occurred on 1st July 2009, the Group's revenue and profit for the year would have increased by HK\$18,482,000 and decreased by HK\$20,011,000 respectively.

The Group has benefited from the appreciation in the fair value of the acquired net assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$754,014,000 as a result of remeasuring at fair value of its 60% equity interest in Fong Chuen before the business combination and excess of fair value of net assets acquired over cost of acquisition of interests in the subsidiary was resulted.

## 42. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

	2010 HK\$'000	2009 HK\$'000
Operating profit before finance costs	3,070,920	1,483,051
Interest income	(249,457)	(490,272)
Depreciation and amortisation	221,508	192,702
Share-based payments	20,678	24,268
Dividend income from available-for-sale financial assets	(14,207)	(8,839)
(Gain)/loss on disposal/write off of property, plant and equipment and investment properties	(1,978)	54,204
Write back of provision for amount due by a jointly controlled entity	—	(61,468)
Provision for amount due by a jointly controlled entity	12,000	36,500
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	(732,125)	(50,940)
Tax indemnity from the ultimate holding company	(339,469)	(6,224)
(Write back of provision)/provision for properties under/held for development	(54,000)	16,926
Increase in fair value of financial assets at fair value through profit or loss	—	(33,591)
Impairment of goodwill	59,372	85,639
Gain on disposal of subsidiaries	—	(489,800)
Loss on disposal of non-current assets held for sale	15,364	—
Gain on remeasuring non-controlling interests retained at fair value after disposal of partial interest in a subsidiary	—	(319,073)
Loss/(gain) on early redemption/repurchase of convertible bonds	162,227	(67,366)
Gain on remeasuring previously held interests of jointly controlled entities and associated companies at fair value upon further acquisition as subsidiaries	(1,332,086)	(88,876)
Gain on disposal of available-for-sale financial assets	—	(15,065)
Changes in fair value of investment properties	(169,262)	(135,182)
Net foreign exchange losses/(gains)	1,371	(20,053)
Operating profit before working capital changes	670,856	106,541
Increase in properties held for/under development and completed properties held for sale	(2,487,181)	(4,027,860)
Increase in prepayments, debtors and other receivables	(1,483,937)	(415,577)
Changes in balances with group companies	(258,381)	218,329
Increase in deposits received on sale of properties	1,977,022	541,060
Increase/(decrease) in creditors and accruals	16,833	(546,877)
Net cash used in operations	(1,564,788)	(4,124,384)



# Notes to the Financial Statements

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

### (b) Acquisition of subsidiaries

	2010 HK\$'000	2009 HK\$'000
Net assets acquired		
Property, plant and equipment and investment properties	906,758	1,378,278
Properties under development	5,504,183	766,136
Jointly controlled entities and associated companies	(120,137)	(147,161)
Completed properties held for sale	504,216	53,523
Prepayments, debtors and other receivables	1,845,173	58,341
Cash and bank balances	1,321,143	129,387
Creditors and accruals	(189,395)	(520,188)
Deposits received on sale of properties	(1,289,459)	(97,812)
Taxes payable	(99,189)	(41,702)
Long term borrowings	(1,159,090)	(239,425)
Deferred tax liabilities	(1,331,586)	(210,242)
	<b>5,892,617</b>	1,129,135
Interest originally held by the Group as jointly controlled entities and associated companies	<b>(2,778,903)</b>	(516,287)
	<b>3,113,714</b>	612,848
Goodwill	—	40,639
Gain on remeasuring previously held interests of jointly controlled entities and associated companies at fair value upon further acquisition as subsidiaries (note 8)	<b>(1,332,086)</b>	(88,876)
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries (note 8)	<b>(732,125)</b>	(50,940)
Consideration satisfied by cash	<b>1,049,503</b>	513,671

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

	2010 HK\$'000	2009 HK\$'000
Cash consideration	1,049,503	513,671
Cash and bank balances acquired	(1,321,143)	(129,387)
Deposit paid in prior year included in prepayments, debtors and other receivables	(52,331)	—
	<b>(323,971)</b>	384,284

(d) Disposal of subsidiaries

	2010 HK\$'000	2009 HK\$'000
Net assets disposed		
Property, plant and equipment	—	2,349
Investment properties	—	11,932
Jointly controlled entities and associated companies	—	(584,593)
Available-for-sale financial assets	—	79,546
Completed properties held for sale	—	80,832
Properties under development	—	2,858,811
Prepayments, debtors and other receivables	—	265,609
Cash and bank balances	—	165,566
Creditors and accruals	—	(164,485)
Taxes payable	—	(4,394)
Loan from non-controlling interests	—	(49,668)
Deferred tax liabilities	—	(1,447)
Long term borrowings	—	(1,372,595)
Non-controlling interests	—	(130,527)
	—	1,156,936
Interest retained by the Group as a jointly controlled entity	—	(963,084)
	—	193,852
Consideration satisfied by cash	—	769,270
	—	575,418
Realisation of exchange reserve upon disposal	—	233,455
Gain on disposal of subsidiaries and remeasuring non-controlling interests retained at fair value after disposal of partial interest in a subsidiary	—	808,873

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

	2010 HK\$'000	2009 HK\$'000
Cash consideration	—	769,270
Cash and bank balances disposed	—	(165,566)
	—	603,704



# Notes to the Financial Statements

## 43. RELATED PARTY TRANSACTIONS

### (i) Transactions with related parties

The following is a summary of significant related party transactions carried out by the Group during the year in the normal course of its business:

	Note	2010 HK\$'000	2009 HK\$'000
Interest expenses on loans from fellow subsidiaries	(a)	24,225	40,846
Rental expense for leased premises to a fellow subsidiary	(b)	15,328	10,104
Rental expense for leased premises to an associated company	(b)	—	26,420
Property agency fee paid to a fellow subsidiary	(c)	19,784	2,587
Purchase of goods from fellow subsidiaries	(d)	595	—
Interest income from jointly controlled entities	(e)	139,056	485,858
Estate management fee income from fellow subsidiaries and a jointly controlled entity	(f)	3,415	3,818
Rental income from fellow subsidiaries	(g)	76,785	72,007
Trademark fee income from jointly controlled entities	(h)	15,903	29,051
Management service fee income from fellow subsidiaries, a jointly controlled entity and an associated company	(i)	14,976	1,978
Rental income from an associated company	(g)	—	5,114

Notes:

- (a) Interest is charged at rates as specified in note 33(ii) on the outstanding balances due to certain fellow subsidiaries.
- (b) The rental is charged at fixed monthly or annual fees in accordance with the terms of the tenancy agreements.
- (c) The property agency fee is charged by the fellow subsidiary in accordance with the terms of the property agency agreement.
- (d) This represents purchases of goods by means of presenting various cash equivalent gift coupons, gift cards and stored value shopping cards to the stores operated by the fellow subsidiaries. Such fee is charged in accordance with the terms of the agreements.
- (e) This represents interest income in respect of loan financing provided to jointly controlled entities. These loans are unsecured and carry interest at rates as specified in note 23.
- (f) The estate management fees are charged at fixed amounts to a fellow subsidiary and certain jointly controlled entities as specified in the management contracts.
- (g) The rental income is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.
- (h) Trademark fee income is charged at annual fee to jointly controlled entities as specified in the contract.
- (i) The management service income is charged in accordance with the terms of the management service agreement.
- (j) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries for the year amounted to HK\$912,438,000 (2009: HK\$1,535,206,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (k) A deed of tax indemnity was entered into between the ultimate holding company and the Company whereby the ultimate holding company undertakes to indemnify the Group in respect of CIT and LAT payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, tax indemnity amounting to HK\$339,469,000 (2009: HK\$6,224,000) was effected (note 13).
- (l) For the year ended 30th June 2010, the Group acquired 52.5% interest in Trio for a consideration of HK\$520,638,000 from Guilherme Holdings (Hong Kong) Limited ("Guilherme") and disposed of 50% interest in Yuji for a consideration of HK\$1,173,911,000 to Guilherme. Guilherme is wholly beneficially owned by a director of the Company.

For the year ended 30th June 2009, the Group acquired additional 25% interest in Ramada Property Ltd., 50% interest in Faith Yard Property Limited, 60% interest in Fortune Star Worldwide Ltd. and 5.9% interest in Shanghai New World Huai Hai Property Development Co., Ltd. for a consideration of HK\$351,448,000, HK\$319,671,000, HK\$194,000,000 and HK\$174,376,000 from Stanley Enterprises Ltd. ("SEL"), Grand China Enterprises Ltd. ("GCE") and Golden Wealth Investment Ltd. ("Golden Wealth") respectively. The Group disposed of 99% interest in Shanghai New World Shanghai Lane Development Ltd. and 20% interest in Yuji for a consideration of HK\$237,566,000 and HK\$382,841,000 to Golden Wealth respectively. SEL, GCE and Golden Wealth are wholly beneficially owned by a director of the Company.



(ii) Key management compensation

	2010 HK\$'000	2009 HK\$'000
Salaries and other short-term employee benefits	42,697	34,124
Pension costs	2,222	2,119
Share option benefits	7,442	13,758
	<b>52,361</b>	50,001

Key management includes directors, financial controller, regional executives and assistant general managers of the Group.

(iii) Balances with related parties

Balances with associated companies, jointly controlled entities and group companies are disclosed in notes 22, 23 and 29.

#### 44. EVENT AFTER THE REPORTING PERIOD

On 4th October 2010, the Group entered into a framework agreement with Shenyang New World Department Store Ltd. ("NWDS"), a fellow subsidiary of the Group, pursuant to which the Group agreed to sell a commercial property to be developed (the "Property") to NWDS at a consideration of RMB456,534,000 (equivalent to HK\$518,789,000), subject to adjustment for any changes in the floor area as stipulated in the agreement and the building ownership certificate at the unit price of RMB18,000 per square meter. The estimated buildable floor area of the Property shall be approximately 25,363 square meters.

The delivery of the Property is estimated to be occurred on or before 31st August 2012 and it is estimated that the Group will record a net gain of approximately RMB122.7 million (equivalent to HK\$139.4 million), being the differences between the consideration and the expected cost of the Property, including all relevant taxes.



# Notes to the Financial Statements

## 45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

Details of the principal subsidiaries, associated companies and jointly controlled entities which materially affect the results for the year and/or assets of the Group as at 30th June 2010 are set out below:

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2010	2009	2010	2009	
<b>Subsidiaries</b>						
<i>Incorporated and operating in Hong Kong</i>						
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	78.6%	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Dragon Joy (China) Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Global Hero Holdings Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Lingal Limited	HK\$2,000 1,800 ordinary shares of HK\$1 each 200 non-voting deferred shares of HK\$1 each	—	—	100%	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
New World China Property Limited	HK\$2 2 ordinary shares of HK\$1 each	100%	100%	100%	100%	Investment holding
New World Development (China) Limited	HK\$4 2 ordinary shares of HK\$1 each 2 non-voting deferred shares of HK\$1 each	100%	100%	100%	100%	Investment holding
New World Hotel Management Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Hotel management
Silver World H.K. Development Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2010	2009	2010	2009	
Spread Glory Investments Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Starluxe Enterprises Limited	HK\$1 1 ordinary share of HK\$1	—	—	100%	100%	Investment holding
Sunny Trend Development Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Wing Shan International Country Club Co. Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	89.2%	89.2%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Art Shadow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Art Bridge Development Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Banyan Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Brilliant Alpha Investment Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Conful Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Ever Brisk Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Faith Yard Property Limited	US\$2 2 shares of US\$1 each	—	—	100%	100%	Property Investment
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	100%	100%	Investment holding
Fu Hong Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Goodtrade Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Hinto Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
K Fai Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Keep Bright Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding



# Notes to the Financial Statements

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

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)		Principal activities		
		By the Company	By the Group			
		2010	2009	2010	2009	
<b>Subsidiaries (Continued)</b>						
<i>Incorporated in the British Virgin Islands (Continued)</i>						
Lucky Win Development Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Magic Chance Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
New World Anderson Development Company Limited	US\$100 100 shares of US\$1 each	—	—	100%	100%	Investment holding
New World China Finance (BVI) Limited	US\$1 1 share of US\$1	—	—	100%	100%	Financing
New World China Land Finance Limited	US\$1 1 share of US\$1	—	—	100%	100%	Financing
New World Hotel Management (BVI) Limited	US\$1,000 1,000 shares of US\$1 each	—	—	100%	100%	Investment holding
Radiant Glow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Rise Eagle Worldwide Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Sparkling Rainbow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Stand Fame Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Superb Wealthy Group Limited	US\$1 1 share of US\$1	—	—	100%	100%	Financing
Sweet Prospects Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Triumph Hero International Limited	US\$10,000 10,000 shares of US\$1 each	—	—	100%	100%	Investment holding
True Blue Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company 2010	2009	By the Group 2010	2009	
Twin Glory Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Vivid China Investment Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
<i>Incorporated and operating in the Philippines</i>						
NWH Management Philippines, Incorporated	Peso 9,492,000 94,920 shares of Peso 100 each	—	—	100%	100%	Hotel management
<i>Incorporated and operating in the PRC</i>						
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB200,000,000	—	—	75% (note 2)	75%	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	100%	100%	Property sales
Chengdu Xinyi Real Estate Development Co., Ltd.	US\$99,500,000	—	—	60% (note 2)	60%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	—	88%	88%	Property investment and development
Dalian New World Tower Co., Ltd.	US\$143,250,000	—	—	100%	100%	Property investment, development and hotel operation
Foshan Country Club Co., Ltd.	US\$52,923,600	—	—	75.9%	75.9%	Golf club operation and property development
Guangzhou Fong Chuen — New World Property Development Co., Ltd.	RMB330,000,000	—	—	100%	—	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	—	100%	—	Property development
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	—	—	100%	100%	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	—	—	100%	100%	Property development
Guangzhou Xin Sui Tourism Centre Ltd.	HK\$100,000,000	—	—	100%	100%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	90.5%	90.5%	Property investment and development
Guiyang New World Real Estate Co., Ltd.	US\$106,550,000	—	—	100% (note 2)	100%	Property development
Haikou New World Housing Development Ltd.	US\$8,000,000	—	—	100%	100%	Property development
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB275,786,000	—	—	100%	100%	Property investment



# Notes to the Financial Statements

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

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)		Principal activities	
		By the Company 2010	By the Group 2009		
<b>Subsidiaries (Continued)</b>					
<i>Incorporated and operating in the PRC (Continued)</i>					
Hunan Success New Century Investment Company Limited	RMB375,989,430	—	—	95% (note 2)	Property development
Jinan New World Sunshine Development Limited	US\$46,980,000	—	—	100%	Property development
Nanjing New World Real Estate Co., Ltd.	US\$1,000,000	—	—	100%	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000	—	—	100%	Property investment and development
New World (Anshan) Property Development Co., Ltd.	RMB1,100,241,000	—	—	100%	Property development
New World China Land Investments Company Limited	US\$40,000,000	100%	100%	100%	Investment holding
New World China Land (Haikou) Limited	US\$100,000,000	—	—	100%	Property development
New World Development (Wuhan) Co., Ltd.	US\$39,302,500	—	—	100%	Property investment and development
New World Development (Wuhan) Landscape Engineering Limited	US\$1,500,000	—	—	100%	— Landscape engineering
New World Goodtrade (Wuhan) Limited	US\$120,000,000	—	—	100%	— Property investment and development
New World Enterprises (Wuhan) Co., Ltd.	US\$16,000,000	—	—	100%	Property development
New World (Shenyang) Property Development Limited	RMB397,720,000	—	—	90%	Property development
New World (Shenyang) Property Development No. 2 Limited	RMB97,720,000	—	—	90%	Property development
New World (Shenyang) Property Development No. 3 Limited	RMB164,600,000	—	—	90%	Property development
New World (Shenyang) Property Development No. 4 Limited	RMB97,720,000	—	—	90%	Property development
New World (Shenyang) Property Development No. 5 Limited	RMB792,320,000	—	—	90%	Property investment and development
New World (Shenyang) Property Development No. 6 Limited	RMB97,720,000	—	—	90%	Property development
New World Zhonghong Property Co., Ltd.	RMB203,209,000	—	—	70%	Property development
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	—	100%	Property investment and hotel operation
Shanghai Trio Property Development Co., Ltd.	US\$81,000,000	—	—	100%	— Property development and investment
Shenyang New World Hotel Co., Ltd.	RMB201,520,000	—	—	100%	Hotel operation and property development

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2010	2009	2010	2009	
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$204,400,000	—	—	100%	100%	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$78,000,000	—	—	100%	100%	Property development
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	—	—	100%	—	Property development
Tianjin New World Properties Development Co., Ltd.	US\$50,000,000	—	—	100%	—	Property development
Tianjin Xin Guang Development Co., Ltd.	US\$4,500,000	—	—	100%	100%	Property investment
Wuhan New Eagle Properties Co., Limited	US\$2,830,000	—	—	100%	100%	Property investment
Wuhan New World Hotel Properties Co., Ltd.	US\$10,447,500	—	—	100%	—	Property investment
Wuhan Xinhua Development Co., Ltd.	US\$16,000,000	—	—	100% (note 3)	70%	Property development
Zhaoqing New World Property Development Limited	US\$13,750,000	—	—	100%	100%	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	100%	100%	Property development
<b>Associated companies</b>						
<i>Incorporated and operating in Hong Kong</i>						
Global Perfect Development Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	50%	50%	Investment holding
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	—	—	30.6%	30.6%	Investment holding
<b>Jointly controlled entities</b>						
<i>Incorporated in the British Virgin Islands</i>						
Concord Properties Holding (Guangzhou) Limited	US\$10 10 shares of US\$1 each	—	—	40%	40%	Investment holding
<i>Incorporated and operating in the PRC</i>						
<i>(i) Co-operative joint ventures</i>						
Beijing Chong Wen — New World Properties Development Co., Ltd.	US\$225,400,000	—	—	70%	70%	Property investment and development
Beijing Chong Yu Real Estate Development Co., Ltd.	US\$171,840,000	—	—	70%	70%	Property investment and development
Beijing Xin Kang Real Estate Development Co., Ltd.	US\$12,000,000	—	—	70%	70%	Property investment and development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	—	55%	55%	Hotel operation
China New World Electronics Ltd.	US\$57,200,000	—	—	70%	70%	Property Investment and development



# Notes to the Financial Statements

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

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2010	2009	2010	2009	
<b>Jointly controlled entities (Continued)</b>						
<i>Incorporated and operating in the PRC (Continued)</i>						
<i>(i) Co-operative joint ventures (Continued)</i>						
Guangzhou Fong Chuen — New World Property Development Co., Ltd	RMB330,000,000	—	—	—	60%	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	—	—	60%	Property development
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	62.5%	62.5%	Property development
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	—	—	—	60%	Property development
Tianjin New World Properties Development Co., Ltd.	US\$50,000,000	—	—	—	70%	Property development
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	60%	60%	Property development
Wuhan Wuxin Hotel Co. Ltd.	US\$49,750,000	—	—	60%	60%	Hotel operation
<i>(ii) Equity joint ventures</i>						
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	39%	39%	Golf club and resort operation
<i>(iii) Wholly foreign owned enterprises</i>						
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	—	—	59%	59%	Property development
Guangzhou Bosson Real Estate Co., Ltd.	RMB50,003,000	—	—	62.5%	62.5%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	62.5%	62.5%	Property development
Shanghai Trio Property Development Co., Ltd.	US\$81,000,000	—	—	—	47.5%	Property development
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	50%	50%	Property investment

### Notes:

1. Represent equity interest in case of companies incorporated outside the PRC or the percentage of equity interest in case of equity joint ventures or profit sharing ratio in accordance with the joint venture contracts in case of co-operative joint ventures in the PRC.
2. Represent equity interest of the Group in these companies. Pursuant to the participation agreement dated 11th September 2006 entered into between the Company and Solar Leader Limited ("Solar Leader"), a wholly-owned subsidiary of NWD, Solar Leader has a participating interest, representing 50% of the total interest of the Group in certain property projects undertaken by these companies.
3. Represent profit sharing ratio of the Group in accordance with the contractual arrangement between the shareholders.





# Financial Summary

## RESULTS

	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000
Revenues	<b>6,340,752</b>	2,038,623	3,523,527	2,474,238	1,691,320
Operating profit after finance costs	<b>2,790,676</b>	1,208,255	1,851,831	721,433	519,414
Share of results of					
Associated companies	<b>15,860</b>	171,783	241,514	141,133	121,921
Jointly controlled entities	<b>463,814</b>	93,547	285,972	452,276	305,349
Profit before taxation	<b>3,270,350</b>	1,473,585	2,379,317	1,314,842	946,684
Taxation charge	<b>(629,183)</b>	(179,362)	(355,739)	(132,054)	(190,266)
Profit for the year	<b>2,641,167</b>	1,294,223	2,023,578	1,182,788	756,418
Attributable to:					
Equity holders of the Company	<b>2,636,427</b>	1,359,369	2,019,935	1,191,444	740,512
Non-controlling interests	<b>4,740</b>	(65,146)	3,643	(8,656)	15,906
	<b>2,641,167</b>	1,294,223	2,023,578	1,182,788	756,418

## ASSETS AND LIABILITIES

	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000
Property, plant and equipment, investment					
properties and land use rights	<b>14,654,688</b>	11,499,361	8,803,282	7,124,336	5,634,142
Properties held for development	<b>10,610,021</b>	7,344,944	6,870,382	7,852,456	4,243,616
Associated companies	<b>400,705</b>	383,246	1,947,102	1,746,047	1,598,564
Jointly controlled entities	<b>9,905,121</b>	13,284,317	11,278,973	10,484,071	10,377,155
Goodwill	<b>23,394</b>	82,766	127,766	48,095	73,720
Available-for-sale financial assets	<b>221,996</b>	217,910	209,275	71,427	—
Financial assets at fair value through					
profit or loss	<b>—</b>	—	120,308	—	—
Other non-current assets	<b>9,091</b>	26,136	40,909	—	121,041
Net current assets	<b>21,922,155</b>	11,115,283	12,443,887	10,444,692	7,608,032
Total assets less current liabilities	<b>57,747,171</b>	43,953,963	41,841,884	37,771,124	29,656,270
Long term borrowings and payable	<b>(16,076,473)</b>	(11,117,308)	(10,253,824)	(9,797,465)	(4,937,422)
Deferred tax liabilities	<b>(2,266,299)</b>	(799,773)	(551,554)	(502,076)	(507,152)
	<b>39,404,399</b>	32,036,882	31,036,506	27,471,583	24,211,696



# Major Project Profiles

Ref	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq.m.)
<b>Properties under development or held for development</b>				
1	Beijing Xin Yi Garden Phase IV	JCE	70%	85,626
2	Beijing New View Garden Phase III	JCE	70%	20,414
	Beijing New View Garden Remaining Phases			34,808
	Beijing New View Garden Commercial Centre			69,263
3	Beijing Xin Yu Garden Commercial Centre	JCE	70%	121,676
	Beijing Xin Yu Garden Remaining Phases			978,881
4	Beijing Yanjing Building	JCE	70%	30,627
5	Tianjin Xin Hui Hua Ting	Subsidiary	100%	305,081
6	Tianjin Xin Chun Hua Yuen Phase IV	Subsidiary	100%	39,843
7	Jinan Sunshine Garden Phase III	Subsidiary	100%	214,018
	Jinan Sunshine Garden Phase IV			80,831
8	Shenyang New World Garden Phase IIA	Subsidiary	90%	642,577
	Shenyang New World Garden Remaining Phases			1,989,767
9	Shenyang New World Centre	Subsidiary	90%	1,191,580
10	Shenyang New World Commercial Centre Phase I	Subsidiary	100%	81,259
11	Anshan New World Garden Phases IAII-II & Phase IIA	Subsidiary	100%	170,114
	Anshan New World Garden Phases IAIII-IV			142,643
	Anshan New World Garden Remaining Phases			963,031
12	Dalian New World Tower Remaining Portion	Subsidiary	100%	83,571
13	Shanghai Zhongshan Square Phase III	Subsidiary	100%	142,074
14	Wuhan Menghu Garden Phase III	Subsidiary	100%	25,167
	Wuhan Menghu Garden Phase III Remaining Portion			46,342
15	Wuhan Changqing Garden Phase VII	JCE	60%	148,330
	Wuhan Changqing Garden Phase VII Remaining Portion			145,259
	Wuhan Changqing Garden Remaining Phases			1,339,204
16	Wuhan Guanggu New World Centre	Subsidiary	100%	318,250
	Wuhan Guanggu New World Centre Remaining Portion			319,411
17	Changsha La Ville New World Phase I	Subsidiary	48%	8,983
	Changsha La Ville New World Phase IIB & IIIA			272,592
	Changsha La Ville New World Phases IIA & IIIB			219,371
	Changsha La Ville New World Remaining Phases			505,458
18	Chengdu New World Riverside Phase IB	Subsidiary	30%	218,366
	Chengdu New World Riverside Phase IB			150,018
	Chengdu New World Riverside Phase IC			141,399
	Chengdu New World Riverside Remaining Phases			3,100,071
19	Guiyang Jinyang Sunny Town Phase I	Subsidiary	50%	185,478
	Guiyang Jinyang Sunny Town Phase I Remaining Portion			461,007
	Guiyang Jinyang Sunny Town Remaining Phases			417,680
	Guiyang Jinyang Sunny Town Remaining Phases			2,677,818
20	Guangzhou Dong Yi Garden Remaining Phases	Subsidiary	100%	25,236
21	Guangzhou New World Oriental Garden Phase II	Subsidiary	100%	65,191
	Guangzhou New World Oriental Garden Remaining Phases			119,923
22	Guangzhou Central Park-view Phase II	Subsidiary	91%	145,619
23	Guangzhou Covent Garden Phase III	Subsidiary	100%	104,768
	Guangzhou Covent Garden Phase III Remaining Portion			156,848
	Guangzhou Covent Garden Remaining Phases			773,115

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Carpark (sq.m.)	Development Status	Expected Completion Date
	768	17,311	52,625	14,922	Planning Completed	Jul-12
18,146	2,268				Under Development	Dec-12
	8,661	17,487		8,660	Under Planning	TBD
	10,842	37,181		21,240	Under Planning	Oct-14
	78,670			43,006	Under Planning	Apr-14
578,493	145,778			254,610	Under Planning	TBD
	22,889			7,738	Planning Completed	Sep-12
187,971	31,860			85,250	Planning Completed	Dec-13
36,460				3,383	Planning Completed	Dec-12
145,201	6,587	21,820		40,410	Planning Completed	Jun-13
	43,201		11,500	26,130	Under Planning	Jun-14
426,555	34,353	29,547		152,122	Under Development	Dec-10
1,579,767	20,000			390,000	Under Planning	TBD
283,437	220,138	320,790	87,215	280,000	Under Development	TBD
47,752	25,997			7,510	Under Planning	Jun-13
130,290	6,155			33,669	Under Development	Jan-11
112,024	1,328			29,291	Under Development	Jan-13
695,171	30,200			237,660	Under Planning	Jan-15
83,571					Under Development	Jun-13
	15,531	96,499		30,044	Under Development	Nov-10
25,167					Under Development	Jun-12
46,342					Planning Completed	Dec-13
143,424	4,906				Under Development	Jun-11
132,749	12,510				Planning Completed	Jun-12
870,364	122,897	54,100	74,000	217,843	Under Planning	TBD
265,000				53,250	Planning Completed	Dec-12
40,790	48,998	100,140	49,583	79,900	Under Planning	TBD
				8,983	Under Development	Dec-10
227,773	8,860			35,959	Under Development	Jun-12
175,402	4,977			38,992	Planning Completed	Jun-13
399,108	36,817			69,533	Under Planning	TBD
141,547				76,819	Under Development	Jun-11
150,018					Under Development	Jan-12
113,830				27,569	Planning Completed	TBD
2,257,507	205,355			637,209	Under Planning	TBD
127,946	13,233			44,299	Under Development	Jun-11
287,949	27,215			145,843	Under Development	Dec-12
175,228	38,218	60,000	47,358	96,876	Planning Completed	Dec-13
1,967,895	158,288			551,635	Under Planning	TBD
22,661	2,575				Planning Completed	TBD
57,337	654			7,200	Under Development	Sep-10
84,508				35,415	Under Development	Jul-13
115,315	2,674			27,630	Under Development	Mar-12
75,471	10,720			18,577	Under Development	May-11
119,166	1,314			36,368	Under Development	Jul-13
691,618	24,775			56,722	Under Planning	TBD



# Major Project Profiles

Ref	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq.m.)
24	Guangzhou Park Paradise Phase IIE	Subsidiary	100%	37,201
	Guangzhou Park Paradise Phase IIE			47,370
	Guangzhou Park Paradise Phase II Remaining Portion			170,960
	Guangzhou Park Paradise Phase IV			23,434
	Guangzhou Park Paradise Remaining Phases			718,084
25	Guangzhou Baiyun Project	Subsidiary	100%	187,326
26	Guangzhou Xintang New World Garden Phase V	JCE	63%	28,319
	Guangzhou Xintang New World Garden Remaining Phase			208,271
27	Guangzhou Foshan New World Metropolitan Complex	Subsidiary	76%	933,544
28	Shenzhen New World Yi Shan Garden Phase III	Subsidiary	100%	120,809
29	Shenzhen Jian Gang Shan Project	Subsidiary	100%	69,972
30	Zhaoqing New World Garden Phase III	Subsidiary	100%	92,271
	Zhaoqing New World Garden Phase III Remaining Portion			81,582
	Zhaoqing New World Garden Phase IV			50,201
31	Huiyang Hu Xia Liao Project	Subsidiary	88%	162,717
32	Huiyang Palm Island Resort Phase VI	JCE	59%	210,654
33	Huizhou Changhuyuan Phase III	JCE	63%	148,307
	Huizhou Changhuyuan Phase IV			84,712
34	Zhuhai Jin Hai New World Phase IV	Subsidiary	100%	148,684
35	Haikou New World Garden Phase III	Subsidiary	100%	125,040
36	Haikou Meilisha Project	Subsidiary	100%	2,248,639
<b>Total (Properties under development or held for development)</b>				<b>25,376,685</b>

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Carpark (sq.m.)	Development Status	Expected Completion Date
33,819				3,382	Under Development	Sep-10
41,321				6,049	Under Development	Nov-11
66,012	69,096			35,852	Planning Completed	TBD
23,434					Under Development	Jun-12
535,875	6,424			175,785	Planning Completed	TBD
143,156				44,170	Planning Completed	TBD
28,319					Under Development	Jun-11
159,463				48,808	Planning Completed	Sep-14
898,544	15,000		20,000		Under Planning	TBD
95,509				25,300	Under Development	Mar-14
59,202				10,770	Under Planning	Aug-13
69,174	2,269			20,828	Under Development	Aug-11
79,351	2,231				Planning Completed	TBD
42,630				7,571	Planning Completed	TBD
162,717					Under Planning	TBD
210,654					Planning Completed	TBD
108,529	1,950			37,828	Planning Completed	Jun-13
50,804	13,840			20,068	Under Planning	Jan-14
108,258	10,126			30,300	Planning Completed	TBD
125,040					Planning Completed	TBD
1,647,720	131,004	20,000	38,860	411,055	Under Planning	TBD
<b>17,728,484</b>	<b>1,682,152</b>	<b>774,875</b>	<b>381,141</b>	<b>4,810,033</b>		



# Major Project Profiles

Ref	Project Name	NWCL's Accounting Classification	NWCL's Attributable Interest	Total GFA (sq.m.)
<b>Completed investment properties</b>				
37	Beijing New World Centre Phase I	JCE	70%	102,841
38	Beijing New World Centre Phase II	JCE	70%	76,214
39	Beijing Zhengren Building	JCE	70%	16,415
40	Beijing New World Garden	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%	32,297
2a	Beijing New View Garden	JCE	70%	21,455
3a	Beijing Xin Yu Garden	JCE	70%	24,800
41	Beijing Xin Kang Garden	JCE	70%	40,079
42	Beijing Baoding Building Shopping Arcade	Subsidiary	100%	40,286
43	Tianjin Xin An New World Plaza	Subsidiary	100%	97,784
7a	Jinan Sunshine Garden	Subsidiary	100%	4,426
8a	Shenyang New World Garden	Subsidiary	90%	44,031
44	Dalian New World Plaza	Subsidiary	88%	69,196
12a	Dalian New World Tower	Subsidiary	100%	49,395
45	Shanghai Hong Kong New World Tower	JCE	50%	130,385
13a	Shanghai Zhongshan Square	Subsidiary	100%	24,081
46	Shanghai Ramada Plaza	Subsidiary	100%	34,340
	Shanghai Belvedere Service Apartment			37,935
47	Shanghai Jiu Zhou Shopping Arcade	Subsidiary	100%	345
48	Wuhan New World International Trade Tower I	Subsidiary	100%	121,828
	Wuhan New World International Trade Tower II	Subsidiary	100%	10,004
49	Wuhan New World Centre	Subsidiary	100%	142,013
50	Wuhan K11 Gourmet Tower	Subsidiary	100%	20,875
15a	Wuhan Changqing Garden	JCE	60%	96,687
51	Wuhan Xin Hua Garden	JCE	60%	72,006
17a	Changsha La Ville New World Phase I	Subsidiary	48%	24,844
52	Nanjing New World Centre	Subsidiary	100%	52,794
19a	Guiyang Jinyang Sunny Town	Subsidiary	50%	2,902
20a	Guangzhou Dong Yi Garden	Subsidiary	100%	13,873
21a	Guangzhou New World Oriental Garden	Subsidiary	100%	31,627
22a	Guangzhou Central Park-view	Subsidiary	91%	60,395
23a	Guangzhou Covent Garden	Subsidiary	100%	12,499
24a	Guangzhou Park Paradise	Subsidiary	100%	74,134
26a	Guangzhou Xintang New World Garden	JCE	63%	43,577
28a	Shenzhen New World Yi Shan Garden	Subsidiary	100%	14,162
53	Shunde New World Centre	Assoc. Co.	35%	48,517
30a	Zhaoqing New World Garden Phase III	Subsidiary	100%	15,062
33a	Huizhou Changhuyuan	JCE	63%	34,328
<b>Subtotal</b>				<b>1,784,466</b>
<b>Completed hotel properties</b>				
54	Courtyard by Marriott Beijing	JCE	55%	23,988
55	New World Hotel Shenyang	Subsidiary	100%	21,169
56	New World Hotel Dalian	Subsidiary	100%	52,835
57	New World Mayfair Hotel Shanghai	Subsidiary	100%	46,942
58	pentahotel Shanghai	Subsidiary	100%	13,353
59	New World Hotel Wuhan	JCE	60%	29,411
60	New World Hotel Shunde	Assoc. Co.	33%	36,524
<b>Subtotal</b>				<b>224,222</b>
<b>Total (Completed investment and hotel properties)</b>				<b>2,008,688</b>

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Carpark (sq.m.)
1,626	74,232	7,027		19,956
	46,378	2,557		27,279
				16,415
				34,544
				3,439
				8,051
				32,297
	10,028			11,427
	3,603			21,197
	11,921			28,158
	40,286			
	78,325	8,175		11,284
	4,426			
	5,692			38,339
	49,413			19,783
	27,480			21,915
	35,474	80,549		14,362
				24,081
	20,743			13,597
37,935	345			
		104,556		17,272
		10,004		
	45,766	62,714		33,533
	10,295			10,580
	65,534	13,607		17,546
	36,069			35,937
				24,844
	41,712			11,082
	2,902			
	8,275			5,598
	22,970			8,657
29,868	17,408			13,119
	11,914			585
22,220	21,458			30,456
	24,163			19,414
	3,099			11,063
	33,577			14,940
	15,062			
	20,229			14,099
<b>91,649</b>	<b>788,779</b>	<b>289,189</b>		<b>614,849</b>
			23,988	
			21,169	
			52,835	
			46,942	
			13,353	
			29,411	
			36,524	
			<b>224,222</b>	
<b>91,649</b>	<b>788,779</b>	<b>289,189</b>	<b>224,222</b>	<b>614,849</b>



# Glossary of Terms

## GENERAL TERMS

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



## FINANCIAL TERMS

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

## MEASUREMENT

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



## BOARD OF DIRECTORS

### Executive Directors

Dr. Cheng Kar-shun, Henry  
*(Chairman and Managing Director)*  
Mr. Cheng Kar-shing, Peter  
Mr. Cheng Chi-kong, Adrian  
Miss Cheng Chi-man, Sonia  
Mr. Cheng Chi-him, Conrad  
Mr. Chow Yu-chun, Alexander  
Mr. Fong Shing-kwong, Michael  
Ms. Ngan Man-ying, Lynda

### Non-Executive Directors

Mr. Doo Wai-hoi, William *(Vice-chairman)*  
Mr. Leung Chi-kin, Stewart  
Mr. Chow Kwai-cheung

### Independent Non-Executive Directors

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

## COMPANY SECRETARY

Ms. Ngan Man-ying, Lynda

## AUDITOR

PricewaterhouseCoopers

## PRINCIPAL BANKERS

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

## WEBSITE

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

## REGISTERED OFFICE

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

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

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## STOCK CODE

Hong Kong Stock Exchange 00917

## INVESTOR INFORMATION

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

**Chinese Version**

The Chinese version of this Annual Report is available  
on request from New World China Land Limited.  
Where the English and the Chinese texts conflict,  
the English text prevails.



## New World China Land Limited

(incorporated in the Cayman Islands with limited liability)

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The FSC logo identifies products which contain wood and virgin fibre from well-managed forests certified in accordance with the rules of the Forest Stewardship Council.