

Report of the Directors

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

GROUP ACTIVITIES

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

RESULTS AND APPROPRIATION

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

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

SHARE CAPITAL

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

RESERVES

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

FIVE-YEAR FINANCIAL SUMMARY

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DONATIONS

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

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR ACQUISITION AND DISPOSAL

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

Report of the Directors (Continued)

MAJOR ACQUISITION AND DISPOSAL (Continued)

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

CONNECTED TRANSACTIONS

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

RULE 13.20 AND 13.22 OF THE LISTING RULES

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

DIRECTORS

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

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

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

AUDIT COMMITTEE

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

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN CONTRACTS

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

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

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

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

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (Continued)

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

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

Report of the Directors (Continued)

MANAGEMENT CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEMES

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

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

LONG POSITIONS IN SHARES

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

Notes:

- (1) CYTFH holds 51.0% direct interest in Centennial and is accordingly deemed to have an interest in the shares deemed to be interested by Centennial.
- (2) Centennial holds 100.0% direct interest in CTF and is accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF.
- (3) CTF together with its subsidiaries.

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

Report of the Directors (Continued)

SUFFICIENCY OF PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

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

AUDITORS

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

On Behalf of the Board

Dr. Cheng Yu-Tung

Chairman

Hong Kong, 8 October 2009

Report of the Directors (Continued)

CONNECTED TRANSACTIONS

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

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

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

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

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

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

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

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

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

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

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

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

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

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

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

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

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

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

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

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

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

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

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

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

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

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

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

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

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

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

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

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

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

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

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

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

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

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

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

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

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

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

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

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

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

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

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

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

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

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

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

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

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

Report of the Directors (Continued)

CONNECTED TRANSACTIONS (Continued)

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

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

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

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

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

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

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

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

(A) LONG POSITION IN SHARES

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

Report of the Directors (Continued)

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

(A) LONG POSITION IN SHARES (Continued)

	Number of shares			Total	Approximate % of shareholding
	Personal interests	Spouse interests	Corporate interests		
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-Shun, Henry	9,179,199	—	8,000,000 ⁽⁴⁾	17,179,199	0.83
Dr. Sin Wai-Kin, David	3,281	31	16,995,745 ⁽⁶⁾	16,999,057	0.82
Mr. Liang Chong-Hou, David	164	—	—	164	0.00
Mr. Cheng Kar-Shing, Peter	201,025	—	2,967,575 ⁽⁷⁾	3,168,600	0.15
Mr. Leung Chi-Kin, Stewart	2,202,351	—	—	2,202,351	0.11
Mr. Chow Kwai-Cheung	8,208	—	—	8,208	0.00
Ms. Ki Man-Fung, Leonie	10,000	—	—	10,000	0.00
Sun City Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	80,000	3,570,000 ⁽⁸⁾	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1.00 each)					
Mr. Cheng Kar-Shing, Peter	—	—	500 ⁽⁹⁾	500	50.00
YE Holdings Corporation					
(Ordinary shares of HK\$1.00 each)					
Mr. Leung Chi-Kin, Stewart	37,500	—	—	37,500	1.50

Notes:

- (1) These shares are beneficially-owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.
- (2) 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-Shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng Kar-Shing, Peter is deemed to be interested in 45.63% of its issued share capital.
- (3) These shares are beneficially-owned by companies which are wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (4) These shares are beneficially-owned by a company which is wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (5) These shares are beneficially-owned by a company which is wholly-owned by Mr. Cheng Chi-Kong, Adrian.
- (6) These shares are beneficially-owned by a company which is jointly owned by Dr. Sin Wai-Kin, David and his spouse.
- (7) These shares are beneficially-owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.
- (8) These shares are held by a company of which Mr. Cheng Kar-Shing, Peter has an indirect interest of 49.58%.
- (9) Mr. Cheng Kar-Shing, Peter is deemed to be interested in these shares by virtue of his interests in Sun City.

Report of the Directors (Continued)

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

(B) LONG POSITION IN UNDERLYING SHARES — SHARE OPTIONS

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

SHARE OPTION SCHEME OF THE COMPANY

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

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

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

Report of the Directors (Continued)

SHARE OPTION SCHEME OF THE COMPANY (Continued)

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

Report of the Directors (Continued)

SHARE OPTION SCHEME OF THE COMPANY (Continued)

SHARE OPTIONS GRANTED TO DIRECTORS

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

[#] retired on 2 December 2008

[^] passed away on 19 February 2008

^{*} appointed on 5 December 2008

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

Report of the Directors (Continued)

SHARE OPTION SCHEME OF THE COMPANY (Continued)

SHARE OPTIONS GRANTED TO DIRECTORS (Continued)

Notes:

- (1) From 19 March 2007 to 18 March 2012.
- (2) Divided into 5 tranches exercisable from 19 March 2007, 19 March 2008, 19 March 2009, 19 March 2010 and 19 March 2011 respectively to 18 March 2012.
- (3) The Company declared final dividend for the year ended 30 June 2008 and interim dividend for the six months ended 31 December 2008 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.756 to HK\$17.659 on 21 January 2009, and further to HK\$17.654 on 15 June 2009.
- (4) The cash consideration paid by each Director for the grant of share options is HK\$10.0.

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS

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

Notes:

- (1) Divided into 5 tranches exercisable from 19 March 2007, 19 March 2008, 19 March 2009, 19 March 2010 and 19 March 2011 respectively to 18 March 2012.
- (2) The Company declared final dividend for the year ended 30 June 2008 and interim dividend for the six months ended 31 December 2008 in scrip form (with cash option) during the year which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$17.756 to HK\$17.659 on 21 January 2009, and further to HK\$17.654 on 15 June 2009.
- (3) The cash consideration paid by each participant for the grant of share options is HK\$10.0.

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF NWCL

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

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

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

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF NWCL (Continued)

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

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF NWCL (Continued)

SHARE OPTIONS GRANTED TO DIRECTORS

2002 Share Option Scheme

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

Notes:

- (1) Divided into 3 tranches exercisable from 8 February 2008, 8 February 2009 and 8 February 2010 respectively to 7 February 2011.
- (2) Divided into 5 tranches exercisable from 26 August 2006, 26 August 2007, 26 August 2008, 26 August 2009 and 26 August 2010 respectively to 25 August 2011.
- (3) Divided into 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012, respectively to 29 January 2013.
- (4) The closing price per share immediately before 29 December 2008, the date of grant, was HK\$2.21.
- (5) The cash consideration paid by each of the above Directors for each grant of share options is HK\$10.0.

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF NWCL (Continued)

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS

2002 Share Option Scheme

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

Report of the Directors (Continued)

SHARE OPTION SCHEMES OF NWCL (Continued)

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS (Continued)

2002 Share Option Scheme (Continued)

Notes:

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

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

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

Report of the Directors (Continued)

SHARE OPTION SCHEME OF NWSH

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

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

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

Report of the Directors (Continued)

SHARE OPTION SCHEME OF NWSH (Continued)

2001 Share Option Scheme

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

SHARE OPTIONS GRANTED TO DIRECTORS

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

Notes:

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

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

Report of the Directors (Continued)

SHARE OPTION SCHEME OF NWSH (Continued)

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS

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

Notes:

- (1) Divided into 3 tranches exercisable from 21 January 2004, 21 July 2004 and 21 July 2005 respectively to 20 July 2008.
- (2) 40.0% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60.0% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$20.035.
- (4) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$17.16.
- (5) The cash consideration paid by each eligible participant for each grant of share options is HK\$10.0.

Report of the Directors (Continued)

SHARE OPTION SCHEME OF NWDS

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

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

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

Report of the Directors (Continued)

SHARE OPTION SCHEME OF NWDS (Continued)

SHARE OPTIONS GRANTED TO DIRECTORS

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

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) The cash consideration paid by each of the above Directors for the grant of share options is HK\$1.0.

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS

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

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) Divided into 5 tranches exercisable from 25 March 2009, 25 March 2010, 25 March 2011, 25 March 2012 and 25 March 2013 respectively to 24 March 2014, provided that the maximum number of share options that can be exercised during each anniversary year is 20.0% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (3) The cash consideration paid by each eligible participant for each grant of share option is HK\$1.0.

Report of the Directors (Continued)

SHARE OPTION SCHEME OF TAIFOOK

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

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

Report of the Directors (Continued)

SHARE OPTION SCHEME OF TAIFOOK (Continued)

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

SHARE OPTIONS GRANTED TO DIRECTORS

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

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS

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

Report of the Directors (Continued)

SHARE OPTION SCHEME OF TAIFOOK (Continued)

SHARE OPTIONS GRANTED TO OTHER ELIGIBLE PARTICIPANTS (Continued)

Notes:

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

(C) LONG POSITION IN UNDERLYING SHARES — DEBENTURES

New World China Land Finance Limited ("NWCLF")

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

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

Sherson Limited ("Sherson")

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

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

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

Report of the Directors (Continued)

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

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

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

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

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

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