

Notes to the Financial Statements

1 GENERAL INFORMATION

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

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

These financial statements have been approved by the Board of Directors on 8 October 2009.

2 BASIS OF PREPARATION

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

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

(a) ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS

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

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments on Embedded Derivatives

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

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

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

Notes to the Financial Statements (Continued)

2 BASIS OF PREPARATION (Continued)

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

HK(IFRIC)-Int 12:

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

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

2 BASIS OF PREPARATION (Continued)

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

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

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

Notes to the Financial Statements (Continued)

2 BASIS OF PREPARATION (Continued)

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

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

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

Notes to the Financial Statements (Continued)

2 BASIS OF PREPARATION (Continued)

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

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

Effective for the year ending 30 June 2010

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

Effective for the year ending 30 June 2011

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

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES

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

(a) CONSOLIDATION

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

(i) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost.

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

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

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

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) CONSOLIDATION (Continued)

(ii) *Joint ventures*

(1) *Jointly controlled entities*

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

The Group recognises its interest in jointly controlled entities using equity method of accounting. Interests in jointly controlled entities are stated in the consolidated financial statements at cost plus the share of post-acquisition results and reserves and goodwill on acquisition less provision for impairment losses. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired jointly controlled entities at the date of acquisition. The interests in jointly controlled entities also include long-term interest that, in substance, form part of the Group's net investment in the jointly controlled entities. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities set out as follows:

Equity joint ventures/wholly foreign owned enterprises

Equity joint ventures/wholly foreign owned enterprises are joint ventures in respect of which the capital contribution ratios of the venturers are defined in the joint venture contracts and the profit sharing ratios of the venturers are in proportion to the capital contribution ratios.

Co-operative joint ventures

Co-operative joint ventures are joint ventures in respect of which the profit sharing ratios of the venturers and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.

Companies limited by shares

Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entity that it is attributable to the other venturers. The Group does not recognise its share of profits or losses from the jointly controlled entity that result from the purchase of assets from the jointly controlled entity until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

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

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

(2) *Jointly controlled operations*

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) CONSOLIDATION (Continued)

(iii) *Associated companies*

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

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

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

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

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

(iv) *Transactions with non-controlling interests*

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

(b) INTANGIBLE ASSETS

(i) *Goodwill*

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of jointly controlled entities and associated companies is included in interests in jointly controlled entities and associated companies respectively and is tested for impairment as part of overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) INTANGIBLE ASSETS (Continued)

(ii) *Trademark and licences*

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

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

(iii) *Operating right*

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

(iv) *Intangible concession rights*

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

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

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

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE

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

(d) LEASEHOLD LAND AND LAND USE RIGHTS

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

(e) INVESTMENT PROPERTIES

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

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

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional valuation conducted at each balance sheet date. Changes in fair value are recognised in the income statement.

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

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified to investment property and stated at fair value.

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of assets. Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged in the income statement during the financial period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying value of an asset is greater than its estimated recoverable amount.

(i) *Assets under construction*

All direct and indirect costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalised as the costs of the assets.

(ii) *Depreciation*

No depreciation is provided on assets under construction.

Depreciation of other property, plant and equipment is calculated to allocate their costs to their estimated residual values over their estimated useful lives or, if shorter, the relevant finance lease periods, using the straight-line method. Estimated useful lives are summarised as follows:

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

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date.

(iii) *Gain or loss on disposal*

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

(g) IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES, ASSOCIATED COMPANIES AND NON-FINANCIAL ASSETS

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) INVESTMENTS

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

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

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

(ii) *Loans and receivables*

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

(iii) *Held-to-maturity investments*

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

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction cost are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the income statement in the financial period in which they arise. Changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold, the accumulated fair value adjustments are included in the income statement as gains or losses from financial assets. Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the financial asset and other changes in the carrying amount of the financial asset. The translation differences on monetary financial assets are recognised in the income statement; translation differences on non-monetary financial assets are recognised in equity.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) INVESTMENTS (Continued)

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

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

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

(i) DERIVATIVE FINANCIAL INSTRUMENTS

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

(j) PROPERTIES FOR/UNDER DEVELOPMENT

Properties for/under development comprise prepayments for leasehold land and land use rights, development expenditure and borrowing costs capitalised. In the course of property development, the amortisation charge of leasehold land and land use rights is included as part of the costs of the property under development. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

(k) PROPERTIES HELD FOR SALE

Properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, the prepaid leasehold land component is stated at cost less accumulated amortisation and impairment losses; the building component is carried at the lower of cost and net realisable value. The amortisation of leasehold land is recognised in the income statement. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(l) STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) CONTRACTS IN PROGRESS

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

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

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

(n) TRADE AND OTHER DEBTORS

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

(o) CASH AND CASH EQUIVALENTS

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

(p) SHARE CAPITAL

Ordinary shares are classified as equity.

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

(q) TRADE PAYABLES

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

(r) PROVISIONS

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

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(t) CURRENT AND DEFERRED INCOME TAX

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(u) BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement or capitalised on the basis set out in note 3(y) over the period of the borrowings using the effective interest method where appropriate.

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(v) CONVERTIBLE BONDS

(i) *Convertible bonds with equity component*

Convertible bonds that can be converted to equity share capital at the option of the holders, where the number of shares that would be issued on conversion and the value of the consideration that would be received do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition, the liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible bond. The remainder of the proceeds is allocated to the conversion option as equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion, redemption or maturity. The equity component is recognised in equity, net of any tax effects.

When the bond is converted, the relevant equity component and the carrying amount of the liability component at the time of conversion are transferred to share capital and share premium for the shares issued. When the bond is redeemed, the relevant equity component is transferred to retained profits.

(ii) *Convertible bonds without equity component*

All other convertible bonds which do not exhibit the characteristics mentioned in (i) above are accounted for as hybrid instruments consisting of an embedded derivative and a host debt contract.

At initial recognition, the embedded derivative of the convertible bonds is accounted for as derivative financial instruments and is measured at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as a liability under the contract. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability under the contract.

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

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

(w) REVENUE RECOGNITION

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

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

(i) *Rental*

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(w) REVENUE RECOGNITION (Continued)

(ii) *Property sales*

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

(iii) *Construction and engineering*

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

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

(iv) *Service fees*

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

(v) *Infrastructure operations*

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

(vi) *Telecommunication services*

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

(vii) *Department store operation*

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

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

(viii) *Hotel operations*

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

(ix) *Interest*

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

(x) *Dividend*

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(x) LEASES

(i) *Finance leases*

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

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

(ii) *Operating leases*

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

(y) BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

(z) EMPLOYEE BENEFITS

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Bonus plans*

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

(iii) *Defined contribution plans*

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

(iv) *Defined benefit plans*

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

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(z) EMPLOYEE BENEFITS (Continued)

(v) *Share-based compensation*

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

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

(aa) FOREIGN CURRENCIES

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

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

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

(iii) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each balance sheet presented are translated at the exchange rate ruling at the date of that balance sheet;
- (2) income and expenses for each income statement are translated at the average exchange rate during the period covered by the income statement; and
- (3) all resulting exchange differences are recognised as a separate component of equity.

Notes to the Financial Statements (Continued)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(aa) FOREIGN CURRENCIES (Continued)

(iii) *Group companies* (Continued)

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date.

(bb) INSURANCE CONTRACTS

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

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

(cc) SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

In accordance with the internal financial reporting of the Group, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

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

(dd) DIVIDEND DISTRIBUTION

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

Notes to the Financial Statements (Continued)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

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

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

(a) MARKET RISK

(i) Foreign exchange risk

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

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

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

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

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

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

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group companies at 30 June 2009 that are denominated in a non-functional currency. Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(ii) Interest rate risk

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

Notes to the Financial Statements (Continued)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Continued)

(a) MARKET RISK (Continued)

(ii) Interest rate risk (Continued)

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

If interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before taxation would have been HK\$36.0 million higher/lower (2008: HK\$153.8 million lower/higher). The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year and had been applied to the exposure to interest rate risk for financial instruments in existence at the balance sheet date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the next annual balance sheet date. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments. As a consequence, they are included in the calculation of profit before taxation sensitivities.

(iii) Price risk

The Group is exposed to equity securities price risk arising from the listed and unlisted equity investments held by the Group. Gains and losses arising from changes in the fair value of available-for-sale financial assets and financial assets at fair value through profit or loss are dealt with in equity and income statement respectively. The performance of the Group's listed and unlisted equity investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans. The Group is not exposed to commodity price risk.

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

At 30 June 2009, if the price of listed and unlisted equity investments in financial assets at fair value through profit and loss had been 25% higher/lower with all other variables held constant, the Group's profit before taxation would have been HK\$109.2 million (2008: HK\$144.2 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

(b) CREDIT RISK

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

Deposits are mainly placed with high-credit-quality financial institutions. Trade debtors mainly include receivables from sale and lease of properties and other services. Loan receivables included in other non-current assets are normally carry interest at rates with reference to prevailing market interest rate and are secured by collaterals. The Group and the Company carry out regular review and follow-up action on any overdue amounts to minimise exposures to credit risk. There is no concentration of credit risk with respect to trade debtors from third party customers as the customer bases are widely dispersed in different sectors and industries. Under the current circumstances of the global financial turmoil, the Group monitors its credit control procedures and policies so as to minimise the impact to the Group.

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

Notes to the Financial Statements (Continued)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Continued)

(b) CREDIT RISK (Continued)

The Group provides guarantees to banks in connection with certain property purchasers' borrowing of mortgage loans to finance their purchase of the properties until the issuance of the official property title transfer certificates by the relevant authority in the Mainland China. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the purchasers' deposits and sell the property to recover any amounts paid by the Group to the bank. Therefore the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at each balance sheet date the liabilities based on the current estimates of future cash flows. As at 30 June 2009, no provision has been made in the financial statements (2008: nil).

(c) LIQUIDITY RISK

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. It is the policy of the Group and the Company to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group and the Company also maintain adequate undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements.

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

GROUP

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

Notes to the Financial Statements (Continued)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Continued)

(c) LIQUIDITY RISK (Continued)

COMPANY

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

(d) CAPITAL MANAGEMENT

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

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

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

Notes to the Financial Statements (Continued)

4 FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Continued)

(d) CAPITAL MANAGEMENT (Continued)

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

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

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

(e) FAIR VALUE ESTIMATION

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

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

Notes to the Financial Statements (Continued)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

(b) VALUATION OF INVESTMENT PROPERTIES

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

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

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

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

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

Notes to the Financial Statements (Continued)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) IMPAIRMENT OF ASSETS

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

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

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

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

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

(f) FINANCIAL GUARANTEES AND TAX INDEMNITY

The Group assesses at each balance sheet date the liabilities under insurance contracts, using current estimates of future cash flows.

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

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

(g) INCOME TAXES

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

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

Notes to the Financial Statements (Continued)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(h) ESTIMATE OF REVENUE AND COSTS OF CONSTRUCTION WORKS

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

6 REVENUES AND SEGMENT INFORMATION

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

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

Notes to the Financial Statements (Continued)

6 REVENUES AND SEGMENT INFORMATION (Continued)

(a) PRIMARY REPORTING FORMAT — BUSINESS SEGMENTS

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

Notes to the Financial Statements (Continued)

6 REVENUES AND SEGMENT INFORMATION (Continued)

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

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

Notes to the Financial Statements (Continued)

6 REVENUES AND SEGMENT INFORMATION (Continued)

(b) SECONDARY REPORTING FORMAT — GEOGRAPHICAL SEGMENTS

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

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

7 OTHER INCOME

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

Notes to the Financial Statements (Continued)

8 OTHER GAINS, NET

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

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

Notes to the Financial Statements (Continued)

9 OPERATING PROFIT

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

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

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

Notes to the Financial Statements (Continued)

10 FINANCING COSTS

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

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

11 TAXATION

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

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

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

Notes to the Financial Statements (Continued)

11 TAXATION (Continued)

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

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

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

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

Notes to the Financial Statements (Continued)

12 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

13 DIVIDENDS

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

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

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

14 EARNINGS PER SHARE

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

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

Notes to the Financial Statements (Continued)

14 EARNINGS PER SHARE (Continued)

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

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

15 STAFF COSTS

(a) STAFF COSTS

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

Staff costs include Directors' remuneration.

(b) RETIREMENT BENEFIT COSTS

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

(i) Defined benefit plans

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

The amounts recognised in the balance sheet were as follows:

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

Notes to the Financial Statements (Continued)

15 STAFF COSTS (Continued)

(b) RETIREMENT BENEFIT COSTS (Continued)

(i) *Defined benefit plans (Continued)*

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

15 STAFF COSTS (Continued)

(b) RETIREMENT BENEFIT COSTS (Continued)

(i) *Defined benefit plans (Continued)*

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

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

15 STAFF COSTS (Continued)

(b) RETIREMENT BENEFIT COSTS (Continued)

(ii) Defined contribution plans

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

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

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

(c) SHARE OPTIONS

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

Details of share options are as follows:

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

Notes to the Financial Statements (Continued)

15 STAFF COSTS (Continued)

(c) SHARE OPTIONS (Continued)

Notes:

- (i) Except for 112,300,000 share options which are exercisable from 19 March 2007 to 18 March 2012, all the outstanding options are divided into 5 tranches and exercisable from 19 March 2007, 19 March 2008, 19 March 2009, 19 March 2010 and 19 March 2011 respectively to 18 March 2012.
- (ii) Except for (1) the 12,760,000 share options with exercise price per share of HK\$6.972 which are divided into 2 tranches and exercisable within a period of 3 years commencing on the expiry of one month after the dates on which the options were accepted; and (2) the 1,324,200 share options and 14,946,000 share options with exercise price per share of HK\$1.500 which are divided into 2 tranches and 4 tranches and exercisable with a period of 2 years and 4 years commencing on the expiry of one month after the dates on which the options were accepted, all the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.
- The fair value of options granted during the year determined using the binomial pricing model was HK\$20,690,000 (2008: HK\$35,204,000). The significant inputs to the model was share price ranging from HK\$1.5 to HK\$4.55 (2008: HK\$5.24 to HK\$8.07) at the grant dates, exercise prices ranging from HK\$1.5 to HK\$4.55 (2008: HK\$5.26 to HK\$8.07), volatility of the share ranging from 46% to 61% (2008: 42% to 45%), expected life of options of 2 to 5 years (2008: 3 to 5 years), expected dividend yield ranging from 0.85% to 1.45% (2008: from 0.83% to 1.20%), risk-free interest rate ranging from 0.96% to 3.32% (2008: 2.24% to 4.06%) and suboptimal exercise factor ranging from 1.5 times to 1.87 times (2008: 1.5 times to 1.74 times) of the exercise prices (which accounts for the early exercise behaviour of the option holders). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of NWCL over the past 5 years.
- (iii) The share options are exercisable on or before 21 August 2012.
- (iv) All the outstanding share options are divided into 5 tranches and exercisable during a period of 5 years commencing 1 year after the date of grant when the offer of options were accepted.
- (v) The share options are exercisable on or before 31 May 2016.
- (vi) The binomial pricing model and the Black-Scholes option pricing model requires input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

Notes to the Financial Statements (Continued)

16 EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) DIRECTORS' EMOLUMENTS

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

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

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

Notes to the Financial Statements (Continued)

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

(b) FIVE HIGHEST PAID INDIVIDUALS

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

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

The emoluments of the individuals fell within the following bands:

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

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

Notes to the Financial Statements (Continued)

17 INVESTMENT PROPERTIES

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

18 PROPERTY, PLANT AND EQUIPMENT

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

Notes to the Financial Statements (Continued)

18 PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

Notes to the Financial Statements (Continued)

19 LEASEHOLD LAND AND LAND USE RIGHTS

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

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

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

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

Notes to the Financial Statements (Continued)

20 INTANGIBLE CONCESSION RIGHTS

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

Notes to the Financial Statements (Continued)

21 INTANGIBLE ASSETS

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

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

Notes to the Financial Statements (Continued)

21 INTANGIBLE ASSETS (Continued)

IMPAIRMENT TEST FOR GOODWILL

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

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

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

22 SUBSIDIARIES

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

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

Details of principal subsidiaries are given in note 51.

Notes to the Financial Statements (Continued)

23 INTERESTS IN JOINTLY CONTROLLED ENTITIES

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

Notes to the Financial Statements (Continued)

23 INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Notes:

(a) Amounts receivable are analysed as follows:

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

24 INTERESTS IN ASSOCIATED COMPANIES

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

Notes:

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

(b) Amounts receivable are analysed as follows:

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

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

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

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

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

Notes to the Financial Statements (Continued)

24 INTERESTS IN ASSOCIATED COMPANIES (Continued)

Notes: (Continued)

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

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

	2009 HK\$m	2008 HK\$m
Revenues	2,099.5	4,017.0
Profit after taxation	67.9	962.4
Non-current assets	7,722.4	11,525.0
Current assets	1,879.1	4,570.9
Non-current liabilities	(2,119.9)	(5,091.2)
Current liabilities	(2,479.7)	(4,708.4)
Net assets	5,001.9	6,296.3

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

25 AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

Notes to the Financial Statements (Continued)

25 AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

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

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

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

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

26 HELD-TO-MATURITY INVESTMENTS

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

Notes to the Financial Statements (Continued)

27 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

28 PROPERTIES FOR DEVELOPMENT

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

The carrying value of properties is analysed as follows:

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

Notes to the Financial Statements (Continued)

29 DEFERRED TAXATION

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

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

Notes to the Financial Statements (Continued)

29 DEFERRED TAXATION (Continued)

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

GROUP

DEFERRED TAX ASSETS

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

DEFERRED TAX LIABILITIES

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

Notes to the Financial Statements (Continued)

29 DEFERRED TAXATION (Continued)

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

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

As at 30 June 2009, the aggregate amount of temporary differences associated with investments in subsidiaries and jointly controlled entities for which deferred tax liabilities have not been recognised totalled approximately HK\$1 billion (2008: HK\$1 billion), as the Directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

30 OTHER NON-CURRENT ASSETS

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

Notes:

(a) DEPOSITS FOR PROPOSED INVESTMENTS

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

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

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

(b) LONG-TERM RECEIVABLES

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

Notes to the Financial Statements (Continued)

31 PROPERTIES UNDER DEVELOPMENT

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

The carrying value of properties is analysed as follows:

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

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

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

Notes to the Financial Statements (Continued)

32 PROPERTIES HELD FOR SALE

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

The carrying value of properties in analysed as follows:

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

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

Notes to the Financial Statements (Continued)

33 STOCKS

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

34 DEBTORS AND PREPAYMENTS

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

Notes to the Financial Statements (Continued)

34 DEBTORS AND PREPAYMENTS (Continued)

Notes:

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

Aging analysis of trade debtors is as follows:

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

34 DEBTORS AND PREPAYMENTS (Continued)

Notes: (Continued)

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

35 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

Notes to the Financial Statements (Continued)

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

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

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

36 CASH HELD ON BEHALF OF CUSTOMERS

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

37 CASH AND BANK BALANCES

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

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

Notes to the Financial Statements (Continued)

37 CASH AND BANK BALANCES (Continued)

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

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

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

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

38 AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

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

Notes to the Financial Statements (Continued)

39 NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE

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

Notes:

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

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

40 SHARE CAPITAL

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

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

Notes to the Financial Statements (Continued)

41 RESERVES

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

Notes to the Financial Statements (Continued)

41 RESERVES (Continued)

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

Notes to the Financial Statements (Continued)

41 RESERVES (Continued)

Note:

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

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

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

Notes to the Financial Statements (Continued)

41 RESERVES (Continued)

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

Notes to the Financial Statements (Continued)

42 BORROWINGS

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

Notes:

(a) MATURITY OF BANK LOANS IS AS FOLLOWS:

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

Notes to the Financial Statements (Continued)

42 BORROWINGS (Continued)

Notes: (Continued)

(b) CONVERTIBLE BONDS

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

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

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

The fair value of the liability component at the date of the issue of the bonds, included in the long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in the convertible bond capital reserve. The present value of the liability component of the convertible bonds at 30 June 2009, which was estimated using cash flows discounted at a rate of 8.5% (2008: 9.5%), amounted to HK\$5,118.0 million (2008: HK\$4,426.4 million).

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

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

The bonds, guaranteed by NWCL, are convertible into shares of NWCL at an initial conversion price of HK\$8.044 per share at any time on and after 26 June 2007 up to 26 May 2012, with the Renminbi principal amount of the bonds translated into Hong Kong dollar at a fixed rate of HK\$1 to RMB0.9848, subject to adjustments according to the terms governing the convertible bonds. The bonds are redeemable by the issuer at any time on or after 11 June 2010 at the option of the issuer, subject to the terms governing the convertible bonds. Moreover, the bondholders have the option to redeem all or some of the bonds held by them on 11 June 2010 at 102.27% of the principal amount. Unless previously redeemed, converted or purchased and cancelled, the bonds will be redeemed on the maturity date on 11 June 2012 at 103.81% of the principal amount.

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

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

The fair value of the liability component at the date of the issue of the bonds, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in the convertible bond capital reserve. The present value of the liability component of the convertible bonds at 30 June 2009, which was estimated using cash flows discounted at a rate of 16.4% (2008: 8.8%) and at the exchange rate ruling at the balance sheet date, amounted to HK\$2,172.9 million (equivalent to RMB1,912.1 million) (2008: HK\$2,374.4 million (equivalent to RMB2,089.5 million)).

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

(c) LOANS FROM NON-CONTROLLING SHAREHOLDERS

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

Notes to the Financial Statements (Continued)

42 BORROWINGS (Continued)

Notes: (Continued)

(d) EFFECTIVE INTEREST RATES

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

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

(e) CARRYING AMOUNTS AND FAIR VALUES OF THE BORROWINGS

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

The carrying amounts of other borrowings approximate their fair values.

(f) CURRENCIES

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

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

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

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

Notes to the Financial Statements (Continued)

43 OTHER NON-CURRENT LIABILITIES

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

44 CREDITORS AND ACCRUED CHARGES

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

Notes:

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

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

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

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

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

Notes to the Financial Statements (Continued)

44 CREDITORS AND ACCRUED CHARGES (Continued)

Notes: (Continued)

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

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

45 FINANCIAL ASSETS AND LIABILITIES

(a) MATURITY PROFILE

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

GROUP

	Repayable on demand HK\$m	3 months or less HK\$m	1 year or less but over 3 months HK\$m	5 years or less but over 1 year HK\$m	After 5 years HK\$m	Total HK\$m
At 30 June 2009						
Assets						
Debt securities:						
Available-for-sale financial assets	—	—	—	10.0	—	10.0
Financial assets at fair value through profit or loss	—	—	4.4	—	—	4.4
Advances to customers	1,726.7	—	—	—	—	1,726.7
Initial public offering loans for subscription of new shares	—	1,646.9	—	—	—	1,646.9
Cash held on behalf of customers	3,661.9	—	—	—	—	3,661.9
Cash and bank balances, unrestricted	9,183.0	4,159.5	737.5	—	—	14,080.0
Total	14,571.6	5,806.4	741.9	10.0	—	21,129.9
Liabilities						
Bank loans and convertible bonds	400.0	2,764.0	9,034.1	36,036.7	211.0	48,445.8
Current, fixed, savings and other deposits of customers	4,406.6	240.4	—	—	—	4,647.0
Total	4,806.6	3,004.4	9,034.1	36,036.7	211.0	53,092.8

Notes to the Financial Statements (Continued)

45 FINANCIAL ASSETS AND LIABILITIES (Continued)

(a) MATURITY PROFILE (Continued)

	Repayable on demand HK\$m	3 months or less HK\$m	1 year or less but over 3 months HK\$m	5 years or less but over 1 year HK\$m	After 5 years HK\$m	Total HK\$m
At 30 June 2008						
Assets						
Debt securities:						
Available-for-sale financial assets	—	—	—	39.0	—	39.0
Financial assets at fair value through profit or loss	—	—	46.0	7.1	—	53.1
Advances to customers	1,863.6	—	—	—	—	1,863.6
Cash held on behalf of customers	3,105.8	—	—	—	—	3,105.8
Cash and bank balances, unrestricted	4,930.3	7,404.9	790.9	—	—	13,126.1
Total	9,899.7	7,404.9	836.9	46.1	—	18,187.6
Liabilities						
Bank loans and convertible bonds	—	2,438.7	7,322.4	23,152.8	7,646.4	40,560.3
Current, fixed, savings and other deposits of customers	3,547.8	56.9	—	—	—	3,604.7
Total	3,547.8	2,495.6	7,322.4	23,152.8	7,646.4	44,165.0

(b) FINANCIAL INSTRUMENTS BY CATEGORY

In accordance with HKFRS 7, the financial assets and financial liabilities of the Group and the Company as shown in the balance sheets are classified as follows:

- (i) Financial assets at fair value through profit or loss and derivative financial instruments are categorised as financial assets at fair value through profit or loss and carried at fair value;
- (ii) Available-for-sale financial assets are categorised as available-for-sale financial assets and carried at fair value;
- (iii) Held-to-maturity investments are categorised as held-to-maturity investments and carried at amortised cost using the effective interest method;
- (iv) Long-term receivables, long-term deposits, restricted bank deposits, trade and other debtors, and cash and bank balances are categorised as loans and receivables and carried at amortised cost using the effective interest method; and
- (v) Borrowings, trade and other creditors are categorised as financial liabilities and carried at amortised cost using the effective interest method.

Notes to the Financial Statements (Continued)

46 COMMITMENTS

(a) CAPITAL COMMITMENTS

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Contracted but not provided for				
Property, plant and equipment	610.5	940.0	—	—
A subsidiary	—	—	55.0	55.0
Jointly controlled entities and associated companies	1,291.1	2,702.3	—	—
Available-for-sale financial assets	—	49.7	—	—
Capital contribution for development projects	2.3	56.8	—	—
	1,903.9	3,748.8	55.0	55.0
Authorised but not contracted for				
Property, plant and equipment	706.3	33.2	—	—
Capital contribution for proposed development projects	108.0	108.0	—	—
	814.3	141.2	—	—
The Group's share of capital commitments of the jointly controlled entities not included above are as follows:				
Contracted but not provided for	837.6	1,189.4	—	—
Authorised but not contracted for	672.4	374.4	—	—
	1,510.0	1,563.8	—	—

(b) COMMITMENTS UNDER OPERATING LEASES

The future aggregate lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
Land and buildings				
In the first year	340.5	362.3	—	—
In the second to the fifth year inclusive	1,142.4	1,289.7	—	—
After the fifth year	2,983.9	3,675.3	—	—
	4,466.8	5,327.3	—	—

The Group leases various retail outlets under non-cancellable operating lease agreements. The leases have varying terms ranging from 1 to 25 years. Certain of these leases have escalation clauses and renewal rights.

Notes to the Financial Statements (Continued)

46 COMMITMENTS (Continued)

(c) OPERATING LEASE RECEIVABLE

The future minimum rental receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
In the first year	852.2	841.3	6.9	6.7
In the second to the fifth year inclusive	1,049.7	1,085.9	7.7	14.6
After the fifth year	521.0	654.8	—	—
	2,422.9	2,582.0	14.6	21.3

The Group's operating leases are for terms ranging from 1 to 6 years.

47 CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE CONTRACTS

	Group		Company	
	2009 HK\$m	2008 HK\$m	2009 HK\$m	2008 HK\$m
(a) The Group's and the Company's financial guarantee contracts are as follows:				
Mortgage facilities for certain purchasers of properties	753.5	995.6	—	—
Guarantees for credit facilities granted to Subsidiaries	—	—	24,767.6	19,216.6
Jointly controlled entities	3,500.4	2,936.0	69.5	69.5
Associated companies	125.0	179.5	125.0	125.0
Investee companies included under available-for-sale financial assets	111.7	55.0	—	—
Guarantee for convertible bonds issued by a subsidiary	—	—	6,000.0	6,000.0
Indemnity to non-wholly owned subsidiaries for Mainland China tax liabilities	2,145.5	2,210.2	7,166.1	7,389.5
	6,636.1	6,376.3	38,128.2	32,800.6
(b) The Group's share of contingent liabilities of the jointly controlled entities not included above are as follows:				
Share of contingent liabilities of jointly controlled entities	2.6	56.2	—	—

The Group is in dispute with a joint venture partner in respect of certain property development projects in Mainland China and the parties have taken legal actions against each other in Hong Kong. No statement of claims setting out details of the claims against the Group has been filed. The Group expects that there will not be a material adverse impact on the financial position of the Group.

Notes to the Financial Statements (Continued)

48 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH USED IN OPERATIONS

	2009 HK\$m	2008 HK\$m (restated)
Operating profit	2,329.4	9,882.2
Depreciation	641.5	669.1
Amortisation	269.8	297.9
Changes in fair value of investment properties	1,841.2	(4,022.6)
Write back of provision for		
Loans and other receivables	(18.8)	(126.8)
Properties held for sale	(288.0)	—
Excess of the fair value of net assets acquired over the cost of acquisition of interests of subsidiaries	(50.9)	(129.5)
Gain on fair value of financial assets at fair value through profit or loss	(417.3)	(1.1)
Gain on deemed disposal of interests in subsidiaries	—	(1,695.3)
Net (profit)/loss on disposal of		
Investment properties, property, plant and equipment, leasehold land and land use rights and intangible concession rights	54.2	(40.4)
Available-for-sale financial assets	(410.6)	(203.9)
Non-current assets classified as assets held for sale	(274.5)	—
Financial assets at fair value through profit or loss	71.0	(50.5)
Subsidiaries	(604.7)	(47.4)
Jointly controlled entities	(71.2)	—
Associated companies	(106.1)	—
Partial interests in subsidiaries	—	(81.0)
Impairment loss on		
Property, plant and equipment, leasehold land and land use rights, and intangible concession rights	445.1	368.6
Intangible assets	86.9	8.1
Available-for-sale financial assets	396.3	34.2
Loans receivable and other assets	90.0	221.8
Gain from extinguishment of financial liabilities	(140.5)	—
Gain on repurchase of convertible bonds	(67.4)	—
Fair value gain on non-controlling interests retained after disposal of partial interest in a subsidiary	(319.1)	—
Gain on previously held equity interests as jointly controlled entities and associated companies	(88.9)	—
Dividend income from available-for-sale financial assets	(111.6)	(109.8)
Share option expenses	105.0	186.0
Operating profit before working capital changes	3,360.8	5,159.6
Decrease/(increase) in stocks	39.8	(179.0)
Increase in properties for/under development and held for sale	(9,098.4)	(4,623.0)
(Increase)/decrease in debtors and prepayments	(2,412.3)	1,757.1
Increase in cash held on behalf of customers	(556.1)	(1,063.4)
Increase in creditors and accrued charges	1,148.9	2,385.3
Increase/(decrease) in short-term bank loans for advances to customers of securities business	1,593.6	(5,682.9)
Net cash used in operations	(5,923.7)	(2,246.3)

Notes to the Financial Statements (Continued)

48 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) ACQUISITION OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m
Net assets acquired		
Investment properties	1,040.0	880.8
Property, plant and equipment	84.7	469.4
Leasehold land and land use rights	253.8	385.5
Interests in jointly controlled entities	—	1,032.6
Properties under development	766.1	—
Properties held for sale	53.6	—
Stocks	—	6.2
Debtors and prepayments	58.5	68.1
Cash and bank balances	129.4	19.7
Creditors and accrued charges	(618.2)	(65.5)
Balances with a jointly controlled entity and associated companies	(166.7)	—
Current tax payable	(41.9)	—
Deferred tax liabilities	(210.2)	(199.2)
Long-term borrowings	(219.9)	(301.1)
Loan from non-controlling shareholders	—	(499.9)
Non-controlling interests	—	29.9
	1,129.2	1,826.5
Interests originally held by the Group as jointly controlled entities and associated companies	(516.3)	(892.3)
	612.9	934.2
Goodwill on acquisition	40.6	5.9
Excess of the fair value of net assets acquired over the cost of acquisition of interests of subsidiaries	(50.9)	(115.3)
Gain on previously held equity interests as jointly controlled entities and associated companies	(88.9)	—
Consideration	513.7	824.8
Satisfied by:		
Cash consideration	513.7	642.2
Available-for-sale financial assets	—	182.6
	513.7	824.8

(c) ANALYSIS OF NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF ACQUISITION OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m
Cash consideration	(513.7)	(642.2)
Cash and bank balances acquired	129.4	19.7
	(384.3)	(622.5)

Notes to the Financial Statements (Continued)

48 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(d) DISPOSAL OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m
Net assets disposed		
Investment properties	11.9	—
Property, plant and equipment	23.5	28.9
Leasehold land and land use right	0.7	5.7
Intangible concession rights	115.9	—
Interests in jointly controlled entities and associated companies	(651.7)	0.4
Available-for-sale financial assets	225.0	—
Properties under development	2,858.8	605.5
Properties held for sale	80.9	—
Stocks	11.5	6.9
Debtors and prepayments	306.0	70.8
Cash and bank balances	217.0	68.6
Creditors and accrued charges	(291.5)	(352.3)
Current tax payable	(6.1)	(0.4)
Loans from non-controlling shareholders	(66.0)	(10.0)
Borrowings	(1,261.1)	(56.8)
Deferred tax liabilities	(7.8)	(45.0)
Non-controlling interests	(230.5)	(70.1)
	1,336.5	252.2
Interest retained by the Group as a jointly controlled entity	(963.1)	—
	373.4	252.2
Realisation of reserves upon disposal		
Other reserves	—	(41.5)
Exchange reserve	(188.7)	(23.2)
Net profit on disposal of subsidiaries	604.7	47.4
Fair value gain on non-controlling interests retained after disposal of partial interest in a subsidiary	319.1	—
Consideration	1,108.5	234.9
Satisfied by:		
Cash consideration	1,054.6	234.9
Debtors and prepayments	53.9	—
	1,108.5	234.9

Notes to the Financial Statements (Continued)

48 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(e) ANALYSIS OF NET INFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF DISPOSAL OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m
Cash consideration	1,054.6	234.9
Cash and bank balances disposed	(217.0)	(68.6)
	837.6	166.3

(f) DECONSOLIDATION OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m (restated)
Balances deconsolidated		
Property, plant and equipment	—	1.2
Intangible concession rights	—	178.2
Interests in jointly controlled entities	—	938.2
Deferred tax assets	—	0.2
Debtors and prepayments	—	1.0
Cash and bank balances	—	29.4
Creditors and accrued charges	—	(21.3)
Loans from non-controlling shareholders	—	(202.7)
Non-controlling interests	—	(66.3)
Exchange reserve	—	(23.6)
	—	834.3
Included under interests in jointly controlled entities	—	(824.0)
Included under interests in associated companies	—	(10.3)
	—	—

In last year, the Group entered into agreements with its joint venture partners in respect of certain subsidiaries, whereby the Group would not maintain the control of these subsidiaries and has therefore deconsolidated these subsidiaries.

(g) ANALYSIS OF NET INFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE DECONSOLIDATION OF SUBSIDIARIES

	2009 HK\$m	2008 HK\$m
Cash and bank balances deconsolidated	—	(29.4)

Notes to the Financial Statements (Continued)

49 BUSINESS COMBINATIONS

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

	HK\$m
Consideration transferred	—
Fair value of equity interest held in Haikou New World before the business combination	192.7
	192.7

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

	HK\$m
Property, plant and equipment	1.2
Properties under development	125.0
Properties held for sale	39.8
Debtors and prepayments	42.4
Cash and bank balances	108.9
Creditors and accrued charges	(50.9)
Balance with a jointly controlled entity	(8.6)
Current tax payable	(5.7)
Deferred tax liabilities	(8.5)
Total identifiable net assets	243.6
Excess of the fair value of net assets acquired over the cost of acquisition of interests of a subsidiary	(50.9)
	192.7

Since the date of acquisition, Haikou New World contributed revenues of approximately HK\$33.8 million and incurred loss of approximately HK\$1.7 million. If the acquisition had occurred on 1 July 2008, there would not have a material effect on the Group's revenues and profit for the year.

The Group has benefited from the appreciation in the fair value of the acquired assets over the years. For the purpose of the business combination, the Group recognised a gain of HK\$14.3 million as a result of measuring at fair value of its 60% equity interest in Haikou New World before the business combination and excess of fair value of net assets acquired over cost of acquisition of interests in a subsidiary was resulted.

Notes to the Financial Statements (Continued)

49 BUSINESS COMBINATIONS (Continued)

- (b) In March 2009, the Group, through NWCL, acquired additional 50% equity interest in Faith Yard Property Limited ("Faith Yard"), which is engaged in property investment, for a consideration of HK\$319.7 million. As a result, Faith Yard became a wholly-owned subsidiary of the Group. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$m
Consideration transferred	319.7
Fair value of equity interest held in Faith Yard before the business combination	291.4
	611.1

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

	HK\$m
Investment properties	1,040.0
Property, plant and equipment	80.4
Leasehold land and land use rights	253.8
Debtors and prepayments	4.4
Creditors and accrued charges	(449.0)
Balance with an associated company	(150.2)
Current tax payable	(36.2)
Deferred tax liabilities	(160.3)
Total identifiable net assets	582.9
Goodwill	28.2
	611.1

Since the date of acquisition, Faith Yard contributed revenues of approximately HK\$6.5 million and profit of approximately HK\$1.5 million. If the acquisition had occurred on 1 July 2008, there would not have a material effect on the Group's revenue and profit for the year.

For the purpose of the business combination, the Group recognised a gain of HK\$9.2 million as a result of measuring at fair value of its 50% equity interest in Faith Yard.

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

Notes to the Financial Statements (Continued)

49 BUSINESS COMBINATIONS (Continued)

- (c) In March 2009, the Group, through NWCL, acquired additional 60% equity interest in Zhaoqing New World Property Development Limited ("Zhaoqing New World") which is engaged in property development, for a consideration of HK\$194.0 million. As a result, Zhaoqing New World became a wholly-owned subsidiary of NWCL. Details of consideration paid and the fair value of the equity interest held at the acquisition date are as follows:

	HK\$m
Consideration transferred	194.0
Fair value of equity interest held in Zhaoqing New World before the business combination	121.1
	315.1

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

	HK\$m
Property, plant and equipment	3.1
Properties under development	641.1
Properties held for sale	13.8
Debtors and prepayments	11.7
Cash and bank balances	20.5
Creditors and accrued charges	(118.3)
Balance with an associated company	(7.9)
Deferred tax liabilities	(41.4)
Long-term borrowings	(219.9)
	302.7
Total identifiable net assets	302.7
Goodwill	12.4
	315.1

Since the date of acquisition, Zhaoqing New World contributed revenues of approximately HK\$113.1 million and profit of approximately HK\$3.3 million. If the acquisition had occurred on 1 July 2008, there would not have a material effect on the Group's revenues and profit for the year.

For the purpose of the business combination, the Group recognised a gain of HK\$65.4 million as a result of measuring at fair value of its 40% equity interest in Zhaoqing New World.

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

Notes to the Financial Statements (Continued)

50 RELATED PARTY TRANSACTIONS

In addition to those disclosed in other sections of the financial statements, the following significant related party transactions have been entered into by the Group during the year:

	2009 HK\$m	2008 HK\$m
Jointly controlled entities		
Provision of contracting work services (note (a))	190.8	927.9
Interest income (note (b))	479.7	438.1
Trademark fee income (note (c))	29.1	60.9
Associated companies		
Rental income (note (d))	—	6.5
Interest income (note (b))	0.4	2.7
Related companies		
Provision of contracting work services (note (a))	36.0	51.9
Rental income (note (d))	70.8	65.1
Management fee expenses (note (e))	92.8	69.4
Accounts payable (note (f))	93.3	292.4

Notes:

- (a) Revenue from provision of contracting work is principally charged in accordance with respective contracts.
- (b) Interest income is charged at interest rates as specified in notes 23(a) and 24(b) on the outstanding amounts.
- (c) Trademark fee income is charged at annual fee as specified in the contract.
- (d) Rental income is charged in accordance with respective tenancy agreements.
- (e) Management fee expenses are charged at rates in accordance with relevant contracts.
- (f) The accounts payable are unsecured, interest free and are repayable on demand.
- (g) The balances with jointly controlled entities and associated companies are disclosed in notes 23 and 24 respectively.
- (h) No significant transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 16.
- (i) During the year, NWCL acquired additional 25.0% interest in Ramada Property Ltd., 50.0% interest in Faith Yard Property Limited, 60.0% interest in Fortune Star Worldwide Limited and 5.9% interest in Shanghai New World Huai Hai Property Development Co., Ltd. for a consideration of HK\$351.4 million, HK\$319.7 million, HK\$194.0 million and HK\$174.4 million from Stanley Enterprises Limited ("SEL"), Grand China Enterprises Limited ("GCE") and Golden Wealth Investment Limited ("Golden Wealth") respectively as well as disposed 99.0% interest in Shanghai New World Shangxian Lane Development Ltd and 20.0% interest in Juyi for a consideration of HK\$237.6 million and HK\$382.8 million, to Golden Wealth respectively. SEL, GCE and Golden Wealth are wholly beneficiary owned by a director of NWCL.

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong</i>					
Addlight Investments Limited	9,998	1	—	56	Property investment
	2 ¹	1	—	56	
Advance Planner Limited	100	1	40	51	Property investment
Adwin Top Limited	2	1	—	100	Property investment
All Speed Investment Limited	2	1	100	100	Property investment
AMPL Projects Limited	2	1	—	100	Project management
Anway Limited	1	1	—	57	Duty free operation and general trading
AOS Management Limited	2	1	—	100	Management services
Arlaken Development Limited	40	100	100	100	Investment holding
Atlantic Land Properties Limited	2	1	100	100	Investment holding
auto22.com Limited	5,000,000	1	—	84	Trading of motor vehicles
The Automall Limited	10,000	1	—	84	Car park rental
The Automall Discovery Park Limited	100	1	—	51	Used cars trading centre
Barbican Construction Company, Limited	230,000	100	—	57	Civil engineering
	20,000 ¹	100	—	57	
Billion Earn International Limited	1	1	100	100	Property investment
Billion Huge (International) Limited	950,001	1	—	70	Investment holding
Billion Park Investment Limited	1,000,000	1	—	57	Investment holding
Billionable Investment Limited	4,998	1	—	57	Investment holding
	2 ¹	1	—	57	
Birkenshaw Limited	10,000	1	—	100	Property investment
Blanca Limited	10,000	1	—	100	Investment holding
Bright Moon Company, Limited	200	10	75	75	Property investment
Broadway-Nassau Investments Limited	2	10,000	—	57	Property management
	3,000 ¹	10,000	—	57	
Calpella Limited	2	10	—	100	Property investment
Care & Services Company Limited	15,000,000	1	—	57	Elderly care services
Cheer Best Enterprises Limited	2	1	100	100	Property investment
Cheong Sing Company Limited	10,000	1	100	100	Property investment
Cheong Yin Company Limited	30,000	100	100	100	Property investment
CiF Solutions Limited	10	100	—	57	Provision of information technology solutions
	160,000 ¹	100	—	57	
City Team Development Limited	1,000,000	1	—	83	Property investment
Companion Glory Limited	100	100	—	57	Retail trade of ceramic tiles
Deluxe Sign Limited	1	1	100	100	Property development
Environmental Pioneers & Solutions Limited	1,000	100	—	57	Environmental products and engineering
Extensive Trading Company Limited	8,500,000	1	—	57	Trading of building and engineering materials
	1,500,000 ¹	1	—	57	

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (Continued)</i>					
Far East Engineering Services Limited	766,714	10	—	57	Mechanical and electrical engineering
	233,288 ¹	10	—	57	
Fook Hong Enterprises Company, Limited	10,000	100	100	100	Property investment
Fully H.K. Investments Limited	10,000	1	—	70	Property development
General Security (H.K.) Limited	8,402	100	—	57	Security services
	11,600 ¹	100	—	57	
Gold Queen Limited	5,000	1	100	100	Property investment
Golden Dragon Land Limited	2	10	—	100	Property investment
Gracejoy Investments Limited	1	1	100	100	Property development
Grand Hyatt Hong Kong Company Limited	1,000	1	—	64	Hotel operation
	9,000 ²	1	—	100	
Hamberlin Company, Limited	1,000	100	—	100	Property development
Happy Champion Limited	2	1	100	100	Investment holding
Head Step Limited	2	1	100	100	Property investment
Hip Hing Builders Company Limited	40,000	1,000	—	57	Construction
	10,000 ¹	1,000	—	57	
Hip Hing Construction Company Limited	400,000	100	—	57	Construction and civil engineering
	600,000 ¹	100	—	57	
Hip Hing Engineering Company Limited (formerly known as Ngo Kee Construction Company Limited)	670,000	100	—	57	Building construction
	1 ²	1	—	—	
Hip Hing-Leader JV Limited	10,000	1	—	38	Construction
Hong Kong Convention & Exhibition Centre (Management) Limited	3	1	—	57	Management of Hong Kong Convention and Exhibition Centre ("HKCEC")
	1 ¹	1	—	57	
Hong Kong Island Development Limited	33,400,000	5	6	100	Property investment
Hong Kong Island Landscape Company Limited	1,980,000	10	—	57	Landscaping and project contracting
	20,000 ¹	10	—	57	
Hong Kong Jing-Guang Development Limited	100,000	10	—	52	Investment holding
Hong Kong New World Department Store Company Limited	968,153,000	1	100	100	Department store operation
Hong Kong Ticketing Limited	11,481,580	1	—	57	Ticketing services
Honour Shares Limited	100	1	—	100	Investment holding
International Property Management Limited	450,000	10	—	57	Property management
	95,500 ¹	10	—	48	
Joint Profit Limited	2	1	100	100	Property investment
Kamking Limited	2	1	100	100	Property investment
K11 Concepts Limited	1	1	100	100	Provision of property management consultancy service
Kin Kiu Enterprises, Limited	10,000	1,000	100	100	Investment holding
King Lee Investment Company Limited	300	1,000	100	100	Investment holding
Kiu Lok Property Services (China) Limited	2	1	—	57	Property agency
	2 ¹	1	—	57	management and consultancy

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (Continued)</i>					
Kiu Lok Service Management Company Limited	2	100	—	57	Property management
Kleaners Limited	1,002 ¹	100	—	57	Laundry services
KLPS Group Limited	5,000,000	1	—	57	Investment holding
La Tune Limited	20,000,000	1	—	57	Investment holding
Lingal Limited	2	100	—	100	Property investment
Loyalton Limited	1,800	1	—	70	Investment holding
Macdonnell Hostel Company Limited	200 ¹	1	—	—	
Majestic Engineering Company Limited	2	10	—	100	Property investment
Mega Choice Holdings Limited	2	1	100	100	Hostel operation
Million World Development Limited	30,000	1,000	—	57	Mechanical and electrical engineering
Moral Giant Limited	10,720	1	—	65	Property investment
New China Laundry Limited	100	1	100	100	Property investment
New Town Project Management Limited	1	1	100	100	Property investment
New World China Enterprises Projects Limited	40,000,002	1	—	57	Laundry services
New World China Property Limited	704,000 ¹	1	—	57	Laundry services
New World Department Store (Investment) Limited	2	1	100	100	Project management
New World Department Stores (Holdings) Limited	2	1	—	100	Project management
New World Department Stores Limited	2	1	—	70	Investment holding
New World Development (China) Limited	3	1	—	72	Investment holding
New World Facilities Management Company Limited	2	1	—	72	Provision of management services to department stores
New World Finance Company Limited	2	1	—	70	Investment holding
New World-Guangdong Highway Investments Co. Limited	2 ¹	1	100	100	Investment holding
New World Harbourview Hotel Company Limited	2	1	100	100	Provision of management and operation services for Youth Square
New World Hotel Company Limited	200,000	100	100	100	Financial services
New World Hotel Management Limited	100	100	—	57	Investment holding
New World Hotels (Holdings) Limited	100 ¹	100	—	64	Investment holding
New World Insurance Management Limited	1,000	1	—	64	Hotel operation
New World Investments Limited	9,000 ²	1	—	100	Hotel operation
New World Nominee Limited	40,000,000	1	—	64	Hotel operation
New World Real Estate Agency Limited	1	1	—	70	Hotel management
	576,000,000	0.25	—	64	Investment holding
	100,000	1	—	57	Insurance broking
	2	1	100	100	Property investment
	2	100	100	100	Nominee services
	2	1	100	100	Estate agency

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share HK\$	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (Continued)</i>					
New World Sunlong Communication (HK) Limited	1	1	—	100	Trading of system integration products
New World Tacko (Xian) Limited	10,000	1	—	45	Hotel investment
New World Telecommunications Limited	9,999,998	1	—	100	Telecommunication services
New World Telephone Holdings Limited	200	1	100	100	Investment holding
New World Tower Company Limited	2	10	—	100	Property investment
NWD Finance Limited	2	1	100	100	Financial services
NWS (Finance) Limited	2	1	—	57	Financial services
NWS Holdings (Finance) Limited	1	1	—	57	Financing
NWS Hong Kong Investment Limited	1	1	—	57	Investment holding
Onfill Company Limited	2	1	100	100	Property investment
Paterson Plaza Properties Limited	10,000	1	—	100	Property investment
Peterson Investment Company Limited	10,000	1	100	100	Property investment
Polytown Company Limited	2	10	—	57	Property investment, operation, marketing, promotion and management of HKCEC
	100,000 ¹	10	—	57	
Pontiff Company Limited	10,000,000	1	—	100	Property investment
Pridemax Limited	2	1	—	100	Property investment
Realray Investments Limited	2	1	100	100	Property investment
Richglows Limited	2	1	—	100	Property investment
Sky Connection Limited	100	1	—	57	Duty-free, liquor and tobacco sales
Speed Star Development Limited	2	1	100	100	Property investment
Super Memory Limited	2	1	—	100	Property investment
Super Value Development Limited	10,000	1	80	80	Property investment
Tao Yun Company Limited	2	10	—	100	Property investment
Top Flash Investments Limited	10,000	1	80	80	Property investment
True Hope Investment Limited	4,998	1	—	57	Investment holding
	2 ¹	1	—	57	
Try Force Limited	4,998	1	—	57	Investment holding
	2 ¹	1	—	57	
Tsuen Wan Properties Limited	200	100	—	100	Property investment
Uniformity Security Company Limited	2	100	—	57	Security services
	2,500 ¹	100	—	—	
Urban Parking Limited	10,000,000	1	—	57	Carpark management
Urban Property Management Limited	49,995,498	1	—	57	Property management
	4,502 ¹	1	—	38	
Vibro (H.K.) Limited	20,000,004	3	—	57	Piling, ground investigation and civil engineering

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong (Continued)</i>					
Waihong Environmental Services Limited	400,000	HK\$100	—	57	Cleaning and pest control services
Waking Builders, Limited	20,000	HK\$1,000	—	57	Construction
Waygent Investment Limited	2	HK\$1	100	100	Property investment
Wincy Enterprises Limited	2	HK\$1	100	100	Property investment
Winpo Development Limited	2	HK\$1	100	100	Property investment
World Empire Property Limited	2	HK\$1	100	100	Property investment
Young's Engineering Company Limited	4,000,000	HK\$10	—	57	Mechanical and electrical engineering
<i>Incorporated in the Cayman Islands and operate in Hong Kong</i>					
New World China Land Limited	3,836,471,082	HK\$0.1	66	70	Investment holding
New World Department Store China Limited	1,686,145,000	HK\$0.1	72	72	Investment holding
New World TMT Limited	952,180,007	HK\$1	—	100	Investment holding
NWS Service Management Limited	1,323,943,165	HK\$0.1	—	57	Investment holding
<i>Incorporated and operate in the Philippines</i>					
New World International Development Philippines, Inc	6,988,016	Peso100	—	27	Hotel operation

Represented ordinary share capital, unless otherwise stated

¹ Non-voting deferred shares

² Non-voting preference shares

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Registered capital	Attributable interest ^o (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC</i>				
Beijing Dongfang Huamei Real Estate Development Co., Ltd.	RMB50,000,000	—	64	Land development
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	70	Property sales
Beijing Xintong Media & Advertising Co., Ltd.	RMB100,000,000	—	83	Provision of advertising and media related services
Chengdu Xinyi Real Estate Development Co., Ltd.	US\$99,500,000	—	51	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	62	Property investment and development
Dalian New World Tower Co., Ltd.	US\$136,250,000	—	70	Property investment, development and hotel investment
Dalian Sun Leader Heat Transfer Technology Co., Ltd. (formerly known as Dalian Shang Li De Heat Conduction Technology Co., Limited)	US\$15,700,000	—	85	Development, production and sales of heat transfer device and class A pressure vessel component
Foshan Country Club Co., Ltd.	US\$52,923,600	—	53	Operation of golf club and property development
Foshan Gaoming Xinming Bridge Co., Ltd.	RMB60,000,000	—	17	Operation of toll bridge
Guangxi Beiliu Xinbei Highways Co., Ltd.	RMB59,520,000	—	57	Operation of toll road
Guangxi Rongxian Xinrong Highways Limited	RMB57,680,000	—	57	Operation of toll road
Guangxi Yulin Xinye Highways Co., Ltd.	RMB63,800,000	—	34	Operation of toll road
Guangxi Yulin Xinyu Highways Co., Ltd.	RMB96,000,000	—	37	Operation of toll road
Guangzhou Metropolitan Properties Co., Ltd.	HK\$140,000,000	100	100	Property investment
Guangzhou New World Properties Development Co., Ltd.	HK\$220,000,000	100	100	Property investment
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	—	70	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	—	70	Property development
Guangzhou Xin Sui Tourism Centre Ltd.	HK\$100,000,000	—	70	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	63	Property investment and development
Guiyang New World Real Estate Co., Ltd.	US\$106,550,000	—	85	Property development
Haikou New World Housing Development Limited	US\$8,000,000	—	70	Property development
Harbin New World Department Store Co., Ltd.	RMB126,000,000	—	72	Department store operation
Hip Hing Construction (China) Co., Ltd.	HK\$50,000,000	—	57	Construction

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Registered capital	Attributable interest ^a (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC (Continued)</i>				
Huamei Wealth (Beijing) Technology Co., Ltd.	RMB220,487,000	—	70	Investment holding and property investment
Hubei New World Department Store Co., Ltd.	RMB50,000,000	—	72	Department store operation
Hunan Success New Century Investment Company Limited	RMB375,989,430	—	81	Property development
Jinan New World Sunshine Development Ltd.	US\$33,980,000	—	70	Property development
Nanjing New World Real Estates Co., Ltd.	US\$1,000,000	—	70	Property investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$5,500,000	—	70	Property investment and development
New World (Anshan) Property Development Co., Ltd.	RMB950,000,000	—	70	Property development
New World (China) Investment Limited	US\$130,000,000	—	100	Investment holding
New World China Land Investments Company Limited	US\$40,000,000	—	70	Investment holding
New World Department Store (China) Co., Ltd.	RMB50,000,000	—	72	Department store operation
New World Department Stores Investment (China) Co., Ltd.	US\$80,000,000	—	72	Investment holding
New World Development (Wuhan) Co., Ltd.	US\$49,750,000	—	70	Property investment and development
New World Property (Wuhan) Co., Ltd.	US\$16,000,000	—	70	Property development
New World (Shenyang) Property Development Limited	RMB397,720,000	—	63	Property development
New World Strategic (Beijing) Investment Consultancy Limited	US\$2,400,000	—	100	Investment consultancy
Ningbo Firm Success Consulting Development Co., Ltd.	US\$5,000,000	—	72	Investment holding and provision of consultancy services
Ningbo New World Department Store Co., Ltd.	RMB40,000,000	—	72	Department store operation
Ningbo New World Trendy Department Store Co., Ltd.	RMB20,000,000	—	72	Department store operation
NWS Engineering Ltd.	RMB150,000,000	—	57	Mechanical and electrical engineering
Shanghai Caizi Department Store Co., Ltd.	RMB50,000,000	—	72	Department store operation
Shanghai New World Caixuan Department Store Co., Ltd.	RMB30,000,000	—	72	Department store operation
Shanghai New World Department Store Co., Ltd.	RMB18,000,000	—	72	Department store operation
Shanghai New World Trendy Plaza Co., Ltd.	RMB50,000,000	—	72	Department store operation
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	70	Property investment and hotel operation
Shanxi Xinda Highways Ltd.	RMB49,000,000	—	52	Operation of toll road
Shanxi Xinhuang Highways Ltd.	RMB56,000,000	—	52	Operation of toll road
Shenyang New World Department Store Ltd.	RMB30,000,000	—	72	Department store operation
Shenyang New World Hotel Co., Ltd.	RMB201,520,000	—	70	Hotel operation

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Registered capital	Attributable interest ^o (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC (Continued)</i>				
Shenyang Trendy Property Company Limited	RMB27,880,000	—	72	Property investment
Shenzhen New World Xianglong Network Technology Company Limited	RMB550,000,000	—	100	Exploration of wireless telecommunication network
Shenzhen New World Xianglong Technology Development Company Limited	RMB100,000,000	—	100	Exploration of wireless telecommunication network
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$202,160,000	—	70	Property development
Tianjin New World Department Store Co., Ltd.	US\$5,000,000	—	72	Department store operation
Tianjin New World Trendy Plaza Co., Ltd.	RMB30,000,000	—	72	Department store operation
Tianjin Xin Guang Development Co., Ltd.	US\$4,500,000	—	70	Property investment
Wuhan New World Department Store Co., Ltd. (formerly known as Wuhan New Eagle Development Co., Ltd.)	US\$15,630,000	—	72	Property investment and department store operation
Wuhan New Eagle Properties Co., Limited	US\$2,830,000	—	70	Property investment
Wuhan New World Caixuan Department Store Co., Ltd.	RMB75,000,000	—	72	Department store operation
Wuhan New World Trendy Department Store Co., Ltd.	RMB80,000,000	—	72	Department store operation
Wuhan New World Trendy Plaza Co., Ltd.	RMB50,000,000	—	72	Department store operation
Wuxi New World Department Store Ltd.	US\$5,000,000	—	72	Department store operation
Wuzhou Xinwu Highways Limited	RMB72,000,000	—	30	Operation of toll road
Xiamen New World Xiangyu Warehouse & Processing Zone Limited	US\$5,000,000	—	57	Management consultation
Yunnan New World Department Store Co., Ltd.	RMB10,000,000	—	72	Department store operation
Zhaoqing New World Property Development Limited	US\$13,750,000	—	70	Property development
<i>Incorporated and operate in Macau</i>				
Barbican (Macau) Limited	MOP25,000	—	57	Construction
Hip Hing Engineering (Macau) Company Limited	MOP100,000	—	57	Construction
Majestic Engineering (Macao) Company Limited	MOP25,000	—	57	Mechanical and electrical engineering
Ngo Kee (Macau) Limited	MOP25,000	—	57	Construction
Vibro (Macau) Limited	MOP1,000,000	—	57	Foundation works
Young's Engineering (Macao) Company Limited	MOP100,000	—	57	Mechanical and electrical engineering

^o Profit sharing percentage was adopted for certain PRC entities

Notes to the Financial Statements (Continued)

51 PRINCIPAL SUBSIDIARIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
<i>Incorporated in Bermuda and operate in Hong Kong</i>					
NWS Holdings Limited	2,071,307,860	HK\$1	—	57	Investment holding
Taifook Securities Group Limited	706,448,228	HK\$0.1	—	35	Investment holding
<i>Incorporated in the British Virgin Islands</i>					
Beauty Ocean Limited	1	US\$1	—	57	Investment holding
Brilliant Alpha Investment Limited	1	US\$1	—	70	Investment holding
China Step Limited	100	US\$1	—	70	Investment holding
Eddington Holdings Limited	100	US\$1	—	82	Investment holding
Ever Brisk Limited	1	US\$1	—	70	Investment holding
Faith Yard Property Limited	2	US\$1	—	70	Property investment
Fine Reputation Incorporated	10,000	US\$1	—	100	Investment holding
Fortune Star Worldwide Limited	100	US\$1	—	70	Investment holding
Fotland Limited	1	US\$1	—	100	Investment holding
Hing Loong Limited	10,000	US\$1	—	100	Investment holding
Hinto Developments Limited	1	US\$1	—	70	Investment holding
Lotsgain Limited	100	US\$1	—	100	Investment holding
Magic Chance Limited	1	US\$1	—	70	Investment holding
Melowell Investment Limited	1	US\$1	100	100	Investment holding
New World China Land Finance Limited	1	US\$1	—	70	Financing
New World Enterprise Holdings Limited	1	US\$1	100	100	Investment holding
New World Hotels Corporation Limited	1	US\$1	—	64	Investment holding
New World Industrial Holdings Limited	1	US\$1	—	100	Investment holding
New World Strategic Investment Limited	1	US\$1	100	100	Investment holding
New World Telephone International Limited	1	US\$1	—	100	Provision of telecommunication services
NWS Engineering Group Limited	50,000,000	HK\$1	—	57	Investment holding
NWS Financial Management Services Limited	1	US\$1	—	57	Investment holding
NWS Infrastructure Bridges Limited	1	US\$1	—	57	Investment holding
NWS Infrastructure Management Limited	2	US\$1	—	57	Investment holding
NWS Infrastructure Power Limited	1	US\$1	—	57	Investment holding
NWS Infrastructure Roads Limited	1	US\$1	—	57	Investment holding
NWS Infrastructure Water Limited	1	US\$1	—	57	Investment holding
NWS Ports Management Limited	2	US\$1	—	57	Investment holding
Park New Astor Hotel Limited	101	US\$1	—	100	Property investment
Power Palace Group Limited	1	US\$1	100	100	Investment holding
Quick Wealth Investments Limited	100	US\$1	—	64	Investment holding
Radiant Glow Limited	1	US\$1	—	70	Investment holding
Right Choice International Limited	200	US\$1	—	45	Property investment
Sea Walker Limited	1	US\$1	100	100	Investment holding
Sherson Limited	1	US\$1	100	100	Bond issuer
South Scarlet Limited	1	US\$1	100	100	Hotel operation
Sparkling Rainbow Limited	1	US\$1	—	70	Investment holding
Steadfast International Limited	2	US\$1	100	100	Investment holding
Super Best Development Limited	1	US\$1	100	100	Investment holding
Sweet Prospects Enterprises Limited	1	US\$1	—	70	Investment holding
True Blue Developments Limited	1	US\$1	—	70	Investment holding
Twin Glory Investments Limited	1	US\$1	—	70	Investment holding
Upper Start Holdings Limited	1	US\$1	—	100	Investment holding
Winner World Group Limited	10	US\$1	80	80	Investment holding

Notes to the Financial Statements (Continued)

52 PRINCIPAL JOINTLY CONTROLLED ENTITIES

AS AT 30 JUNE 2009

	Registered capital	Attributable Interest ^a (%)		Principal activities
		To the Company	To the Group	
Equity joint ventures				
<i>Incorporated and operate in the PRC</i>				
ATL Logistics Centre Yantian (Shenzhen) Limited	HK\$3,500,000	—	26	Operation of cargo handling and storage facilities
China United International Rail Containers Co., Limited	RMB2,800,000,000	—	13	Operation of rail container terminal and related business
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	27	Golf Club and resort operation
Guangzhou Development Nansha Power Co., Ltd.	RMB300,000,000	—	13	Generation and supply of electricity
Guangzhou Oriental Power Co., Ltd.	RMB990,000,000	—	14	Generation and supply of electricity
Guangzhou Pearl River Electric Power Fuel Co., Ltd.	RMB359,676,000	—	20	wholesale assembly and storage of fuel
Guangzhou Pearl River Power Company Limited	RMB420,000,000	—	29	Generation and supply of electricity
Guodian Chengdu Jintang Power Generation Co., Ltd.	RMB924,000,000	—	20	Generation and supply of electricity
Kunming Fulintang Pharmaceutical Co., Ltd.	RMB80,000,000	—	52	Pharmaceutical chain stores
The Waterman Co., Limited, Shanghai	US\$19,900,000	—	37	Manufacturing and distribution of distilled water
Wenzhou Zhuangyuan Ao New World International Terminals Company Limited	RMB481,000,000	—	20	Development, operation and management of pier and related business
Xiamen Haicang Xinhaida Container Terminals Co., Limited	RMB226,800,000	—	23	Development, operation and management of pier and related business
Xiamen New World Xiangyu Terminals Co. Ltd.	RMB384,040,000	—	29	Container handling and storage
Co-operative joint ventures				
<i>Incorporated and operate in the PRC</i>				
Beijing-Zhuhai Expressway Guangzhou-Zhuhai Section Company Limited	RMB580,000,000	—	14	Operation of toll road
Beijing Chong Wen-New World Properties Development Co., Ltd.	US\$225,400,000	—	49	Property investment and development
Beijing Chong Yu Real Estate Development Co., Limited	US\$171,840,000	—	49	Property investment and development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	39	Hotel operation
China New World Electronics Limited	US\$57,200,000	—	49	Property investment and development

Notes to the Financial Statements (Continued)

52 PRINCIPAL JOINTLY CONTROLLED ENTITIES (Continued)

AS AT 30 JUNE 2009

	Registered capital	Attributable Interest ^① (%)		Principal activities
		To the Company	To the Group	
<i>Incorporated and operate in the PRC (Continued)</i>				
Guangzhou Fong Chuen New World Property Development Co., Ltd.	RMB330,000,000	—	42	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	42	Property development
Guangzhou Northring Freeway Company Limited	US\$19,255,000	—	37	Operation of toll road
Huishen (Yantian) Expressway Huizhou Company Limited	RMB139,980,000	—	19	Operation of toll road
Huizhou City Huixin Expressway Company Limited	RMB34,400,000	—	29	Investment holding and operation of toll road
Huizhou New World Housing Development Limited	RMB80,000,000	—	44	Property development
New Bei Fang Hotel Ltd.	US\$12,000,000	—	49	Property investment
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	—	42	Property development
Tianjin New World Properties Development Co., Ltd.	US\$12,000,000	—	49	Property development
Tangjin Expressway (Tianjin North Section)				
Tianjin Xindi Expressway Co., Ltd.	RMB93,688,000	—	51 ^②	Operation of toll road
Tianjin Xinlong Expressway Co., Ltd.	RMB99,400,000	—	51 ^②	Operation of toll road
Tianjin Xinlu Expressway Co., Ltd.	RMB99,092,000	—	51 ^②	Operation of toll road
Tianjin Xinming Expressway Co., Ltd.	RMB85,468,000	—	51 ^②	Operation of toll road
Tianjin Xinqing Expressway Co., Ltd.	RMB99,368,000	—	51 ^②	Operation of toll road
Tianjin Xinquan Expressway Co., Ltd.	RMB92,016,000	—	51 ^②	Operation of toll road
Tianjin Xinsen Expressway Co., Ltd.	RMB87,300,000	—	51 ^②	Operation of toll road
Tianjin Xinshi Expressway Co., Ltd.	RMB99,388,000	—	51 ^②	Operation of toll road
Tianjin Xinsi Expressway Co., Ltd.	RMB96,624,000	—	51 ^②	Operation of toll road
Tianjin Xintong Expressway Co., Ltd.	RMB99,448,000	—	51 ^②	Operation of toll road
Tianjin Xintuo Expressway Co., Ltd.	RMB99,316,000	—	51 ^②	Operation of toll road
Tianjin Xinxiang Expressway Co., Ltd.	RMB90,472,000	—	51 ^②	Operation of toll road
Tianjin Xinyan Expressway Co., Ltd.	RMB89,028,000	—	51 ^②	Operation of toll road
Tianjin Xinzhan Expressway Co., Ltd.	RMB89,392,000	—	51 ^②	Operation of toll road
Wuhan Airport Road Development Limited	RMB60,000,000	—	23	Operation of toll road
Wuhan New World Housing Development Limited	RMB96,000,000	—	42	Property development
Wuhan Wuxin Hotel Co., Ltd.	US\$49,750,000	—	42	Hotel investment
Wuxi New City Development Co., Limited	US\$10,400,000	—	26	Hotel operation

^① Percentage of equity interest, in the case of equity joint ventures or profit sharing percentage, in the case of co-operative joint ventures

^② Represented cash sharing ratio

Notes to the Financial Statements (Continued)

52 PRINCIPAL JOINTLY CONTROLLED ENTITIES (Continued)

AS AT 30 JUNE 2009

	Share capital issued [#]		Attributable interest (%)		Principal activities
	Number	Par value per share	To the Company	To the Group	
Companies limited by shares					
<i>Incorporated and operate in Hong Kong</i>					
Asian Success Investments Limited	900	HK\$1	—	33	Property Investment
ATL Logistics Centre Hong Kong Limited	100,000 'A'	HK\$1	—	32	Operation of
	20,000 'B' ^{***}	HK\$1	—	46	cargo handling
	54,918 [*]	HK\$1	100	100	and storage facilities
ATL Logistics Centre Yantian Limited	10,000	HK\$1	—	26	Investment holding
China Aerospace New World Technology Limited	30,000,000	HK\$1	—	50	Investment holding
Direct Profit Development Limited	200,000	HK\$0.05	—	15	Property investment
DP World New World (Tianjin) HK Limited	14,308,000	US\$1	—	29	Investment holding
Far East Landfill Technologies Limited	1,000,000	HK\$1	—	27	Landfill
First Star Development Limited	100	HK\$1	—	29	Property development
Gloryland Limited	900	HK\$1	—	33	Property investment
Grace Sign Limited	1,000	HK\$1	—	30	Property investment
Istaron Limited	4	HK\$1	—	32	Investment holding
Jade Gain Enterprises Limited	100	HK\$1	—	45	Property investment
Ocean Champion Development Limited	10,000	HK\$1	—	50	Property investment
Poly Rising Development Limited	1	HK\$1	—	29	Property development
Sheenity Enterprises Limited	10,000	HK\$1	—	50	Property investment
Super Lion Enterprises Limited	2	HK\$1	50	50	Property investment
Supertime Holdings Limited	100	HK\$1	—	29	Property development
Tate's Cairn Tunnel Company Limited	1,100,000	HK\$0.01	—	17	Operation of toll tunnel
	600,000,000 [*]	HK\$1	—	—	
Wise Come Development Limited	30	HK\$1	—	40	Property investment
<i>Incorporated in the British Virgin Islands and operate in the PRC</i>					
Holicon Holdings Limited	2	US\$1	—	50	Property Investment
Jaidan Profits Limited	2	US\$1	—	50	Property Investment
Jorvik International Limited	2	US\$1	—	50	Property Investment
Orwin Enterprises Limited	2	US\$1	—	50	Property Investment

Notes to the Financial Statements (Continued)

52 PRINCIPAL JOINTLY CONTROLLED ENTITIES (Continued)

AS AT 30 JUNE 2009

	Registered capital/ Share capital issued [#]		Attributable interest (%)		Principal activities
	Number/ Amount	Par value per share	To the Company	To the Group	
<i>Incorporated in the British Virgin Islands</i>					
New World Liberty China Ventures Limited	1,134	US\$1	—	71	Investment holding
	100**	US\$1	—	—	
Newfoundworld Investment Holdings Limited	5	US\$1	—	20	Investment holding
NWS Transport Services Limited	500,000,016	HK\$1	—	29	Investment holding
Success Concept Investments Limited	1,000	US\$1	—	46	Investment holding
<i>Incorporated and operate in Malaysia</i>					
Great Union Properties Sdn. Bhd.	100,000,000	M\$1	—	38	Property investment
	10,000,000 [^]	M\$0.1	—	38	
<i>Incorporated in Hong Kong and operate in the PRC</i>					
Sino-French Holdings (Hong Kong) Limited	1,850,680 'A'	HK\$100	—	—	Investment holding,
	3,559,000 'B'	HK\$100	—	57	operation of water and
	1,708,320 'C'	HK\$100	—	—	electricity plants
Wholly foreign owned enterprises					
<i>Incorporated and operate in the PRC</i>					
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$20,820,000	—	—	41	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	44	Property development
Shanghai Trio Property Development Co., Ltd.	US\$81,000,000	—	—	33	Property development
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	35	Property investment
Unincorporated joint venture (Hong Kong)					
Gammon-Hip Hing Joint Venture	N/A	N/A	—	28	Construction

Represented ordinary shares, unless otherwise stated

* Non-voting deferred shares

** Non-voting preference shares

[^] Redeemable cumulative preference shares

Notes to the Financial Statements (Continued)

53 PRINCIPAL ASSOCIATED COMPANIES

AS AT 30 JUNE 2009

	Registered capital/ Share capital issued [#]		Attributable interest (%)		Principal activities
	Number/ Amount	Par value per share	To the Company	To the Group	
<i>Incorporated and operate in Hong Kong</i>					
Birkenhead Properties and Investments Limited	1,200,000	HK\$1	—	64	Property investment
Ever Light Limited	1,000	HK\$1	40	40	Property investment
Fook Hang Trading Company Limited	100	HK\$100	50	50	Property investment
Global Perfect Development Limited	1,000,000	HK\$1	—	35	Investment holding
Global Winner Limited	2	HK\$1	—	50	Property investment
Joy Fortune Investments Limited	10,000	HK\$1	—	29	Investment holding
Pure Jade Limited	1,000	HK\$1	—	20	Property investment
Quon Hing Concrete Company Limited	200,000	HK\$100	—	28	Production and sales of concrete
Ranex Investments Limited	100	HK\$1	—	10	Property investment
Shun Tak Centre Limited	1,000'A'	HK\$100	—	29	Property investment
	450'B'	HK\$10	—	64	
	550'C'	HK\$10	—	—	
Silver Rich Holdings Limited	2	HK\$1	—	50	Property investment
Silverland Limited	4	HK\$1	50	50	Property investment
Sun City Holdings Limited	8,000,000	HK\$1	—	21	Investment holding
Yargoan Company Limited	150,000	HK\$100	—	24	Stone quarrying
<i>Incorporated in the British Virgin Islands</i>					
East Asia Secretaries (BVI) Limited	300,000,000	HK\$1	—	14	Investment holding
Newton Asia Limited	2	US\$1	50	50	Property investment
Tricor Holdings Limited	7,001	US\$1	—	14	Investment holding
<i>Incorporated and operate in the PRC</i>					
Tianjin Five Continents International Container Terminal Co., Ltd.	RMB1,145,000,000	—	—	10	Operation of container terminal
Zhaoqing Yuezhaio Expressway Co., Ltd.	RMB818,300,000	—	—	14	Operation of toll road
<i>Incorporated in Bermuda and operate in Hong Kong</i>					
CSL New World Mobility Limited	655,886,331	US\$0.3163	—	24	Provision of mobile telecommunications services
Wai Kee Holdings Limited	793,124,034	HK\$0.1	—	15	Investment holding

[#] Represented ordinary shares, unless otherwise stated