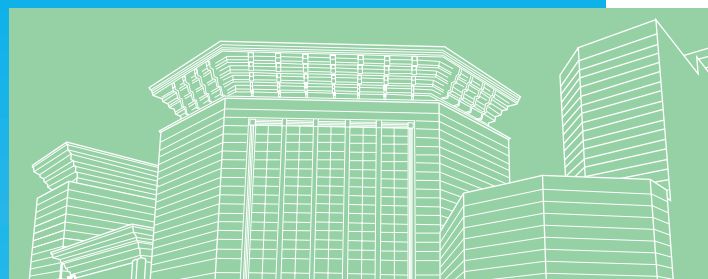




New World China Land Limited



Annual Report 2004



Vision

To bring a New Vision of Living into Reality

As a pioneer in providing quality living and working environments, New World China Land draws on its strong international experience and outlook to bring innovative properties and related services to the motherland, in a spirit that promote greater social responsibility and community advancement. Our untiring efforts to explore new concepts in home-building and to bring them into reality, have helped create a society in which people have better homes and lead better lives.

Transforming city vistas

We have dedicated ourselves to rejuvenating old city districts through comprehensive redevelopment plans. As a living embodiment of China's cosmopolitan life, these have long since developed into vibrant, lively communities characterised by sophisticated residential neighborhoods complete with standard-setting shopping, entertainment and leisure facilities.

Spurring business opportunities

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

Creating modern communities

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

Refining living lifestyle

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

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Confidence-inspiring Management

As part of a business conglomerate with over 30-year experience in property development and investment in Hong Kong, we bring our wealth of professional knowledge and management expertise to bear on our projects in Mainland China. In every step of the project development cycle, from planning, financing, construction, marketing to property management, we inspire a high level of confidence among our customers.

Our management and professional teams are well-versed in best practices in Hong Kong and overseas, and thus able to blend best international practice with homegrown vision and talent to exceed Chinese homebuyers' expectations. As a Hong Kong-listed property developer, we conduct our business in a transparent fashion and within the confines of national and local rules and regulations, to earn the trust of both investors and customers.

Culture of Excellence and Service

Quality is at the heart of everything we do. No matter what market segment we are in, we recognise the importance of offering the best products and services to our customers.

Our long tradition of bringing international-standard property management services to our communities has enabled people to equate our brand with quality properties and comprehensive professional services.

Innovative Mindset and Global Outlook

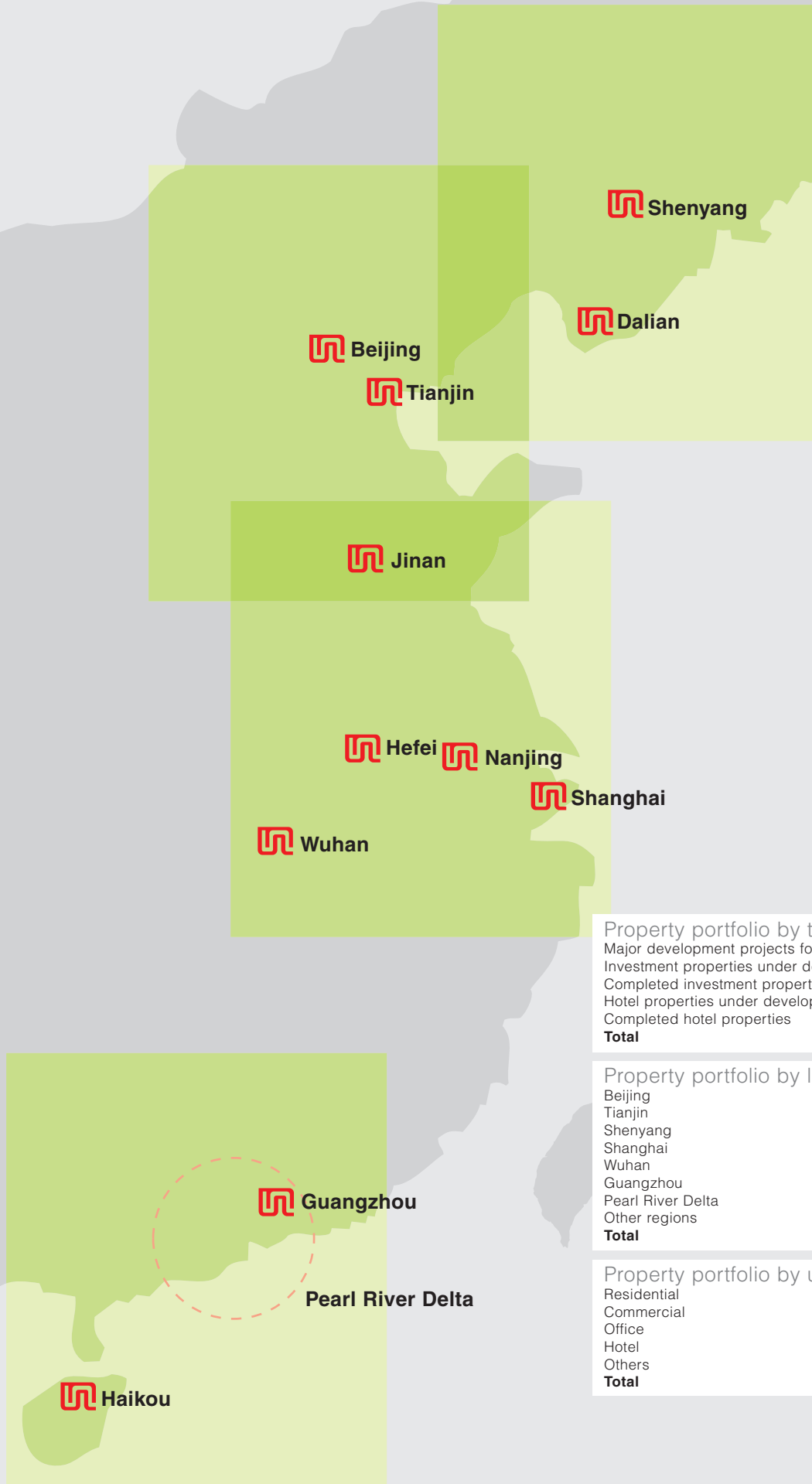
Our trend-setting properties stem from our relentless efforts in adopting leading-edge international property concepts and practices to local markets in China. Our ability to anticipate demand changes has made us a forerunner in various segments in China's property market, from luxurious villas to large-scale residential communities, from multi-purpose complexes to leisure resorts.

Our global perspective unleashes the underlying value of property development, which is the seamless integration of location, quality and developer brand. By embracing this unique insight to the fullest extent, we create products that have stood the test of time and market competition.

Sustainable Development and Social Responsibility

As an enterprise committed to corporate social responsibility, we have undertaken a number of initiatives that advance sustainable development in our communities and have transformed old communities and significantly improved local people's lives.

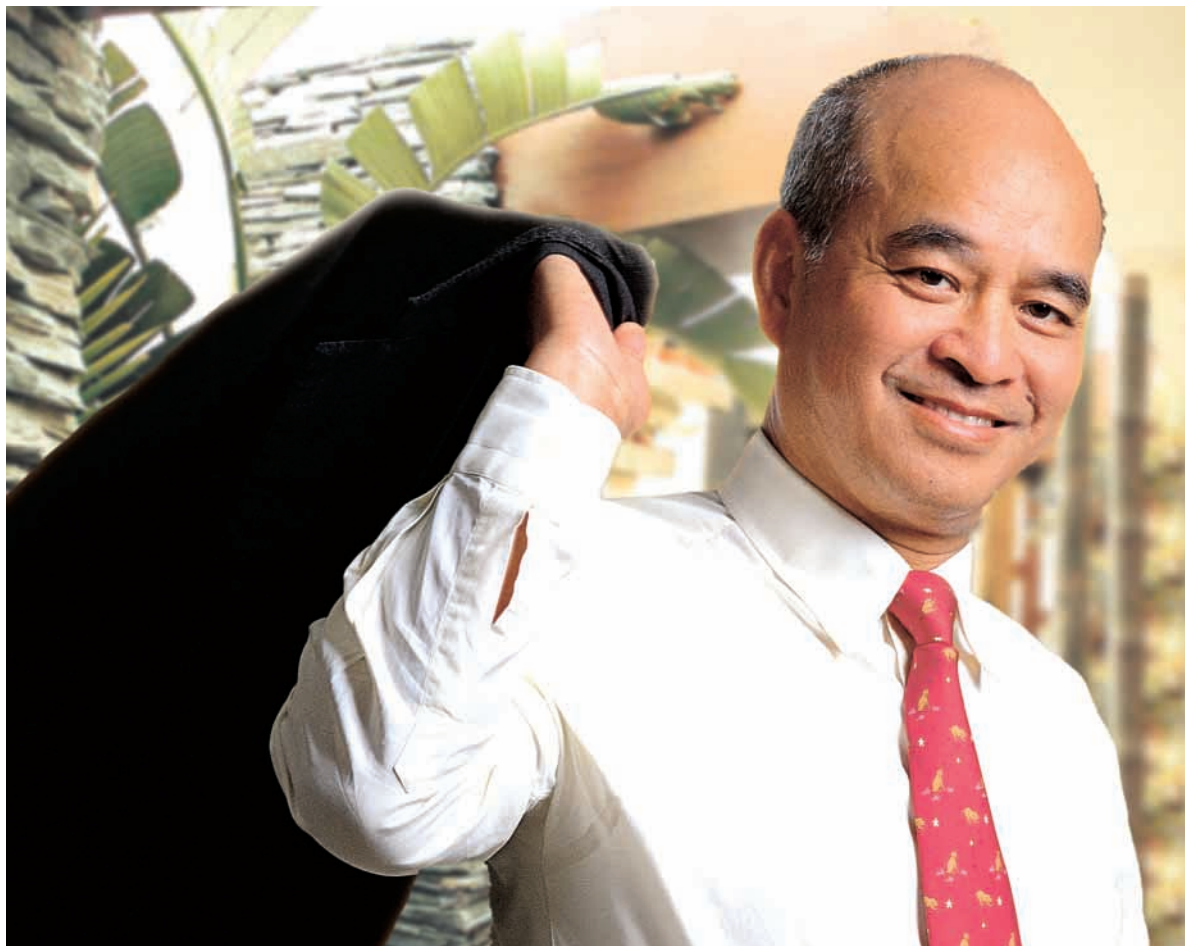
We are mindful of the long-term cultural, aesthetic and sentimental value people attach to city skyline. The ingenuity manifested in the architectural designs of our landmark properties has won high praises from the community and great honours at national competitions.



Property portfolio by type	sq.m.
Major development projects for sale	15,863,636
Investment properties under development	316,048
Completed investment properties	865,854
Hotel properties under development	37,288
Completed hotel properties	150,723
Total	17,233,549

Property portfolio by location	sq.m.
Beijing	3,684,834
Tianjin	280,633
Shenyang	3,051,875
Shanghai	839,695
Wuhan	3,064,373
Guangzhou	4,128,567
Pearl River Delta	1,131,205
Other regions	1,052,367
Total	17,233,549

Property portfolio by usage	sq.m.
Residential	11,365,561
Commercial	1,790,504
Office	936,151
Hotel	220,092
Others	2,921,241
Total	17,233,549



TO OUR SHAREHOLDERS,

New World China Land (“NWCL”) is a well-recognised brand in every city where we have a footprint. In FY2004, NWCL was awarded “2003 Top 50 China Real Estate Enterprises” and “2004 China Blue Chip Property Developer”. Our premium quality products are highly praised by the professionals and end-users. Both Shanghai Hong Kong New World Tower and Wuhan International Trade & Commerce Centre were recently selected by the China Real Estate Top 10 Research Institute as “2004 China New Top 10 Landmark Building”. NWCL is the only company having 2 projects winning this award.

Strong core operations

In FY2004, the Group has recorded a profit of HK\$127.35 million. The significant improvement in results was attributable to improved results in our three major business operations, namely property sales, rental and hotel operations. For the year under review, we have completed a total GFA of 997,283 sq. m. in 10 cities even when the early period was still under the shadow of SARS. The overall sales volume of properties increased by more than 62% to 909,772 sq. m.

Shanghai Hong Kong New World Tower was completed in October 2003 with satisfactory occupancy. The Group's investment portfolio now increased to 1.3 million sq. m. comprising retails, offices, hotels, service apartments and carparks at prime locations of high growth cities.

Austerity measures were released by the Central Government in the second quarter of 2004 to cool down the overheating economy. The tightening in credit control only affects developers with weaker financial position or liquidity problem. The new credit policy has minimal effects on the Group given its good credit history and quality projects.

Confidence in future

NWCL is a national developer in Mainland China. Our portfolio comprises 45 major projects with a total GFA of 17 million sq.m. spanning over 17 high-growth cities. With abundant land reserve, NWCL is at a better position than other developers, especially when new land can only be acquired through public auctions or tenders.

As a pioneer in providing quality living and working environments, NWCL draws on its strong international experience and outlook to bring innovative properties and related services to the motherland, in a spirit that promote greater social responsibility and community advancement. Our untiring efforts to explore new concepts in home-building and to bring them into reality, have helped create a society in which people have better homes and lead better lives.

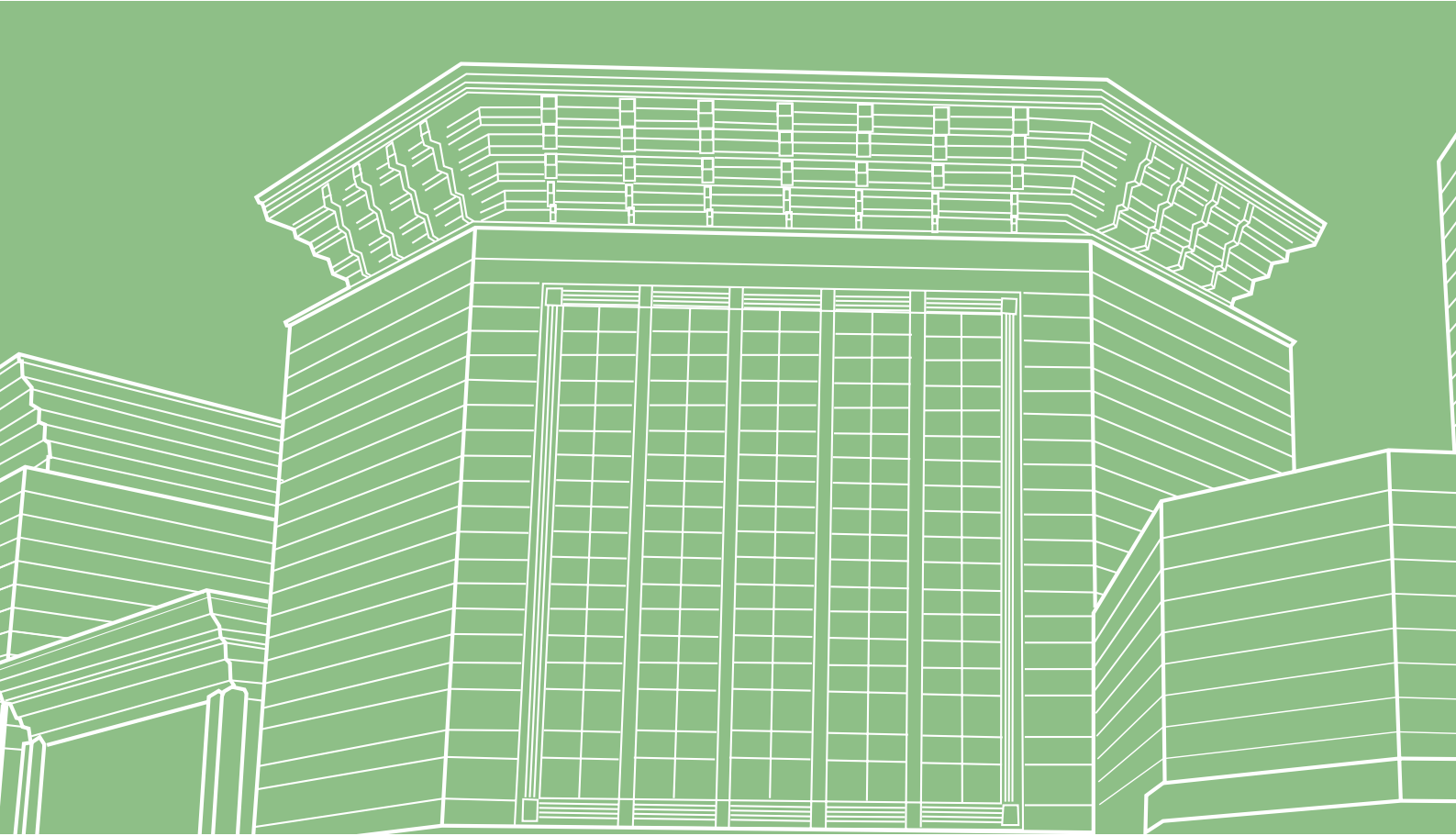
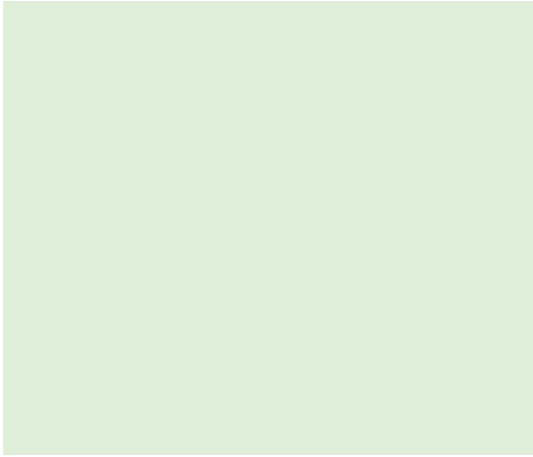
Urbanisation and new household formation in Mainland China will drive the demand for housing. We expect that the residential segment of the market will be benefited favourably from the boosting demand as a result of rising income and urbanisation. The Group will continue focus on producing residential units for sale while gradually building up our rental portfolio to generate stable recurrent income.

Campaigns will be launched to further strengthen the "New World China Land" brand. Our brand equity in Mainland China definitely empowers us to utilise the full potential of all our core operations.

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 15 October 2004





Transforming City Vistas

We have dedicated ourselves to rejuvenating old city districts through comprehensive redevelopment plans. As a living embodiment of China's cosmopolitan life, these have long since developed into vibrant, lively communities characterised by sophisticated residential neighborhoods complete with standard-setting shopping, entertainment and leisure facilities.

Beijing New World Centre is the centrepiece of the Group's portfolio in Beijing's Chongwen District.



HIGHLIGHTS

Beijing is rapidly transforming itself into a modern metropolis, with high-rise buildings sprouting around its key districts, and more of its people embracing fast-paced cosmopolitan lifestyle. As the 2008 Beijing Olympic Games draws nearer, the capital has embarked on massive infrastructural works to prepare for its hosting of the high-profile international sporting event that will accelerate its city development and further strengthen its reputation as a world-class city.

















- Railway station
- ⑦ Beijing Xin Kang Garden

(For project details, please refer to 'Major project profiles' starting from page 134)

Beijing — completion schedule

FY2004	Chateau Regalia Beijing	Residential	121,505	sq.m.
	Beijing Xin Yu Garden Block 3 & 4	Residential	66,540	
	Beijing Xin Yu Garden Block 3 & 4	Commercial	3,986	
	Beijing Xin Kang Garden Phase III	Residential	77,420	
Total			269,451	
FY2005	Beijing New World Garden Phase II	Residential	60,984	
	Beijing Xin Cheng Commercial Building	Office	33,605	
	Beijing Xin Cheng Commercial Building	Commercial	3,359	
	Beijing Xin Yang Commercial Building	Commercial	2,313	
	Beijing Xin Kang Garden Phase III	Residential	7,000	
Total			107,261	
FY2006	Beijing Xin Yi Garden Phase I	Residential	113,084	
	Beijing Xin Yi Garden Phase I	Office	13,027	
	Beijing New View Garden Phase II	Residential	86,536	
	Beijing New View Garden Phase II	Office	6,103	
Total			218,750	

-  Railway station
 -  Metro line
 -  Metro line under development
 -  Subway
 -  Completed development
 -  To be completed next two years
 -  Future development
 -  1 Beijing New World Centre Phase II
 -  3 Beijing New World Garden
 -  4 Beijing Xin Yi Garden
 -  5 Beijing New View Garden
 -  6 Beijing Xin Yu Garden
 -  38 Beijing New World Centre Phase I
 -  42 New World Courtyard Hotel, Beijing
- (For project details, please refer to 'Major project profiles' starting from page 134)

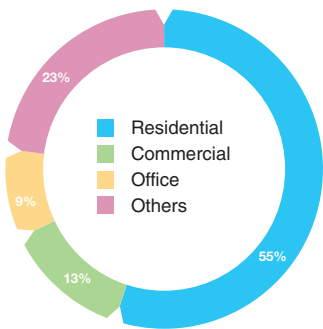


The Group's new projects in Beijing recorded strong sales, with growing demand in Beijing's residential market. As of end of August 2004, both Beijing Xin Kang Garden Phase III and Beijing Xin Yu Garden Block 3 & 4 were sold over 70% of their launched GFA. Situated along Wenyu River, Chateau Regalia Beijing made great progress in the sale and leasing of its villas and service apartments.

PROPERTY PORTFOLIO

There are seven major property development projects with a total GFA of 3,365,856 sq.m.. A saleable GFA of 269,451 sq.m. was completed during the year, including 265,465 sq.m. of residential space and 3,986 sq.m. of commercial space. We expect to build 67,984 sq.m. of residential space, 33,605 sq.m. of office space and 5,672 sq.m. of commercial space in FY2005, and 199,620 sq.m. of residential space and 19,130 sq.m. of office space in FY2006.

Beijing — development properties for sale
Total GFA 3,365,856 sq.m.



INVESTMENT PROPERTIES

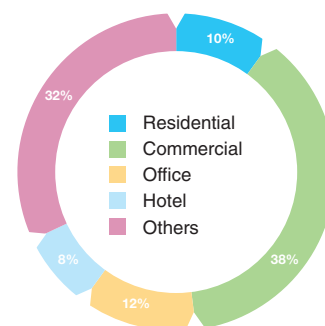
There are five completed investment property projects with a total GFA of 318,978 sq.m..

Benefiting from the growing traffic in Chongwen District, the shopping space of Beijing New World Centre Phase I and Phase II are fully leased, while its office space recorded high occupancy.

New World Courtyard Hotel in Chongwen District recorded an average monthly occupancy rate of over 80% during the year.

Beijing — completed investment properties

Total GFA 318,978 sq.m.



(Top L.) Beijing Xin Yu Garden is a favourite choice among well-educated, well-to-do homebuyers in Chongwen District.

(Bottom L.) Beijing Xin Kang Garden, nestled away in the quiet part of Beijing Economic Technology Development Area.

(R.) A touch of five-star hotel at Beijing Chateau Regalia's clubhouse.

Spanish-style details are apparent in Tianjin New World Garden.



HIGHLIGHTS

Under the stewardship of Tianjin's new mayor, a host of measures have been launched to spur new business opportunities in the city, giving a welcome boost to the city's real estate sector. Among these was the redevelopment on the banks of Hai River, which runs through city's key districts. The first half of year 2004 saw the city's total residential area sold reaching 10 million sq.m., the highest half-year figure ever recorded in the city. Prices of residential properties also recorded significant increase.



- Metro line
- Bridge
- Completed development
- To be completed next two years
- Future development
- Tianjin Xin An Garden
- Tianjin New World Garden
- Tianjin Xin Chun Hua Yuan
- Tianjin New World Plaza

(For project details, please refer to 'Major project profiles' starting from page 134)

Tianjin — completion schedule

FY2004	Tianjin New World Garden Phase I	Residential	40,476	sq.m.
	Tianjin New World Garden Phase I	Commercial	13,750	
	Tianjin New World Garden Phase II	Residential	76,460	
	Tianjin New World Garden Phase II	Commercial	911	
Total			131,597	
FY2006	Tianjin Xin Chun Hua Yuan Phase III	Residential	39,690	
	Tianjin Xin Chun Hua Yuan Phase IV	Residential	49,800	
Total			89,490	

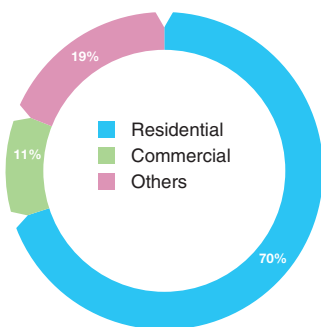
Tianjin New World Plaza, home to a major department store, is a popular shopping mall for residents of Nankai and Heping Districts.



Located at Heping District, Tianjin New World Garden Phase II was launched in the first half of FY2004, and was greeted with an overwhelming response from the market. The residential area of Phase I were sold out in FY2004. Over 75% of launched GFA of Phase II were sold as of June 2004.

The remaining phases of the Group's development projects in Tianjin will be launched in due course to cater to Tianjin's growing demand for quality residential properties in years to come.

Tianjin — development properties for sale
Total GFA 160,233 sq.m.



PROPERTY PORTFOLIO

There are three major property development projects with GFA of 160,233 sq.m.. A saleable GFA of 131,597 sq.m. was completed during the year, including 116,936 sq.m. of residential space and 14,661 sq.m. of commercial space. The Group expects to build 89,490 sq.m. of residential space in FY2006.

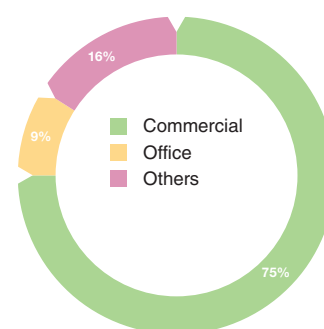
INVESTMENT PROPERTIES

There are two completed investment properties with a total GFA of 120,399 sq.m..

Tianjin New World Plaza and Tianjin Xin Chun Hua Yuan Phase I consist of 90,464 sq.m. of commercial space and a 10,464 sq.m. of office space. High occupancy rates were recorded in both sectors.

Tianjin — completed investment property

Total GFA 120,399 sq.m.



(Top) Glass pyramid entrance to Tianjin New World Garden's clubhouse adds to the property's artistic ambience.

(Bottom L.) Palm Spring, the street shops of Tianjin New World Garden, is a trendy night spot frequented by Tianjin's young and affluent class.

(Bottom R.) Modern, stylish interior design at Palm Spring.

Sunshine Garden sets new standard for modern living in Jinan.



HIGHLIGHTS

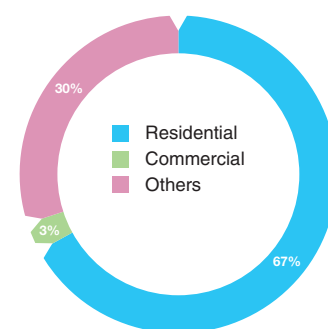
Jinan Sunshine Garden, our residential project in Jinan, comprises high-rise apartments with 360,871 sq.m. of residential space and 16,443 sq.m. of commercial space. As of end of August 2004, launched GFA of Jinan Sunshine Garden Phase I was almost sold out.

PROPERTY PORTFOLIO

In Jinan, the Group has a major property development project with a GFA of 541,014 sq.m.. A saleable GFA of 40,597 sq.m. was completed during the year. We expect to build 13,943 sq.m. and 86,793 sq.m. of residential space in FY2005 and FY2006 respectively.

Jinan — development properties for sale

Total GFA 541,014 sq.m.



Jinan — completion schedule

			sq.m.
FY2004	Jinan Sunshine Garden Phase I	Residential	40,597
	Total		40,597
FY2005	Jinan Sunshine Garden Phase II	Residential	13,943
	Total		13,943
FY2006	Jinan Sunshine Garden Phase II	Residential	86,793
	Total		86,793



Jinan Sunshine Garden's décor emanates continental flavour, is popular among the property's owners.





Spurring business opportunities

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

Like a jewel in the crown, Shanghai Hong Kong New World Tower stands majestically at the heart of Huaihai Road commercial district.








HIGHLIGHTS

The Group's flagship investment property, Shanghai Hong Kong New World Tower was fully completed in the first half of FY2004. Standing on Huaihai Road, the property is Shanghai's brand-new landmark. With direct pedestrian link to Shanghai's metro system and easy access to trendy shopping and dining districts, the 60-storey office complex has become a popular choice for businesses looking for conveniently located Grade-A office space.



-  Light rail transit
-  Metro line
-  Bridge
-  Tunnel
-  Shanghai Zhongshan Square
-  Shanghai Hong Kong New World Garden
-  Shanghai Hong Kong New World Tower
-  Shanghai Ramada Plaza
-  Mayfair Hotel Shanghai

(For project details, please refer to 'Major project profiles' starting from page 134)

-  Bridge
-  Completed development
-  Future development
-  World Expo Sites
-  Shanghai Hong Kong New World Garden

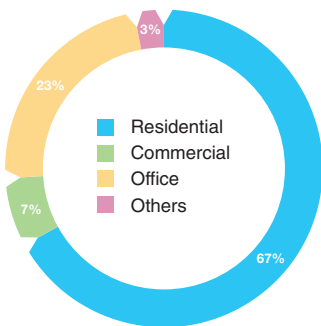


Shanghai — completion schedule

			sq.m.
FY2004	Shanghai Hong Kong New World Tower	Commercial	52,540
	Shanghai Hong Kong New World Tower	Office	57,509
Total			110,049

Shanghai — development properties for sale

Total GFA 568,178 sq.m.



Under the city government’s master development plan, Shanghai Hong Kong New World Garden, the Group’s residential property overlooking the well-known Huangpu River, is part of the site area for Shanghai World Expo 2010. The project’s unique location allows it to take advantage of expected increase in homebuyers’ interest in this area.

PROPERTY PORTFOLIO

There are two major property development projects with GFA of 568,178 sq.m.. Shanghai Zhongshan Square Phase III and the remaining phases of Shanghai Hong Kong New World Garden are under planning.

INVESTMENT PROPERTIES

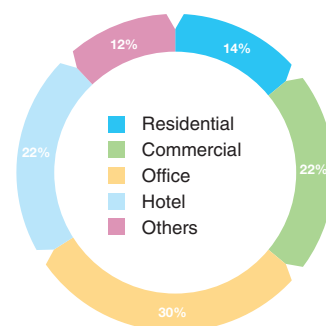
There are three completed investment properties with GFA of 271,517 sq.m.. A total of 52,540 sq.m. of commercial area and 57,509 sq.m. of office area were completed during the year.

Capitalizing on the buoyant property market in Shanghai, both Shanghai Hong Kong New World Tower and Shanghai Ramada Plaza are providing strong rental revenue to the Group.

Mayfair Hotel Shanghai, the largest 4-star hotel in Shanghai with over 860 guest rooms recorded high occupancy rates during the period under review. Apartment Belvedere of Shanghai Ramada Plaza recorded over 85% occupancy rate as of end June 2004.

Shanghai completed investment properties

Total GFA 271,517 sq.m.



At the executive lounge (top L.), standard suite (top R.), or the lobby lounge (bottom), Mayfair Hotel Shanghai lives up to what is expected of a brand new high-class hotel in Shanghai.

Dalian New World Plaza and Manhattan Towers, with their sophisticated classical design, enrich the skyline of Dalian's CBD.



HIGHLIGHTS

The Group's portfolio in Dalian consists of high-end shopping arcade, Dalian New World Plaza and residential apartments, Dalian Manhattan Towers. Leasing for the retail space and sale for the residential units both enjoyed satisfactory growth, partly due to government's plan to enhance the attractiveness of the famous pedestrian shopping avenue, Tianjin Street, on which the project commands a prime location.

PROPERTY PORTFOLIO

There is one major property development project, Dalian Manhattan Tower I and II, consists of 62,037 sq.m. of saleable GFA. A total of 55,005 sq.m. of saleable GFA were completed during the year.

INVESTMENT PROPERTY

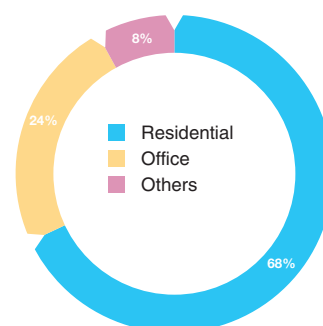
Dalian New World Plaza consists of 69,196 sq.m. of commercial space, of which around 32,000 sq.m. was leased by Dalian New World Department Store.

Dalian — completion schedule

FY2004			sq.m.
	Dalian Manhattan Tower II	Residential	39,787
	Dalian Manhattan Tower II	Office	15,218
Total			55,005

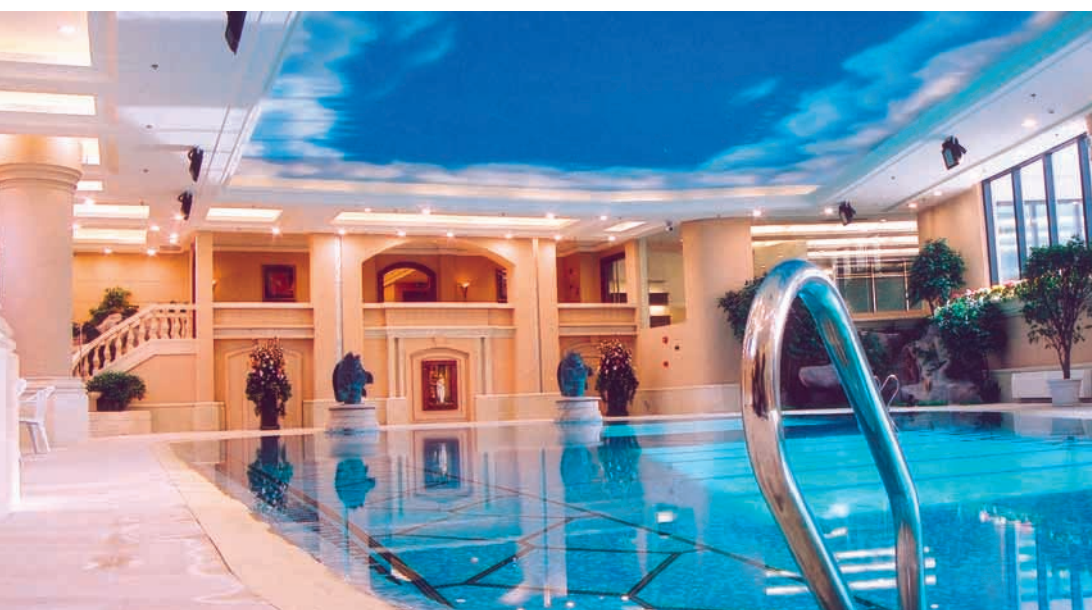
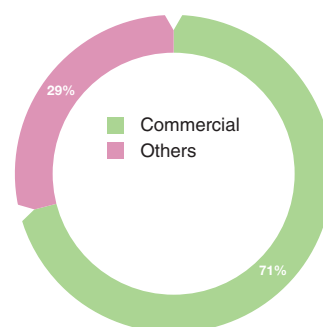
Dalian — development property for sale

Total GFA 62,037 sq.m.



Dalian — completed investment property

Total GFA 69,196 sq.m.



Dalian Manhattan Tower clubhouse features a swimming pool in Romanesque style.




Shenyang New World Garden's Riverside View Court enjoy a scenic view of the water feature garden and Hun River, a rarity in the city.



HIGHLIGHTS

Shenyang New World Garden, the Group's flagship residential project in Shenyang, belongs to a class of large-scale community residential estates rarely found in Northern China. In addition to setting the city's highest selling price for residential property, the project has enjoyed great popularity among homebuyers. Out of the launched GFA, 80% of the newly completed high-rise residential blocks of the project's phase I were sold as of end August 2004.



-  Bridge
 -  Completed development
 -  Future development
 -  Shenyang New World Garden
- (For project details, please refer to 'Major project profiles' starting from page 134)

Shenyang — completion schedule

FY2004	Shenyang New World Garden Phase IC	Residential	sq.m. 98,023
Total			98,023



Shenyang New World Garden's Club Royale, designed to the standard of a first-class private club.

(Bottom L.) Club Royale boasts an all-season swimming pool, rarely found in the Northern Chinese city, where snowy winter can last for months.

(Bottom M.) The international-standard indoor gymnasium of Club Royale is a popular venue for such social events as wedding banquet, mini concert and sports game.



Launched by the city government, the “Golden Corridor” project is set to turn the adjoining Qingnian Street into a business corridor, which, together with the technology centre under planning at Sanhao Street, will form a cradle of high-value businesses for Shenyang New World Garden. Easy accessibility to the city’s new commercial and shopping areas will be a unique appeal for the project’s future phases, on top of the captivating view offered by its bordering Hun River.

PROPERTY PORTFOLIO

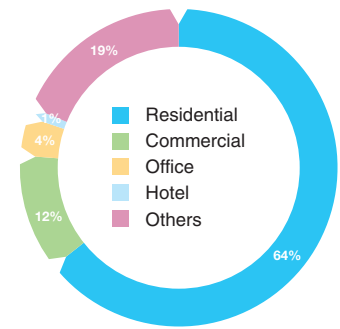
There is one major property development project with GFA of 3,019,675 sq.m. A total of 98,023 sq.m. of saleable GFA were completed during the year.

INVESTMENT PROPERTY

During the year under review, the average occupancy rate of New World Hotel, Shenyang, which comprises a GFA of 32,200 sq.m. and offering 261 guest rooms, was over 70%. Hotel’s podium was fully leased to Shenyang New World Department Store, and contributed stable rental income to the Group.

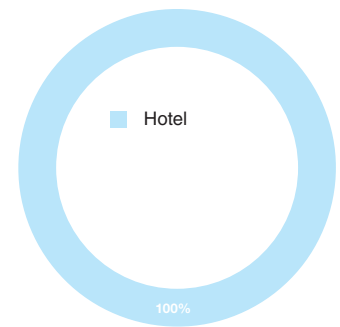
Shenyang — development property for sale

Total GFA 3,019,675 sq.m.

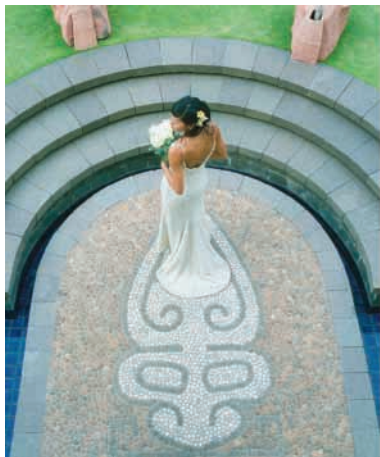


Shenyang — completed investment property

Total GFA 32,200 sq.m.



(R.) A tranquil corner of Shenyang New World Garden.





Creating modern communities

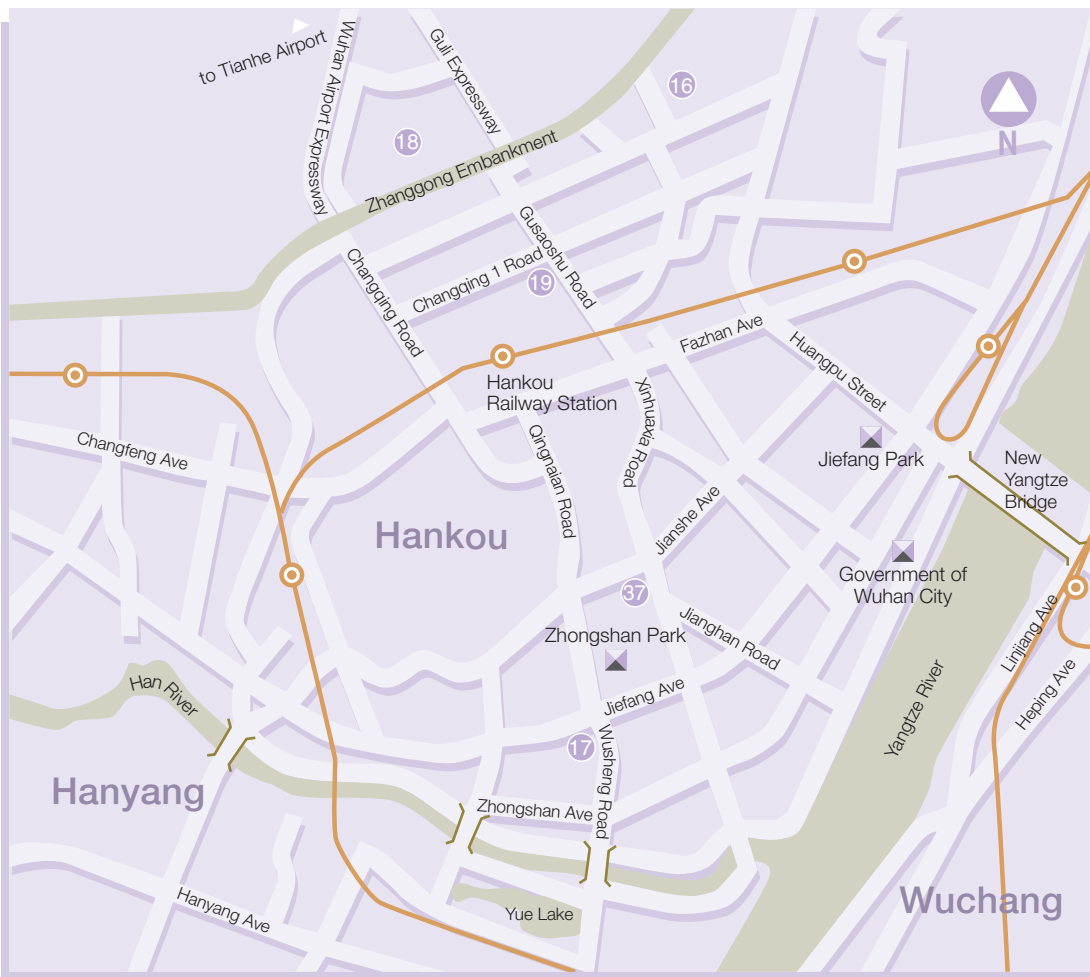
We pride ourselves on having created massive self-contained communities that nurture family living and promote a healthy cultural and social life.









Artist's impression of Wuhan International Trade & Commerce Centre office tower, now under construction.



HIGHLIGHTS

As the transportation hub in Central China, Wuhan's investments in real estate development reached RMB8 billion in the first half of year 2004. This represents a 50% increase over the same period last year, and put the city's property market on par with those of other second-tier Chinese cities.



-  Railway station
-  Bridge
-  Embankment
-  Wuhan Menghu Garden
-  Wuhan New World Centre
-  Wuhan Changqing Garden
-  Wuhan Xin Hua Garden
-  Wuhan International Trade and Commerce Centre

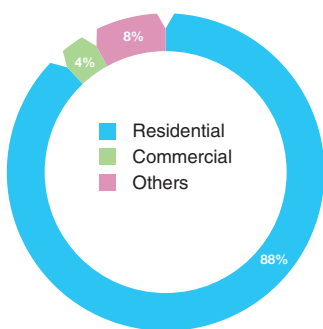
(For project details, please refer to 'Major project profiles' starting from page 134)

Wuhan — completion schedule

			sq.m.
FY2004	Wuhan Menghu Garden Phase IA	Residential	12,098
Total			12,098
FY2005	Wuhan Menghu Garden Phase IB	Residential	13,223
	Wuhan Xin Hua Garden Phase II	Residential	39,073
	Wuhan International Trade & Commerce Centre Phase III	Office	44,840
Total			97,136
FY2006	Wuhan Menghu Garden Phase II	Residential	23,258
	Wuhan Changqing Garden Phase V	Residential	142,936
	Wuhan Changqing Garden Phase V	Commercial	2,756
	Wuhan Xin Hua Garden Phase III	Residential	82,993
Total			251,943

Wuhan — development properties for sale

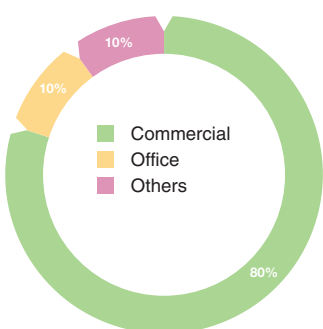
Total GFA 2,651,148 sq.m.



Wuhan Xin Hua Garden enjoys a convenient location, where a wide range of amenities are within walking distance.

Wuhan — completed investment properties

Total GFA 99,671 sq.m.



Overlooking the Wuhan's Tazi Lake, Wuhan Menghu Garden is a villa-type residential project in downtown Wuhan. During the year under review, over 90% of the property's launched GFA were sold.

The success of Wuhan Changqing Garden's first four phases in creating large-scale residential communities established a strong reputation among homebuyers in Wuhan. Riding on the project's brand name, Phase V was launched in September 2004 to capture the city's growing demand for housing.

PROPERTY PORTFOLIO

There are four major property development projects with GFA of 2,651,148 sq.m. A saleable GFA of 12,098 sq.m. was completed during the year. We expect to build 52,296 sq.m. of residential space in FY2005 and a further 249,187 sq.m. of residential space and 2,756 sq.m. of commercial space in FY2006.

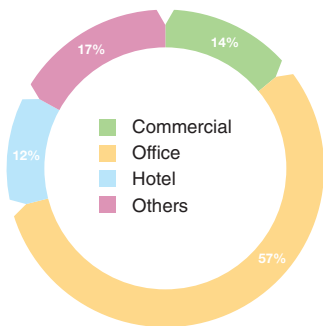
INVESTMENT PROPERTIES

There are three completed investment property projects and three investment properties under development with 99,671 sq.m. and 313,554 sq.m. respectively. We expect to complete 44,840 sq.m. of office space in FY2005.

Wuhan International Trade and Commerce Centre Annex Building provides 9,963 sq.m. of office space. The occupancy rate of the office space was over 75% during the year under review.

Wuhan — investment properties under development

Total GFA 313,554 sq.m.



NANJING

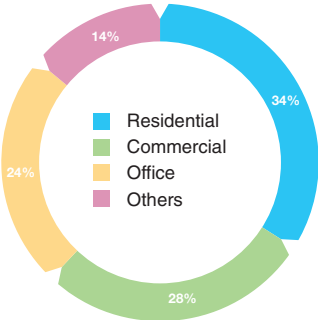
HIGHLIGHTS

Nanjing New World Centre is a unique multi-use complex in the city, offering residential, commercial and office space. Benefiting from its prime location in the city’s business district and comprehensive facilities, the property sold over 75% of its launched GFA during the year under review.

PROPERTY PORTFOLIO

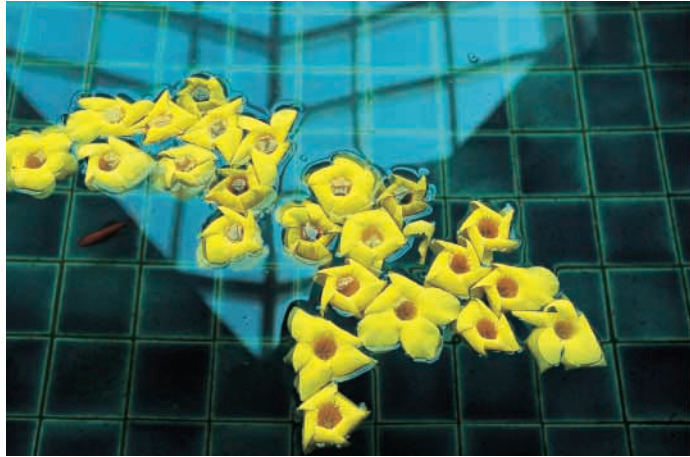
There is one major property development project with a GFA of 147,104 sq.m.. A total of 70,363 sq.m. of saleable GFA were completed during the year. We expect to build 36,628 sq.m. of residential space, 35,875 sq.m. of office space and 41,206 sq.m. of commercial space in FY2005.

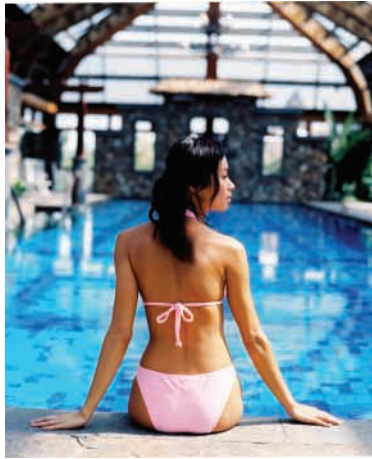
Nanjing — development property for sale
Total GFA 147,104 sq.m.



Nanjing — completion schedule

			sq.m.
FY2004	Nanjing New World Centre	Residential	70,363
	Total		70,363
FY2005	Nanjing New World Centre	Residential	36,628
	Nanjing New World Centre	Office	35,875
	Nanjing New World Centre	Commercial	41,206
	Total		113,709





Refining Living Lifestyle

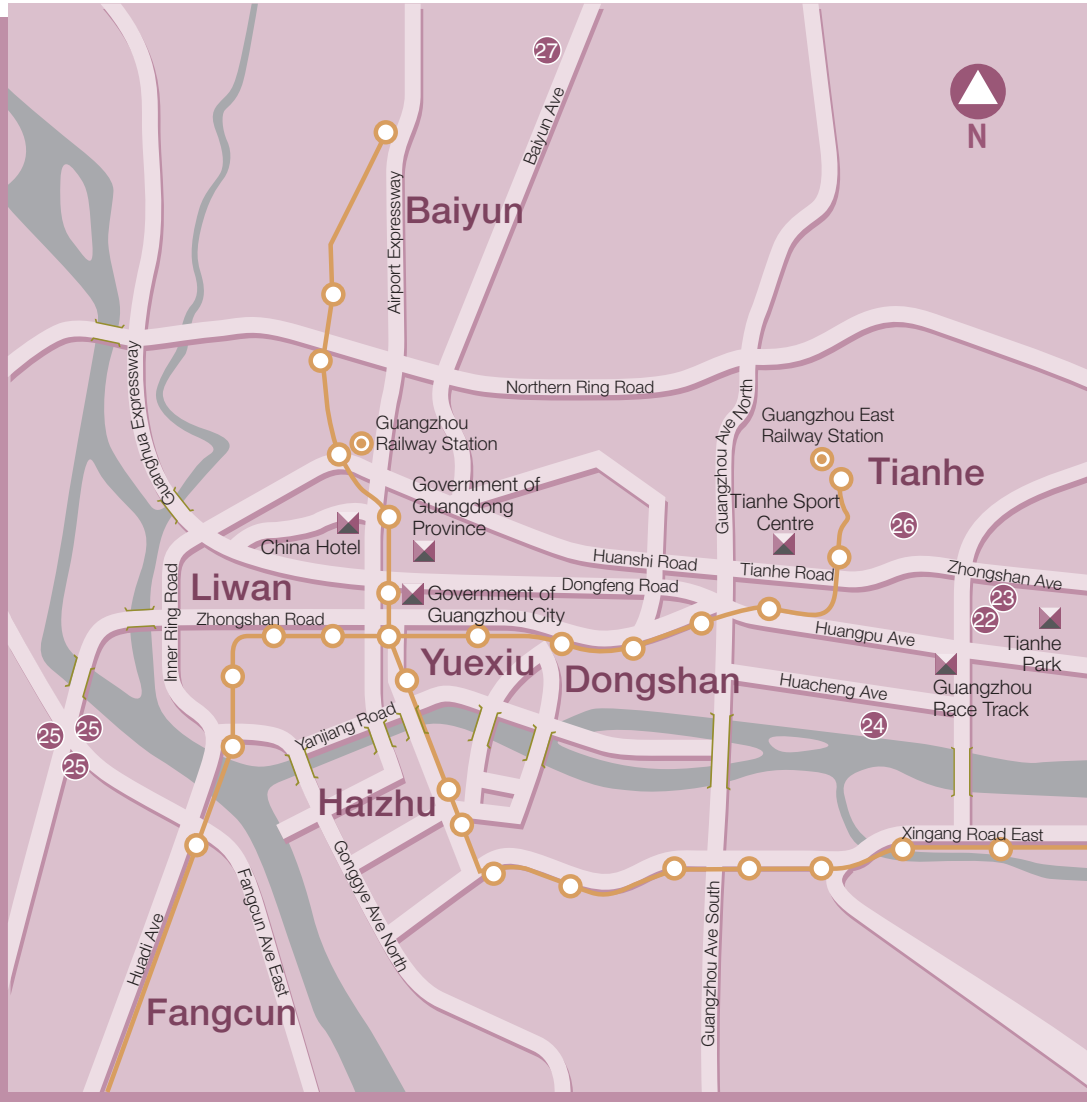
Our resort-style residential properties bring together exotic tropical landscape and mood-inspiring architecture. In addition to redefining aesthetic standards and envisioning a new way of living, we enable owners and residents to experience for themselves the exquisite sensual lifestyle well received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


Prosperity is just a short walk away from Guangzhou Central Park-view, a luxury property situated at the heart of Guangzhou's new CBD.



HIGHLIGHTS

As the Group's luxury residential project in Guangzhou, Central Park-view is situated in Pearl River New Town, Tianhe District, destined to be Guangzhou's future CBD. The project's soon-to-open central square boasts a 70,000 sq.m. mix of service apartment, office and open air continental-style retail and catering promenade rarely seen in other developments in the city. Also in Tianhe District, the Group's New World Oriental Garden is a favorite for the young and creative classes.



-  Railway station
-  Metro Line
-  Bridge
-  Guangzhou Dong Yi Garden
-  Guangzhou New World Oriental Garden
-  Guangzhou Central Park-view
-  Guangzhou Covent Garden
-  Guangzhou Concord New World Garden
-  Guangzhou Park Paradise

(For project details, please refer to 'Major project profiles' starting from page 134)

Guangzhou — completion schedule

			sq.m.
FY2004	Guangzhou New World Oriental Garden Phase I	Residential	117,715
	Guangzhou Central Park-view Phase I	Residential	62,704
	Guangzhou Covent Garden Phase II	Residential	28,918
	Guangzhou Xintang New World Garden Phase II	Residential	49,913
Total			259,250
FY2005	Guangzhou Central Park-view Phase IB	Residential	73,964
	Guangzhou Central Park-view Phase IB	Commercial	13,118
	Guangzhou Central Park-view Phase IB	Office	3,714
	Guangzhou Central Park-view Phase IB (service apartment)	Residential	22,950
	Guangzhou Covent Garden Phase II	Residential	67,896
	Guangzhou Park Paradise Phase IIB & IIC	Residential	74,729
	Guangzhou Park Paradise Phase III	Residential	8,788
	Guangzhou Xintang New World Garden Phase IIE	Residential	37,000
Total			302,159
FY2006	Guangzhou Concord New World Garden Phase II	Residential	39,055
	Guangzhou Park Paradise Phase IIC	Residential	94,548
	Guangzhou Park Paradise Phase III	Residential	6,317
	Guangzhou Xintang New World Garden Phase III	Residential	70,821
Total			210,741

(L.) Lush landscaping of Guangzhou Covent Garden, providing a luxurious living environment.



(R.) Covent Garden's clubhouse restaurant is a popular venue for residents to enjoy family time.





Guangzhou Xintang New World Garden, with its Southeast Asian style garden, emanates a tropical air in the evening.

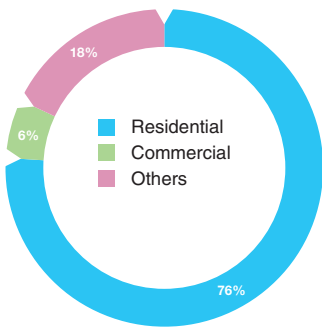
As a large-scale residential community, Park Paradise in the Baiyun District near the old airport spans over a 1,200,000 sq.m. site, and is the largest residential project within Guangzhou city perimeter.

Another residential project Covent Garden is located in Fangcun, a district reputed for its largest wholesale floral market in Southern China. The project is popular for its abundant incorporation of gardening and greenery, a local sensibility well adapted.

Xintang New World Garden in Xintang Township strikes a different cord among the many multi-national companies in the surrounding Guangzhou Economic and Technological Development Zone. The project's superior landscaping, resort atmosphere and facilities have drawn buyers from different nationalities as their company quarters.

Guangzhou — development properties for sale

Total GFA 4,069,896 sq.m.



PROPERTY PORTFOLIO

There are eight major property development projects with a GFA of 4,069,896 sq.m.. A total of 259,250 sq.m. of saleable GFA were completed during the year. We expect to build 262,377 sq.m. of residential space in FY2005 and a further 210,741 sq.m. in residential space in FY2006.



(L.) Garden design infusing modernity into tropical landscaping is a key feature of Guangzhou New World Oriental Garden.

(Top R.) Guangzhou Concord New World is located in the heart of Guangzhou's downtown area.

(Bottom R.) Tropical theme décor of Guangzhou New World Oriental Garden club house.



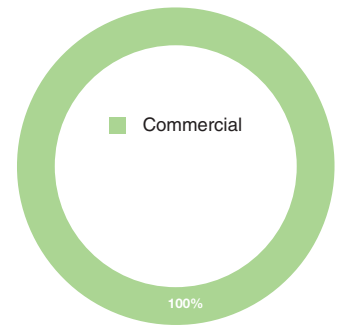
INVESTMENT PROPERTIES

There is one completed investment property project with GFA of 18,889 sq.m. commercial area. We expect to build 22,950 sq.m. of service apartment, 13,118 sq.m. of commercial space and 3,714 sq.m. of office space in FY2005.

Guangzhou New World Oriental Garden Phase I recorded full tenancy.

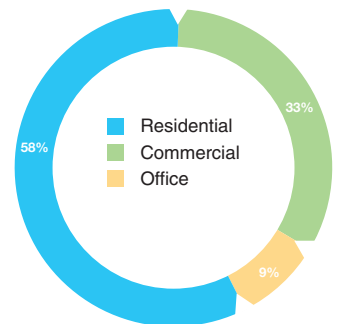
Guangzhou — completed investment property

Total GFA 18,889 sq.m.



Guangzhou — investment property under development

Total GFA 39,782 sq.m.



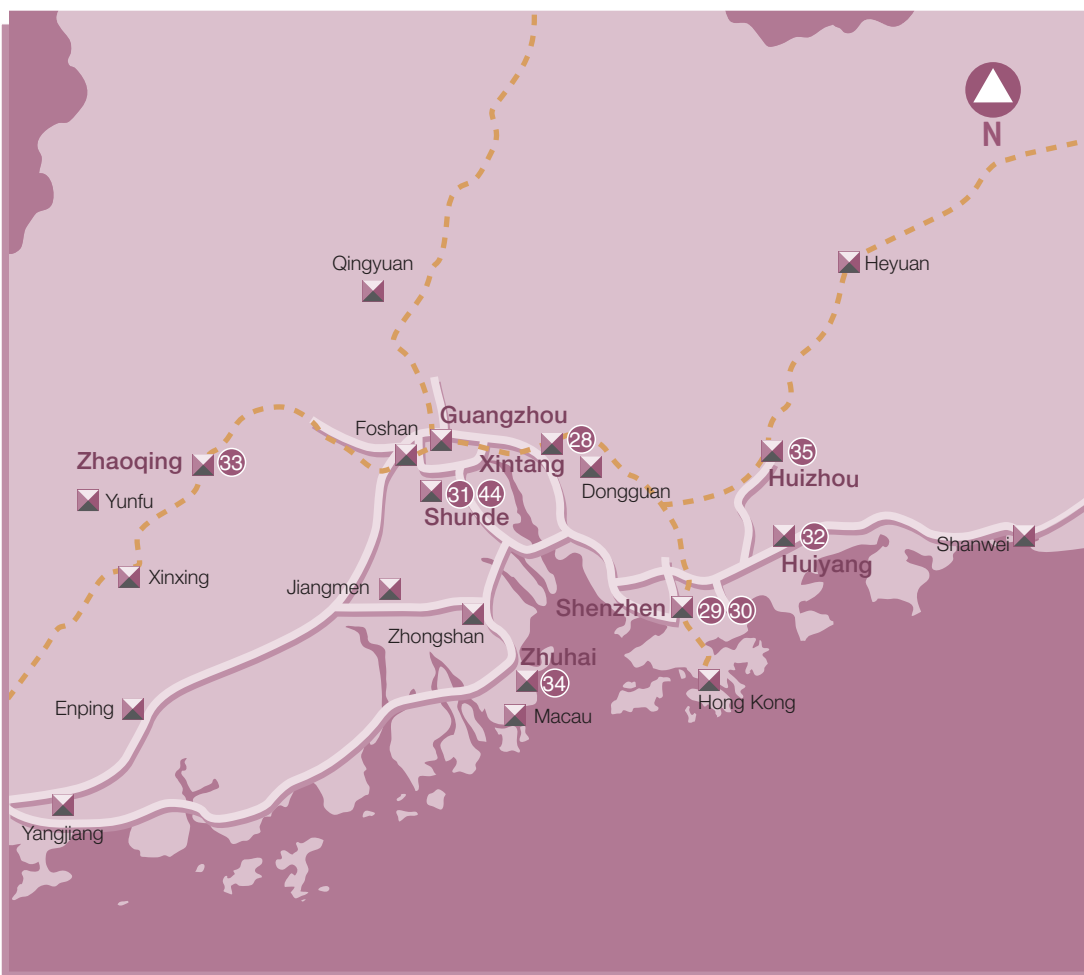
(L., R., Bottom) Guangzhou Park Paradise builds on the fine architectural traditions of Southern China.

Zhuhai New World Riviera Garden's clubhouse pool.



HIGHLIGHTS

Property market of Pearl River Delta region is characterized by keen competition among developers. The Group's major projects in the region include Huiyang Palm Island Resort, Shunde New World Convention & Exhibition Centre, Zhaoqing New World Garden and Zhuhai New World Riviera Garden.



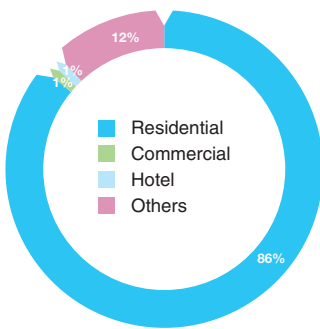
- Railway
 - Highway
 - 28 Guangzhou Xintang New World Garden
 - 29 Shenzhen Xilihu Development
 - 30 Shenzhen New World Yi Shan Garden
 - 31 Shunde New World Convention & Exhibition Centre
 - 32 Huiyang Palm Island Resort
 - 33 Zhaoqing New World Garden
 - 34 Zhuhai New World Riviera Garden
 - 35 Huizhou Changhuyuan
 - 44 New World Courtyard Hotel, Shunde
- (For project details, please refer to 'Major project profiles' starting from page 134)

Pearl River Delta — completion schedule

			sq.m.
FY2004	Shunde New World Convention & Exhibition Centre Phase II	Residential	20,527
	Huiyang Palm Island Resort Phase IV	Residential	40,372
	Total		60,899
FY2005	Shenzhen New World Yi Shan Garden Phase II	Residential	36,088
	Huiyang Palm Island Resort Phase V	Residential	32,000
	Zhuhai New World Riviera Garden Phase II	Residential	29,469
	Huizhou Changhuyuan Phase II	Residential	60,062
	Total		157,619
FY2006	Huiyang Palm Island Resort Phase VI	Residential	10,560
	Zhaoqing New World Garden Phase II	Residential	58,444
	Huizhou Changhuyuan Phase II	Residential	52,680
	Huizhou Changhuyuan Phase II	Commercial	3,213
	Total		124,897

Pearl River Delta — development properties for sale

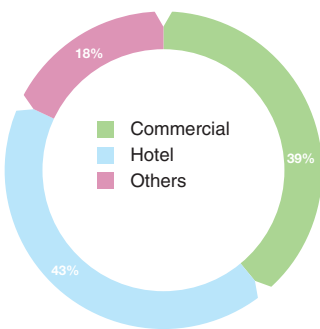
Total GFA 1,045,478 sq.m.



Palm trees and tropical exotic architecture are the hallmarks of Huiyang Palm Island Resort, which boasts world-class leisure resort.

Pearl River Delta — completed investment properties

Total GFA 85,727 sq.m.



In March 2004, service apartments in Palm Island Golf Resort were sold within a short period after its launch. Despite fierce competition, the Group's commitment to provide a new lifestyle for the project's residents has enabled us to succeed in the region's high-end residential property segment.

PROPERTY PORTFOLIO

There are seven major property development projects with total GFA of 1,045,478 sq.m.. A saleable residential GFA of 60,899 sq.m. were completed during the year. We expect to build 157,619 sq.m. of residential space in FY2005, a further 121,684 sq.m. of residential space and 3,213 sq.m. of commercial space in FY2006.

INVESTMENT PROPERTIES

There are two completed investment property projects with GFA of 85,727 sq.m..



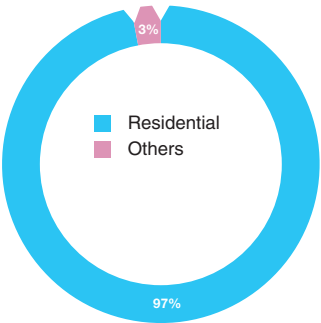
(L.) Huiyang Palm Island Resort apartments offer its residents easy accessibility to excellent resort facilities.

(R.) Shenzhen New World Yi Shan Garden Phase II clubhouse sets a new paradigm for resort-styled residential properties in Shenzhen.



Haikou New World Garden, with its tropical garden, is the first to offer adventure training camp services in Hainan.

Haikou — development property for sale
Total GFA 220,353 sq.m.



HIGHLIGHTS

As a low-density high-end residential resort in Haikou, Haikou New World Garden was well-received by local residents as well as holidaymakers and retirees from other provinces. As of end of August 2004, over 80% of launched GFA of its Phase I were sold.

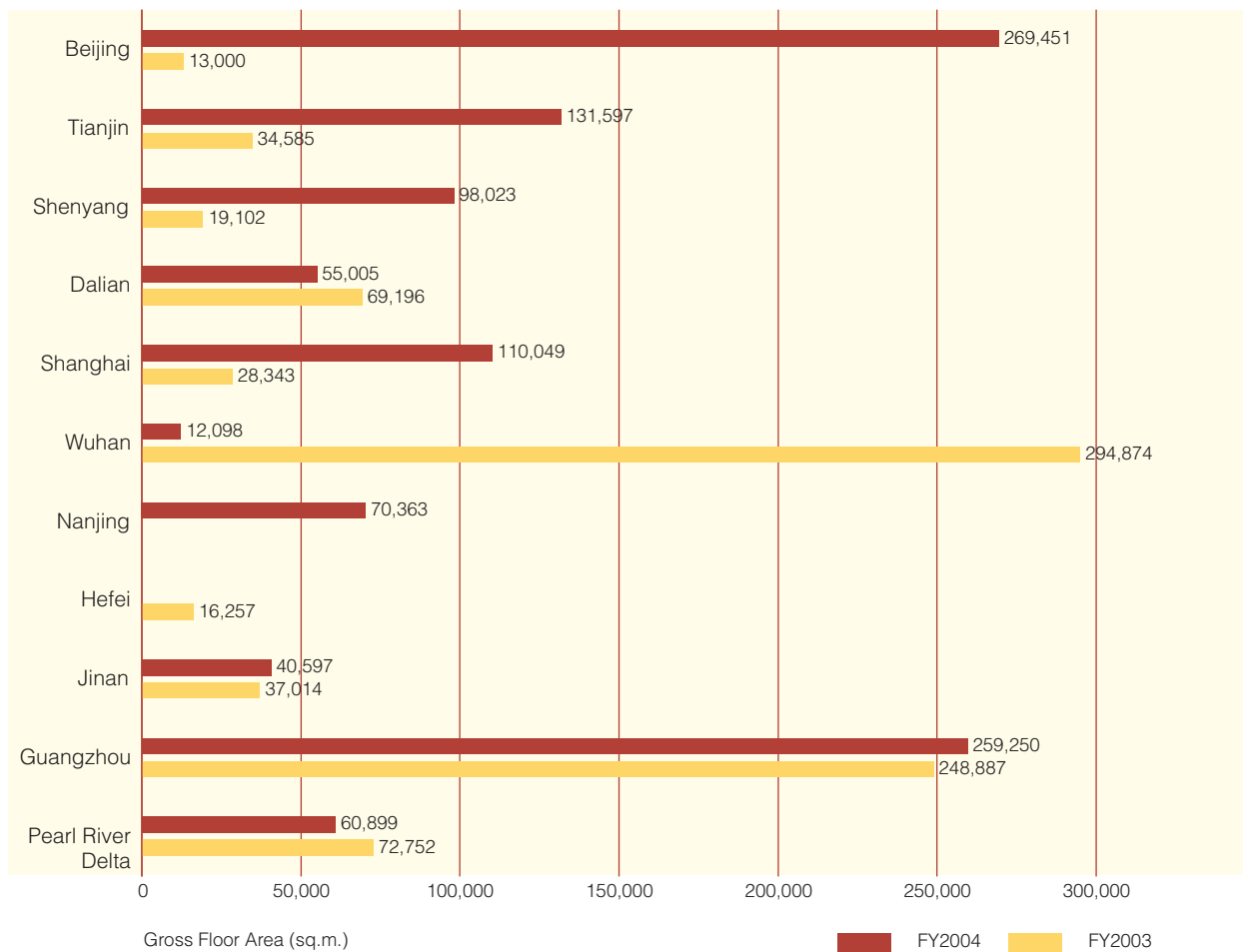
PROPERTY PORTFOLIO

There is one major property development project with a GFA of 220,353 sq.m.. We expect to build 81,291 sq.m. of residential space in FY2006.

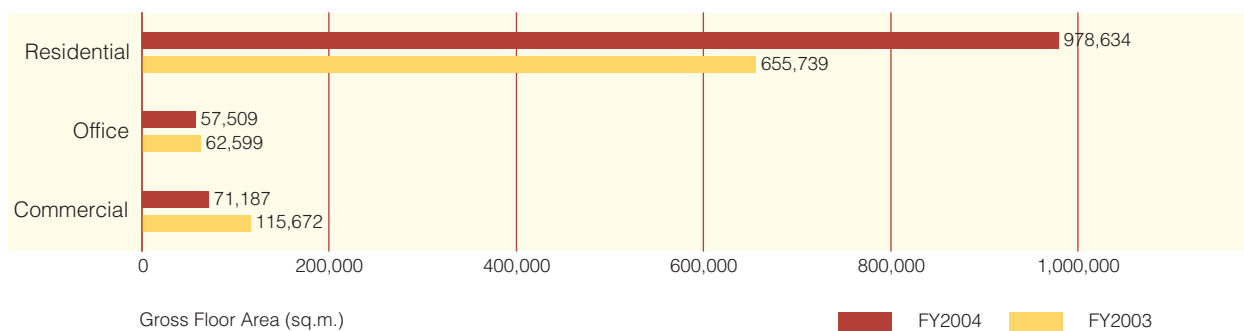
Haikou — completion schedule

FY2006	Project Name	Property Type	sq.m.
	Haikou New World Garden Phase II	Residential	81,291
Total			81,291

Completion of Gross Floor Area by Location



Completion of Gross Floor Area by Usage



REVIEW OF 2004 RESULTS

For the year under review, the Group posted a profit of HK\$127.35 million as compared to a loss of HK\$1,705.56 million in FY2003. Turnover of the Group reached HK\$2,521.78 million, an increase of over 362.2% compared to last year. The significant improvement in results of FY2004 was attributable to the improvement in all four major segments including property sales, rental operation, hotel operation and property management services.

Analysis of Attributable operating profit ("AOP")/(loss)		
	2004	2003
	HK\$'000	(As restated) HK\$'000
Property sales	146,460	(175,847)
Rental operation	93,762	65,148
Hotel operation	18,684	5,859
Land sale	—	2,565
Property management services	(5,566)	(13,388)
Others	(1,813)	—
AOP/attributable operating loss ("AOL") before provisions, revaluation deficits and finance costs	251,527	(115,663)
Less: Provisions and revaluation deficits	(160,298)	(1,327,966)
Provisions and revaluation deficits written back	223,743	—
Finance costs — project loans	(75,189)	(103,468)
AOP/(AOL)	239,783	(1,547,097)
Finance costs — corporate loans	(14,605)	(41,982)
Corporate administrative expenses	(117,685)	(124,307)
Bank and other interest income	19,853	7,824
Profit/(loss) attributable to shareholders	127,346	(1,705,562)

Property Development

In FY2004, the Group has completed 15 projects with a total GFA of 997,283 sq.m., representing a 39% increase from FY2003. The overall sales volume of properties reached 909,772 sq.m. during the year, an increase of more than 62% over previous year's, of which over 63.4% of current year sales were from sale of projects completed during the year. With the increase in both completion and sales volume, the Group was able to achieve improvement in attributable gross profit from property sales.

Furthermore, the unexpected quick market rebound after SARS presented an opportunity for us to improve sales margin by increased selling price of our newly completed properties and inventory. The market pick-up was especially prominent in Guangzhou and Beijing. In FY2004, property sales recorded an AOP of HK\$146.46 million against an attributable operating loss of HK\$175.85 million in FY2003.

The Group continues to place emphasis in achieving quicker cash flow return by clearing up inventory. During the year under review, the Group has sold out inventory units of over 333,000 sq.m., an increase of over 94% compared to that of last year. With the improved market sentiment, the Group will continue its strategy to improve cash flow return by clearing up inventory of property units with better gross profit margin compared to that of last year.

We have incurred comparatively higher selling and marketing expenses, mostly on advertising programmes and promotion campaigns, due to increase in number of properties being launched to the market. The advertising and promotion expenses were well spent given the increase in sales volume and gross margin.

Property Development (continued)

Development property projects completed during FY2004			
Projects	Usage	Total GFA	Attributable
		(Sq.m.)	Interest
Beijing Xin Kang Garden Phase III	R	77,420	70%
Beijing Xin Yu Garden Block 3 & 4	R, C	70,526	70%
Chateau Regalia Beijing	R	121,505	100%
Tianjin New World Garden Phase I	R, C	54,226	60%
Tianjin New World Garden Phase II	R, C	77,371	60%
Shenyang New World Garden Phase IC	R	98,023	90%
Dalian Manhattan Tower II	R, O	55,005	88%
Wuhan Menghu Garden Phase IA	R	12,098	70%
Jinan Sunshine Garden Phase I	R	40,597	65%
Nanjing New World Centre	R	70,363	92%
Guangzhou Covent Garden Phase II	R	28,918	60%
Guangzhou Central Park-view Phase I	R	62,704	91%
Guangzhou New World Oriental Garden Phase I	R	117,715	100%
Guangzhou Xintang New World Garden Phase II	R	49,913	60%
Huiyang Palm Island Resort Phase IV	R	40,372	34%
Shunde New World Convention & Exhibition Centre Phase II	R	20,527	35%
Total		997,283	

Development property projects to be completed in FY2005			
Projects	Usage	Total GFA	Attributable
		(Sq.m.)	Interest
Beijing Xin Kang Garden Phase III	R	7,000	70%
Beijing New World Garden Phase II	R	60,984	70%
Beijing Xin Cheng Commercial Building	C, O	36,964	70%
Beijing Xin Yang Commercial Building	C	2,313	70%
Wuhan Menghu Garden Phase IB	R	13,223	70%
Wuhan Xin Hua Garden Phase II	R	39,073	60%
Jinan Sunshine Garden Phase II	R	13,943	65%
Nanjing New World Centre	C, O, R	113,709	92%
Guangzhou Covent Garden Phase II	R	67,896	60%
Guangzhou Central Park-view Phase IB	R	73,964	91%
Guangzhou Park Paradise Phase II	R	74,729	60%
Guangzhou Park Paradise Phase III	R	8,788	60%
Guangzhou Xintang New World Garden Phase II	R	37,000	60%
Huiyang Palm Island Resort Phase V	R	32,000	34%
Huizhou Changhuyuan Phase II	R	60,062	60%
Shenzhen New World Yi Shan Garden Phase II	R	36,088	90%
Zhuhai New World Riviera Garden Phase II	R	29,469	100%
Total		707,205	

R : Residential
 C : Commercial
 O : Office

In FY2005, the Group plans to complete 16 projects to provide a total GFA of 707,205 sq.m.. Together with the remaining inventory of 595,743 sq.m. as at 30th June 2004, the Group has approximately 1.3 million sq.m. of properties for sale.

Rental Operation

With full completion of Shanghai Hong Kong New World Tower in FY2004, our investment property portfolio comprising office, apartment, shopping mall and car park has increased to over 1 million sq.m. to provide a stable recurrent income base for the Group. AOP from rental operation recorded a year-on-year growth of 43.9% to HK\$93.76 million. The marked improvement in rental performance was mainly come from positive contribution from Beijing New World Centre for which rental was charged on turnover basis. The AOP was further enhanced from the increased number of property units leased out from Shanghai Belvedere Apartment and increased rental rates upon renewal of leases during the year.

Investment property completed during FY2004

Project	Usage	Total GFA (Sq.m.)	Attributable Interest
Shanghai Hong Kong New World Tower	C, O	110,049	44%

In FY2005, the Group plans to complete 2 investment properties in Guangzhou and Wuhan to further enhance our investment property portfolio.

Investment properties to be completed in FY2005

Projects	Usage	Total GFA (Sq.m.)	Attributable Interest
Guangzhou Central Park-view Phase IB	C, O, R	39,782	91%
Wuhan International Trade & Commerce Centre Phase III	O	44,840	100%
Total		84,622	

Hotel Operation

With the completion of the 860-room Mayfair Hotel Shanghai in FY2004, our hotel portfolio now comprises of 4 hotels providing 1,790 guest rooms. The hotel sector in Mainland China has been picking up gradually after SARS period with increased occupancy.

Hotel portfolio

Hotel	No. of rooms
New World Courtyard Hotel, Beijing	293
Mayfair Hotel Shanghai	860
New World Hotel, Shenyang	261
New World Courtyard Hotel, Shunde	376
Total	1,790

Provision

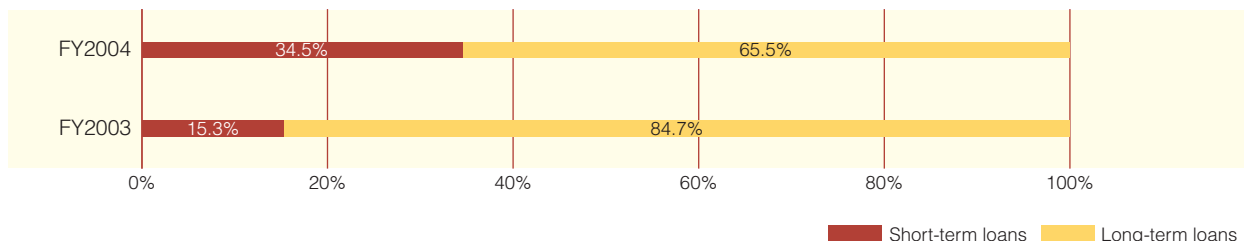
Further provision attributable to the Group of HK\$160.30 million had been made on certain projects with reference to valuation as at 30th June 2004 and latest selling price of our launched projects. The major projects involved were certain development projects in Foshan and Tianjin.

On the other hand, with reference to open market valuation of hotels and properties as at 30th June 2004 and the prevailing market condition, provisions attributable to the Group of HK\$223.74 million previously provided were written back in FY2004.

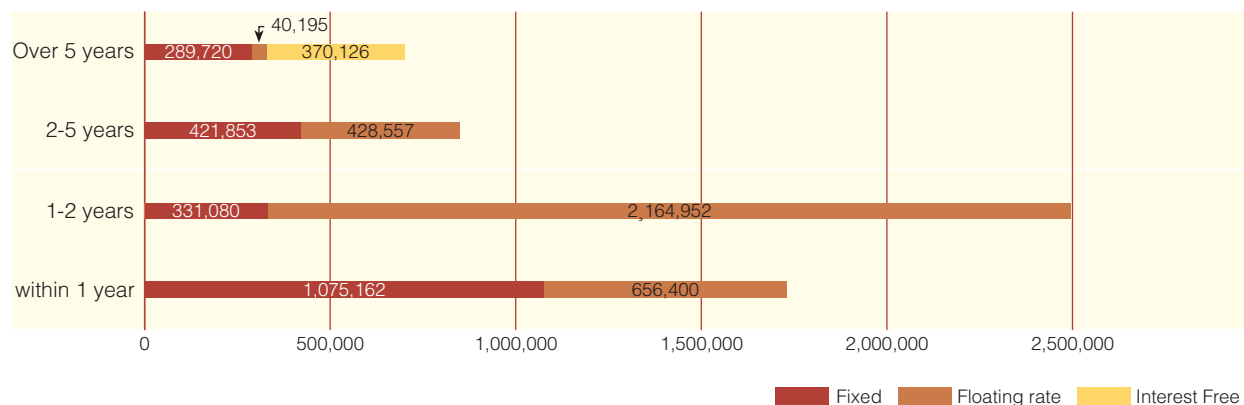
Finance costs

In FY2004, finance costs dropped to HK\$75.2 million and HK\$14.6 million for project loans and for corporate loans respectively. Borrowing costs were decreased following the increase in completion and sales of projects for which some of the project loans borrowed were repaid during the year. The decrease was further resulted from decrease in releasing capitalised interest for existing project loans for future phases of certain large property projects comparing to last year.

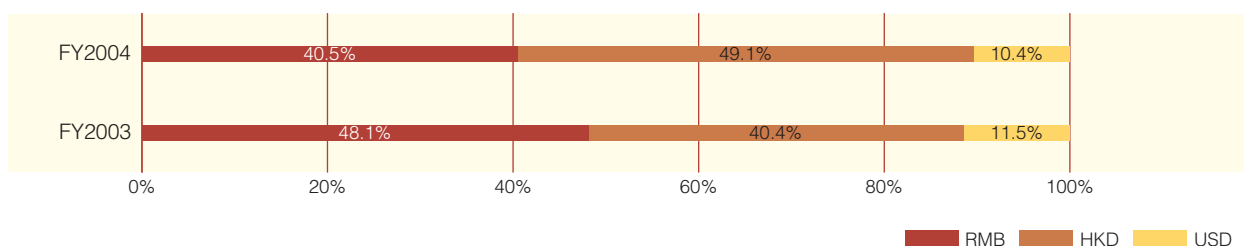
Source of Borrowings



Interest Rate and Maturity Profile (HK\$'000)



Currency Profile of Borrowings



LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2004, the Group's cash and bank deposits amounted to HK\$891.29 million (30th June 2003: HK\$1,330.21 million). Its consolidated net debt amounted to HK\$4,878.30 million (30th June 2003: HK\$5,122 million), translating into a gearing ratio of 29.8% (30th June 2003: 31.6%).

The Group maintained a balanced debt profile with adequate risk diversification through specifying the preferred mix of fixed and floating rate debt, the permitted currency exposure and a

well-balanced spread of maturity. The Group's capital structure strikes a balance between equity, bank loans, loans from fellow subsidiaries and loans from minority shareholders of certain subsidiaries of the Group. The Group policy is to leverage funding by straight debts rather than quasi-debt financial instruments and to borrow in local currencies where possible. The proportion of bank loans denominated in Renminbi that the Group has procured directly in Mainland China are continuously being increased to mitigate the foreign currency exposure of the Group.

Amount of debt due within the FY2005 amounts to HK\$2,133.43 million, which should be comfortably served by our cash on hand of HK\$891.29 million and by improved property sales proceeds and rental income.

As at 30th June 2004, 23.65% (30th June 2003: 28%) of the total outstanding loans was secured by the Group's assets.

Over 53.2% (30th June 2003: 44%) of the Group's total debts are on a floating rate basis, whilst fixed rate borrowings are mainly related to the Renminbi loan facilities. As at 30th June 2004, the Group's committed unutilised bank loan facilities amounted to HK\$602.80 million (30th June 2003: HK\$734.00 million).

FOREIGN CURRENCY EXPOSURE

The Group's property projects are all located in Mainland China. Funding for their development is inevitably achieved by cross-border investments through numerous Sino-foreign owned joint ventures in the form of registered capital injected into these joint ventures and shareholder's loan advances. As a result of this locality restriction, the return of such funding is either through repayment of shareholders' advance, interest costs or cash dividend. The funding made from Hong Kong to Mainland China is all denominated in either US dollars or Hong Kong dollars and this quasi-capital investment funding is legally required to go through the registration process in Foreign Exchange Bureaus in China before being converted to Renminbi for funding the development costs. The return of these fundings out of China has to be made in the same original currency remitted from Hong Kong and has to go through the releasing registration procedures. Hence the Group is effectively not exposed to foreign currency risk on return of our investments. Owing to the unique nature of China's foreign currency control system, and our Group's view on the foreseeable continuity of the Hong Kong Dollar peg, the exposure of foreign currency fluctuation is not regarded as substantial. The Group has hence conducted minimal hedging activities.

CONTINGENT LIABILITIES

As at 30th June 2004, the Group has contingent liabilities of approximately HK\$2,598,081,000 (30th June 2003: HK\$2,068,623,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The rise in contingent liabilities indicates the continuing financing requirements of the Group's property projects.

MAJOR ACQUISITIONS AND DISPOSALS

During the year, there is no major acquisition or disposal undertaken by the Group.

DETAILS OF THE CHARGES ON GROUP'S ASSETS

As at 30th June 2004, the Group's investment properties, hotel properties, completed properties held for sale, property held for development, property under development and bank deposits of HK\$266,579,000 (30th June 2003: HK\$297,862,000), HK\$803,739,000 (30th June 2003: Nil), HK\$657,517,000 (30th June 2003: HK\$116,642,000), HK\$919,892,000 (30th June 2003: HK\$91,215,000), HK\$285,600,000 (30th June 2003: HK\$808,478,000) and HK\$74,128,000 (30th June 2003: HK\$427,635,000) respectively have been pledged as securities for short term and long term loans. As at 30th June 2003, assets under construction of HK\$910,412,000 were pledged as securities for short term loans and long term loans.

EMPLOYEE'S INFORMATION

As at 30th June 2004, the Group had 1,887 full-time employees. Remuneration of the employees are reviewed annually based on the assessment of individual performance. Discretionary year-end bonus was paid to employees based on individual performance. Share options, as part of basic remuneration package, have also been offered to all employees to strengthen loyalty to the Group.

Corporate citizenship

"New World SLAMDUNK US Basketball Training Camp" brought sports cultural exchange to Guangzhou.



Performers gave their best effort in Wuhan Changqing Garden Community Culture festival



With an extensive portfolio encompassing major Chinese cities, New World China Land is a major property developer in China. True to our core value of advancing social responsibility, we endeavour to play our part as a good corporate citizen by leading in a wide range of community events and projects. In the past year, we launched a number of initiatives in the areas of sports, education, culture and charity, to help enrich community life and spread the message of care and compassion.

PROMOTING SPORTS

During the year, our regional offices hosted a number of events to promote sporting events and sports participation in the community. Such events included the sponsorship of the Pre-world Cup qualifying match between China and Malaysia in Tianjin, held a two-day event featuring performances of Chinese World Champions and athletes in gymnastics, judo, martial arts and cycling in Xintang and a one-week basketball training camp conducted by the reputable US basketball training camp "SLAMDUNK" for the youngsters of New World Oriental Garden and Park Paradise during summer holiday. These echoed the spate of new interest in sports activities shown by the Chinese populace, following Guangzhou's successful bid to host the 2010 Asian Game and Chinese team's spectacular performance in the Athens Olympics.

NURTURING COMMUNITY CULTURE

Enriching cultural experience is a key theme in bringing large-scale community events to our properties.

In June 2004, Wuhan Changqing Garden was host to open the Second "Annual Wuhan Community Culture" festival, organised by the municipal cultural bureau to promote cultural activities in large communities. The property was also the first contest venue for a month-long competition featuring artists in singing, dancing, drama and fashion show.

SUPPORTING EDUCATION

Recognising education for children is a major concern of young one-child families, which form a key resident group in our properties, NWCL launched a number of new education-related projects during the year, building on a distinguished track record of providing first-class school facilities for our communities.

A little girl in Park Paradise eager to make her donation in Guangzhou's UNICEF photo exhibition



In Huiyang Palm Island Resort, UNICEF Children's Education Ambassador Ms Charlie Young and UNICEF Ambassador for Poverty Alleviation Ms Karen Mok received the donation cheque on behalf of UNICEF



CARING FOR CHILDREN

Taking further its "Create a New World for Children" corporate partnership with UNICEF, New World China Land launched a number of charity events in the year to raise funds for underprivileged children in China's rural areas.

Under the sponsorship of Huiyang Palm Island Resort, "Wish for a New World for Children" territory-wide Easter Egg Charity Sales was kicked off in Hong Kong in April 2004, raising over HK\$230,000 for UNICEF. In addition to supporting the Easter egg sales, people expressed their good wishes to Mainland children in needs with their hand-written wishing cards.

In October 2004, our Guangzhou office launched a UNICEF photo exhibition and coordinated six of our properties in the city to launch a fund-raising campaign to raise public awareness of UNICEF's work for children. Setting up donation boxes and organising charity sales were part of a series of campaign activities to rally residents and staff behind UNICEF's worthwhile causes.

In October 2004, a "Passing Love Fundraising Carathon" Hong Kong-Guangdong cross border charity event was organised, in which a fleet of over 20 cars travelled from Hong Kong to Shenzhen New World Yi Shan Garden and Huiyang Palm Island Resort. The three-day event raised over HK\$1 million for UNICEF.

Brand recognition

New World China Land is one of the “2004 Blue-chip Real Estate Corporations of China”



New World China Land's Assistant General Manager Mr Ambrose Fan (Far Right), at the blue-chip real estate presentation ceremony held in Beijing



Our efforts to bring people better homes and better lives have earned us a strong reputation, reflected during the year in the awards and honours presented on us by the community.

In early February 2004, NWCL was voted one of “Ten Favorite Property Developer Brands in Guangzhou” by the people of Guangzhou in an award organised by Guangzhou’s largest newspaper, *Guangzhou Daily*.

In July 2004, the Group was named winner in “2004 Blue-chip Real Estate Corporations of China” award organised by two national newspapers *Economic Observer* and *Beijing Youth Daily*. We are the only Hong Kong-based developer among a group of 18 awardees.

In September 2004, in a research sponsored by the State Council’s Development Research Centre and Tsinghua University’s Real Estate Research Institute, Shanghai Hong Kong New World Tower and Wuhan New World International Trade & Commerce Centre, our commercial complexes in the two cities, were judged to be “2004 China New Top 10 Landmark Buildings”, making the Group the only developer to have two projects awarded in this research.



Dr. Cheng Kar-shun, Henry



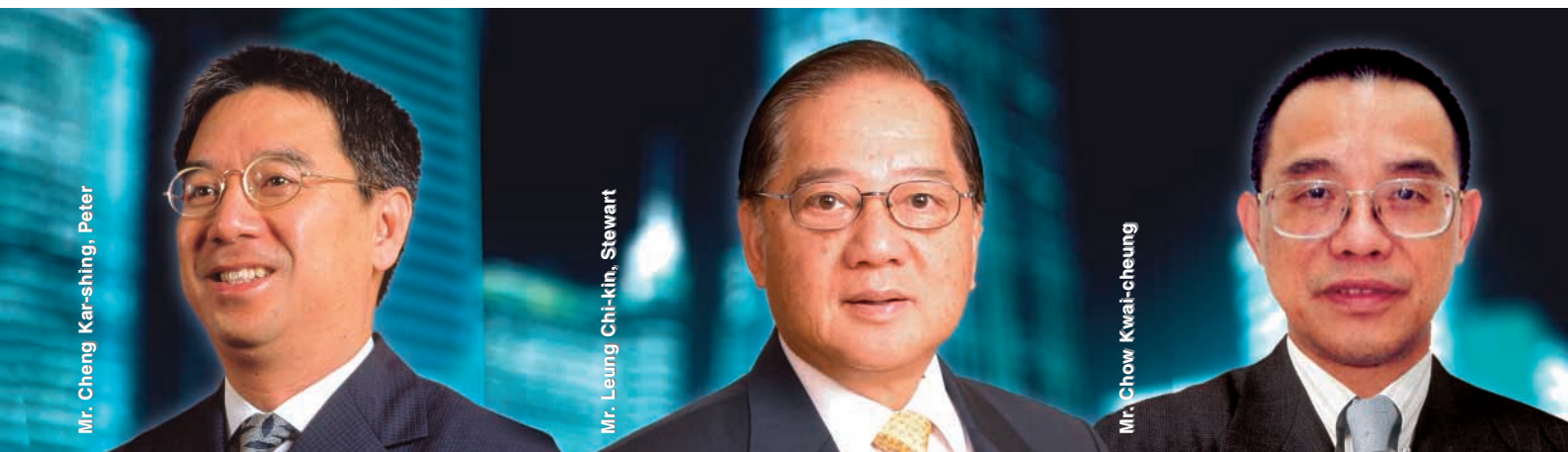
Mr. Doo Wai-hoi, William

CHAIRMAN AND MANAGING DIRECTOR

Dr. Cheng Kar-shun, Henry GBS (aged 57). Dr. Cheng became the Chairman and Managing Director of New World China Land Limited in 1999. He is also the Managing Director of New World Development Company Limited, the Chairman of New World TMT Limited, NWS Holdings Limited, Tai Fook Securities Group Limited and New World Mobile Holdings Limited. He is the Managing Director of NWD (Hotels Investments) Limited and a Director of Chow Tai Fook Enterprises Limited and HKR International Limited. Dr. Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation, a Committee Member of the Tenth Chinese People's Political Consultative Conference of the People's Republic of China. In 2001, Dr. Cheng was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the brother of Mr. Cheng Kar-shing, Peter and the brother-in-law of Mr. Doo Wai-hoi, William.

VICE-CHAIRMAN

Mr. Doo Wai-hoi, William JP (aged 60). Mr. Doo was appointed the Vice-Chairman of New World China Land Limited in June 1999. He is currently the Deputy Chairman of NWS Holdings Limited and Tai Fook Securities Group Limited as well as the Vice-Chairman of New World Mobile Holdings Limited. He also acts as a Director of NWD (Hotels Investments) Limited and Fung Seng Diamond Company Limited. Mr. Doo has served as a Governor of the Canadian Chamber of Commerce in Hong Kong. In addition, he is appointed as a Member of the Executive Committee of the Tenth Chinese People's Political and Consultative Conference in Shanghai, and the Convener of the Shanghai Committee in Hong Kong. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter.



Mr. Cheng Kar-shing, Peter

Mr. Leung Chi-kin, Stewart

Mr. Chow Kwai-cheung

EXECUTIVE DIRECTORS

Mr. Cheng Kar-shing, Peter (aged 52). Mr. Cheng was appointed an Executive Director of New World China Land Limited in June 1999. He is a Director of Chow Tai Fook Enterprises Limited, New World Development Company Limited, NWS Service Management Limited, NWD (Hotels Investments) Limited, Macao Water Supply Company Limited and Polytown Company Limited. Mr. Cheng is the brother of Dr. Cheng Kar-shun, Henry and the brother-in-law of Mr. Doo Wai-hoi, William.

Mr. Leung Chi-kin, Stewart (aged 65). Mr. Leung was appointed an Executive Director of New World China Land Limited in June 1999. He is an Executive Director and the Group General Manager of New World Development Company Limited. He also acts as a Director of New World Hotel Company Limited and Hip Hing Construction Company Limited.

Mr. Chow Kwai-cheung (aged 62). Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is currently a Director of New World Development Company Limited and Hip Hing Construction Company Limited. He has over 30 years experience in property development and investment businesses. Mr. Chow joined the New World Group in 1974 and is responsible for the construction and engineering operations of the Company and the New World Group.



Mr. Chow Yu-chun, Alexander

Mr. Fong Shing-kwong, Michael

Mr. Cheng Wai-chee, Christopher

Mr. Chow Yu-chun, Alexander (aged 57). Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is also a Director of New World Mobile Holdings Limited. He is a fellow of the Chartered Association of Certified Accountants (UK) and an associate of the Hong Kong Institute of Certified Public Accountants and has over 29 years of experience in property development and investment in Hong Kong. Mr. Chow joined the New World Group in 1973 and is responsible for the financial operations of the Company and the New World Group. Mr. Chow is the Company Secretary of New World China Land Limited.

Mr. Fong Shing-kwong, Michael (aged 56). Mr. Fong was appointed an Executive Director of New World China Land Limited in January 2003. He is currently a Director of NWS Service Management Limited, NWD (Hotels Investments) Limited, Kiu Lok Service Management Co. Ltd., Kiu Lok Property Services (China) Ltd. and Urban Property Management Limited and the Owner's Representative of CTF Hotel Holdings, Inc.. Mr. Fong joined the New World Group in 1978 and was appointed an Executive Director of New World Hotels International Limited from 1983 to 1997. He is responsible for hotel corporate management and project development of the Company and the New World Group. Besides his over 30 years experience in the hospitality industry, Mr. Fong has extensive experience in property development, asset & facility management and investment business in the PRC.

NON-EXECUTIVE DIRECTORS

Mr. Cheng Wai-chee, Christopher (aged 56). Mr. Cheng is the Chairman of USI Holdings Limited and Winsor Properties Holdings Limited and a director of NWS Holdings Limited, DBS Bank (HK) Ltd and PICC Property and Casualty Company Limited. Mr. Cheng plays an active role in the public services. He is a Non Executive Director of Securities and Futures Commission, Chairman of the Standing Committee on Judicial Salaries and Conditions of Service and a member of The Exchange Fund Advisory Committee of the HKSAR Government and a steward of the Hong Kong Jockey Club. He presently serves on the following public organisations : Council of the Hong Kong Trade Development Council, Court of the Hong Kong University of Science and Technology and Council of the University of Hong Kong. He was former Chairman of the Hong Kong General Chamber of Commerce.



Mr. Tien Pei-chun, James (aged 57). Mr. Tien is the Chairman of Manhattan Holdings Ltd., Manhattan Garments (International) Ltd., Manhattan Realty Ltd. and a Director of a number of private companies. A Legislative Councillor since 1988, Mr. Tien is very active in the community and serves on government committees as well as non-government boards in Hong Kong. He is the Chairman of the LegCo Panel on Economic Services, Chairman of the Liberal Party, a Member of The Chinese People's Political Consultative Conference, General Committee Member of the Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries, a Court Member of the Hong Kong Polytechnic University and a Council Member of The Chinese University of Hong Kong.

Mr. Lo Hong-sui GBS JP (aged 56). Mr. Lo is the Chairman and Chief Executive of Shui On Group, Director of Great Eagle Holdings Limited, a non-executive Director of Hang Seng Bank Limited and an independent non-executive Director of China Telecom Corporation Ltd., Member of The Tenth National Committee of Chinese People's Political Consultative Conference, Vice Chairman of All-China Federation of Industry & Commerce, an economic adviser of the Chongqing Municipal Government, a vice chairman of the Chamber of International Commerce Shanghai, a member of the Greater Pearl River Delta Business Council, President of the Business and Professionals Federation of Hong Kong, President of Shanghai-Hong Kong Council for the Promotion and Development of Yangtze, Adviser to Chinese Society of Macroeconomics, Member of HK US Business Council — HK Section, Council Member of the China Overseas Friendship Association, Court Member of the Hong Kong University of Science and Technology, Advisory Board of the Thailand Business Council, Director of The Real Estate Developers Association of Hong Kong, Adviser to the Peking University China Center for Economic Research. Mr. Lo was awarded the Gold Bauhinia Star by the Hong Kong Special Administrative Region Government in July 1998. He was the Recipient of the Businessman of the Year Award in the Hong Kong Business Awards 2001, sponsored by DHL and the *South China Morning Post* and was awarded Director of the Year in the category of Listed Company Executive Directors by The Hong Kong Institute of Directors in 2002.

Mr. Fu Sze-shing (aged 55). Mr. Fu is a Non-Executive Director of New World TMT Limited and a Director of New World Development (China) Limited and a number of companies with investments in the PRC. He has over 20 years experience in PRC property development and investment businesses.

Senior management profile



LAM Siu-fung, Eric (aged 33). Mr. Lam is a Regional Executive of the Group who primarily oversees the Group's projects in Zhuhai, Huizhou, Hefei and Haikou. Mr. Lam is a Director of a number of companies with investments in the PRC. Mr. Lam holds Bachelor Degree in Business Administration from Canada. Mr. Lam has over 10 years of experience in real estate development and finance in Hong Kong and the PRC. Mr. Lam joined the Group in 1994. Mr. Lam is an advisor of the Sixth Zhuhai City Economic Committee of Chinese People's Political Consultative Conference and a Member of the Standing Committee of Zhuhai Youth Federation.

CHAU Lam-cheung, Benjamin (aged 45). Mr. Chau is a Regional Executive of the Group who primarily oversees of the Group's projects in Shanghai. Mr. Chau is a Certified Practising Accountant of the CPA Australia and graduated from Curtin University of Technology of Australia with a Bachelor Degree in Commerce. Mr. Chau has over 20 years of experience in the international hotel business and real estate development. Mr. Chau joined the New World Group in 1989.

PUN Lap-fu, Alex (aged 43). Mr. Pun is an Assistant General Manager of the Group. Mr. Pun graduated from the Oklahoma City University of the United States with a Master Degree in Business Administration. Mr. Pun joined the New World Group in 1984 and has worked as Financial Controller in the hotels under the New World Group. Mr. Pun was appointed as an Assistant to Managing Director of New World Group in 1994. Mr. Pun is an Executive Director of the Group's investment company in Shanghai and a number of companies with real estate investments in the PRC. Mr. Pun is the Committee Member of the 11th Chinese People's Political Consultative Conference of Luwan District of Shanghai, Council Member of Shanghai Luwan District Commerce Committee, Council Member of the Overseas Chinese Congress of Luwan District of Shanghai, Vice-chairman of the Overseas Chinese Congress of Zhaoqing and Founding Vice-chairman of Hong Kong Association of China Business.

LAU Chung-chun, Desmond (aged 57). Mr. Lau is a Regional Executive of the Group who primarily oversees the Group's projects in Shenyang. Mr. Lau has over 20 years of experience in real estate development in Hong Kong and the PRC. Mr. Lau is a Model Worker of the City of Shenyang, an Honorary Citizen of the City of Shenyang, Committee Member of the 10th, 11th and 12th Chinese People's Political Consultative Conference of Shenyang and Vice-chairman of the Overseas Chinese Congress in Liaoning Province. Mr. Lau joined the Group in 1996.

FAN Chor-kwok, Ambrose (aged 60). Mr. Fan is an Assistant General Manager of the Group, whose primary responsibility is to oversee the Group's projects in Wuhan. Mr. Fan graduated from the University of Hong Kong with a Bachelor Degree in Architecture and the University of Toronto with a Master Degree in Business Administration. Mr. Fan is a Registered Architect in Hong Kong, Member of The Royal Architectural Institute of Canada and The Hong Kong Institute of Architects. Mr. Fan has more than 30 years of experience in architecture, project management and property development and has held a number of senior positions in international consulting firms, property development companies and financial institutions. Mr. Fan joined the New World Group in 1992, appointed as a Director of New World Project Management Limited in 1993 and appointed as an Assistant General Manager of New World Development (China) Limited in 1997.



Chow Yu-chun, Alexander (aged 57). Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is also a Director of New World Mobile Holdings Limited. He is a fellow of the Chartered Association of Certified Accountants (UK) and an associate of the Hong Kong Institute of Certified Public Accountants (formerly Hong Kong Society of Accountants) and has over 29 years of experience in property development and investment in Hong Kong. Mr. Chow joined the New World Group in 1973 and is responsible for the financial operations of the Company and the New World Group. Mr. Chow is the Company Secretary of New World China Land Limited.

AU Wai-chuen, Albert (aged 57). Mr. Au is a Regional Executive of the Group who primarily oversees the Group's projects in Beijing and Jinan. Mr. Au has over 30 years of experience in real estate development and finance in Hong Kong and the PRC. Mr. Au is the Committee Member of the 10th Chinese People's Political Consultative Conference of Beijing, Executive Director of China Association of Enterprises with Foreign Investment and Executive Director of Beijing Association of Enterprises with Overseas Chinese Investment. Mr. Au joined the Group in 1995.

GENG Shusen, Kenneth (aged 41). Mr. Geng is a Regional Executive of the Group who primarily oversees the Group's projects in Guangzhou. Mr. Geng holds Bachelor and Master Degrees in Science and is also a certified engineer in both the PRC and Australia. Mr. Geng has over 18 years of experience in real estate development in Hong Kong and the PRC. Mr. Geng joined the Group in 1999.

CHEONG Chak-lon, Allan (aged 42). Mr. Cheong is a Regional Executive of the Group who primarily oversees the Group's projects in Tianjin. Mr. Cheong graduated from the University of London with a Bachelor Degree in Engineering. Mr. Cheong has over 20 years of real estate development experience in Hong Kong and the PRC. Mr. Cheong joined the New World Group in 1994.

LEUNG Wai-kai, William (aged 49). Mr. Leung is an Assistant to Managing Director of New World Development Company Limited and an Assistant General Manager of the Group. Mr. Leung graduated from the University of Minnesota with a Bachelor Degree in Architecture and from the Illinois Institute of Technology with a Master Degree in Architecture. Mr. Leung is a Registered Architect in the United States and has worked for architectural firms in both the United States and Hong Kong for nine years before joining the New World Group in 1986. Mr. Leung was also appointed a Director and the General Manager of New World Project Management Limited and has been responsible for the management and development of numerous property projects in Hong Kong, the PRC and Southeast Asia.

NGAN Man-ying, Lynda (aged 38). Ms. Ngan is the Financial Controller and committee member of the Group's Operation Committee, is responsible for overseeing the Group's financial accounting, treasury management and corporate governance monitoring. She joined the Group in 1999 with over 17 years of experience in auditing, accounting, business advisory and tax consultancy. Prior to joining the Company, she worked for an international accounting firm in Hong Kong and a tax consulting company in Australia. Ms. Ngan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants (formerly Hong Kong Society of Accountants) and a fellow member of the Chartered Association of Certified Accountants of United Kingdom.

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Report of the directors

The directors have pleasure in presenting their annual report and statement of accounts for the year ended 30th June 2004.

Group activities

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries, associated companies and jointly controlled entities are shown in note 37 to the accounts on pages 124 to 132.

Accounts

The results of the Group for the year ended 30th June 2004 and the state of affairs of the Company and the Group at that date are set out in the accounts on pages 89 to 132.

Dividends

The directors have resolved that no dividend be proposed for the year ended 30th June 2004 (2003: Nil).

Share capital

Details of the movements in share capital during the year are set out in note 26 to the accounts.

Reserves

Details of the movements in reserves are set out in note 27 to the accounts.

Purchase, sale or redemption of listed securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

Fixed assets

Details of the movements in fixed assets are set out in note 12 to the accounts.

Donations

Donation made by the Group during the year amounted to HK\$587,000 (2003: HK\$1,661,000).

Directors

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

Dr. Cheng Kar-shun, Henry
Mr. Doo Wai-hoi, William
Mr. Cheng Kar-shing, Peter
Mr. Leung Chi-kin, Stewart
Mr. Chow Kwai-cheung
Mr. Chow Yu-chun, Alexander
Mr. Fong Shing-kwong, Michael
Mr. Fu Sze-shing
Mr. Lo Hong-sui*
Mr. Cheng Wai-chee, Christopher*
Mr. Tien Pei-chun, James*
Mr. Chan Wing-tak, Douglas (resigned on 13th July 2004)
Mr. Chan Kam-ling (resigned on 30th August 2004)

* *Independent non-executive directors*

Messrs. Cheng Kar-shing, Peter, Chow Kwai-cheung and Lo Hong-sui will retire at the forthcoming annual general meeting in accordance with Article 116 of the Company's Articles of Association and being eligible, all the retiring directors will offer themselves for re-election at the forthcoming annual general meeting, except for Mr. Lo Hong-sui who will not stand for re-election. All remaining current directors continue in office.

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

Pre-emptive rights

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

Directors' interest in contracts

Save for contracts amongst group companies, no other contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its holding company or fellow subsidiaries is a party, and in which any director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected transactions

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

A. Construction services

The Group appointed certain subsidiaries of New World Development Company Limited, the Company's ultimate holding company ("NWD" and together with its subsidiaries other than the Group, "NWD Group"), to provide construction services for the Group's property development projects in the People's Republic of China ("PRC") which include construction, piling and foundation, building and property fitting out work as well as the supply of construction and building materials.

As at 30th June 2004, the aggregate accumulated contract fee paid to the NWD Group for the provision of the aforesaid construction services which was included as part of the development costs of the property projects was HK\$1,305,855,000 (2003: HK\$1,022,241,000) of which HK\$283,614,000 (2003: HK\$401,929,000) was paid during the year.

B. Tenancy agreements

- (1) On 15th August 1995, a tenancy agreement (“1995 Tenancy Agreement”) was entered into between Shenyang New World Hotel Co., Ltd. (“Shenyang Hotel”) as landlord and Shenyang New World Department Store Ltd. (“Shenyang Department Store”) as tenant, for lease of the shopping arcade on the first and second floors of the annex building of New World Hotel, Shenyang with an area of 8,320 sq. m. for ten years. Shenyang Hotel was a 70% owned jointly controlled entity of the Group at the date of the 1995 Tenancy Agreement which has then become a wholly-owned subsidiary of the Group since the Group acquired an additional 30% interest in Shenyang Hotel on 30th May 2003. Shenyang Department Store is an indirect wholly-owned subsidiary of NWD.

The annual rental is the higher of (i) RMB8,000,000, RMB9,000,000 and RMB10,000,000 for the years ended 14th August 1996, 14th August 1997 and 14th August 1998 respectively, increasing at a rate of 6% per annum in each of the seven years ending 14th August 2005; and (ii) 4% of the gross sale revenue earned by Shenyang Department Store, after value-added tax, for each of the three years ended 14th August 1998; and 5% of the gross sale revenue for each of the seven years ending 14th August 2005. The rental received in aggregate under the 1995 Tenancy Agreement was HK\$12,945,000 for the year ended 30th June 2004 (for the period from 31st May 2003 to 30th June 2003: HK\$926,000).

- (2) On 8th November 2000, a tenancy agreement (“2000 Tenancy Agreement”) was entered into between Shenyang Hotel as landlord and Shenyang Department Store as tenant for lease of the shopping arcade on the third floor of the annex building of New World Hotel, Shenyang with an area of 690 sq. m. for five years commencing from 1st December 2000 to 30th November 2005.

The annual rental was RMB987,000 for the first year ended 30th November 2001, increasing at a rate of 6% per annum in each of the four years ending 30th November 2005 with rent-free period from 1st December 2000 to 31st January 2001. The rental received in aggregate under the 2000 Tenancy Agreement was HK\$1,073,000 for the year ended 30th June 2004 (for the period from 31st May 2003 to 30th June 2003: HK\$92,000).

- (3) On 12th March 2003, a tenancy agreement (“Tianjin Tenancy Agreement I”) was entered into between New World Anderson (Tianjin) Development Co. Ltd. (“New World Anderson”), a wholly-owned subsidiary of the Group, as landlord, and Tianjin Xin An New World Shopping Plaza Co. Ltd. (“Xin An”), an indirect wholly-owned subsidiary of NWD, as tenant, for lease of the first to fourth floors of Tianjin New World Shopping Centre (formerly known as New World Xin An Shopping Centre) located in Nankai District, Tianjin, PRC with an area of 31,800 sq. m. (the “Premises”) for three years commencing from 1st July 2002 to 30th June 2005 at a monthly rental of RMB1,928,570 with rent-free period from 1st July 2002 to 28th February 2003 together with a monthly management fee of RMB600,000.

The Tianjin Tenancy Agreement I was terminated on 15th March 2004 due to the handover of operation of the department store in the Premises by Xin An to Tianjin Trendy New World Plaza Co., Ltd. (“Tianjin Trendy”), an indirect wholly-owned subsidiary of NWD. The rental and management fee received in aggregate was HK\$20,087,000 for the period from 1st July 2003 to 14th March 2004 (2003: HK\$13,940,000). A new tenancy agreement (“Tianjin Tenancy Agreement II”) was entered into between New World Anderson as landlord and Tianjin Trendy as tenant for lease of the Premises on 15th March 2004 for twenty years from 15th March 2004 to 14th March 2024.

The annual rental is the higher of (i) RMB26,375,000 per year from the first year to the tenth year; RMB27,090,000 per year from the eleventh year to the thirteenth year; RMB28,100,000 per year from the fourteenth year to the seventeenth year; RMB30,300,000 per year from the eighteenth year to the twentieth year; and (ii) 5% of the sale revenue earned by Tianjin Trendy, together with an annual management fee of RMB3,968,700. The rental and management fee received in aggregate was HK\$8,271,000 for the period from 15th March 2004 to 30th June 2004.

Connected transactions (continued)

B. Tenancy agreements (continued)

- (4) On 13th December 2003, Dalian New World Plaza International Co., Ltd., a 88% owned subsidiary of the Group, as landlord, entered into a tenancy agreement ("Dalian Tenancy Agreement") with Dalian New World Department Store Ltd. ("Dalian Department Store"), an indirect wholly-owned subsidiary of NWD, as tenant, for lease of the first to fifth floors and portion of the sixth to seventh floors as well as the basement one of Dalian New World Plaza located in Tianjin Street, Zhongshan District, Dalian, PRC, with an area of 26,845 sq. m. for twenty years commencing from 18th October 2002 to 17th October 2022.

The monthly rental is the higher of (i) RMB30 per sq.m. with effect from 1st January 2004, with an additional 3% of the gross sales revenue ("GSR") earned by Dalian Department Store with effect from 1st January 2007; and (ii) 5% of the GSR, with rent-free period from 18th October 2002 to 31st December 2003. The rental received in aggregate under the Dalian Tenancy Agreement from 1st January 2004 to 30th June 2004 was HK\$4,490,000.

C. Corporate guarantees

- (1) On 16th July 2002, Guangzhou Xin Yi Development Limited ("Xin Yi") was granted a 4-year term loan facility of up to HK\$171,600,000 and a revolving loan facility of up to RMB228,250,000 by a bank to finance the construction and development of its property project. The loan facilities were severally guaranteed by the Company and Chow Tai Fook Enterprises Limited ("CTF") as to 90.5% and 9.5% respectively, in proportion to their indirect shareholdings in Xin Yi. The loans drawn under the aforesaid facilities were fully repaid in December 2003.

On 27th November 2003, Xin Yi was granted a 3-year term loan facility of up to RMB200,000,000 by a bank to finance its property development projects in which 90.5% of the loan facility was guaranteed by the Company.

Since CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD, CTF is deemed to be a connected person of the Company. The provision of the aforesaid guarantees by the Company constituted a connected transaction of the Company.

- (2) On 19th July 2002 and 31st December 2002, the Company executed corporate guarantees in respect of the full obligation and liabilities of Shanghai Ju Yi Real Estate Development Co., Ltd. ("Ju Yi") under two loan facilities as granted by a bank of up to aggregate principal amounts of RMB100,000,000 ("RMB facility") and US\$20,000,000 ("US\$ facility") respectively. The RMB facility, with a term of 7 years, was used to finance the development cost of the property project undertaken by Ju Yi whilst the US\$ facility, with a term of 1 year, was used to re-finance its existing loan of US\$20,000,000.

At the date of the aforesaid transactions, Ju Yi was beneficially owned as to 80% and 20% by New World Development (China) Limited ("NWDC"), a wholly-owned subsidiary of the Company, and Stanley Enterprises Limited ("Stanley") respectively. Stanley has agreed to indemnify the Company in respect of its liability under the guarantee in proportion to its shareholding in Ju Yi and pay to the Company a guarantee fee of 0.25% per annum on the amount of the loan facilities being utilised by Ju Yi. The shareholdings in Ju Yi was subsequently changed to 70% and 30% as being held by NWDC and Stanley respectively after the transfer of 10% participating interest in Ju Yi from NWDC to Stanley on 14th March 2003. The loans drawn under the RMB facility and the US\$ facility were fully repaid in June and December 2003 respectively.

By virtue of the fact that Stanley is a substantial shareholder of certain subsidiaries of the Group, and is wholly-owned by a director of the Company, Mr. Doo Wai-hoi, William, since 3rd December 2002, the provision of the aforesaid guarantees and payment of the guarantee fee by Stanley constituted connected transactions of the Company and relevant details were published in the Company's announcements dated 19th July 2002, 3rd December 2002 and 31st December 2002.

- (3) On 25th July 2002, Shanghai Ramada Plaza Ltd. ("Shanghai Ramada"), then 57% owned subsidiary, was granted a loan facility of US\$10,000,000 and RMB300,000,000 by two banks for a term of 5 years to finance the construction of its property project and as general working capital. Upon granting of the loan facility, the Company provided guarantee in respect of the full obligation and liabilities of Shanghai Ramada under the loan facility as well as the completion of Shanghai Ramada Plaza and undertook that the funding requirement relating to the completion of its construction would be fulfilled.

On 24th June 2003, Shanghai Ramada, then 61.75% owned subsidiary, obtained another loan facility of RMB100,000,000 from a bank for a term of 5 years to finance the construction cost of its property project. The obligation and liabilities of Shanghai Ramada under the aforesaid loan facility are also guaranteed by the Company.

Shanghai Ramada is then 95% held by Ramada Property Ltd. ("Ramada Property"). The other shareholders of Ramada Property had agreed to indemnify the Company in respect of its liability under the guarantees and pay to the Company a guarantee fee of 0.25% per annum on the amount of the loan facilities being utilised by Shanghai Ramada in proportion to their shareholdings in Ramada Property.

Stanley, having 20% interest in Ramada Property, is a connected person of the Company by reason stated in paragraph C(2) above. The provision of the guarantees by the Company in respect of the loan facilities and payment of the guarantee fee by Stanley constituted connected transactions of the Company and relevant details were published in the Company's announcements dated 25th July 2002, 3rd December 2002 and 24th June 2003.

- (4) On 29th July 2002, Shunde Shunxing Real Estate Co. Ltd. ("Shunde Shunxing") was granted a 3-year term loan facility of RMB50,000,000 from a bank to finance a property development project. Shunde Shunxing was owned by Global Perfect Development Limited ("Global Perfect") and an independent third party as to 70% and 30% respectively. Global Perfect is indirectly owned as to 50% and 50% by the Company and CTF respectively.

The loan facility was severally guaranteed by the Company and CTF in proportion to their indirect shareholdings in Global Perfect. Since CTF is deemed to be a connected person of the Company by reason stated in paragraph C(1) above, the provision of the aforesaid guarantee by the Company constituted a connected transaction of the Company.

- (5) Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co., Ltd. ("Fortune Leader Real Estate") was granted a 4-year banking facility with principal amount of up to HK\$30,000,000 on 6th September 2002 and additional facility of HK\$40,000,000 on 17th July 2003 to finance the development of its property projects. Fortune Leader Real Estate was 80% owned by Dragon Fortune Limited ("Dragon Fortune") and 20% by an independent third party. Dragon Fortune is in turn owned by the Company, Potassium Corp. ("Potassium"), Sun City Holdings Limited ("Sun City"), a 30.625% owned associated company, and independent third parties as to 36.39%, 7.09%, 20.33% and 36.19% respectively. Effectively, the Group owns Dragon Fortune as to 42.62%.

The obligation and liabilities of Fortune Leader Real Estate under the banking facilities were guaranteed by the Company, Mr. Cheng Kar-shing, Peter, a director of the Company ("Personal Guarantor"), and certain independent shareholders of Dragon Fortune in the proportion of 39.2%, 30.64% and 30.16% respectively on several basis.

Potassium is wholly-owned by the Personal Guarantor. Sun City is a 30.625% owned associated company of the Company and is also a connected person of the Company by virtue of the deemed interest of the Personal Guarantor in more than one-third of its issued share capital. Accordingly, the provision of the guarantee by the Company in respect of the banking facilities to Fortune Leader Real Estate constituted a connected transaction of the Company.

Connected transactions (continued)

C. Corporate guarantees (continued)

- (6) On 19th December 2002, Shanghai Mayfair Hotel Co., Ltd. ("Shanghai Mayfair") was granted a banking facility of up to an aggregate principal amount of HK\$10,000,000 and RMB74,000,000 respectively by a bank for a term of 2 years to re-finance its existing loans of HK\$10,000,000 and RMB74,000,000. The Company had provided guarantee in respect of the full obligation and liabilities of Shanghai Mayfair under the loan facility.

Shanghai Mayfair is indirectly owned as to 99% by Ramada Property. The other shareholders of Ramada Property have agreed to indemnify the Company in respect of its liability under the guarantee and pay to the Company a guarantee fee of 0.25% per annum on the amount of the loan facility being utilised by Shanghai Mayfair in proportion to their shareholding in Ramada Property.

Stanley, having 20% interest in Ramada Property, is a connected person of the Company by reason stated in paragraph C(2) above. The provision of the guarantee by the Company in respect of the loan facility and the payment of guarantee fee by Stanley constituted connected transactions of the Company and an announcement dated 19th December 2002 relating to the provision of the guarantee had been published.

- (7) On 8th January 2003, Fortune Leader Overseas Chinese (Daiyawan) Investment Co., Ltd. ("Fortune Leader Investment") was granted a 4-year banking facility with principal amount of up to HK\$50,000,000 to finance the development of its property projects. Fortune Leader Investment was 80% owned by Dragon Fortune.

The obligation and liabilities of Fortune Leader Investment under the banking facilities were guaranteed by the Company, the Personal Guarantor and certain independent shareholders of Dragon Fortune in the proportion of 39.84%, 29.5% and 30.66% respectively on several basis.

By reason stated in paragraph C(5) above, the provision of the guarantee by the Company in respect of the banking facilities to Fortune Leader Investment constituted a connected transaction of the Company.

- (8) On 7th April 2003, the Company executed a corporate guarantee to secure 50% of the indebtedness of Global Perfect under a loan facility of up to HK\$300,000,000 as provided by a bank under a loan agreement dated 27th March 1997 for a term of 7 years to finance its property development project. Global Perfect is indirectly owned as to 50% and 50% by the Company and CTF respectively. CTF had provided full guarantee in respect of the loan facility since 27th March 1997. The loan drawn under the aforesaid facility was fully repaid in March 2004.

As CTF is regarded as a connected person of the Company by reason stated in paragraph C(1) above, the provision of the aforesaid guarantee by the Company constituted a connected transaction of the Company.

D. Property agency agreement

On 2nd June 2004, Beijing Lingal Real Estates Development Co., Ltd. ("Beijing Lingal"), a wholly-owned subsidiary of the Group, entered into an agreement ("Property Agency Agreement") with Kiu Lok Property Services (China) Limited ("Kiu Lok"), an indirect wholly-owned subsidiary of NWS Holdings Limited which is a subsidiary of NWD, for the provision of property agency services by Kiu Lok to Lingal in connection with the promotion, sale and leasing of properties located in Chateau Regalia Beijing for three years commencing from 2nd June 2004 to 1st June 2007 and will continue for successive terms of one year until terminated by either party by not less than three months' notice.

The agency fee payable to Kiu Lok is calculated at (a) for the provision of property agency services in connection with the sale of properties at Chateau Regalia Beijing: 2% of the actual selling price of each unit sold; (b) for the provision of property agency services in connection with the leasing of properties at Chateau Regalia Beijing: (i) 8.3333% of the total net rental receivable of each unit leased, subject to the maximum of one month's average net monthly rental ("ANMR"); or (ii) 50% of the ANMR, if the tenant is introduced by sub-agents and commission payable to the sub-agents is not less than 50% of the ANMR; or (iii) the difference between the ANMR and the commission payable to sub-agents, if the tenant is introduced by sub-agents and the commission payable to the sub-agents is less than 50% of the ANMR and (c) in connection with renewal of lease of properties at Chateau Regalia Beijing: 2.5% of the total net rental receivable during the extended term of tenancy, subject to the maximum of 30% of the ANMR receivable by Beijing Lingal in respect of the relevant premises. The fees paid to Kiu Lok under the Property Agency Agreement for the year ended 30th June 2004 was HK\$6,071,000.

E. Other connected transaction

In July 1999, a deed of tax indemnity was entered into between NWD and the Group whereby NWD undertakes to indemnify the Group in respect of, inter alia, certain PRC income tax and land appreciation tax payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, no such tax indemnity was effected (2003: Nil).

F. Annual review of the continuing connected transactions

(1) Construction services

The construction services mentioned in paragraph A above constituted continuing connected transactions of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). As stated in the Company's press announcement dated 28th June 2002, the Company was granted conditional waiver by The Stock Exchange of Hong Kong Limited ("Stock Exchange") from strict compliance with the disclosure requirement under the Listing Rules up to the year ending 30th June 2005.

These transactions have been reviewed by the independent non-executive directors of the Company who have confirmed that the transactions were:

- (a) entered into in the ordinary and usual course of business of the Group;
- (b) conducted on normal commercial terms and on arm's length basis;
- (c) entered into either in accordance with the terms of the agreements governing the transactions, or where there are no such agreements, on terms no more favourable than terms available to (or from, as appropriate) independent third parties;
- (d) entered into on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
- (e) within the maximum amounts as agreed with the Stock Exchange, being HK\$450 million and did not exceed 3% of the net tangible asset value of the Group for the year ended 30th June 2004.

(2) Tenancy agreements

The tenancy agreements mentioned in paragraphs B(1) to B(4) above also constituted continuing connected transactions under the Listing Rules. As stated in the Company's announcements dated 10th June 2003, 12th March 2003, 15th March 2004 and 13th December 2003, the Company was granted conditional waiver by the Stock Exchange from strict compliance with the disclosure requirement under the Listing Rules in respect of transactions arising from the 1995 Tenancy Agreement and the 2000 Tenancy Agreement (together, the "Shenyang Tenancy Agreements") for a period up to 30th November 2005, the Tianjin Tenancy Agreement I for a period up to 30th June 2005, the Tianjin Tenancy Agreement II for a period up to 30th June 2006, and the Dalian Tenancy Agreement for a period up to 30th June 2006, respectively.

Connected transactions (continued)

F. Annual review of the continuing connected transactions (continued)

(2) *Tenancy agreements (continued)*

The independent non-executive directors of the Company had reviewed the transactions arising from the Shenyang Tenancy Agreements, the Tianjin Tenancy Agreement I, the Tianjin Tenancy Agreement II and the Dalian Tenancy Agreement (collectively the "Tenancy Agreements") for the year ended 30th June 2004 and confirmed that the transactions were:

- (a) entered into by the Group in the ordinary and usual course of business;
- (b) conducted on normal commercial terms or (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
- (c) entered into in accordance with the terms of the Tenancy Agreements; and
- (d) within the annual amounts receivable pursuant to each of the Tenancy Agreements and did not exceed 3% of the book value of the consolidated net tangible assets of the Group for the year ended 30th June 2004.

The auditors of the Company had reviewed the transactions arising from each of the Tenancy Agreements and had provided a letter to the board of directors of the Company confirming that:

- (a) the transactions had received the approval of the board of directors of the Company;
- (b) the transactions were entered into in accordance with terms of the Tenancy Agreements; and
- (c) the aggregate values of the transactions were within the annual amounts receivable pursuant to each of the Tenancy Agreements and did not exceed 3% of the book value of the consolidated net tangible assets of the Group for the year ended 30th June 2004.

(3) *Property agency agreement*

Pursuant to rule 14A.34 of the Listing Rules, the Property Agency Agreement described in paragraph D above constituted continuing connected transaction of the Company and the relevant details were published in the Company's announcement dated 2nd June 2004. The independent non-executive directors of the Company had reviewed the transactions arising from the Property Agency Agreement for the year ended 30th June 2004 and confirmed that the transactions were:

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

The auditors of the Company had reviewed the transactions arising from the Property Agency Agreement and had provided a letter to the board of directors of the Company confirming that the transaction:

- (a) had received the approval of the board of directors of the Company;
- (b) had been entered into in accordance with the Property Agency Agreement governing the transactions; and
- (c) had not exceeded HK\$7,500,000 for the year ended 30th June 2004.

Save as disclosed above, a summary of significant related party transactions that do not constitute connected transactions made during the year was disclosed in note 34 to the accounts.

Directors' right to acquire shares or debentures

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

Directors' interests in securities

As at 30th June 2004, the interests of the directors and their associates in shares, registered capital, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2004
	Personal interests	Family interests	Corporate interests		
New World China Land Limited					
(Ordinary shares of HK\$0.1 each)					
Mr. Doo Wai-hoi, William	700,000	—	—	700,000	0.05
Mr. Chan Kam-ling	100,000	—	—	100,000	0.007
Mr. Chow Kwai-cheung	126	—	—	126	—
Mr. Fong Shing-kwong, Michael	600,000	—	—	600,000	0.04
Mr. Tien Pei-chun, James	—	—	770,000 (note 1)	770,000	0.05
New World Development Company Limited					
(Ordinary shares of HK\$1 each)					
Mr. Leung Chi-kin, Stewart	32,553	—	—	32,553	0.001
Mr. Chan Kam-ling	135,335	—	—	135,335	0.004
Mr. Chow Kwai-cheung	43,000	—	—	43,000	0.001
Mr. Chow Yu-chun, Alexander	350,000	—	—	350,000	0.01
New World TMT Limited					
(Ordinary shares of HK\$1 each)					
Dr. Cheng Kar-shun, Henry	—	1,000,000	—	1,000,000	0.11
Mr. Doo Wai-hoi, William	—	—	12,000,000 (note 2)	12,000,000	1.26
Mr. Chan Wing-tak, Douglas	1,300,000	400,000	—	1,700,000	0.18
Mr. Chan Kam-ling	6,800	—	—	6,800	0.0007
NWS Holdings Limited					
(Ordinary shares of HK\$1 each)					
Dr. Cheng Kar-shun, Henry	1,000,000	587,000	—	1,587,000	0.09
Mr. Doo Wai-hoi, William	666,666	—	826,000 (note 2)	1,492,666	0.08
Mr. Cheng Kar-shing, Peter	166,666	—	2,939,700 (note 3)	3,106,366	0.17
Mr. Leung Chi-kin, Stewart	3,760,630	—	221,607 (note 4)	3,982,237	0.22
Mr. Chan Kam-ling	670,657	—	10,254,321 (note 5)	10,924,978	0.61
Mr. Chow Kwai-cheung	2,264,652	—	—	2,264,652	0.13
Mr. Chow Yu-chun, Alexander	2,330,418	—	—	2,330,418	0.13
Mr. Chan Wing-tak, Douglas	410,900	—	—	410,900	0.02
Mr. Fong Shing-kwong, Michael	2,030,706	—	—	2,030,706	0.11

Directors' interests in securities (continued)

(A) Long position in shares (continued)

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2004
	Personal interests	Family interests	Corporate interests		
Dragon Fortune Limited					
(Ordinary shares of US\$1 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 (note 6)	15,869	27.41
Faith Yard Property Limited					
(Ordinary shares of US\$1 each)					
Mr. Doo Wai-hoi, William	—	—	1 (note 2)	1	50.00
Fortune Star Worldwide Limited					
(Ordinary shares of US\$1 each)					
Mr. Doo Wai-hoi, William	—	—	60 (note 2)	60	60.00
Fung Seng Estate Development (Shanghai) Co., Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	3,000,000 (note 7)	3,000,000	30.00
Grand Make International Limited					
(Ordinary shares of US\$1 each)					
Mr. Doo Wai-hoi, William	—	—	10 (note 2)	10	10.00
HH Holdings Corporation					
(Ordinary shares of HK\$1 each)					
Mr. Chan Kam-ling	15,000	—	—	15,000	2.50
Master Services Limited					
(Ordinary shares of US\$0.01 each)					
Mr. Leung Chi-kin, Stewart	16,335	—	—	16,335	1.63
Mr. Chan Kam-ling	16,335	—	—	16,335	1.63
Mr. Chow Kwai-cheung	16,335	—	—	16,335	1.63
Mr. Chow Yu-chun, Alexander	16,335	—	—	16,335	1.63
Nanjing New World Chang Jiang Equipment Co. Ltd.					
(Registered capital in RMB)					
Mr. Doo Wai-hoi, William	—	—	5,357,275 (note 2)	5,357,275	21.18

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at
	Personal interests	Family interests	Corporate interests		30th June 2004
Nanjing Xinlidao Property Development Limited					
(Registered capital in HK\$)					
Mr. Doo Wai-hoi, William	—	—	21,000,000 (note 2)	21,000,000	35.00
Ramada Property Ltd.					
(Ordinary shares of US\$1 each)					
Mr. Doo Wai-hoi, William	—	—	200 (note 2)	200	20.00
Shanghai Ju Yi Real Estate Development Co., Ltd.					
(Registered capital in RMB)					
Mr. Doo Wai-hoi, William	—	—	105,000,000 (note 7)	105,000,000	30.00
Shanghai Trio Property Development Co. Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	28,350,000 (note 8)	28,350,000	52.50
Sun City Holdings Limited					
(Ordinary shares of HK\$1 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 (note 9)	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 (note 10)	500	50.00
YE Holdings Corporation					
(Ordinary shares of HK\$1 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	37,500	1.50
Zhaoqing New World Property Development Limited					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	3,600,000 (note 11)	3,600,000	60.00
Zhaoqing New World Property Management Limited					
(Registered capital in HK\$)					
Mr. Doo Wai-hoi, William	—	—	300,000 (note 11)	300,000	60.00

Directors' interests in securities (continued)

(A) Long position in shares (continued)

Notes:

- (1) These shares are beneficially owned by a company of which Mr. Tien Pei-chun, James has an indirect interest of 59.15%.
- (2) These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
- (3) These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
- (4) These shares are beneficially owned by a company of which Mr. Leung Chi-kin, Stewart has a direct interest of 55%.
- (5) These shares are beneficially owned by a company of which Mr. Chan Kam-ling has a direct interest of 50%.
- (6) Out of 15,869 shares of Dragon Fortune Limited, 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
- (7) These represent the participating interests held by a company wholly-owned by Mr. Doo Wai-hoi, William.
- (8) These include 50% direct interests and 2.5% participating interests in the registered capital of Shanghai Trio Property Development Co. Ltd. being held by companies wholly-owned by Mr. Doo Wai-hoi, William.
- (9) These shares are held by a company of which Mr. Cheng Kar-shing, Peter has an indirect interest of 48.18%.
- (10) Mr. Cheng Kar-shing, Peter is deemed to be interested in the shares of Sun Legend Investments Limited by virtue of his interests in Sun City.
- (11) Mr. Doo Wai-hoi, William is deemed to be interested in the registered capitals of these companies by virtue of his interest in Fortune Star Worldwide Limited, of which Mr. Doo Wai-hoi, William owns an indirect interest of 60%.

(B) Long position in underlying shares — share options**(1) The Company**

Under the share option scheme of the Company adopted on 18th December 2000, share options were granted to the undermentioned directors of the Company which entitled them to subscribe for shares of the Company and accordingly they are regarded as interested in the underlying shares of the Company. Details of the share options granted to them are as follows:

Name of director	Date of grant	Exercisable period (note 1)	Number of share options with exercise price per share of HK\$1.955		
			Balance as at 1st July 2003	Exercised during the year	Balance as at 30th June 2004
Dr. Cheng Kar-shun, Henry	7th February 2001	8th March 2001 to 7th March 2006	5,000,000	—	5,000,000
Mr. Doo Wai-hoi, William	8th February 2001	9th March 2002 to 8th March 2006 (note 2)	2,800,000	—	2,800,000
Mr. Cheng Kar-shing, Peter	9th February 2001	10th March 2001 to 9th March 2006	2,500,000	—	2,500,000
Mr. Chow Yu-chun, Alexander	8th February 2001	9th March 2001 to 8th March 2006	2,500,000	—	2,500,000
Mr. Leung Chi-kin, Stewart	7th February 2001	8th March 2001 to 7th March 2006	500,000	—	500,000
Mr. Chan Kam-ling	9th February 2001	10th March 2002 to 9th March 2006 (note 2)	400,000	—	400,000
Mr. Chow Kwai- cheung	9th February 2001	10th March 2001 to 9th March 2006	500,000	—	500,000
Mr. Chan Wing-tak, Douglas	12th February 2001	13th March 2001 to 12th March 2006	500,000	—	500,000
Mr. Fong Shing- kwong, Michael	17th February 2001	18th March 2002 to 17th March 2006 (note 2)	800,000	(400,000) (note 3)	400,000
Total			15,500,000	(400,000)	15,100,000

Notes:

- The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of each grant when the offers of share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous years, unless otherwise specified in note (2).
- The share options were exercisable during the remaining exercisable period of four years, provided that the maximum number of share options that can be exercised during a year is 25% of the outstanding balance of the share options held.
- The exercise date was 6th January 2004. On 5th January, 2004, being the trading date immediately before the share options were exercised, the weighted average closing price per share was HK\$2.20.
- The cash consideration paid by each director for each grant of the share options is HK\$10.

Directors' interests in securities (continued)

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

(2) *New World TMT Limited*

Under the share option scheme of a fellow subsidiary, New World TMT Limited (“NWTMT”) adopted on 3rd October 1997, the following directors of the Company were granted share options to subscribe for shares in NWTMT and accordingly, they are regarded as interested in the underlying shares of NWTMT. Details of the share options of NWTMT granted to them are as follows:

Name of director	Date of grant	Share options with exercise price per share of HK\$10.20 (note 1)		Share options with exercise price per share of HK\$12.00 (note 2)	
		Balance as at 1st July 2003	Balance as at 30th June 2004	Balance as at 1st July 2003	Balance as at 30th June 2004
Dr. Cheng Kar-shun, Henry	2nd December 1998	600,000	—	2,400,000	—
Mr. Chan Wing-tak, Douglas	26th November 1998	320,000	—	1,280,000	—
Mr. Fu Sze-shing	23rd September 1999	240,000 (note 3)	240,000 (note 3)	960,000 (note 4)	960,000 (note 4)

Notes:

- (1) Exercisable from 1st July 1999 to 1st June 2004, unless otherwise stated.
- (2) Divided into 3 tranches exercisable from 1st July 2000, 2001 and 2002 to 1st June 2004 respectively, unless otherwise stated.
- (3) Exercisable from 1st July 2000 to 1st June 2005.
- (4) Divided into 3 tranches exercisable from 1st July 2001, 2002 and 2003 to 1st June 2005 respectively.

(3) *NWS Holdings Limited*

Under the share option schemes of a fellow subsidiary, NWS Holdings Limited (“NWS”), the following directors of the Company have personal interests in share options to subscribe for shares in NWS and are accordingly regarded as interested in the underlying shares of NWS. Details of the share options of NWS granted to them are as follows:

Name of director	Date of grant	Number of share options outstanding at 30th June 2004 with exercise price per share of	
		HK\$6.93 (note 1)	HK\$3.725 (note 2)
Dr. Cheng Kar-shun, Henry	21st July 2003	—	2,000,000
Mr. Doo Wai-hoi, William	21st July 2003	—	1,333,334
Mr. Cheng Kar-shing, Peter	21st July 2003	—	333,334
Mr. Leung Chi-kin, Stewart	21st July 2003	—	134,000 (note 3)
Mr. Chan Kam-ling	21st July 2003	—	1,333,334
Mr. Chow Yu-chun, Alexander	21st July 2003	—	133,334
Mr. Chan Wing-tak, Douglas	11th May 1999	1,000,000	—
Mr. Fong Shing-kwong, Michael	21st July 2003	—	333,334
Mr. Cheng Wai-chee, Christopher	21st July 2003	—	600,000 (note 3)

Notes:

- (1) Divided into 4 tranches exercisable from 5th November 1999, 5th May 2001, 5th May 2002, 5th May 2003 to 4th November 2004 respectively.

- (2) Divided into 2 tranches exercisable from 21st July 2004 and 21st July 2005 to 20th July 2008 respectively, unless specified in note (3).
- (3) Divided into 3 tranches exercisable from 21st January 2004, 21st July 2004 and 21st July 2005 to 20th July 2008 respectively.

(C) Long position in debentures

During the year, the following director of the Company has interests in the debentures issued by New World Capital Finance Limited (“NWCF”), a fellow subsidiary of the Company, which were finally redeemed by NWCF on 9th June 2004, detailed as follows:

Name of director	Balance as at 1st July 2003		Balance as at 30th June 2004	
	Interest as founder of discretionary trust	Family interest	Interest as founder of discretionary trust	Family interest
	US\$	US\$	US\$	US\$
Mr. Cheng Wai-chee, Christopher	9,200,000 (note 1)	100,000 (note 2)	—	—

Notes:

- (1) These debentures were convertible into 2,898,522 shares of HK\$1 each of New World Development Company Limited up to 9th May 2004.
- (2) These debentures were convertible into 31,505 shares of HK\$1 each of New World Development Company Limited up to 9th May 2004.

Save as disclosed above, as at 30th June 2004, none of the directors, chief executive or any of their associates had or deemed to have any interest or short positions in the shares, registered capital, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Directors’ interests in competing business

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

Name of directors	Name of entities with competing businesses	Business activities of the entities	Nature of interest of directors in the entities
Dr. Cheng Kar-shun, Henry	Beijing Jiang Guang Development Limited	Hotel operation in Beijing	Director
	Beijing Chang Le Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Po Garden Real Estates Development Co., Ltd.	Property development in Beijing	Director

Directors' interests in competing business (continued)

Name of directors	Name of entities with competing businesses	Business activities of the entities	Nature of interest of directors in the entities
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	Wuhan New Eagle Development Co., Ltd.	Property development in Wuhan	Director
	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
Mr. Doo Wai-hoi, William	New Bei Fang Hotel Ltd.	Property investment	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
Mr. Cheng Kar-shing, Peter	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property development in Wuhan	Director
Mr. Chan Kam-ling	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
Mr. Chow Kwai-cheung	Beijing Chang Le Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Po Garden Real Estates Development Co., Ltd.	Property development in Beijing	Director
	北京市天竺花園別墅發展有限公司	Property development in Beijing	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	廣州金湖住宅發展有限公司	Property development in Guangzhou	Director
	廣州紅丰房地產有限公司	Property development in Guangzhou	Director
	增城永裕房地產有限公司	Property development in Guangzhou	Director
Mr. Chow Yu-chun, Alexander	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Guangzhou Metropolitan Properties Co., Ltd.	Property development in Guangzhou	Director
	Guangzhou New World Properties Development Co., Ltd.	Property development in Guangzhou	Director

Name of directors	Name of entities with competing businesses	Business activities of the entities	Nature of interest of directors in the entities
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	New Bei Fang Hotel Ltd.	Property investment	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property development in Wuhan	Director
Mr. Fong Shing-kwong, Michael	Beijing Jiang Guang Centre Co., Ltd.	Hotel operation in Beijing	Director
	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Wuxi New City Development Co., Ltd.	Hotel operation in Wuxi	Director

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

Substantial shareholders' interests in shares

As at 30th June 2004, the register of substantial shareholders maintained under Section 336 of the SFO showed that the following parties had interests in 5% or more of the issued share capital of the Company:

Name	Number of shares			Percentage to the issued share capital
	Beneficial interest	Corporate interest	Total	
Chow Tai Fook Enterprises Limited (note 1)	—	1,050,768,800	1,050,768,800	70.58
New World Development Company Limited ("NWD") (note 2)	1,011,714,293	39,054,507	1,050,768,800	70.58

Notes:

- (1) Chow Tai Fook Enterprises Limited and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares deemed to be interested by NWD.
- (2) NWD directly held 1,011,714,293 shares and is deemed to be interested in 22,508,064 shares held by Great Worth Holdings Limited, its 59% owned subsidiary, together with 16,546,443 shares held by High Earnings Holdings Limited, its 54% owned subsidiary.

All the interests stated above represent long position. Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30th June 2004.

Share option schemes

On 18th December 2000, the Company adopted a share option scheme ("2000 Share Option Scheme") pursuant to which employees, including executive directors of the Group, were given opportunity to obtain equity holdings in the Company. The 2000 Share Option Scheme was subsequently terminated at the annual general meeting of the Company held on 26th November 2002 whereby a new share option scheme ("2002 Share Option Scheme") was adopted in compliance with the new requirements of the Listing Rules. Any share options which were granted under the 2000 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2000 Share Option Scheme.

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

	2000 Share Option Scheme	2002 Share Option Scheme
Purpose of the schemes	As incentive to employees, including executive directors, of the Company or its subsidiaries	To provide an opportunity for the full-time or part-time employees, including directors, of the Group to participate in the equity of the Company as well as to motivate them to optimize their performance
Participants of the schemes	Full-time employees, including any directors, of the Company or its subsidiaries	Full-time or part-time employees, including directors, of the Company or its subsidiaries
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of this annual report	The Company had granted share options representing the rights to subscribe for 65,745,200 shares of the Company under the 2000 Share Option Scheme, representing approximately 4.41% of the shares in issue as at the date of this report. No further options will be granted under the 2000 Share Option Scheme	The Company had granted share options representing the rights to subscribe for 6,660,400 shares under the 2002 Share Option Scheme. The Company may further grant share options to subscribe for 141,534,029 shares of the Company, representing approximately 9.50% of the shares in issue as at the date of this report
Maximum entitlement of each participant under the schemes	25% of the aggregate number of shares for the time being issued and issuable under the scheme	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by shareholders in general meeting

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

Share option schemes (continued)

During the year ended 30th June 2004, movement of share options granted to the directors and employees of the Group under the 2000 Share Option Scheme and the 2002 Share Option Scheme was as follows:

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

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

Under the 2000 Share Option Scheme

Date of grant	Number of share options (note 1)					Subscription price per share HK\$
	Balance as at 1st July 2003	Granted during the year	Exercised during the year (note 4)	Lapsed during the year	Outstanding as at 30th June 2004	
5th February 2001 to 2nd March 2001	29,373,600	—	(5,062,400)	(1,972,800)	22,338,400	1.955
2nd May 2001 to 29th May 2001	458,400	—	(56,400)	—	402,000	2.605
29th June 2001 to 26th July 2001	2,328,000	—	—	(230,800)	2,097,200	3.192
31st August 2001 to 27th September 2001	2,130,000	—	(339,200)	(1,200,800)	590,000	2.380
26th March 2002 to 22nd April 2002	1,543,200	—	(128,000)	(554,000)	861,200	2.265
Total	35,833,200	—	(5,586,000)	(3,958,400)	26,288,800	

Under the 2002 Share Option Scheme

Date of grant	Number of share options (note 1)					Subscription price per share HK\$
	Balance as at 1st July 2003	Granted during the year (note 3)	Exercised during the year (note 5)	Lapsed during the year	Outstanding as at 30th June 2004	
3rd January 2003 to 30th January 2003	1,344,000	—	(472,400)	(194,800)	676,800	1.33
12th May 2003 to 6th June 2003	2,214,400	—	(431,600)	(238,800)	1,544,000	1.00
28th October 2003 to 22nd November 2003	—	265,600	(28,000)	—	237,600	1.81
18th December 2003 to 14th January 2004	—	1,300,000 (note 2)	—	—	1,300,000	1.83
25th March 2004 to 21st April 2004	—	976,000	—	—	976,000	2.47
Total	3,558,400	2,541,600	(932,000)	(433,600)	4,734,400	

Notes:

- (1) The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of each grant when the offers of share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous year(s), except otherwise specified in note 2.
- (2) The share options are exercisable during a period of two years commencing from the expiry of one month after the dates of each grant when the offers of share options were accepted, provided that the maximum number of share options that can be exercised during a year is 50% of the total number of share options granted together with any unexercised share options carried forward from the previous year.

- (3) The closing prices per share immediately before 28th October 2003, 18th December 2003 and 25th March 2004, the dates of grant, were HK\$1.78, HK\$1.8 and HK\$2.475 respectively.
- (4) The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2000 Share Option Scheme was HK\$2.61.
- (5) The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme was HK\$2.27.

The fair values of the share options granted during the year with subscription prices per share of HK\$1.81, HK\$1.83 and HK\$2.47 are estimated at HK\$1.23, HK\$1.25 and HK\$1.15 respectively using the Black-Scholes option pricing model. Values are estimated based on the risk-free rate of 0.717% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 0.8, assuming no dividends and an expected option life of 5 years.

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. As the characteristics of the options granted during the year are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair values of the share options.

Management contracts

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

Major customers and suppliers

During the year, less than 30% of the Group's turnover and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

Continuing obligations under Chapter 13 of the Listing Rules

(A) Advances and guarantees to entities

In accordance with the requirements under rule 13.20 of Listing Rules the directors of the Company reported below details of advances and guarantees made by the Group to the following entities which individually exceeded 8% of the Company's market capitalisation as at 30th June 2004, as follows:

Names of affiliated companies	Attributable interest held by the Group	Advances as at 30th June 2004		Interest rate per annum	Guarantee given (C)	Total (A+B+C)
		Interest bearing (A)	Non-interest bearing (B)			
		HK\$'000	HK\$'000		HK\$'000	HK\$'000
Associated companies						
Global Perfect Development Limited	50%	—	461,160	—	23,364	484,524
Grand Make International Limited	45%	—	321,584	—	333,278	654,862
Sub-total (D)		—	782,744		356,642	1,139,386

Continuing obligations under Chapter 13 of the Listing Rules (continued)

Names of affiliated companies	Attributable interest held by the Group	Advances as at 30th June 2004		Interest rate per annum	Guarantee given (C)	Total (A+B+C)
		Interest bearing (A)	Non-interest bearing (B)			
		HK\$'000	HK\$'000		HK\$'000	HK\$'000
Jointly controlled entities						
Beijing Chong Wen-New World Properties Co., Ltd.	70%	1,414,655	—	8.5%	467,290	1,881,945
Beijing Chong Yu Real Estate Development Co., Ltd.	70%	1,132,645	—	8.5%	981,308	2,113,953
Beijing Xin Lian Hotel Co., Ltd.	55%	301,441	46,160	8.5%	—	347,601
China New World Electronic Ltd.	70%	1,149,427	—	HK prime rate	—	1,149,427
Guangzhou Fong Chuen New World Properties Development Co., Ltd.	60%	143,187	4,072	HK prime rate	322,430	469,689
Guangzhou Jixian Zhuang New World City Garden Development Limited	60%	270,881	41,048	10%	394,424	706,353
Jinan New World Sunshine Development Ltd.	65%	55,352	23,271	5.85% to 5.94%	357,159	435,782
Tianjin New World Housing Development Co., Ltd.	60%	680,723	121,114	10%	—	801,837
Tianjin New World Properties Development Co., Ltd.	70%	638,448	—	9% to 10%	—	638,448
Wuhan New World Housing Development Limited	60%	483,779	254,533	5.31%	467,290	1,205,602
Sub-total (E)		6,270,538	490,198		2,989,901	9,750,637
Total (D+E)		6,270,538	1,272,942		3,346,543	10,890,023

These loans have been provided by the Group to the abovenamed entities as shareholders' loans which are unsecured and have no specific repayment terms.

Note: The market capitalisation of the Company as at 30th June 2004 amounted to HK\$2,921,147,821 based on the total number of 1,488,862,294 shares of the Company in issue on 30th June 2004 and the average closing price per share of HK\$1.962 for the five business days immediately preceding 30th June 2004.

(B) Financial assistance and guarantees to affiliated companies

In accordance with the requirements under rule 13.22 of the Listing Rules, the directors of the Company reported below details of advances to, and guarantees given for the benefit of its affiliated companies as at 30th June 2004, which in aggregate exceeded 8% of the Company's market capitalisation as at 30th June 2004.

As at 30th June 2004, the Company and its subsidiaries had advanced an aggregate amount of HK\$9,148,422,000 (2003: HK\$7,847,201,000) to affiliated companies (included in amounts disclosed in notes 15 and 16 to the accounts), guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$2,598,081,000 (2003: HK\$2,068,623,000) (included in the amounts disclosed in note 31 to the accounts) and contracted to further provide an aggregate amount of HK\$1,437,585,000 (2003: HK\$1,337,372,000) in capital and loans to affiliated companies. The advances are unsecured and are interest free except for an aggregate amount of HK\$7,118,102,000 (2003: HK\$6,236,782,000) which carry interest ranging from 4% to 12% per annum (2003: 1.5% above HIBOR to 12% per annum). Other than an amount of HK\$311,526,000 (2003: HK\$336,449,000) which is repayable by instalments up to December 2016, the advances have no fixed repayment terms. Contracted capital and loan contributions to affiliated companies would be funded by proceeds from internal resources and bank and other borrowings of the Group.

In addition, in accordance with the requirements under rule 13.22 of the Listing Rules, the Company is required to include in its annual report a proforma combined balance sheet of its affiliated companies which should include significant balance sheet classifications and state the attributable interest of the Company in the affiliated companies. The Company has numerous affiliated companies and is of the opinion that it is not practical nor meaningful to prepare a proforma combined balance sheet and such information may be misleading. Pursuant to rule 13.22 of the Listing Rules, the Company made an application to, and has received a waiver from, the Stock Exchange as an alternative to provide the following statement.

As at 30th June 2004, the Group's total exposure on the combined indebtedness reported by such affiliated companies (including amounts owing to the Group) amounted to approximately HK\$15,537,481,000 (2003: HK\$13,356,749,000). Such affiliated companies reported no capital commitments and contingent liabilities as at 30th June 2004 (2003: Nil).

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

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

On 9th May 2002, the Company was granted a 4-year term loan facility of up to HK\$500,000,000 and on 16th July 2002, Guangzhou Xin Yi Development Limited ("Xin Yi"), a 90.5% owned subsidiary, was granted a 4-year term loan facility of up to HK\$171,600,000 and a revolving loan facility of up to RMB228,250,000. Upon the granting of each of these loan facilities, the Company undertook to the respective lender that NWD would retain a holding of at least 51% beneficial interest in the issued share capital of the Company throughout the term of each of the facility. Failure to perform the undertaking which continues for a period of 14 days following the date of notice given by the lender will constitute an event of default.

As at 30th June 2004, the loans drawn under the aforesaid loan facilities to the Company and Xin Yi were fully repaid.

Code of best practice

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules during the year, except that the non-executive directors are not appointed for a specific term as they are subject to retirement by rotation at annual general meeting in accordance with Article 116 of the Company's Articles of Association.

Model code for securities transactions by directors

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transaction by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules.

Confirmation of independence of independent non-executive directors

The Company has received from Messrs. Cheng Wai-chee, Christopher, Tien Pei-chun, James and Lo Hong-sui, independent non-executive directors of the Company, written confirmation of independence pursuant to the new independence guidance as set out in the Listing Rules and the Company still considers them to be independent.

Statement of public float sufficiency

Based on information that is publicly available to the Company and within the knowledge of the directors at the date of this report, the Company has sufficient number of shares held by the public.

Auditors

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

On behalf of the Board

Dr. Cheng Kar-shun, Henry
Chairman and Managing Director

Hong Kong, 15th October 2004

Report of the auditors



羅兵咸永道會計師事務所

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF NEW WORLD CHINA LAND LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the accounts on pages 89 to 132 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 30th June 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 15th October 2004

Consolidated profit and loss account

For the year ended 30th June 2004

	Note	2004 HK\$'000	2003 HK\$'000 (As restated)
Turnover	2	2,521,784	545,584
Cost of sales		(2,053,351)	(434,104)
Gross profit		468,433	111,480
Other revenue	3	19,853	7,824
Other income/(charges)	4	62,458	(1,035,658)
Selling expenses		(129,863)	(64,781)
Administrative expenses		(30,533)	(41,753)
Other operating expenses		(237,713)	(221,975)
Operating profit/(loss) before financing	5	152,635	(1,244,863)
Finance costs	6	(74,701)	(90,058)
Share of results of			
Associated companies		24,799	(99,443)
Jointly controlled entities		108,867	(410,194)
Profit/(loss) before taxation		211,600	(1,844,558)
Taxation (charge)/credit	9	(44,788)	2,727
Profit/(loss) after taxation		166,812	(1,841,831)
Minority interests		(39,466)	136,269
Profit/(loss) attributable to shareholders	27	127,346	(1,705,562)
Earnings/(loss) per share	11		
Basic		8.57 cents	(115.1 cents)
Diluted		N/A	N/A

Consolidated balance sheet

As at 30th June 2004

	Note	2004 HK\$'000	2003 HK\$'000 (As restated)
Fixed assets	12	3,616,762	4,442,443
Properties held for development	14	3,947,225	3,743,306
Associated companies	15	1,298,372	1,198,248
Jointly controlled entities	16	10,319,994	8,706,406
Other investments	17	49,132	1,758,573
Deferred tax assets	29	—	2,932
Other non-current assets	18	34,831	50,293
Total non-current assets		19,266,316	19,902,201
Current assets			
Debtors, deposits and other receivables	19	929,571	454,400
Amounts due from fellow subsidiaries	24	23,543	—
Properties under development	20	2,116,807	2,556,235
Completed properties held for sale	21	1,825,614	454,329
Cash and bank balances	22	857,391	1,283,427
		5,752,926	4,748,391
Current liabilities			
Creditors and accruals	23	1,065,084	531,936
Deposits received on sale of properties		244,775	405,059
Amounts due to fellow subsidiaries	24	573,943	306,597
Short term bank loans			
Secured		214,953	481,308
Unsecured		186,916	564,691
Current portion of bank and other borrowings	28	1,731,562	1,418,479
Taxes payable	25	97,546	106,299
		4,114,779	3,814,369
Net current assets		1,638,147	934,022
Employment of funds		20,904,463	20,836,223
Financed by:			
Share capital	26	148,886	148,194
Reserves	27	16,220,336	15,854,487
Shareholders' funds		16,369,222	16,002,681
Bank and other borrowings	28	3,636,163	3,987,493
Deferred income		349,987	355,658
Deferred tax liabilities	29	139,911	110,097
Minority interests and loans from minority shareholders	30	409,180	380,294
Funds employed		20,904,463	20,836,223

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

Balance sheet

As at 30th June 2004

	Note	2004 HK\$'000	2003 HK\$'000
Subsidiaries	13	14,635,621	15,350,701
Other non-current assets	18	—	2,588
Total non-current assets		14,635,621	15,353,289
Current assets			
Debtors, deposits and other receivables		10,224	8,948
Cash and bank balances	22	175,876	159,411
		186,100	168,359
Current liabilities			
Creditors and accruals		40,921	11,336
Amounts due to fellow subsidiaries	24	156,065	12,970
Current portion of bank and other borrowings	28	—	500,000
		196,986	524,306
Net current liabilities		(10,886)	(355,947)
Employment of funds		14,624,735	14,997,342
Financed by:			
Share capital	26	148,886	148,194
Reserves	27	14,475,849	14,849,148
Shareholders' funds		14,624,735	14,997,342

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

Consolidated cash flow statement

For the year ended 30th June 2004

	Note	2004 HK\$'000	2003 HK\$'000
Operating activities			
Net cash generated from/(used in) operations	33(a)	651,012	(636,188)
Tax paid		(21,651)	(12,235)
Net cash generated from/(used in) operating activities		629,361	(648,423)
Investing activities			
Interest received		8,077	129,120
Dividend received from a jointly controlled entity		5,513	2,585
Additions to fixed assets		(374,490)	(399,669)
Deferred expenditure incurred		(3,185)	(8,702)
Increase in investments in associated companies		(152,075)	(195,902)
Increase in investments in jointly controlled entities		(878,951)	(229,889)
Repayment of investments in jointly controlled entities		1,039,695	196,485
Repayment of investments in associated companies		71,509	20,378
Acquisition of additional interests in subsidiaries		—	(2,524)
Acquisition of interests in subsidiaries	33(c)	10,838	(146,229)
Disposal of interests in subsidiaries	33(d)	—	350,162
Disposal of fixed assets		8,809	1,203
Disposal of jointly controlled entities		35,200	2,293
Disposal of partial interests in subsidiaries		—	85,279
Net cash used in investing activities		(229,060)	(195,410)
Financing activities			
Dividend paid	33(e)	—	(29,639)
Interest paid		(151,716)	(140,231)
Increase in long term bank loans		388,669	1,208,152
Repayment of long term bank loans		(1,192,660)	(267,913)
Net (decrease)/increase in short term bank loans		(644,130)	366,560
Contribution from minority shareholders		—	17,829
Increase in loans from minority shareholders		—	11,923
Repayment of loans from fellow subsidiaries		(7,410)	(489,299)
Increase in loans from fellow subsidiaries		755,000	45,616
Issue of shares		13,035	82
Decrease in restricted bank balances		353,507	175,479
Net cash (used in)/from financing activities		(485,705)	898,559
(Decrease)/increase in cash and cash equivalents		(85,404)	54,726
Cash and cash equivalents at beginning of year		902,570	847,844
Cash and cash equivalents at end of year		817,166	902,570
Analysis of balances of cash and cash equivalents			
Cash and bank balances — unrestricted balances		817,166	902,570

Consolidated statement of changes in equity

For the year ended 30th June 2004

	Note	2004 HK\$'000	2003 HK\$'000
Total equity as at 1st July, as previously reported		16,191,163	17,881,500
Changes in accounting policy in respect of deferred taxation		(188,482)	(170,732)
Total equity as at 1st July, as restated		16,002,681	17,710,768
Revaluation surplus on investment properties	27	63,798	8,381
Share of revaluation (deficit)/surplus of associated companies	27	(11,016)	17,393
Share of revaluation surplus of jointly controlled entities	27	163,536	8,261
Exchange differences arising on translation of subsidiaries, associated companies and jointly controlled entities	27	1,613	(228)
Net gains not recognised in the profit and loss account		217,931	33,807
Profit/(loss) for the year		127,346	(1,705,562)
		16,347,958	16,039,013
Release of reserves upon disposal of properties	27	8,229	—
Release of reserves upon disposal of a subsidiary	27	—	(6,438)
Release of reserves upon disposal of a jointly controlled entity	27	—	(337)
Dividend paid		—	(29,639)
Issue of shares		13,035	82
Total equity as at 30th June		16,369,222	16,002,681

Notes to the accounts

1 Principal accounting policies

(a) Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of hotel and investment properties and other investments and in accordance with accounting principles generally accepted in Hong Kong.

During the year, the Group adopted the new Statement of Standard Accounting Practices ("SSAP") 12 "Income taxes" issued by the Hong Kong Institute of Certified Public Accountants which is effective for accounting periods commencing on or after 1st January 2003.

A summary of the accounting policies and the effect of adopting SSAP 12 is set out below:

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and all of its subsidiaries made up to 30th June, and include the Group's share of the results for the year and undistributed post-acquisition reserves of its associated companies and jointly controlled entities. The results of subsidiaries, associated companies and jointly controlled entities acquired or disposed of during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition and up to the effective dates of disposal respectively.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

(c) Goodwill

Goodwill represents the excess of purchase consideration over the fair values ascribed to net assets of subsidiaries, associated companies or jointly controlled entities acquired.

Goodwill on acquisition of subsidiaries, associated companies or jointly controlled entities occurring before 1st July 2001 was written off directly to reserves in the year of acquisition.

Goodwill on acquisitions occurring on or after 1st July 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life of not more than twenty years. Any impairment of the goodwill will be recognised as an expense in the profit and loss account immediately.

(d) Negative goodwill

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

Negative goodwill on acquisition of subsidiaries, associated companies or jointly controlled entities occurring before 1st July 2001 was taken directly to reserves in the year of acquisition.

For acquisitions on or after 1st July 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the remaining weighted average life of those non-monetary assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the profit and loss account immediately.

(e) Subsidiaries

Subsidiaries are companies, including equity and co-operative joint ventures in the People's Republic of China ("PRC"), in which the Group has the power to exercise control governing the financial and operating policies of the companies. Investments in subsidiaries are carried at cost. Provision is made when the directors consider that there is long term impairment in value.

(f) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long term and significant influence is exercised through representatives on the board of directors and there is no contractual arrangement to establish joint control over the economic activities of the company. The Group's investments in associated companies also include joint ventures in the PRC in which the composition of the board of directors is controlled by the Group's associated companies.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year. The consolidated balance sheet includes the Group's share of the net assets of the associated companies and any unamortised goodwill/negative goodwill on acquisition.

(g) 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's interests in jointly controlled entities are stated at cost plus the Group's share of their post-acquisition results and reserves and any unamortised goodwill/negative goodwill on acquisition, less provision for diminution in value other than temporary in nature. 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 explained as follows:

(i) *Equity joint ventures*

Equity joint ventures are joint ventures in respect of which the venturers' capital contribution ratios are defined in the joint venture contracts and the venturers' profit sharing ratios are in proportion to the capital contribution ratios.

(ii) *Co-operative joint ventures*

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

(iii) *Companies limited by shares*

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

(h) Joint ventures in the PRC

(i) *Equity joint ventures*

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiaries (where the Group has the power to exercise control governing the financial and operating policies) or as jointly controlled entities (where the Group and the other venturers of the equity joint venture established joint control over the economic activity thereof).

(ii) *Co-operative joint ventures*

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiaries (where the Group has the power to exercise control governing the financial and operating policies) or as jointly controlled entities (where the Group and the other venturers of the co-operative joint venture established joint control over the economic activity thereof).

1 Principal accounting policies (continued)

(i) Other investments

Other investments represent securities which are held for non-trading purpose. They are stated at fair value at the balance sheet date. Fair value is estimated by the directors by reference to the market price or, in case of unlisted investments, net asset value of the respective investment. Changes in the fair value of individual investment are credited or debited to the investment revaluation reserve until the investment is sold or determined to be impaired. Where the directors determine that there is impairment loss, the accumulated changes in fair value are removed from the investment revaluation reserve and recognised in the profit and loss account. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant investment, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the profit and loss account.

(j) Fixed assets and depreciation

(i) *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential. The investment properties are stated at open market value based on an annual professional valuation at the balance sheet date. Increases in valuation are credited to the investment properties revaluation reserve; decreases in value are first set off against earlier revaluation surplus on a portfolio basis and thereafter charged to the profit and loss account. Any subsequent increases are credited to operating profit up to the amount previously debited. Upon sale of an investment property, the relevant portion of the revaluation surplus in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account. No depreciation is provided on investment properties held on leases of more than twenty years.

(ii) *Hotel properties*

Hotel properties are interests in land and buildings and their integral fixed plant which are collectively used in the operation of hotel. They are stated in the balance sheet at their open market value on the basis of an annual professional valuation. Increases in valuation are credited to the hotel properties revaluation reserve; decreases in value are first set off against earlier revaluation surplus and thereafter charged to the profit and loss account. No depreciation is provided on hotel properties held on leases of more than twenty years. It is the Group's practice to maintain the buildings in a continual state of sound repairs and to make improvements thereto from time to time and accordingly, the directors consider that given the estimated lives of the hotel properties, any depreciation would be insignificant due to their high residual value. Such expenditures on repairs and improvements are charged to the profit and loss account in the year in which they are incurred.

(iii) *Assets under construction*

No depreciation is provided on assets under construction. All direct and indirect costs relating to the construction of fixed assets including interest and financing costs and foreign exchange differences on the related borrowed funds during the construction period are capitalised as the cost of the fixed assets.

(iv) *Other fixed assets*

Other fixed assets, including other properties which are interests in land and buildings other than investment properties and hotel properties, are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is calculated to write off the cost of assets over their estimated useful lives, using the straight line method. Estimated useful lives are summarised as follows:

Land held on long or medium term lease	Unexpired period of the lease
Buildings	20 years
Leasehold improvements	5–10 years or over the relevant lease period
Furniture, fixtures and equipment	5 years
Motor vehicles	3 years

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives. The carrying amounts of fixed assets are reviewed regularly. When the recoverable amounts have declined permanently below their carrying amounts, the carrying amounts are written down to their estimated recoverable amount. Expected future cash flows have been discounted in determining the recoverable amount.

Profits or losses on disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amounts of the assets and are dealt with in the profit and loss account.

(k) Deferred expenditure

Loan procurement expenses are amortised on a straight line basis over the relevant loan periods.

(l) Properties held for/under development

Properties held for/under development are stated at cost less provision for any possible loss. Cost comprises land cost, development expenditure, professional fees and interest capitalised. On completion, the properties are transferred to investment properties or to completed properties held for sale.

(m) Completed properties held for sale

Completed properties held for sale is stated at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(n) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

(ii) *Pension obligations*

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(o) Provisions

Provisions are recognised when there is 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 a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

1 Principal accounting policies (continued)

(p) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals payable to such operating leases, net of incentives received from the lessors, are charged to the profit and loss account on a straight line basis over the periods of the leases.

(q) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

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

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, 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.

In previous years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the new SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As a result, opening retained profit at 1st July 2002 has been reduced by HK\$19,427,000 and opening accumulated losses at 1st July 2003 has been increased by HK\$13,961,000. The loss attributable to shareholders has been reduced by HK\$5,466,000 for the year ended 30th June 2003. In addition, opening investment properties revaluation reserve at 1st July 2002 and 2003 have been reduced by HK\$151,305,000 and HK\$174,521,000 respectively. This has also resulted in the following changes as at 30th June 2003:

	HK\$'000
Decrease in associated companies	(5,077)
Decrease in jointly controlled entities	(71,321)
Decrease in other investments	(19,262)
Increase in deferred tax assets	2,932
Increase in deferred tax liabilities	(110,097)
Decrease in minority interests	14,343
Decrease in reserves	(188,482)

(r) Capitalisation of interest and finance charges

Interest and finance charges on borrowings relating to properties under development are included in the cost of the development during the period of development. Interest and finance charges on borrowings that are directly attributable to the financing of the Group's investments in joint ventures investing in property development projects are capitalised as the cost of investments in these joint ventures up to the respective date of completion of construction of the related properties. All other borrowing costs are expensed in the profit and loss account in the year in which they are incurred, other than those dealt with in note (j) (iii) above.

(s) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates of exchange ruling at that date. Exchange differences arising in these cases are dealt with in the profit and loss account, other than those dealt with in note (j) (iii) above.

The balance sheet of overseas subsidiaries, associated companies and jointly controlled entities expressed in foreign currencies are translated at rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences arising therefrom are dealt with as a movement in reserves.

(t) Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably on the following bases:

(i) *Property sales*

Revenue from sale of properties is recognised either when the sale agreement is completed or when the development is completed which is determined by the issuance of the completion certificate by the relevant government authorities, whichever is the later. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

(ii) *Interest income*

(a) Interest income in respect of loan financing provided to associated companies and jointly controlled entities financing the development of property projects during the development periods is deferred and recognised on the same basis as property sales (note (t) (i)) above.

(b) Interest income in respect of loan financing provided to associated companies and jointly controlled entities other than those engaged in property development during their pre-operational period is deferred and amortised over the repayment period of the loan.

(c) Other than those described in (a) and (b) above, interest income is recognised on a time proportion basis.

(iii) *Rental income*

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

(iv) *Hotel operating income*

Hotel operating income is recognised when the services are rendered.

(v) *Project management fee income*

Project management fee income in respect of management services provided to associated companies and jointly controlled entities engaged in property development during the development periods is deferred and recognised on the same basis as property sales (note (t) (i)) above.

(vi) *Property management services fee income*

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

(vii) *Dividend income*

Dividend income is recognised when the shareholder's right to receive payment is established.

2 Turnover and segment information

- (a) The Group is principally engaged in investment and development of property projects in the PRC. Turnover comprises gross proceeds from sales of properties, revenue from rental and hotel operations, property management services fee income, project management fee income and interest income in respect of loan financing provided to associated companies and jointly controlled entities, net of withholding tax.

	2004	2003
	HK\$'000	HK\$'000
Sales of properties	2,186,222	373,814
Rental income	139,954	127,107
Income from hotel operations	108,829	2,188
Property management services fee income	23,407	20,253
Project management fee income	4,893	5,129
	2,463,305	528,491
Interest income less withholding tax	58,479	17,093
	2,521,784	545,584

- (b) The Group is organised into four main business segments, comprising property sales, rental operation, hotel operation and property management. There is no other significant identifiable separate business segment. Segment assets consist primarily of fixed assets, properties held for/under development, other non-current assets, debtors, deposits and other receivables, and completed properties held for sale. Segment liabilities comprise mainly creditors and accruals, bank and other loans and deferred income.

No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the PRC, which is considered as one geographical location in an economic environment with similar risks and returns.

Year ended 30th June 2004	Property					Total
	Property sales	Rental operation	Hotel operation	management operation	Other operations	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues	2,249,594	140,336	121,774	10,080	—	2,521,784
Segment results	2,979	11,102	238,346	(346)	(1,614)	250,467
Bank and other interest income						19,853
Corporate administrative expenses						(117,685)
Operating profit before financing						152,635
Finance costs						(74,701)
Share of results of						
Associated companies	2,293	16,459	6,738	(691)	—	24,799
Jointly controlled entities	37,160	70,572	7,486	(4,539)	(1,812)	108,867
Profit before taxation						211,600
Taxation charge						(44,788)
Profit after taxation						166,812
Minority interests						(39,466)
Profit attributable to shareholders						127,346

Year ended 30th June 2003	Property					Total
	Property sales	Rental operation	Hotel operation	management operation	Other operations	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
						(As restated)
Segment revenues	390,817	143,331	7,317	3,759	360	545,584
Segment results	(661,015)	12,599	(481,320)	(6,547)	7,903	(1,128,380)
Bank and other interest income						7,824
Corporate administrative expenses						(124,307)
Operating loss before financing						(1,244,863)
Finance costs						(90,058)
Share of results of						
Associated companies	(26,450)	6,358	(78,495)	(856)	—	(99,443)
Jointly controlled entities	(280,950)	(20,906)	(101,675)	(5,505)	(1,158)	(410,194)
Loss before taxation						(1,844,558)
Taxation credit						2,727
Loss after taxation						(1,841,831)
Minority interests						136,269
Loss attributable to shareholders						(1,705,562)

2 Turnover and segment information (continued)

	Property					Total
	Property sales	Rental operation	Hotel operation	management operation	Other operations	
As at 30th June 2004	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	9,409,822	2,585,916	1,138,545	17,260	6,422	13,157,965
Associated companies and jointly controlled entities	6,156,816	5,028,971	400,157	(11,057)	43,479	11,618,366
Unallocated assets						242,911
Total assets						25,019,242
Segment liabilities	5,019,902	1,773,087	934,958	9,328	779	7,738,054
Minority interests						(1,141)
Unallocated liabilities						913,107
Total liabilities and minority interests						8,650,020
Capital expenditure	11,049	195,183	173,424	226	2,772	382,654
Depreciation	14,396	24,255	9,779	198	2,410	51,038
Reversal of impairment loss of fixed assets	—	—	(205,120)	—	—	(205,120)
Provision for/(write back of provision for) jointly controlled entities, associated companies and other investments	104,612	(62)	(2,380)	483	—	102,653
Provision for properties	47,317	—	—	—	—	47,317

	Property					Total
	Property sales	Rental operation	Hotel operation	management operation	Other operations	
As at 30th June 2003	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
						(As restated)
Segment assets	9,946,652	3,801,866	776,705	260	—	14,525,483
Associated companies and jointly controlled entities	4,823,094	4,756,499	289,232	(1,189)	37,018	9,904,654
Unallocated assets						220,455
Total assets						24,650,592
Segment liabilities	5,592,024	2,053,395	568,371	3,628	—	8,217,418
Minority interests						(15,719)
Unallocated liabilities						446,212
Total liabilities and minority interests						8,647,911
Capital expenditure	168,615	133,679	155,997	958	1,080	460,329
Depreciation	10,490	38,039	—	371	2,092	50,992
Provision for jointly controlled entities, associated companies and other investments	335,378	4,936	85,074	7,134	—	432,522
Provision for/impairment of/ revaluation deficit of properties	281,247	23,508	386,242	—	—	690,997

3 Other revenue

	2004	2003
	HK\$'000	HK\$'000
Bank and other interest income	19,853	7,824

4 Other income/(charges)

	2004	2003
	HK\$'000	HK\$'000
Reversal of/(impairment loss) of fixed assets	205,120	(295,044)
Provision against other investments	(94,793)	(281,021)
Provision for diminution in value of properties under development and completed properties held for sale	(47,317)	(217,638)
Provision for investments in/amounts due by jointly controlled entities	(5,614)	(134,695)
Provision for amount due by an associated company	(2,246)	(16,806)
Write back of/(revaluation deficit) of a hotel property	3,672	(178,315)
Net profit/(loss) on disposal of a jointly controlled entity	3,636	(21,266)
Net gain on disposal and partial disposal of subsidiaries	—	109,127
	62,458	(1,035,658)

5 Operating profit/(loss) before financing

	2004	2003
	HK\$'000	HK\$'000
Operating profit/(loss) before financing is arrived at after crediting:		
Gross rental income from investment properties	72,807	102,849
and after charging:		
Cost of properties sold	1,896,724	363,534
Staff costs including directors' emoluments	117,604	117,901
Depreciation	51,038	50,992
Rental for leased premises	36,031	37,167
Outgoings in respect of investment properties	29,706	13,653
Amortisation of deferred expenditure	5,773	9,634
Auditors' remuneration	4,160	3,682
Retirement benefits costs	3,794	4,138
Loss on disposal of fixed assets	1,347	1,144

5 Operating profit/(loss) before financing (continued)

There is no contingent rent included in rental income for both years.

	2004 HK\$'000	2003 HK\$'000
The future minimum rental payments receivable under non-cancellable leases are as follows:		
Within one year	121,810	86,966
Between two and five years	159,359	166,837
Beyond five years	508,222	360,128
	789,391	613,931

Generally the Group's operating leases are for terms of two to five years except for six (2003: four) long term leases which are beyond five years.

6 Finance costs

	2004 HK\$'000	2003 HK\$'000
Interest on bank loans	164,466	144,589
Interest on loans from fellow subsidiaries wholly repayable within five years	20,071	39,831
Interest on loans from minority shareholders	3,640	4,495
Interest on short term loans	4,022	6,063
	192,199	194,978
Amount capitalised in properties held for/under development and assets under construction	(97,906)	(83,019)
Reimbursement from an associated company	(19,592)	(21,901)
	74,701	90,058

7 Retirement benefit costs

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

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

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

The assets of all retirement schemes are held separately from those of the Group in independently administered funds. The total cost charged to the profit and loss account amounted to HK\$3,794,000 (2003: HK\$4,138,000).

8 Directors' and senior management remuneration

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

	2004	2003
	HK\$'000	HK\$'000
Fees	800	800
Salaries, discretionary bonus, other allowances and other benefits in kind	1,188	1,027
Contribution to retirement benefit scheme	—	103
	1,988	1,930

The emoluments of the directors fall within the following bands:

	Number of directors	
	2004	2003
Nil – HK\$500,000	12	13
HK\$1,000,001 – HK\$1,500,000	1	1
	13	14

Fees include HK\$300,000 paid to independent non-executive directors during the year (2003: HK\$300,000). There were no other emoluments paid to independent non-executive directors during the year (2003: Nil).

None of the directors has waived his right to receive his emoluments (2003: Nil).

(ii) The five individuals whose emoluments were the highest in the Group for the year do not include any emoluments of the directors (2003: Nil). Details of the emoluments paid to those five (2003: five) individuals in the Group are as follows:

	2004	2003
	HK\$'000	HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	8,247	7,291
Contribution to retirement benefit scheme	565	540
	8,812	7,831

The emoluments fall within the following bands:

	Number of individuals	
	2004	2003
HK\$1,000,001 – HK\$1,500,000	—	3
HK\$1,500,001 – HK\$2,000,000	4	1
HK\$2,000,001 – HK\$2,500,000	1	1
	5	5

9 Taxation charge/(credit)

	2004 HK\$'000	2003 HK\$'000 (As restated)
PRC income tax — deferred tax		
Company and subsidiaries	33,141	344
Associated companies	1,875	(3,859)
Jointly controlled entities	9,772	788
	44,788	(2,727)

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

	2004 HK\$'000	2003 HK\$'000
Profit/(loss) before taxation	211,600	(1,844,558)
Calculated at a taxation rate of 33% (2003: 33%)	69,828	(608,704)
Income not subject to taxation	(33,071)	(64,924)
Expenses not deductible for taxation purposes	100,320	171,227
Tax losses not recognised	81,896	155,518
Utilisation of previously unrecognised tax losses	(68,617)	(60,492)
Temporary differences not recognised	(105,568)	404,648
Taxation charge/(credit)	44,788	(2,727)

No provision for Hong Kong profits tax has been made within the Group as the Group has no assessable profits in Hong Kong for the year (2003: Nil). PRC income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at the rate of 33% (2003: 33%).

In July 1999, a deed of tax indemnity was entered into between the ultimate holding company and the Group whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC income tax ("IT") and land appreciation tax ("LAT") payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, no such tax indemnity was effected (2003: Nil).

10 Dividend

The directors do not propose the payment of a dividend for the year ended 30th June 2004 (2003: Nil).

11 Earnings/(loss) per share

The calculation of earnings/(loss) per share is based on the profit attributable to shareholders of HK\$127,346,000 (2003: loss attributable to shareholders of HK\$1,705,562,000) and the weighted average of 1,485,096,441 shares (2003: 1,481,944,294 shares) in issue during the year.

Diluted earnings/(loss) per share is not presented as the exercise of the outstanding share options has no dilutive effect on earnings/(loss) per share.

12 Fixed assets

Group

	Investment properties	Hotel properties	Other properties	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation								
At 30th June 2003	2,164,217	202,291	94,368	198,639	135,026	30,266	1,784,027	4,608,834
Additions	168,265	66	411	27,500	54,583	3,140	128,689	382,654
Acquisition of interests in a subsidiary	—	—	—	—	958	1,894	—	2,852
Disposals	—	—	(5,921)	(46)	(5,087)	(1,034)	—	(12,088)
Reversal of impairment	—	—	—	—	—	—	205,120	205,120
Reclassifications	(65,195)	803,739	(38,757)	—	(5,214)	—	(2,117,836)	(1,423,263)
Revaluation surplus	32,114	3,672	—	—	—	—	—	35,786
At 30th June 2004	2,299,401	1,009,768	50,101	226,093	180,266	34,266	—	3,799,895
Accumulated depreciation								
At 30th June 2003	—	—	33,054	50,513	64,513	18,311	—	166,391
Charge for the year	—	—	3,333	24,280	19,671	3,754	—	51,038
Acquisition of interests in a subsidiary	—	—	—	—	300	758	—	1,058
Disposals	—	—	(348)	(46)	(978)	(560)	—	(1,932)
Reclassifications	—	—	(29,555)	—	(3,867)	—	—	(33,422)
At 30th June 2004	—	—	6,484	74,747	79,639	22,263	—	183,133
Net book value								
At 30th June 2004	2,299,401	1,009,768	43,617	151,346	100,627	12,003	—	3,616,762
At 30th June 2003	2,164,217	202,291	61,314	148,126	70,513	11,955	1,784,027	4,442,443

Notes:

- (i) Investment properties and hotel properties were revalued on 30th June 2004 on an open market value basis by Chesterton Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	Investment properties		Hotel properties	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Long term leases	—	86,916	—	—
Medium term leases	2,299,401	2,077,301	1,009,768	202,291
	2,299,401	2,164,217	1,009,768	202,291

- (ii) Other properties are stated at cost and held in the PRC under the following leases:

	2004	2003
	HK\$'000	HK\$'000
Long term leases	34,844	76,855
Medium term leases	15,257	17,513
	50,101	94,368

- (iii) Certain interests in investment properties and hotel properties pledged as securities for short term loans and long term loans amount to HK\$266,579,000 (2003: HK\$297,862,000) and HK\$803,739,000 (2003: Nil) respectively. As at 30th June 2003, assets under construction of HK\$910,412,000 were pledged as securities for short term loans and long term loans.

- (iv) As at 30th June 2003, included in assets under construction was interest capitalised of HK\$145,250,000.

13 Subsidiaries

	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost (2004 and 2003: HK\$10)	—	—
Amounts due by, net of provision	14,635,621	15,350,701
	14,635,621	15,350,701

Details of principal subsidiaries are given in note 37.

14 Properties held for development

	Group	
	2004 HK\$'000	2003 HK\$'000
Leasehold land, at cost		
Long term	2,221,746	1,847,602
Medium term	1,156,362	1,131,857
Development and incidental costs	422,675	614,394
Interest capitalised	146,442	149,453
	3,947,225	3,743,306

The aggregate carrying value of properties held for development pledged as securities for long term loan amounts to HK\$919,892,000 (2003: HK\$91,215,000).

15 Associated companies

	Group	
	2004 HK\$'000	2003 HK\$'000 (As restated)
Group's shares of net assets	63,631	41,828
Amounts due by, net of provision (note (i))	1,277,360	1,196,042
Amounts due to (note (i))	(42,619)	(39,622)
	1,298,372	1,198,248

(i) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms except for an amount receivable of HK\$311,526,000 (2003: HK\$336,449,000 and HK\$19,626,000) which carries interest at 5.76% (2003: 5.76% and 6.01%, respectively) per annum and is repayable by instalments up to 2016.

(ii) Details of principal associated companies are given in note 37.

16 Jointly controlled entities

	Group	
	2004 HK\$'000	2003 HK\$'000 (As restated)
Equity joint ventures		
Group's share of net assets	38,217	45,223
Amounts due by		
Interest bearing (note (i))	55,352	57,221
Non-interest bearing (note (ii))	77,639	62,487
Amounts due to (note (ii))	(42,456)	—
	128,752	164,931
Co-operative joint ventures		
Cost of investments	3,560,419	3,413,615
Goodwill	14,946	14,946
Less: accumulated amortisation	(2,242)	(1,494)
Share of undistributed post-acquisition results and reserves	(523,031)	(688,168)
	3,050,092	2,738,899
Amounts due by, net of provision		
Interest bearing (note (iii))	6,407,882	5,314,883
Non-interest bearing (note (ii))	508,864	200,130
Amounts due to (note (ii))	(107,374)	(136,454)
	9,859,464	8,117,458
Companies limited by shares		
Group's share of net liabilities	(251,395)	(163,134)
Amounts due by		
Interest bearing (note (iv))	173,655	173,289
Non-interest bearing (note (ii))	406,153	410,627
Amounts due to (note (ii))	—	(130)
	328,413	420,652
Deposits for proposed joint ventures (note (v))	3,365	3,365
	10,319,994	8,706,406

Notes:

- (i) The amount receivable is unsecured, carries interest ranging from 5.85% to 5.94% (2003: 5.85% to 5.94%) per annum and have repayment terms as specified in the relevant loan agreements.
- (ii) The amounts receivable and payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.
- (iii) The amounts receivable are unsecured, carry interest ranging from 5.31% to 12% (2003: 5.31% to 12%) per annum and have repayment terms as specified in the joint venture contracts.
- (iv) The amounts receivable are unsecured, carry interest ranging from 1.5% above Hongkong Interbank Offered Rate ("HIBOR") to 4% (2003: 1.5% above HIBOR to 4%) per annum and have repayment terms as specified in the joint venture contracts.
- (v) The balances represent payments on account of proposed joint ventures for which only preliminary agreements have been signed and the joint venture companies have not been established as at the balance sheet date. Upon the establishment of the relevant joint venture companies, the relevant amounts will be reclassified to respective joint venture balances.
- (vi) Details of principal jointly controlled entities are given in note 37.
- (vii) A summary of the financial information of the significant jointly controlled entities is set out in note 35.

17 Other investments

	Group	
	2004 HK\$'000	2003 HK\$'000 (As restated)
Investment securities		
Unlisted shares, at cost	350	350
Amount due from an investee company, net of provision	48,782	143,575
	49,132	143,925
Other joint ventures		
Cost of investments, net of provision	—	87,273
Amounts due by		
Interest bearing, net of provision (note (i))	—	1,281,828
Non-interest bearing (note (ii))	—	336,055
Amounts due to (note (ii))	—	(90,508)
	—	1,614,648
	49,132	1,758,573

Notes:

- (i) As at 30th June 2003, the amounts receivable were unsecured, carried interest at 5.31% to 10% per annum and had repayment terms as specified in the joint venture contracts.
- (ii) As at 30th June 2003, the amounts receivable and payable were unsecured, interest free and had repayment terms as specified in the joint venture contracts.
- (iii) Certain other joint ventures were reclassified as jointly controlled entities during the year upon changes of the terms of profit sharing in these entities.

18 Other non-current assets

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Deferred expenditure				
Loan procurement expenses	10,398	19,029	5,358	11,522
Less: accumulated amortisation	(9,470)	(15,514)	(5,358)	(8,934)
	928	3,515	—	2,588
Cash and bank balances, restricted (note 22)	33,903	46,778	—	—
	34,831	50,293	—	2,588

19 Debtors, deposits and other receivables

Debtors, deposits and other receivables include trade debtors, utility and other deposits, interest and other receivables and prepayment for land cost.

The ageing analysis of trade debtors is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
0 to 30 days	132,027	40,519
31 to 60 days	20,064	6,491
61 to 90 days	39,977	8,656
Over 90 days	40,166	11,353
	232,234	67,019

Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sale and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements.

20 Properties under development

	Group	
	2004 HK\$'000	2003 HK\$'000
Leasehold land, at cost		
Long term	481,217	1,069,047
Medium term	171,228	110,232
Development and incidental costs	1,586,658	1,536,587
Interest capitalised	118,271	44,869
	2,357,374	2,760,735
Less: provision	(240,567)	(204,500)
	2,116,807	2,556,235

The aggregate carrying value of properties under development pledged as securities for long term loans amounts to HK\$285,600,000 (2003: HK\$808,478,000).

21 Completed properties held for sale

The aggregate carrying value of completed properties held for sale that were carried at net realisable values amounts to HK\$363,360,000 (2003: HK\$62,677,000).

The aggregate carrying value of completed properties held for sale pledged as securities for short term loans amounts to HK\$657,517,000 (2003: HK\$116,642,000).

22 Cash and bank balances

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Restricted balances	74,128	427,635	—	—
Unrestricted balances	817,166	902,570	175,876	159,411
Cash and bank balances	891,294	1,330,205	175,876	159,411
Restricted balances included in other non-current assets (note 18)	(33,903)	(46,778)	—	—
	857,391	1,283,427	175,876	159,411

The restricted balances have been pledged as securities for certain short term loans and long term loans.

23 Creditors and accruals

Creditors and accruals include trade creditors, retention payable of construction costs, other payables and various accruals. The ageing analysis of trade creditors is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
0 to 30 days	509,895	81,367
31 to 60 days	20,053	1,413
61 to 90 days	33,530	6
Over 90 days	293,078	305,254
	856,556	388,040

24 Amounts due from/to fellow subsidiaries

The amounts due from fellow subsidiaries are unsecured, interest free and repayable within 30 days.

The amounts due to fellow subsidiaries are unsecured, interest free and have no specific repayment terms.

25 Taxes payable

	Group	
	2004 HK\$'000	2003 HK\$'000
Income tax payable	7,122	9,639
Withholding tax payable	76,401	88,271
Other PRC taxes payable	14,023	8,389
	97,546	106,299

26 Share capital

	2004 HK\$'000	2003 HK\$'000
Authorised: 8,000,000,000 shares of HK\$0.1 each	800,000	800,000
Issued and fully paid: 1,488,862,294 shares of HK\$0.1 each (2003: 1,481,944,294 shares of HK\$0.1 each)	148,886	148,194

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

	Number of shares of HK\$0.1 each	HK\$'000
At 30th June 2002	1,481,901,894	148,190
Exercise of share options	42,400	4
At 30th June 2003	1,481,944,294	148,194
Exercise of share options (note)	6,918,000	692
At 30th June 2004	1,488,862,294	148,886

Note: Pursuant to the share option schemes adopted on 18th December 2000 and 26th November 2002, the Company may grant options to executive directors and employees of the Company to subscribe for shares in the Company. The movements in the number of share options granted during the year and the balance outstanding at 30th June 2004 are as follows:

Date of offer to grant	Exercise price per share HK\$	Number of shares				At 30th June 2004
		At 1st July 2003	Granted during the year	Exercised during the year	Lapsed during the year	
5th February 2001	1.955	44,873,600	—	(5,462,400)	(1,972,800)	37,438,400
2nd May 2001	2.605	458,400	—	(56,400)	—	402,000
29th June 2001	3.192	2,328,000	—	—	(230,800)	2,097,200
31st August 2001	2.380	2,130,000	—	(339,200)	(1,200,800)	590,000
26th March 2002	2.265	1,543,200	—	(128,000)	(554,000)	861,200
3rd January 2003	1.330	1,344,000	—	(472,400)	(194,800)	676,800
12th May 2003	1.000	2,214,400	—	(431,600)	(238,800)	1,544,000
28th October 2003	1.810	—	265,600	(28,000)	—	237,600
31st January 2004	1.830	—	1,300,000	—	—	1,300,000
30th April 2004	2.470	—	976,000	—	—	976,000
		54,891,600	2,541,600	(6,918,000)	(4,392,000)	46,123,200

Note: Except for the share options with exercise price per share of HK\$1.830 which are divided into 2 tranches and exercisable within a period of 2 years commencing on the expiry of one month after the dates on which the options were accepted, 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.

27 Reserves

Group	Contributed	Share	Investment	Hotel	Exchange	Retained	Total
	surplus	premium	properties	properties	reserve	profit/ loss	
	HK\$'000	HK\$'000	revaluation reserve HK\$'000	revaluation reserve HK\$'000	reserve HK\$'000	(accumulated loss) HK\$'000	HK\$'000
As at 30th June 2002, as previously reported	14,751,973	1,282,308	516,996	6,912	19,437	1,155,684	17,733,310
Change in accounting policy in respect of deferred taxation	—	—	(151,305)	—	—	(19,427)	(170,732)
As at 30th June 2002, as restated	14,751,973	1,282,308	365,691	6,912	19,437	1,136,257	17,562,578
Loss for the year, as restated	—	—	—	—	—	(1,705,562)	(1,705,562)
2002 final dividend paid	(29,639)	—	—	—	—	—	(29,639)
Premium on issue of shares	—	78	—	—	—	—	78
Release of reserve upon disposal of							
A subsidiary	—	—	—	—	(6,438)	—	(6,438)
A jointly controlled entity	—	—	—	—	(337)	—	(337)
Revaluation surplus/(deficit)							
Company and subsidiaries	—	—	8,381	—	—	—	8,381
Associated companies	—	—	17,393	—	—	—	17,393
Jointly controlled entities	—	—	15,173	(6,912)	—	—	8,261
Translation differences	—	—	—	—	(228)	—	(228)
As at 30th June 2003	14,722,334	1,282,386	406,638	—	12,434	(569,305)	15,854,487
Retained by:							
Company and subsidiaries	14,722,334	1,282,386	71,040	—	1,859	428,072	16,505,691
Associated companies	—	—	167,242	—	4,395	(157,456)	14,181
Jointly controlled entities	—	—	168,356	—	6,180	(839,921)	(665,385)
	14,722,334	1,282,386	406,638	—	12,434	(569,305)	15,854,487
As at 30th June 2003, as previously reported	14,722,334	1,282,386	581,159	—	12,434	(555,344)	16,042,969
Change in accounting policy in respect of deferred taxation	—	—	(174,521)	—	—	(13,961)	(188,482)
As at 30th June 2003, as restated	14,722,334	1,282,386	406,638	—	12,434	(569,305)	15,854,487
Profit for the year	—	—	—	—	—	127,346	127,346
Premium on issue of shares	—	12,343	—	—	—	—	12,343
Release of reserves upon disposal of properties	—	—	—	—	—	8,229	8,229
Revaluation surplus/(deficit)							
Company and subsidiaries	—	—	63,798	—	—	—	63,798
Associated companies	—	—	(11,016)	—	—	—	(11,016)
Jointly controlled entities	—	—	163,536	—	—	—	163,536
Translation differences	—	—	—	—	1,613	—	1,613
As at 30th June 2004	14,722,334	1,294,729	622,956	—	14,047	(433,730)	16,220,336
Retained by:							
Company and subsidiaries	14,722,334	1,294,729	134,837	—	5,480	517,924	16,675,304
Associated companies	—	—	156,227	—	4,395	(134,532)	26,090
Jointly controlled entities	—	—	331,892	—	4,172	(817,122)	(481,058)
	14,722,334	1,294,729	622,956	—	14,047	(433,730)	16,220,336

Company

	Contributed surplus HK\$'000 (note (i))	Share premium HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
As at 30th June 2002	14,772,134	1,282,308	(217,491)	15,836,951
2002 final dividend paid	(29,639)	—	—	(29,639)
Premium on issue of new shares	—	78	—	78
Loss for the year	—	—	(958,242)	(958,242)
As at 30th June 2003	14,742,495	1,282,386	(1,175,733)	14,849,148
Premium on issue of new shares	—	12,343	—	12,343
Loss for the year	—	—	(385,642)	(385,642)
As at 30th June 2004	14,742,495	1,294,729	(1,561,375)	14,475,849

Notes:

- (i) The contributed surplus of the Company represents the excess of the consolidated net asset value of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange thereof as a result of a reorganisation took place in 1999.
- (ii) Under the Companies Law in the Cayman Islands, the contributed surplus and share premium are both distributable. Accordingly, distributable reserves of the Company amount to HK\$14,475,849,000 as at 30th June 2004 (2003: HK\$14,849,148,000).

28 Bank and other borrowings

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Bank loans (note (i))				
Secured	1,246,807	1,450,254	—	—
Unsecured	871,009	1,471,553	—	500,000
Loans from fellow subsidiaries (note (ii))	3,249,909	2,484,165	—	—
	5,367,725	5,405,972	—	500,000
Current portion included in current liabilities	(1,731,562)	(1,418,479)	—	(500,000)
	3,636,163	3,987,493	—	—

Notes:

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

	Group					
	Secured		Unsecured		Total	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Within one year	620,040	410,691	455,122	816,776	1,075,162	1,227,467
Between one and two years	186,221	710,903	144,860	421,132	331,081	1,132,035
Between two and five years	253,630	116,822	168,223	233,645	421,853	350,467
After five years	186,916	211,838	102,804	—	289,720	211,838
	1,246,807	1,450,254	871,009	1,471,553	2,117,816	2,921,807

Included in the total bank loan balance is an amount of HK\$311,526,000 (2003: HK\$336,449,000) which is wholly repayable by instalments up to December 2016 and has been on-lent to an associated company (note 15(i)).

28 Bank and other borrowings (continued)

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

	Group	
	2004 HK\$'000	2003 HK\$'000
Within one year	656,400	191,012
Between one and two years	2,164,952	768,858
Between two and five years	428,557	1,524,295
	3,249,909	2,484,165

The loans from fellow subsidiaries are unsecured and bear interest ranging from three months HIBOR to 1% above London Interbank Offered Rate ("LIBOR") (2003: three months HIBOR to 0.5% above LIBOR) per annum.

29 Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences using the rate of taxation prevailing in the PRC in which the Group operates.

The movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

Group

Deferred tax assets/(liabilities)

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Recognition of income from sale of properties HK\$'000	Tax losses HK\$'000	Provisions HK\$'000	Total HK\$'000
At 30th June 2002	(47,025)	(62,721)	(2,058)	39,538	—	(72,266)
(Charged)/credited to profit and loss account	(19,736)	—	(3,146)	3,466	19,072	(344)
Charged to investment properties revaluation reserve	—	(35,266)	—	—	—	(35,266)
Acquisition of interests in subsidiaries	—	—	711	—	—	711
At 30th June 2003	(66,761)	(97,987)	(4,493)	43,004	19,072	(107,165)
(Charged)/credited to profit and loss account	(31,117)	—	(34,249)	43,287	(11,062)	(33,141)
Credited to investment properties revaluation reserve	—	395	—	—	—	395
At 30th June 2004	(97,878)	(97,592)	(38,742)	86,291	8,010	(139,911)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of HK\$472,014,000 (2003: HK\$291,555,000) to carry forward against future taxable income. These tax losses will expire at various dates up to 2009.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes related to the same legal entity. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2004 HK\$'000	2003 HK\$'000
Deferred tax assets	—	2,932
Deferred tax liabilities	(139,911)	(110,097)
	(139,911)	(107,165)

30 Minority interests and loans from minority shareholders

	Group	
	2004 HK\$'000	2003 HK\$'000 (As restated)
Minority interests	(1,141)	(15,719)
Loans from minority shareholders (note)	410,321	396,013
	409,180	380,294

Note: Except for loans of HK\$126,492,000 (2003: HK\$39,376,000) which are unsecured, bear interest at 5% to 5.76% (2003: 7.48%) per annum and have repayment terms as specified in the joint venture contracts, the remaining balances are unsecured, interest free and have no specific repayment terms.

31 Contingent liabilities

Group

The Group has contingent liabilities of approximately HK\$2,598,081,000 (2003: HK\$2,068,623,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 30th June 2004, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the associated companies and jointly controlled entities was approximately HK\$1,811,365,000 (2003: HK\$1,464,162,000).

Company

The Company has contingent liabilities relating to corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries, associated companies and jointly controlled entities of approximately HK\$1,705,242,000 (2003: HK\$2,003,693,000), HK\$231,505,000 (2003: HK\$196,452,000), HK\$2,366,576,000 (2003: HK\$1,872,171,000) respectively.

32 Commitments

(i) Capital expenditure commitments

(a) The capital expenditure commitments of the Group are as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Contracted but not provided for		
Fixed assets	161,420	388,557
Investments in associated companies	12,214	—
	173,634	388,557

(b) The Group did not have any share of capital commitments of the jointly controlled entities (2003: Nil).

32 Commitments (continued)

(ii) Lease commitments

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
As at 30th June 2004, future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:				
The first year	37,375	37,722	4,916	4,916
The second to fifth years	130,107	134,636	—	4,916
After five years	408,329	440,909	—	—
	575,811	613,267	4,916	9,832

(iii) Other commitments

As at 30th June 2004, the Group had issued performance guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries and jointly controlled entities of the Group and the outstanding mortgage loans under these guarantees amounted to HK\$889,533,000 (2003: HK\$382,347,000). Pursuant to the terms of the performance guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

33 Notes to consolidated cash flow statement

(a) Reconciliation of operating profit/(loss) before financing to net cash generated from/(used in) operations

	2004 HK\$'000	2003 HK\$'000
Operating profit/(loss) before financing	152,635	(1,244,863)
Finance costs	(74,701)	(90,058)
Interest income	(78,332)	(24,917)
Interest expense	74,701	90,058
Depreciation	51,038	50,992
Amortisation of deferred expenditure	5,773	9,634
Loss on disposal of fixed assets	1,347	1,144
Provision for investments in/amounts due by jointly controlled entities	5,614	134,695
Net gain on disposal and partial disposal of subsidiaries	—	(109,127)
Provision for diminution in value of properties under development and completed properties	47,317	217,638
Provision for an amount due by an associated company	2,246	16,806
(Reversal of)/impairment loss of fixed assets	(205,120)	295,044
(Write back of)/revaluation deficit of a hotel property	(3,672)	178,315
Provision against other investments	94,793	281,021
Net (profit)/loss on disposal of jointly controlled entities	(3,636)	21,266
Exchange differences	1,614	(91)
Operating profit/(loss) before working capital changes	71,617	(172,443)
Decrease/(increase) in properties held for/under development	389,375	(939,180)
(Increase)/decrease in debtors, deposits and other receivables	(523,575)	91,839
Increase/(decrease) in balances with fellow subsidiaries	255,433	(2,996)
(Decrease)/increase in deposits received on sale of properties	(160,284)	214,346
Increase in creditors and accruals	618,446	172,246
Net cash generated from/(used in) operations	651,012	(636,188)

(b) Acquisition of interests in subsidiaries

	2004 HK\$'000	2003 HK\$'000
Net assets acquired		
Fixed assets	1,794	651,200
Deferred tax assets	—	711
Debtors, deposits and other receivables	10,412	72,407
Properties under development	35,888	107,706
Cash and bank balances	10,838	15,608
Bank loans	—	(79,076)
Creditors and accruals	(12,216)	(21,117)
Balances with fellow subsidiaries	1,701	(43,934)
Minority interests	—	(619)
Taxation	—	(450)
Interest originally held by the Group as jointly controlled entities	(48,417)	(540,599)
Consideration satisfied by cash	—	161,837

33 Notes to consolidated cash flow statement (continued)

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

	2004 HK\$'000	2003 HK\$'000
Cash consideration	—	(161,837)
Cash and bank balances acquired	10,838	15,608
Net inflow/(outflow) of cash and cash equivalents in respect of acquisition of subsidiaries	10,838	(146,229)

(d) Disposal of interest in subsidiaries

	2004 HK\$'000	2003 HK\$'000
Net assets disposed		
Debtors, deposits and other receivables	—	7,986
Investment in associated companies	—	289,405
	—	297,391
Net gain on disposal of interests in subsidiaries	—	52,771
Consideration satisfied by cash	—	350,162

(e) Analysis of changes in financing during the year

	Share capital, share premium and contributed surplus HK\$'000	Short term bank loans HK\$'000	Bank and other borrowings HK\$'000	Restricted cash and bank balances HK\$'000	Minority interests and loans from minority shareholders HK\$'000
Balance at 30th June 2002	16,182,471	679,439	4,788,530	(603,114)	452,721
Net cash (outflow)/inflow from financing	(29,557)	366,560	496,556	175,479	29,752
Minority interests' share of loss and reserves	—	—	—	—	(138,593)
Acquisition of subsidiaries	—	—	79,076	—	—
Acquisition of additional interests in subsidiaries	—	—	—	—	3,013
Disposal of partial interests in subsidiaries	—	—	—	—	28,923
Accrual of interest payable	—	—	41,810	—	4,478
Balance at 30th June 2003	16,152,914	1,045,999	5,405,972	(427,635)	380,294
Net cash inflow/(outflow) from financing	13,035	(644,130)	(56,401)	353,507	—
Minority interests' share of profit and reserves	—	—	—	—	26,067
Exchange differences	—	—	(231)	—	—
Accrual of interest payable	—	—	18,385	—	2,819
Balance at 30th June 2004	16,165,949	401,869	5,367,725	(74,128)	409,180

34 Related party transactions

The following is a summary of significant related party transactions during the year carried out by the Group in the normal course of its business:

(i)

	Note	2004 HK\$'000	2003 HK\$'000
Interest on loans from fellow subsidiaries	(a)	20,071	39,831
Rental for leased premises to a fellow subsidiary	(b)	4,896	5,025
Rental for leased premises to an associated company	(b)	28,972	28,972
Property agency fee to a fellow subsidiary	(c)	6,071	—
Interest income from jointly controlled entities	(d)	(65,665)	(21,579)
Estate management fee income from a fellow subsidiary and jointly controlled entities	(e)	(3,701)	(9,587)
Rental income from fellow subsidiaries	(f)	(51,013)	(24,569)
Rental income from an associated company	(f)	(5,607)	(5,607)

Notes:

- (a) Interest is charged at rates as specified in note 28(ii) on the outstanding balances due to certain fellow subsidiaries.
- (b) The rental is charged at fixed monthly/annual fees in accordance with the terms of the tenancy agreements.
- (c) The property agency fee is charged by the fellow subsidiary in accordance with the terms of the property agency agreement.
- (d) This represents interest income in respect of loan financing provided to jointly controlled entities. These loans are unsecured and carry interest at rates as specified in note 16.
- (e) The estate management fees are charged at fixed amounts to a fellow subsidiary and certain jointly controlled entities as specified in the management contracts.
- (f) The rental income is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.
- (ii) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property development projects and payable to certain fellow subsidiaries amount to HK\$283,614,000 (2003: HK\$401,929,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (iii) A deed of tax indemnity was entered into between NWD and the Group whereby NWD undertakes to indemnify the Group in respect of IT and LAT payable in consequence of the disposal of certain properties (note 9).
- (iv) In October 2004, the Group obtained an unsecured revolving credit facility of HK\$1.4 billion from a fellow subsidiary for a period of 18 months.

35 Significant jointly controlled entities

Set out below is a summary of the financial information of three significant jointly controlled entities whose principal activity is the investment in certain property development projects in Beijing.

(1) Beijing Chong Wen — New World Properties Development Co., Ltd.

(a) Results for the year

	2004	2003
	HK\$'000	HK\$'000
Turnover	451,630	202,342
Profit/(loss) for the year	87,952	(77,610)
Group's share of operating profit/(loss)	61,566	(54,327)

(b) Net assets as at year end

	2004	2003
	HK\$'000	HK\$'000
Fixed assets	1,473,072	1,312,723
Other assets	3,805,338	4,095,050
Current assets	425,907	308,043
Current liabilities	(649,699)	(716,545)
Long term liabilities (other than amounts due to the Group)	(1,220,731)	(1,590,790)
	3,833,887	3,408,481

(2) Beijing Chong Yu Real Estate Development Co., Ltd.

(a) Results for the year

	2004	2003
	HK\$'000	HK\$'000
Turnover	52,452	145,260
Loss for the year	(74,672)	(146,690)
Group's share of operating loss	(52,270)	(102,683)

(b) Net assets as at year end

	2004	2003
	HK\$'000	HK\$'000
Fixed assets	1,771,667	1,575,285
Other assets	695,956	412,296
Current assets	630,644	672,470
Current liabilities	(201,524)	(83,357)
Long term liabilities (other than amounts due to the Group)	(951,119)	(914,313)
	1,945,624	1,662,381

(3) China New World Electronics Ltd.

(a) *Results for the year*

	2004	2003
	HK\$'000	HK\$'000
Turnover	49,729	32,324
Profit for the year	23,900	7,144
Group's share of operating profit	16,730	5,001

(b) *Net assets as at year end*

	2004	2003
	HK\$'000	HK\$'000
Fixed assets	944,180	885,711
Other assets	551,411	691,358
Current assets	113,868	147,691
Current liabilities	(17,181)	(218,201)
Long term liabilities (other than amounts due to the Group)	—	—
	1,592,278	1,506,559

36 Ultimate holding company

The directors of the Company consider New World Development Company Limited, incorporated and listed in Hong Kong, as being the ultimate holding company.

37 Particulars of principal subsidiaries, associated companies and jointly controlled entities

Details of the principal subsidiaries, associated companies and jointly controlled entities which materially affect the results for the year and/or assets of the Group as at 30th June 2004 are set out below:

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2004	2003	2004	2003	
<i>Subsidiaries</i>						
<i>Incorporated and operated in Hong Kong</i>						
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	78.6%	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Lingal Limited	HK\$2,000 1,800 ordinary shares of HK\$1 each 200 non-voting deferred shares of HK\$1 each	—	—	100%	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
New World Development (China) Limited	HK\$4 2 ordinary shares of HK\$1 each 2 non-voting deferred shares of HK\$1 each	100%	100%	100%	100%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2004	2003	2004	2003	
Sunny Trend Development Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Trend Island Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Banyan Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Conful Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Ever Brisk Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Hinto Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Keep Bright Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Magic Chance Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Radiant Glow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Sparkling Rainbow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Sweet Prospects Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
True Blue Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Twin Glory Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding

37 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2004	2003	2004	2003	
<i>Subsidiaries</i>						
<i>(continued)</i>						
<i>Incorporated and operated in the PRC</i>						
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	100%	100%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	—	88%	88%	Property investment and development
Fung Seng Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	—	—	70%	70%	Property development
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	—	—	100%	100%	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	—	—	100%	100%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	90.5%	90.5%	Property development
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	—	—	92%	92%	Property development
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	—	—	100%	100%	Property investment and development
New World Development (Wuhan) Co., Ltd.	US\$12,000,000	—	—	100%	100%	Property investment and development
New World (Shenyang) Property Development Limited	RMB97,720,000	—	—	90%	90%	Property development

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2004	2003	2004	2003	
New World (Shenyang) Property Development No. 2 Limited	RMB97,720,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 3 Limited	RMB164,600,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 4 Limited	RMB97,720,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 5 Limited	RMB99,320,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 6 Limited	RMB97,720,000	—	—	90%	90%	Property development
Shanghai Heyu Properties Co., Ltd.	US\$12,000,000	—	—	64%	64%	Property development
Shanghai Ju Yi Real Estate Development Co., Ltd	RMB350,000,000	—	—	70%	70%	Property development
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	—	65%	61.75%	Property investment and hotel operation
Shenyang New World Hotel Co., Ltd.	RMB68,000,000	—	—	100%	100%	Hotel operation
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$182,000,000	—	—	90%	90%	Property development

37 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2004	2003	2004	2003	
<i>Subsidiaries</i>						
<i>(continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Wuhan New Eagle Properties Co., Limited	US\$2,830,000	—	—	95%	95%	Property investment
Wuhan Xinhan Development Co., Ltd.	RMB55,000,000	—	—	70%	70%	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	100%	—	Property development
<i>Associated companies</i>						
<i>Incorporated and operated in Hong Kong</i>						
Global Perfect Development Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	50%	50%	Investment holding
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	—	—	30.6%	30.6%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2004	2003	2004	2003	
<i>Incorporated in the British Virgin Islands</i>						
Faith Yard Property Limited	US\$2 2 shares of US\$1 each	—	—	50%	50%	Property investment
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	40%	40%	Investment holding
Grand Make International Limited	US\$100 100 shares of US\$1 each	—	—	45%	45%	Investment holding
<i>Incorporated and operated in the PRC</i>						
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	44.1%	44.1%	Property investment
<i>Jointly controlled entities</i>						
<i>Incorporated and operated in Hong Kong</i>						
New World Sun City Limited	HK\$1,000 1,000 ordinary shares of HK\$1 each	—	—	—	49.2%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Concord Properties Holding (Guangzhou) Limited	US\$10 10 shares of US\$1 each	—	—	40%	40%	Investment holding

37 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2004	2003	2004	2003	
<i>Jointly controlled entities (continued)</i>						
<i>Incorporated and operated in the PRC</i>						
Beijing Chong Wen — New World Properties Development Co., Ltd.	US\$104,100,000	—	—	70%	70%	Property investment and development
Beijing Chong Yu Real Estate Development Co., Ltd.	US\$81,840,000	—	—	70%	70%	Property investment and development
Beijing Xin Kang Real Estate Development Co., Ltd.	US\$12,000,000	—	—	70%	70%	Property development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	—	55%	59%	Hotel operation
China New World Electronics Ltd.	US\$57,200,000	—	—	70%	70%	Property investment and development
Dongguan New World Garden Trade Construction Co., Ltd.	US\$12,000,000	—	—	—	38%	Property development
Dongguan New World Square Trade Construction Co., Ltd.	US\$12,000,000	—	—	—	38%	Property development
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	34.1%	34.1%	Golf club and resort

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2004	2003	2004	2003	
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$13,880,000	—	—	34.1%	34.1%	Property development
Guangzhou Bosson Real Estate Co., Ltd.	RMB20,003,000	—	—	60%	60%	Property development
Guangzhou Fong Chuen New world Property Development Co., Ltd	RMB330,000,000	—	—	60%	60%	Property development
Guangzhou Fucheng Property Development Co., Ltd	HK\$80,000,000	—	—	60%	60%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	60%	60%	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	—	60%	60%	Property development
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	60%	note 2	Property development
Jinan New World Sunshine Development Ltd.	US\$10,000,000	—	—	65%	65%	Property development
Shanghai Trio Property Development Co., Ltd.	US\$54,000,000	—	—	47.5%	47.5%	Property development
Tianjin New World Housing Development Co., Ltd	RMB80,000,000	—	—	60%	note 2	Property development

37 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2004	2003	2004	2003	
<i>Jointly controlled entities (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Tianjin New World Properties Development Co., Ltd.	US\$12,000,000	—	—	70%	70%	Property development
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	60%	note 2	Property development
Wuhan Wuxin Hotel Co. Ltd.	US\$13,500,000	—	—	60%	60%	Property investment
Zhaoqing New World Property Development Limited	US\$10,000,000	—	—	40%	40%	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	—	60%	Property development

Notes:

- (1) Represent equity interest in case of companies incorporated outside the PRC or the percentage of equity interest in case of equity joint ventures or profit sharing ratio in accordance with the joint venture contracts in case of co-operative joint ventures in the PRC.
- (2) In previous years, the Group was entitled to investment income in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing. These joint ventures were reclassified as jointly controlled entities during the year upon changes of the terms of profit sharing in these entities (note 17).

38 Approval of accounts

The accounts were approved by the board of directors on 15th October 2004.

Financial Summary

Results

	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000
Turnover	2,521,784	545,584	939,376	587,265	607,031
Operating profit/(loss) after finance costs	77,934	(1,334,921)	135,238	40,831	341,259
Share of results of					
Associated companies	24,799	(99,443)	(3,557)	(11,737)	(2,213)
Jointly controlled entities	108,867	(410,194)	1,327	50,521	(118,509)
Profit/(loss) before taxation	211,600	(1,844,558)	133,008	79,615	220,537
Taxation	(44,788)	2,727	(30,388)	(30,270)	(11,620)
Profit/(loss) after taxation	166,812	(1,841,831)	102,620	49,345	208,917
Minority interests	(39,466)	136,269	24,579	4,265	(5,388)
Profit/(loss) attributable to shareholders	127,346	(1,705,562)	127,199	53,610	203,529

Assets and liabilities

	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000
Fixed assets	3,616,762	4,442,443	3,703,088	3,248,168	2,924,107
Properties held for development	3,947,225	3,743,306	3,268,128	2,812,556	2,660,433
Associated companies	1,298,372	1,198,248	1,407,537	781,179	909,645
Jointly controlled entities	10,319,994	8,706,406	10,003,967	9,305,700	10,166,450
Other investments	49,132	1,758,573	1,973,041	2,925,136	2,934,454
Deferred tax assets	—	2,932	2,728	—	—
Other non-current assets	34,831	50,293	50,311	111,634	108,914
Net current assets	1,638,147	934,022	2,191,954	1,842,600	718,013
Total assets less current liabilities	20,904,463	20,836,223	22,600,754	21,026,973	20,422,016
Bank and other borrowings	(3,636,163)	(3,987,493)	(3,954,485)	(2,686,972)	(1,817,427)
Deferred income	(349,987)	(355,658)	(407,788)	(474,968)	(531,341)
Deferred tax liabilities	(139,911)	(110,097)	(74,992)	—	—
Minority interests and loans from minority shareholders	(409,180)	(380,294)	(452,721)	(395,281)	(1,084,729)
	16,369,222	16,002,681	17,710,768	17,469,752	16,988,519

Note: Certain comparatives have been restated for the year ended 2003 and 2002 as a result of the adoption of SSAP 12. The comparatives for 2001 and 2000 have not been restated since the directors consider that this would involve undue delay and expense.

Major project profiles

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's	
				Attributable Interests	Total GFA (sq.m.)
MAJOR DEVELOPMENT FOR SALE PROJECTS					
1	Beijing New World Centre Phase II	CJV	JCE	70%	35,634
2	Chateau Regalia Beijing	CJV	Subsidiary	100%	102,340
3	Beijing New World Garden Phase I	CJV	JCE	70%	2,999
	Beijing New World Garden Phase II				134,258
4	Beijing Xin Yi Garden Phase I	CJV	JCE	70%	179,708
	Beijing Xin Yi Garden Phase II				238,359
5	Beijing New View Garden Phase I	CJV	JCE	70%	16,754
	Beijing New View Garden Phase IIA				392,377
	Beijing New View Garden Phase IIB				172,043
	Beijing Liang Guang Road Blocks 5, 6 & 7				153,080
	Beijing New View Commercial Centre				43,113
6	Beijing Xin Yu Commercial Centre	CJV	JCE	70%	142,108
	Beijing Xin Yu Garden Blocks 3 & 4				32,802
	Beijing Xin Yu Garden Block 2				51,347
	Beijing Xin Yu Garden				1,615,000
7	Beijing Xin Kang Garden Phase II	CJV	JCE	70%	2,225
	Beijing Xin Kang Garden Phase III				51,709
8	Tianjin Xin An Garden Phase I	WFE	Subsidiary	100%	5,504
9	Tianjin New World Garden Phase I	CJV	JCE	60%	30,594
	Tianjin New World Garden Phase II				21,449
10	Tianjin Xin Chun Hua Yuan Phase II	CJV	JCE	60%	2,457
	Tianjin Xin Chun Hua Yuan Remaining Phases				100,230
11	Jinan Sunshine Garden Phase I	EJV	JCE	65%	15,123
	Jinan Sunshine Garden Phase II				33,182
	Jinan Sunshine Garden Phase III				492,709
12	Shenyang New World Garden Phase IB	CJV	Subsidiary	90%	12,682
	Shenyang New World Garden Phase IC				51,603
	Shenyang New World Garden Phase ID				152,681
	Shenyang New World Garden Phase IE				227,646
	Shenyang New World Garden Remaining Phases				2,575,063
13	Dalian Manhattan Tower I	EJV	Subsidiary	88%	16,231
	Dalian Manhattan Tower II				45,806
14	Shanghai Zhongshan Square Phase III	CJV	JCE	48%	127,956
15	Shanghai Hong Kong New World Garden Phase I	EJV	Subsidiary	70%	3,524
	Shanghai Hong Kong New World Garden Remaining Phases				400,000
	Shanghai Hong Kong New World Garden — Mengzi Road Project				36,698

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)	Development Status	Expected Completion Date
31,143		2,557		1,934	COMPLETED	N/A
96,812				5,528	COMPLETED	Jul-03
738				2,261	COMPLETED	N/A
60,984	3,359	33,605		36,310	UNDER DEVELOPMENT	Dec-04
108,667	4,416	31,377		35,248	UNDER DEVELOPMENT	Dec-05
100,302	17,881	57,241		62,935	UNDER PLANNING	TBD
1,433	470			14,851	COMPLETED	N/A
303,813	18,648			69,916	COMPLETED	May-04
144,004	978	6,103		20,958	UNDER DEVELOPMENT	Oct-05
105,362	16,028			31,690	UNDER PLANNING	TBD
	8,661	25,492		8,960	UNDER PLANNING	TBD
	45,577	61,124		35,407	UNDER PLANNING	TBD
20,762		412		11,628	COMPLETED	May-04
33,989	2,445	570		14,343	UNDER PLANNING	TBD
802,600	319,350	88,000		405,050	UNDER PLANNING	TBD
167				2,058	COMPLETED	N/A
38,246	7,463			6,000	UNDER DEVELOPMENT	Dec-04
258	351			4,895	COMPLETED	N/A
1,256	13,910			15,428	COMPLETED	Aug-03
17,997	911			2,541	COMPLETED	Jun-04
	1,600			857	COMPLETED	N/A
92,880	550			6,800	UNDER PLANNING	TBD
6,895	1,224			7,004	COMPLETED	N/A
33,182					UNDER DEVELOPMENT	Apr-05
320,794	15,219			156,696	UNDER PLANNING	TBD
3,448				9,234	COMPLETED	Oct-03
34,970				16,633	COMPLETED	Dec-03
128,816				23,865	UNDER PLANNING	TBD
120,831	59,470	13,000		34,345	UNDER PLANNING	TBD
1,649,406	305,606	113,660	22,268	484,123	UNDER PLANNING	TBD
11,481				4,750	COMPLETED	N/A
31,003		14,803			COMPLETED	Mar-04
		127,956			UNDER PLANNING	TBD
696	580	488		1,760	COMPLETED	N/A
342,756	40,744			16,500	UNDER PLANNING	TBD
36,698					UNDER PLANNING	TBD

Major project profiles

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
16	Wuhan Menghu Garden Phase IA	CJV	Subsidiary	70%	37,878	1,670
	Wuhan Menghu Garden Phase IB				19,322	13,223
	Wuhan Menghu Garden Phase II				125,805	52,207
	Wuhan Menghu Garden Remaining Phases				300,457	109,676
17	Wuhan New World Centre Phase I	WFE	Subsidiary	100%	37,235	78,698
18	Wuhan Changqing Garden Phase IV	CJV	JCE	60%	2,914,935	32,441
	Wuhan Changqing Garden Phase V					159,376
	Wuhan Changqing Garden Phase VI					248,712
	Wuhan Changqing Garden Remaining Phases					1,692,000
19	Wuhan Xin Hua Garden Phase I	CJV	JCE	60%	96,427	15,902
	Wuhan Xin Hua Garden Phase II					39,073
	Wuhan Xin Hua Garden Phase III					99,466
	Wuhan Xin Hua Garden Remaining Phases					108,704
20	Nanjing New World Centre Phase I	EJV	Subsidiary	92%	11,219	13,794
	Nanjing New World Centre Phase II					133,310
21	Hefei New World Garden	CJV	JCE	60%	82,660	12,663
22	Guangzhou Dong Yi Garden Phase II	CJV	Subsidiary	100%	74,720	15,058
	Guangzhou Dong Yi Garden Phase III					13,732
	Guangzhou Dong Yi Garden Phase IV-V					129,399
23	Guangzhou New World Oriental Garden Phase I	CJV	Subsidiary	100%	99,885	76,269
	Guangzhou New World Oriental Garden Phase II					48,437
	Guangzhou New World Oriental Garden Phase III					94,837
	Guangzhou New World Oriental Garden Phase IV					106,925
24	Guangzhou Central Park-view Phase IA	CJV	Subsidiary	91%	107,876	30,725
	Guangzhou Central Park-view Phase IB					135,189
	Guangzhou Central Park-view Phase II					123,881
25	Guangzhou Covent Garden Phase I	CJV	JCE	60%	370,383	3,269
	Guangzhou Covent Garden Phase IIA					4,969
	Guangzhou Covent Garden Phase IIB1					30,806
	Guangzhou Covent Garden Phase IIB2					78,223
	Guangzhou Covent Garden Phase IIC					50,901
	Guangzhou Covent Garden Phase III					123,237
	Guangzhou Covent Garden Remaining Phases					995,056
26	Guangzhou Concord New World Garden Phase I	CJV	JCE	40%	44,516	15,952
	Guangzhou Concord New World Garden Phase II					53,075
27	Guangzhou Park Paradise Phase IIA	CJV	JCE	60%	576,045	3,653
	Guangzhou Park Paradise Phase IIB					117,451
	Guangzhou Park Paradise Phase IIC					143,686
	Guangzhou Park Paradise Phase III					15,105
	Guangzhou Park Paradise Remaining Phases					595,761
	Guangzhou Park Paradise Remaining Phases					802,736
28	Guangzhou Xintang New World Garden Phase IIA	CJV	JCE	60%	283,335	15,631
	Guangzhou Xintang New World Garden Phase IIB					37,000
	Guangzhou Xintang New World Garden Remaining Phases					208,933
29	Shenzhen Xilihu Development	CJV	JCE	70%	58,132	29,020

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)	Development Status	Expected Completion Date
793				877	COMPLETED	Dec-03
13,223					UNDER DEVELOPMENT	Jun-05
51,857				350	UNDER PLANNING	TBD
101,153				8,523	UNDER PLANNING	TBD
78,698					UNDER DEVELOPMENT	Dec-06
4,252				28,189	COMPLETED	N/A
144,453	2,756			12,167	UNDER DEVELOPMENT	Oct-05
217,510	7,400			23,802	UNDER PLANNING	Oct-07
1,502,000	80,000			110,000	UNDER PLANNING	TBD
10,806				5,096	COMPLETED	N/A
39,073					UNDER DEVELOPMENT	Dec-04
82,532	1,171			15,763	UNDER PLANNING	Jun-06
83,818	15,664			9,222	UNDER PLANNING	Dec-07
13,794					COMPLETED	Jan-04
36,628	41,206	35,875		19,601	UNDER DEVELOPMENT	Dec-04
219				12,444	COMPLETED	N/A
1,764	7,366			5,928	COMPLETED	N/A
3,185				10,547	COMPLETED	N/A
99,721	1,590			28,088	UNDER PLANNING	TBD
28,823				47,446	COMPLETED	Jan-04
37,790				10,647	UNDER PLANNING	Sep-06
82,963				11,874	UNDER PLANNING	TBD
80,381				26,544	UNDER PLANNING	TBD
30,600				125	COMPLETED	May-04
73,964				61,225	UNDER DEVELOPMENT	Dec-04
98,534	2,844			22,503	UNDER PLANNING	TBD
554				2,715	COMPLETED	N/A
1,901				3,068	COMPLETED	N/A
21,564				9,242	COMPLETED	N/A
67,896				10,327	UNDER DEVELOPMENT	Dec-04
39,442	6,014			5,445	UNDER PLANNING	TBD
102,886	3,031			17,320	UNDER PLANNING	TBD
845,079	25,217			124,760	UNDER PLANNING	TBD
5,376	3,826			6,750	COMPLETED	N/A
38,279	2,040			12,756	UNDER PLANNING	TBD
403	1,592			1,658	COMPLETED	N/A
71,319				46,132	UNDER DEVELOPMENT	Dec-04
116,672	4,000			23,014	UNDER DEVELOPMENT	Dec-05
15,105					UNDER DEVELOPMENT	Jan-06
425,506	69,521			100,734	UNDER PLANNING	TBD
573,216	93,721			135,799	UNDER PLANNING	TBD
15,631					COMPLETED	Mar-04
37,000					UNDER DEVELOPMENT	Nov-04
178,914	14,007			16,012	UNDER PLANNING	TBD
29,020					UNDER PLANNING	TBD

Major project profiles

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
30	Shenzhen New World Yi Shan Garden Phase I	CJV	Subsidiary	90%	25,600	7,050
	Shenzhen New World Yi Shan Garden Phase II				31,500	58,138
	Shenzhen New World Yi Shan Garden Phase III				32,200	130,998
31	Shunde New World Convention & Exhibition Centre Phase II	CJV	Assoc. Co.	35%	14,171	23,401
	Shunde New World Convention & Exhibition Centre Phase III-V					66,670
32	Huiyang Palm Island Resort Phase I	EJV	JCE	34%	264,485	6,486
	Huiyang Palm Island Resort Phase II					148
	Huiyang Palm Island Resort Phase III					2,518
	Huiyang Palm Island Resort Phase IV					13,336
	Huiyang Palm Island Resort Phase V					32,000
	Huiyang Palm Island Resort Remaining Phases					202,470
33	Zhaoqing New World Garden Phase I	CJV	Assoc. Co.	40%	139,134	19,616
	Zhaoqing New World Garden Phase II					62,934
	Zhaoqing New World Garden Remaining Phases					218,276
34	Zhuhai New World Riviera Garden Phase I	WFE	Subsidiary	100%	21,604	3,685
	Zhuhai New World Riviera Garden Phase II					19,400
35	Huizhou Changhuyuan Phase II	CJV	JCE	63%	100,000	138,514
36	Haikou New World Garden Phase I	CJV	JCE	60%	246,800	15,301
	Haikou New World Garden Phase II					81,861
	Haikou New World Garden Phase III					123,191
Sub-total					9,585,922	15,863,636

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
INVESTMENT PROPERTY UNDER DEVELOPMENT						
37	Wuhan Int'l Trade & Comm. Centre Phase III	EJV	Subsidiary	100%	27,597	121,793
17a	Wuhan New World Centre Phase IIA	WFE	Subsidiary	100%	37,235	154,473
24a	Guangzhou Central Park-view Phase IB	CJV	Subsidiary	91%	107,876	39,782
Sub-total						316,048

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
HOTEL PROPERTY UNDER DEVELOPMENT						
17b	Wuhan New World Centre Phase IIB	CJV	JCE	60%	37,235	37,288
Sub-total						37,288

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)	Development Status	Expected Completion Date
5,022				2,028	COMPLETED	N/A
36,088	6,664			15,386	UNDER DEVELOPMENT	Aug-04
95,399				35,599	UNDER PLANNING	TBD
23,401					COMPLETED	Sep-03
66,670					UNDER PLANNING	TBD
4,826			1,660		COMPLETED	N/A
148					COMPLETED	N/A
2,518					COMPLETED	N/A
13,336					COMPLETED	Apr-04
32,000					UNDER DEVELOPMENT	Apr-05
166,516			8,153	27,801	UNDER PLANNING	TBD
6,794				12,822	COMPLETED	N/A
58,444				4,490	UNDER PLANNING	Jun-06
215,576	2,700				UNDER PLANNING	TBD
907		1,093		1,685	COMPLETED	N/A
29,303				915	UNDER DEVELOPMENT	Dec-04
112,742	3,213			22,559	UNDER DEVELOPMENT	Dec-05
11,648				3,653	COMPLETED	N/A
81,291				570	UNDER PLANNING	Oct-05
121,441				1,750	UNDER PLANNING	TBD
11,270,756	1,280,984	613,356	32,081	2,666,459		

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)	Development Status	Expected Completion Date
		104,393		17,400	UNDER DEVELOPMENT	Jun-05
	44,834	74,414		35,225	UNDER DEVELOPMENT	Dec-06
22,950	13,118	3,714			UNDER DEVELOPMENT	Dec-04
22,950	57,952	182,521	—	52,625		

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)	Development Status	Expected Completion Date
			37,288		UNDER DEVELOPMENT	Dec-06
—	—	—	37,288	—		

Major project profiles

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interests
COMPLETED INVESTMENT PROPERTY PROJECTS				
38	Beijing New World Centre Phase I	CJV	JCE	70%
1a	Beijing New World Centre Phase II	CJV	JCE	70%
3a	Beijing New World Garden Phase I	CJV	JCE	70%
7a	Beijing Xin Kang Garden Phase II-III	CJV	JCE	70%
39	Tianjin New World Plaza	WFE	Subsidiary	100%
10a	Tianjin Xin Chun Hua Yuan Phase I	CJV	JCE	60%
13a	Dalian New World Plaza Phase II	EJV	Subsidiary	88%
40	Shanghai Hong Kong New World Tower	CJV	Assoc. Co.	44%
41	Shanghai Ramada Plaza	CJV	Subsidiary	65%
41a	Shanghai Belvedere Service Apartment	CJV	Assoc. Co.	50%
18a	Wuhan Changqing Garden Phase I-IV	CJV	JCE	60%
19a	Wuhan Xin Hua Garden Phase I	CJV	JCE	60%
37a	Wuhan International Trade & Comm. Centre Annex Building	EJV	Subsidiary	95%
23a	Guangzhou New World Oriental Garden Phase I	CJV	Subsidiary	100%
31a	Shunde New World Convention & Exhibition Centre Phase I	CJV	Assoc. Co.	35%
Sub-total				

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interests
COMPLETED HOTEL PROPERTY PROJECTS				
42	New World Courtyard Hotel, Beijing	CJV	JCE	55%
43	New World Hotel, Shenyang	EJV	Subsidiary	100%
44	New World Courtyard Hotel, Shunde	CJV	Assoc. Co.	33%
45	Mayfair Hotel Shanghai	CJV	Subsidiary	65%
Sub-total				
Total				

CJV: Co-operative joint venture

EJV: Equity joint venture

WFE: Wholly Foreign-owned Enterprise

Assoc. Co.: Associated company

JCE: Jointly controlled entities

Site Area (sq.m.)	Total GFA (sq.m.)	Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)
19,533	133,670	4,251	74,232	25,979		29,208
16,224	103,837	28,246	46,378			29,213
28,265	39,277			9,985		29,292
101,893	18,206			1,791		16,415
23,127	103,017		73,082	10,464		19,471
72,800	17,382		17,382			
9,800	69,196		49,413			19,783
9,953	138,392		37,239	82,092		19,061
9,084	20,231		12,805			7,426
	54,883	39,358	9,597			5,928
2,914,935	43,228		43,228			
96,427	46,480		36,069			10,411
3,806	9,963			9,963		
99,885	18,889		18,889			
14,171	49,203		33,254			15,949
	865,854	71,855	451,568	140,274	—	202,157

Site Area (sq.m.)	Total GFA (sq.m.)	Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)
N/A (included in Beijing New World Centre Phase I)	23,988				23,988	
7,847	32,200				32,200	
4,508	36,524				36,524	
10,883	58,011				58,011	
	150,723	—	—	—	150,723	—
	17,233,549	11,365,561	1,790,504	936,151	220,092	2,921,241

Glossary of terms

General Terms

AGM:	Annual General Meeting
BVI:	British Virgin Islands
Company or NWCL:	New World China Land Limited
FY:	Fiscal year, July 1 to June 30
GFA:	Gross floor area
Group:	New World China Land Limited and its subsidiary companies
HK:	Hong Kong
HK\$:	Hong Kong dollar(s), the lawful currency of Hong Kong
HPF:	Housing Provident Fund
ICBC:	The Industrial and Commercial Bank of China
N/A:	Not applicable
PBoC:	People's Bank of China
China, PRC or Mainland China:	The People's Republic of China
RMB:	Renminbi, the lawful currency of The People's Republic of China
SAR or HKSAR:	Special Administrative Region — A status granted to Hong Kong to own an independent government and legislative system and to enjoy a degree of autonomy from the PRC Government under the principle of "one country, two systems"
SEHK:	The Stock Exchange of Hong Kong Limited
SOEs:	State-owned Enterprises
US:	The United States of America
US\$	United States dollar(s), the lawful currency of the United States of America

Financial Terms

Attributable Operating Profit:	Profit attributable to shareholders before head office items
Basic Earnings Per Share or EPS:	$\frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$
HIBOR:	Hong Kong Interbank Offered Rate
LIBOR:	London Interbank Offered Rate
Net Debt:	The aggregate of bank loans and other borrowings, net of cash and bank balances
Net Debt to Equity Ratio:	$\frac{\text{Net Debt}}{\text{Shareholders' funds}}$

Measurement

Sq.m. or m²:	Square meter
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Corporate information

Chairman and Managing Director	Dr. Cheng Kar-shun, Henry GBS
Vice-chairman	Mr. Doo Wai-hoi, William JP
Executive Directors	Mr. Cheng Kar-shing, Peter Mr. Leung Chi-kin, Stewart Mr. Chow Kwai-cheung Mr. Chow Yu-chun, Alexander Mr. Fong Shing-kwong, Michael
Non-executive Director	Mr. Fu Sze-shing
Independent Non-executive Directors and members of Audit Committee	Mr. Cheng Wai-chee, Christopher Mr. Tien Pei-chun, James Mr. Lo Hong-sui GBS JP
Company Secretary	Mr. Chow Yu-chun, Alexander
Qualified Accountant	Ms. Ngan Man-ying, Lynda
Auditors	PricewaterhouseCoopers
Principal Bankers	Hang Seng Bank Limited The Hongkong and Shanghai Banking Corporation Limited The Bank of East Asia, Limited The Industrial and Commercial Bank of China
Share Registrars and Transfer Office	Standard Registrars Limited G/F, Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai Hong Kong
Head Office	9/F, New World Tower 1 18 Queen's Road Central Hong Kong
Stock Code	Hong Kong Stock Exchange 917
Investor Information	For more information about the Group, please contact the Corporate Communications Department at: New World China Land Limited 9/F, New World Tower 1 18 Queen's Road Central Hong Kong Tel: (852) 2131 0201 Fax: (852) 2131 0216 Email: enquiry@nwcl.com.hk
Website	www.nwcl.com.hk

Chinese Version

The Chinese version of this Annual Report is available on request from New World China Land Limited.

Where the English and the Chinese texts conflict, the English text prevails.



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