



New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00917)

Annual Results Announcement 2004/2005

RESULTS

The directors of New World China Land Limited (the "Company") announce the audited consolidated profit and loss account of the Company and its subsidiaries (the "Group") for the year ended 30th June 2005 and the consolidated balance sheet of the Group as at 30th June 2005 together with comparative figures as follows:

Consolidated Profit and Loss Account

	Note	Year ended 30th June 2005 HK\$'000	Year ended 30th June 2004 HK\$'000
Turnover	2	1,657,674	2,521,784
Cost of sales		(1,186,583)	(2,053,351)
Gross profit		471,091	468,433
Other revenue		50,464	19,853
Other income/(charges)	3	108,275	62,458
Selling expenses		(68,674)	(129,863)
Administrative expenses		(32,342)	(30,533)
Other operating expenses		(264,266)	(237,713)
Operating profit before financing	4	264,548	152,635
Finance costs		(97,636)	(74,701)
Share of results of			
Associated companies		58,488	24,799
Jointly controlled entities		90,534	108,867
Profit before taxation		315,934	211,600
Taxation charge	5	(74,881)	(44,788)
Profit after taxation		241,053	166,812
Minority interests		(19,509)	(39,466)
Profit attributable to shareholders		221,544	127,346
Dividend, final of HK\$0.03 (2004: Nil) per share	6	113,236	—
Earnings per share	7		
Basic		11.18 cents	8.57 cents
Diluted		11.08 cents	N/A

Consolidated Balance Sheet

	Note	As at 30th June 2005 HK\$'000	As at 30th June 2004 HK\$'000
Non-current assets			
Fixed assets		4,834,442	3,616,762
Properties held for development		3,920,015	3,947,225
Associated companies		1,543,893	1,298,372
Jointly controlled entities		10,309,584	10,319,994
Other investments		115,876	49,132
Other non-current assets		169,125	34,831
		20,892,935	19,266,316
Current assets			
Debtors, deposits and other receivables	8	846,442	929,571
Amounts due from group companies		31,234	23,543
Properties under development		2,614,492	2,116,807
Completed properties held for sale		1,578,251	1,825,614
Cash and bank balances		6,184,975	857,391
		11,255,394	5,752,926
Current liabilities			
Creditors and accruals	9	1,124,247	1,065,084
Deposits received on sale of properties		387,107	244,775
Amounts due to group companies		481,991	573,943
Short term bank loans			
Secured		557,807	214,953
Unsecured		9,346	186,916
Current portion of long term liabilities		883,949	1,731,562
Taxes payable		103,453	97,546
		3,547,900	4,114,779
Net current assets		7,707,494	1,638,147
Total assets less current liabilities		28,600,429	20,904,463
Non-current liabilities			
Long term liabilities		4,139,196	3,636,163
Deferred income		347,528	349,987
Deferred tax liabilities		316,480	139,911
Minority interests and loans from minority shareholders		520,463	409,180
Net assets		23,276,762	16,369,222
Capital and reserves			
Share capital		376,825	148,886
Reserves		22,786,701	16,220,336
Proposed final dividend		113,236	—
Shareholders' funds		23,276,762	16,369,222

Notes:

1. Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong, and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), including applicable Hong Kong Statements of Standard Accounting Practice and certain Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") (collectively the "HKFRSs") as described further below. The accounts are prepared under the historical cost convention as modified by the revaluation of hotel and investment properties and other investments.

The HKICPA has issued a number of new and revised HKFRSs which are effective for accounting periods commencing on or after 1st January 2005. In preparing these accounts, the Group has early adopted the following HKFRSs:

HKFRS 3	Business combinations
HKAS 36	Impairment of assets
HKAS 38	Intangible assets

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill and negative goodwill. Details of the change in the accounting policy and the effects of adopting these standards are set out below. These changes in the accounting policy have been made in accordance with the transitional provisions in the respective standards and have been applied prospectively.

The Group has not early adopted other new and revised HKFRSs in the accounts for the year ended 30th June 2005. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to analyse and quantify the impact of these new and revised HKFRSs on its results of operations and financial position.

Details of the new and revised HKFRSs are as follows:

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the subsidiaries, associated companies or jointly controlled entities acquired at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associated companies or jointly controlled entities is included in investments in associated companies or jointly controlled entities respectively. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In prior years, goodwill arising from acquisition after 1st July 2001 was amortised on a straight-line basis over its estimated useful life of not more than twenty years. Any impairment of goodwill was recognised as an expense in the profit and loss account. 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.

Following the adoption of HKFRS 3, goodwill on acquisitions of subsidiaries, associated companies and jointly controlled entities is no longer amortised but tested for impairment annually. Any impairment loss recognised during the year is charged to the profit and loss account. Accumulated amortisation as at 1st July 2004 has been eliminated with a corresponding decrease in the cost of goodwill. Goodwill previously eliminated against reserves is not restated on the balance sheet or included in the calculation of the profit or loss on disposal of any subsidiary, associated company or jointly controlled entity.

The effect of the change has resulted in an increase of HK\$748,000 in the profit attributable to shareholders for the year ended 30th June 2005 and an increase in the carrying value of jointly controlled entities of the same amount as at 30th June 2005.

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. In prior years, for acquisitions on or after 1st July 2001, negative goodwill was presented in the same balance sheet classification as goodwill. To the extent that negative goodwill related to expectations of future losses and expenses that were identified in the Group's plan for the acquisition and could be measured reliably, but which did not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill was recognised in the profit and loss account when the future losses and expenses were recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, was 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 was recognised in the profit and loss account immediately. 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.

Following the adoption of HKFRS 3, the carrying amount of negative goodwill at 1st July 2004 is derecognised and credited to the opening balance of the retained profit. Any excess of the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries, associated companies or jointly controlled entities over the cost of an acquisition is recognised immediately in the consolidated profit and loss account. There is no effect on the Group's opening balance of the retained profit, but the profit attributable to shareholders for the year ended 30th June 2005 has been increased by HK\$46,853,000.

2. Turnover and segment information

The Group is principally engaged in investment and development of property projects in the People's Republic of China ("PRC"). Turnover comprises gross proceeds from sale of properties, revenues 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.

	Year ended 30th June 2005 HK\$'000	Year ended 30th June 2004 HK\$'000
Sale of properties	1,244,647	2,186,222
Rental income	190,961	139,954
Income from hotel operation	165,668	108,829
Property management services fee income	16,451	23,407
Project management fee income	296	4,893
Interest income less withholding tax	1,618,023	2,463,305
	39,651	58,479
	1,657,674	2,521,784

The Group is organised into four main business segments, comprising property sales, rental operation, hotel operation and property management services. 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 2005	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment revenues	1,284,594	186,147	180,125	6,808	—	1,657,674
Segment results	246,868	34,391	42,401	(348)	(1,922)	321,390
Bank and other interest income						50,464
Corporate administrative expenses						(107,306)
Operating profit before financing						264,548
Finance costs						(97,636)
Share of results of						
Associated companies	5,450	45,585	8,281	(828)	—	58,488
Jointly controlled entities	14,176	74,428	3,650	(1,843)	123	90,534
Profit before taxation						315,934
Taxation charge						(74,881)
Profit after taxation						241,053
Minority interests						(19,509)
Profit attributable to shareholders						221,544

Year ended 30th June 2004	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total 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

As at 30th June 2005	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total HK\$'000
Segment assets	10,234,416	3,422,548	1,233,181	27,546	4,878	14,922,569
Associated companies and jointly controlled entities	5,970,176	5,471,422	412,338	(10,611)	10,152	11,853,477
Unallocated assets						5,372,283
Total assets						32,148,329
Segment liabilities	4,526,217	2,210,985	898,585	18,461	5,490	7,659,738
Minority interests						21,077
Unallocated liabilities						1,190,752
Total liabilities and minority interests						8,871,567

Capital expenditure	3,870	92,770	20,997	1,217	2,250	121,104
Depreciation	11,619	24,567	11,535	561	2,379	50,661
Provision for/(write back of provision for) jointly controlled entities, associated companies and other investments	(55,255)	1,994	(5,315)	—	—	(58,576)
Write back of provision for properties	(9,000)	—	—	—	—	(9,000)
Revaluation deficit on hotel properties	—	6,154	—	—	—	6,154

As at 30th June 2004	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Property management services HK\$'000	Other operations HK\$'000	Total 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



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3. Other income/(charges)

	Year ended 30th June	
	2005 HK\$'000	2004 HK\$'000
Write back of/(provision against) other investments	66,632	(94,793)
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	46,853	—
Write back of/(provision for) diminution in value of properties under development and completed properties held for sale	9,000	(47,317)
Write back of/(provision for) amount due by an associated company (Revaluation deficit)/write back of revaluation deficit on hotel properties	5,315	(2,246)
Provision for investments in/amounts due by jointly controlled entities	(6,154)	3,672
Reversal of impairment loss of fixed assets	(13,371)	(5,614)
Profit on disposal of a jointly controlled entity	—	205,120
	—	3,636
	108,275	62,458

4. Operating profit before financing

	Year ended 30th June	
	2005 HK\$'000	2004 HK\$'000
Operating profit before financing is arrived at after charging:		
Cost of properties sold	979,088	1,896,724
Depreciation	50,661	51,038
Amortisation of deferred expenditure	2,434	5,773

5. Taxation charge

	Year ended 30th June	
	2005 HK\$'000	2004 HK\$'000
PRC income tax — current tax		
Company and subsidiaries	16	—
Jointly controlled entities	5,064	—
	5,080	—
PRC income tax — deferred tax		
Company and subsidiaries	44,960	33,141
Associated companies	9,061	1,875
Jointly controlled entities	15,780	9,772
	69,801	44,788
	74,881	44,788

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 (2004: 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% (2004: 33%).

6. Dividend

The directors recommend the payment of a final dividend of HK\$0.03 per share for the year ended 30th June 2005 (2004: Nil).

7. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$221,544,000 (2004: HK\$127,346,000) and the weighted average of 1,980,770,048 shares (2004: 1,485,096,441 shares) in issue during the year.

Diluted earnings per share for the year ended 30th June 2005 is based on profit attributable to shareholders of HK\$221,544,000 divided by 1,999,832,094 shares which is the weighted average number of shares in issue of 1,980,770,048 shares plus the weighted average of 19,062,046 potential shares deemed to be issued at no consideration assuming all outstanding share options had been exercised.

Diluted earnings per share was not presented for the year ended 30th June 2004 as the exercise of the outstanding share options had no dilutive effect on earnings per share.

8. 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:

	As at 30th June		As at 30th June	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
0 to 30 days	111,234	132,027	11,175	20,064
31 to 60 days	11,175	20,064	5,737	39,977
61 to 90 days	5,737	39,977	67,779	40,166
Over 90 days	67,779	40,166	—	—
	195,925	232,234	—	—

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.

9. Creditors and accruals

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

	As at 30th June		As at 30th June	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
0 to 30 days	232,733	509,895	23,212	20,053
31 to 60 days	23,212	20,053	88,074	33,530
61 to 90 days	88,074	33,530	382,301	293,078
Over 90 days	382,301	293,078	—	—
	726,320	856,556	—	—

BUSINESS REVIEW

In FY2005, the Group has recorded a profit of HK\$221.54 million, increased 74% year-on-year. Our three major business operations, namely property sales, rental and hotel operations, recorded double-digit growth in attributable operating profit. Property sales recorded an AOP of HK\$164.61 million, 12% increase compared to last year. Rental operation achieved a significant contribution to the Group with an AOP of HK\$150.97 million, increased 61% year-on-year, and hotel operation maintained a steady increase in AOP, in which a 12% year-on-year increase to HK\$20.90 million was recorded.

Project finance costs increased by 44% to HK\$108.11 million in FY2005 due to the increase in interest rate and higher borrowing costs expensed resulting from increase in completed projects.

Analysis of Attributable operating profit ("AOP")

	Year ended 30th June	
	2005 HK\$'000	2004 HK\$'000
Property sales	164,607	146,460
Rental operation	150,973	93,762
Hotel operation	20,902	18,684
Property management services	(3,033)	(5,566)
Others	(1,575)	(1,813)
AOP before provisions, revaluation deficits and finance costs	331,874	251,527
Provisions and revaluation deficits	(54,956)	(160,298)
Provisions and revaluation deficits written back	93,970	223,743
Finance costs — project loans	(108,106)	(75,189)
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	46,853	—
AOP	309,635	239,783
Finance costs — corporate loans	(31,249)	(14,605)
Corporate administrative expenses	(107,306)	(117,685)
Bank and other interest income	50,464	19,853
Profit attributable to shareholders	221,544	127,346

Property sales

For the year under review, the Group has completed 13 projects with a total GFA of 633,068 sq.m.. The completion was below budget as the approval process for completion certificates of residential block of Nanjing New World Centre was longer than expected.

In FY2005, 754,474 sq.m. were sold generating HK\$3.5 billion cash proceeds to the Group. Over 70% of the FY2005's completion were sold and the inventory on hand was depleted around 284,293 sq.m.. The total inventory as at 30 June 2005 amounted to 433,123 sq.m..

The 12% increase in AOP from property sales was attributable to the improved profit margin of both inventory and newly completed projects as compared with that of FY2004's. Major contributors to AOP were from sales of Guangzhou Central Park-view Phase I, Wuhan Changqing Garden Phase V and Beijing New World Garden Phase II.

Development projects completed during FY2005

Projects	Usage	Total GFA (Sq.m.)	NWCL's Interest
Beijing New World Garden Phase II (北京新世界家園二期)	R	57,416	70%
Beijing Xin Cheng Commercial Building (北京新成商務樓)	O	1,588	70%
Jinan Sunshine Garden Phase II (濟南陽光花園二期)	R	31,784	65%
Wuhan Changqing Garden Phase V (武漢常青花園五期)	R, C	157,453	60%
Wuhan Menghu Garden Phase IB (武漢夢湖香都一期b)	R	13,228	70%
Wuhan Xin Hua Garden Phase II (武漢新華家園二期)	R	39,151	60%
Guangzhou Park Paradise Phase IIB (廣州嶺南新世界家園二期b)	R	46,408	60%
Guangzhou Park Paradise Phase IIC (廣州嶺南新世界家園二期c)	R	22,085	60%
Guangzhou Park Paradise Phase IID (廣州嶺南新世界家園二期d)	R, P	11,711	60%
Guangzhou Central Park-view Phase I (廣州凱旋新世界廣場一期)	R	62,704	91%
Guangzhou Xintang New World Garden Phase II (廣州新塘新世界花園二期)	R	37,273	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	R	26,702	60%
Shenzhen New World Yi Shan Garden Phase II (深圳新世界南山花園二期)	R	34,382	90%
Huizhou Changhuyuan Phase IIA (惠州長湖苑二期A)	R, C	61,559	63%
Zhuhai New World Riviera Garden Phase II (珠海新世界海濱花園二期)	R	29,624	100%
Total		633,068	

R: Residential

C: Commercial

O: Office

P: Carpark

In FY2006, the Group will complete 12 projects to provide a total GFA of 767,843 sq.m.. Together with the remaining inventory of 433,123 sq.m. as at 30 June 2005, the Group has over 1.2 million sq.m. of commodity properties for sale.

Development projects to be completed in FY2006

Projects	Usage	Total GFA (Sq.m.)	NWCL's Interest
Beijing Xin Yi Garden Phase I (北京新怡家園一期)	R	111,443	70%
Beijing Xin Cheng Commercial Building (北京新成文化大廈)	O	30,246	70%
Beijing New View Garden Phase II (北京新景家園二期)	R, O	131,928	70%
Wuhan Changqing Garden Phase VIA (武漢常青花園六期A)	R	62,353	60%
Wuhan Menghu Garden Phase II (武漢夢湖香都二期)	R	23,514	70%
Wuhan Xin Hua Garden Phase III (武漢新華家園三期)	R	83,410	60%
Nanjing New World Centre (南京新世界中心)	R	72,503	92%
Guangzhou Park Paradise Phase IIC (廣州嶺南新世界家園二期c)	R	92,790	60%
Guangzhou Concord New World Garden Phase II (廣州協和新世界二期)	R, C	40,319	40%
Guangzhou Xintang New World Garden Phase III (廣州新塘新世界花園三期)	R, O	71,437	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	R	40,234	60%
Haikou New World Garden Phase II (海口新世界花園二期)	R	7,666	60%
Total		767,843	

Rental operation

In FY2005, the investment properties portfolio of the Group has been increased by 134,933 sq.m.. The increment was mainly from phase-completion of Wuhan New World International Trade Tower (formerly known as Wuhan International Trade and Commerce Centre). The Group's investment portfolio, including offices, shopping malls, hotels, service apartments and carparks, totalled 1.15 million sq.m..

Our major investment properties, Beijing New World Centre and Shanghai Hong Kong New World Tower, capitalised on the buoyant rental market in Beijing and Shanghai, provided growing contributions to the Group.

Rental income of Beijing New World Centre was charged on turnover basis which provided a strong contribution to the Group's AOP. During the year, the occupancies have been improved both in Shanghai Hong Kong New World Tower and Shanghai Belvedere Apartment. In particular, Shanghai Hong Kong New World Tower was 83% leased in FY2005 against 60% in the previous financial year. Furthermore, positive contribution from Chateau Regalia Beijing was achieved upon its gradual penetration into leasing market.

Investment properties completed during FY2005

Projects	Usage	Total GFA (Sq.m.)	NWCL's Interest
Beijing New World Garden Phase II (北京新世界家園二期)	P	26,606	70%
Beijing New View Garden (北京新景家園)	P	5,668	70%
Wuhan New World International Trade Tower (武漢新世界國貿大廈) (formerly known as Wuhan International Trade & Commerce Centre Phase III (武漢國貿大廈三期))	O, P	61,590	100%
Guangzhou New World Oriental Garden Phase I (廣州東方新世界花園一期)	C	2,560	100%
Guangzhou Park Paradise Phase II (廣州嶺南新世界家園二期)	C, P	16,330	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	P	3,276	60%
Shenzhen New World Yi Shan Garden Phase II (深圳新世界南山花園二期)	P	9,249	90%
Huizhou Changhuyuan Phase IIA (惠州長湖苑二期A)	P	9,654	63%
Total		134,933	

In FY2006, the Group plans to complete 8 projects of 282,518 sq.m. in Beijing, Wuhan, Nanjing and Guangzhou to further enhance our investment portfolio.

Investment properties to be completed in FY2006

Projects	Usage	Total GFA (Sq.m.)	NWCL's Interest
Beijing Xin Kang Garden Phase III (北京新康家園三期)	C, P	16,073	70%
Beijing Xin Cheng Commercial Building Phase I (北京新成文化大廈一期)	C, P	16,422	70%
Beijing Xin Yi Garden Phase I (北京新怡家園一期)	P	24,415	70%
Beijing New View Garden Phase II (北京新景家園二期)	P	11,526	70%
Wuhan New World International Trade Tower (武漢新世界國貿大廈) (formerly known as Wuhan International Trade & Commerce Centre Phase III (武漢國貿大廈三期))	O	60,366	100%
Wuhan Xin Hua Garden Phase III (武漢新華家園三期)	C, P	15,708	60%
Nanjing New World Centre (南京新世界中心)	C, P	60,807	92%
Guangzhou Central Park-view Phase IB (廣州凱旋新世界廣場一期b)	R, C, P	77,201	91%
Total		282,518	

Hotel operation

Our hotel portfolio comprises of 4 hotels providing 1,790 guest rooms. Apart from the hotel in Shenyang which is under renovation, the occupancy rates and average room rates for the other three hotels had been improved during the year under review.

Hotel portfolio	Number of rooms
New World Courtyard Hotel, Beijing (北京新世界萬怡酒店)	293
Mayfair Hotel Shanghai (上海巴黎春天大酒店)	860
New World Hotel, Shenyang (瀋陽新世界酒店)	261
New World Courtyard Hotel, Shunde (順德新世界萬怡酒店)	376
Total	1,790

Currently the Group has two hotels, each located in Wuhan and Dalian, under construction. Upon completion in 2008, they will enhance the Group's hotel portfolio by adding 850 guest rooms.

LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2005, the Group's cash and bank deposits amounted to HK\$6,351.87 million (30th June 2004: HK\$891.29 million). The increase in cash and bank deposits was mainly due to strengthening of the Company's capital base. During the year, the Company issued 2,255,294,538 shares of HK\$0.10 each at HK\$2.80 per share by way of rights issue on the basis of three rights shares for every two existing shares. The net proceeds will be used for debt reduction and to finance the Group's operation and investments.



New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00917)

Annual Results Announcement 2004/2005

As at 30th June 2005, the Group stays in healthy financial position with zero gearing (30th June 2004: 29.8%). The gearing ratio is on the basis of net debts over shareholders' funds. The Group's consolidated net debt amounted to HK\$4,878.30 million as at 30th June 2004.

The Group's bank and other borrowings as at 30th June 2005 totaling HK\$5,321.51 million, of which 26%, 55%, 15% and 4% are repayable respectively within one year, one to two years, two to five years and over five years. Over 54% of the Group's total debts are on floating rate basis.

As at 30th June 2005, the Group's committed unutilised bank loan facilities amounted to HK\$462.06 million (30th June 2004: HK\$602.80 million).

On 21st July 2005, the People's Bank of China ("PBoC") announced a reform to Renminbi ("RMB") exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. Such reform has resulted in RMB appreciated against several major currencies, including the United States Dollar and Hong Kong Dollar. The PBoC's moves on 23rd September 2005 to widen the band of RMB exchange rate against non-US dollar currencies has further strengthened the RMB currency. Such appreciation had no impact on the Group's shareholders' funds as at 30th June 2005. However, as the Group has net RMB exposure in the form of net monetary/non-monetary assets held and investments in PRC entities, the impact of RMB appreciation will be fully reflected in FY2006.

There has been no significant change in the Group's policy to leverage funding by straight debts rather than quasi-debt financial instruments. During the year under review, the Group did not use any financial instrument for hedging purposes.

CONTINGENT LIABILITIES

As at 30th June 2005, the Group has contingent liabilities of approximately HK\$2,057,808,000 (30th June 2004: HK\$2,598,081,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The drop in contingent liabilities reflects the Group's commitment to reduce reliance on debt generated from bank borrowings to finance its property projects.

DETAILS OF THE CHARGES ON GROUP'S ASSETS

As at 30th June 2005, the Group's investment properties, hotel properties, properties held for development, properties under development and bank deposits of HK\$767,186,000 (30th June 2004: HK\$266,579,000), HK\$837,383,000 (30th June 2004: HK\$803,739,000), HK\$974,721,000 (30th June 2004: HK\$919,892,000), HK\$328,425,000 (30th June 2004: HK\$285,600,000) and HK\$817,517,000 (30th June 2004: HK\$74,128,000) respectively have been pledged as securities for short term and long term loans. As at 30th June 2004, completed properties held for sale of HK\$657,517,000 had been pledged as securities for a long term loan. The long term loan was fully repaid during the year.

EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2005, the Group had 2,259 full-time employees. Total staff costs including director's emoluments and retirement benefits amounted to HK\$127.6 million for the year ended 30th June 2005 (2004: HK\$121.4 million). 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.

MAJOR ACQUISITIONS AND DISPOSAL

On 8th February 2005, the Group entered into a Sale and Purchase agreement with Beijing Bank to acquire 70% and 65% of the equity interest in Dalian New World Tower Co., Ltd. ("Dalian NWT") (formerly known as Dalian Bond Tak International Finance Centre Co., Ltd.) and Dalian New World Hotel Co., Ltd. ("Dalian NWH") (formerly known as Dalian Bond Tak New World Hotel Co., Ltd.) respectively, for an aggregate consideration of HK\$411 million which is payable by 5 instalments up to 25th December 2007. Upon completion of the transaction, Dalian NWT becomes a wholly-owned subsidiary of the Group and Dalian NWH is owned as to 95% by the Group.

Subsequent to the completion date, the Group further obtained the remaining 5% equity interest in Dalian NWH at no consideration.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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.

CODE OF BEST PRACTICE

During the year under review, the Company has complied with the Code of Best Practice as set forth in Appendix 14 of the Listing Rules which was in force prior to 1st January 2005, which remains applicable to disclosure in respect of accounting periods commencing before 1st January 2005 under the transitional arrangement, save that non-executive directors are not appointed for specific terms as they are subject to retirement by rotation at the annual general meeting of the Company at least once every three years in accordance with the Articles of Association of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Appendix 10 of the Listing Rules. The Company has also made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

Audit committee was established in accordance with requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee consists of three independent non-executive directors of the Company. The audit committee has reviewed the audited financial statements and discussed the financial related matters with management.

OUTLOOK

New World China Land is a national developer in Mainland China. Our property portfolio comprises of 37 major development projects with a total GFA of 15.5 million sq.m. spanning over 17 high-growth cities.

The Group is optimistic about the Mainland China property market, which is expected to benefit from the solid growth in demand for properties. A series of macro control measures over the property market from State Council of China were released starting March 2005 to direct for the property market to have a healthy and stable development in the long run.

Developers with good reputation, quality projects and strong financial capacity, like New World China Land, are better positioned to take advantages of these developments. The Group will continue focusing on developing residential units for sale while gradually building up our rental portfolio to generate stable recurrent income.

New World China Land is a well-recognised brand in every city where we have a footprint. In September 2005, the Group was ranked first in "2005 TOP10 China's Real Estate Company Brand Value" by "China Real Estate TOP10 Research Team". New World China Land was the only Hong Kong developer among the local awardees. This award has proven the brand equity of our products throughout Mainland China. Our commitment to quality product and services enables the Group to charge a premium over the competitors' product.

POST BALANCE SHEET EVENT

On 12th September 2005, the Group has acquired additional 10% equity interest in a subsidiary, Ramada Property Ltd., which holds the entire interest in Shanghai Ramada Plaza, for an aggregate consideration of approximately HK\$111.4 million. Upon completion of the transaction on 13th September 2005, the Group's attributable interest in Ramada Property Ltd. increased to 75%.

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

Hong Kong, 6th October 2005

As at the date of this announcement, the Board of directors of the Company comprises: (1) Dr. Cheng Kar-shun, Henry, Messrs. Doo Wai-hoi, William, Cheng Kar-shing, Peter, Leung Chi-kin, Stewart, Chow Kwai-cheung, Chow Yu-chun, Alexander, Fong Shing-kwong, Michael as executive directors; (2) Mr. Fu Sze-shing as non-executive director and (3) Messrs. Cheng Wai-chee, Christopher, Tien Pei-chun, James and Lee Luen-wai, John as independent non-executive directors.