

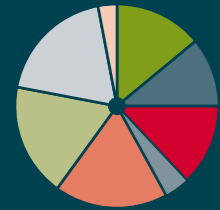


- 50th Anniversary heralds a new era for the PRC
- Housing reform accelerates on all fronts
- Banking reform supports the residential property market
- Infrastructure development becomes a high priority
- Economic growth is maintained in the face of the financial crisis in the region
- China prepares to enter the World Trade Organisation ("WTO")

# China: A Country of Great Opportunity

## Property Portfolio by Region

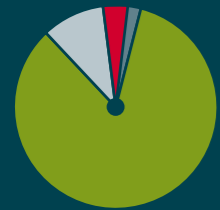
NWCL has a diversified portfolio in some 20 PRC Cities



Beijing	13.6%
Tianjin	10.6%
Shenyang	13.2%
Shanghai	3.6%
Wuhan	18.2%
Guangzhou	18.1%
Pearl River Delta	19.2%
Other Regions	3.5%

## Property Portfolio by Usage

NWCL's main focus is on mass residential housing



Residential	85.1%
Commercial	10.8%
Office	3.0%
Hotel	1.1%

The Company's property projects are concentrated in high-economic growth regions or regional transportation hubs such as Beijing, Tianjin, Shenyang, Shanghai, Wuhan and Guangzhou. The portfolio encompasses:

### PROPERTY PORTFOLIO

- 37 Conventional Property Projects with a total GFA of 4.1 million sq. m.
- 29 Mass Residential Community Housing Projects with a total GFA of 18.5 million sq. m.

### PROPERTY RELATED PROJECTS

- 2 City Core Redevelopment ("CCR") Projects with a total site area of 2.7 million sq. m.
- 1 Land Improvement Project with a total site area of 6.5 million sq. m.

#### Beijing

- 7 Conventional Property Projects with total GFA 1,009,221 sq. m.
- 4 Mass Residential Community Housing Projects with total GFA 2,068,766 sq. m.
- 1 City Core Redevelopment Project with site area 223,952 sq. m.

#### Tianjin

- 2 Conventional Property Projects with total GFA 353,501 sq. m.
- 4 Mass Residential Community Housing Projects with total GFA 2,048,635 sq. m.
- 1 City Core Redevelopment Project with site area 2,520,991 sq. m.

#### Shenyang

- 2 Conventional Property Projects with total GFA 127,500 sq. m.
- 1 Mass Residential Community Housing Project with total GFA 2,861,900 sq. m.

#### Dalian

- 2 Conventional Property Projects with total GFA 356,457 sq. m.

#### Shijiazhuang

- 1 Conventional Property Project with total GFA 89,615 sq. m.

#### Wuhan

- 5 Conventional Property Projects with total GFA 475,215 sq. m.
- 2 Mass Residential Community Housing Projects with total GFA 3,628,785 sq. m.
- 1 Land Improvement Project with site area 6,502,088 sq. m.

#### Nanjing

- 1 Conventional Property Project with total GFA 198,094 sq. m.

#### Shanghai

- 6 Conventional Property Projects with total GFA 528,791 sq. m.
- 2 Mass Residential Community Housing Projects with total GFA 287,381 sq. m.

#### Hefei

- 1 Mass Residential Community Housing Project with total GFA 108,468 sq. m.

#### Guangzhou

- 4 Conventional Property Projects with total GFA 251,523 sq. m.
- 7 Mass Residential Community Housing Projects with total GFA 3,830,343 sq. m.

#### Pearl River Delta

- 7 Conventional Property Projects with total GFA 758,280 sq. m.
- 8 Mass Residential Community Housing Projects with total GFA 3,583,352 sq. m.

# Corporate Profile

Listed on The Stock Exchange of Hong Kong Limited ("SEHK") in July of 1999, New World China Land Limited ("NWCL") is the China property arm of New World Development Company Limited ("NWD"). "Building for a Nation" is the theme used by NWCL to describe its mission to capture the opportunities arising from the rapidly emerging mass residential market in the People's

Republic of China ("PRC"). NWCL is composed of a well-diversified property portfolio that is spread across some 20 PRC cities. As China enters the new millennium, NWCL is set to become a leading nationwide developer that delivers properties to meet the nation's increasing need of quality housing.

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# Performance Highlights



## Financial Summary – Proforma Combined Results

	Year ended 30 June 1999 HK\$ '000	Year ended 30 June 1998 HK\$ '000
Turnover	506,945	409,068
Operating profit	464,854	201,405
Profit attributable to shareholders	171,068	189,948
Earnings per share - basic (HK cents)	13.0	14.5
Total assets	20,300,440	18,142,605
Total debts	3,267,774	2,517,454
Shareholders' funds	16,039,479	14,827,691
Debt to equity ratio	20.4%	17.0%

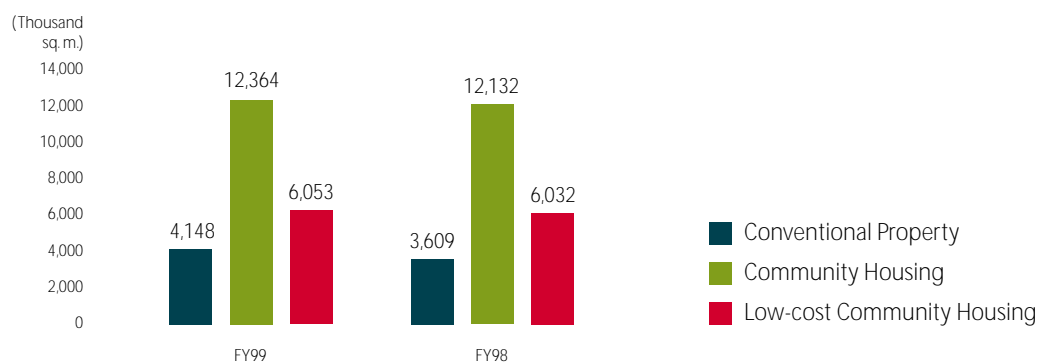
## Bank Borrowings Profile

Original Currency		Outstanding Amount		% Change
		30 June 1999 HK\$ '000 Equivalent	30 June 1998 HK\$ '000 Equivalent	
RMB	Subsidiaries	125,929	18,692	573.7
	Joint ventures/associated companies	424,439	91,748	362.6
	Sub-total	550,368	110,440	398.3
HK\$	Subsidiaries	-	-	N/A
	Joint ventures/associated companies	397,000	329,000	20.7
	Sub-total	397,000	329,000	20.7
US\$	Subsidiaries	744,768	695,700	7.1
	Joint ventures/associated companies	288,610	310,000	(6.9)
	Sub-total	1,033,378	1,005,700	2.8
	<b>Grand Total</b>	<b>1,980,746</b>	<b>1,445,140</b>	<b>37.1</b>



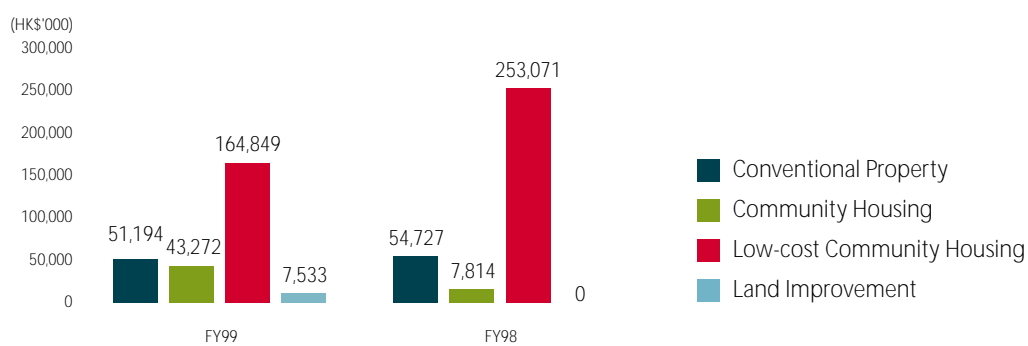
## Land Bank

Land bank increased by 4% during FY99 to 22.6 million sq. m.



## Attributable Operating Profit ("AOP")

AOP decreased by 15% to HK\$ 266.9 million in FY99.



AOP: Attributable Operating Profit, profit attributable to shareholders before head office items.



Hefei New World Garden Foundation Ceremony



Listing on The Stock Exchange of Hong Kong

## PROJECT ACQUISITION

July 1998

Guangzhou Gloria City (224,596 sq. m.)

February 1999

Zhaoqing Lake Development (315,006 sq. m.)

March 1999

Pearl River New Town Zone L (285,075 sq. m.)

June 1999

Tianjin Nanshi Development (1,549,842 sq. m.)

## PROJECT COMPLETION

September 1998

Completion of Guangzhou New World Eastern Garden Phase I (21,720 sq. m.)

Completion of Tianjin Xin Chun Hua Yuan Development Lot 603 (26,019 sq. m.)

November 1998

Completion of Tianjin Huayuan Residential Area Development Sub area 8 (146,650 sq. m.)

December 1998

Completion of Shanghai Zhongshan Square (76,498 sq. m.)

June 1999

Completion of Dongguan New World Garden Phase VI (34,603 sq. m.)

During the Year

Completion of Wuhan Changqing Garden (71,477 sq. m.)

## PROJECTS LAUNCHED FOR SALE

July 1998

Launching of Tianjin Huayuan Residential Area Development Sub area 8 (121,519 sq. m.)

Launching of Wuhan Changqing Garden Phases II and III (224,002 sq. m.)

September 1998

Launching of Dongguan New World Garden Phase VIII (34,092 sq. m.)

January 1999

Launching of Xintang New World Garden (12,672 sq. m.)

July 1999

Launching of Beijing New World Centre Phase II (25,377 sq. m.)

September 1999

Launching of Hefei New World Garden (20,718 sq. m.)



Completion of Guangzhou  
New World Eastern Garden Phase I



Zhuhai New World Harbour-front Garden  
Foundation Ceremony



Global IPO Road Show

## FINANCING

### August 1998

Signed RMB30 million loan agreement with Bank of Communications Tianjin Branch

### December 1998

Signed RMB150 million loan agreement with Bank of Communications Tianjin Branch

Signed RMB210 million loan agreement with Industrial & Commercial Bank of China Beijing Branch

### January 1999

Signed RMB70 million loan agreement with Bank of China Tianjin Branch

Signed RMB30 million loan agreement with China Construction Bank Nanjing Branch

### February 1999

Signed RMB16 million loan agreement with China Everbright Bank Shanghai Branch

### April 1999

Signed RMB100 million loan agreement with Industrial & Commercial Bank of China Wuhan Branch

### May 1999

Signed RMB12 million loan agreement with China Everbright Bank Shanghai Branch

Signed RMB20 million loan agreement with China Huaxia Bank Nanjing Branch

### June 1999

Signed RMB16 million loan agreement with China Everbright Bank Shanghai Branch

Signed RMB82.7 million and RMB10 million loan agreements with China Huaxia Bank Beijing Branch and China Construction Bank Beijing Branch, respectively

### July 1999

Signed RMB16 million loan agreement with China Everbright Bank Shanghai Branch

## HIGHLIGHTS OF THE YEAR

### June 1999

Investor site visit to Wuhan and Guangzhou

### 23 June - 9 July 1999

Global IPO road show for New World China Land Limited

### 16 July 1999

Listing on The Stock Exchange of Hong Kong



**New World China Land Limited ("NWCL") reported a net profit of HK\$171 million for the year ended 30 June 1999, a 10% decrease over 1998. Earnings per share declined by 10% to HK\$0.13. The results were in line with the forecast set out in the Initial Public Offering Document at the time of the NWCL listing. A detailed analysis of the results can be found in the Financial Review section on page 48.**

As the People's Republic of China wraps up the celebration of its 50th Anniversary, the country is marching ahead with its reform plans to become a stronger economic power in the next millennium. The PRC leadership realises that raising the standard of living of its people is fundamental to a nation's economic and social success. It is upon this vision of improved living standards that the New World Group founded its China property arm – New World China Land Limited.

## **WHAT DOES BUILDING FOR A NATION MEAN?**

This vision of "Building for a Nation" stems from the Central Government's agenda to improve the standard of living of the Chinese people through housing reform. Above all, the government has designated the housing sector as an economic stimulus. New policies are being implemented to direct pools of savings into the residential market. In addition, interest rates have been on the downward trend for the last three years





and the availability of mortgages has been greatly increased.

Another driving factor for housing reform is urbanisation. According to the Ministry of Construction, the urban population will rise to over 400 million in 2000. By 2010, the population of the PRC's cities will increase to 630 million, a rise of 58% over the decade. To maintain social stability, central and local authorities are committed to improving living conditions in the major cities.

Under housing reform, the State will put an end to the provision of welfare housing for State-Owned Enterprises ("SOEs") and government employees. In the past, substantial amounts of capital were tied up in this scheme. With two-thirds of the population living in welfare houses, the reduction of this burden will have a far-reaching impact on the country.

With over a decade of investment history in the PRC property market, NWCL has witnessed the impact of

housing reform on a daily basis. The property business is becoming a pillar industry for the country. By focusing on the mass residential market, the Company can capture the opportunities from a rising level of homeownership.

### **MARKET FUNDAMENTALS AND BUSINESS ENVIRONMENT**

There is a perception of oversupply in the PRC property market. However, this is only the case for the higher-end of the market in certain major cities. Right from the start, NWCL was designed to focus on the mass residential market. People are demanding better built houses and more facilities. The Company firmly believes that quality properties that are priced right will receive favourable responses.

When deciding what types of projects to build, NWCL considers a region's level of affordability. Among the major cities of Beijing, Shanghai, Guangzhou and cities in Southern China, the

Company is targeting a broader market segment while in other cities the focus will be on the medium- to lower-end.

Since the Company first entered the market, it has noticed a better legal structure for property development. The improved structure increased the Company's confidence in continuing its business activities and, at the same time, bolstered the confidence of individual homebuyers.

### **A LARGE AND DIVERSIFIED LAND BANK**

NWCL's property portfolio consists of 66 projects, encompassing a potential gross floor area of 22.6 million sq. m., and is over 80% targeted at the mass residential market. NWCL tends to focus on developing large-scale community housing projects which allow the Company to achieve economies of scale and the potential of a gradual price increase in phases.



NWCL's land bank is spread across the country in over 20 cities. By having a diversified base the Company is able to mitigate risks and capture the potential of a booming market in more regions. NWCL has achieved successes in certain cities where projects are more mature. With more projects ready to begin construction this year, the overall production level is rising.

### **FINANCING FUTURE GROWTH**

Given the backdrop of a low interest rate environment and the liberalisation of the mortgage and housing loan market, the Company is in a favourable position to finance its growth in the local market. Its gearing currently stands at 20% and the objective is to increase debt in Renminbi terms. By financing local operations with local currency, mismatches can be avoided and business risk reduced. As at 30 June 1999, NWCL has arranged a total of RMB589 million in local currency loans

for various projects at the corporate and joint venture levels, representing 28% of its total debt.

### **MANAGEMENT DEPTH**

Given the geographic spread of the Company's investments, the formation of a proper management team to execute its plans is crucial. For that reason, in each key region a "Chief Executive" is appointed from Hong Kong to manage the daily activities together with staff seconded from Hong Kong and local employees. An Operation Committee is based at the corporate office in Hong Kong to supervise regional offices and provide support when needed. This structure provides the flexibility needed by local operations and allows the Hong Kong corporate office to monitor activities on a regular basis.

All the pieces are coming into place as the China property market prepares for an unprecedented era of growth. The

Company is rising to meet the challenge and eager to realise its vision of Building for a Nation. At this time, I would like to extend my sincere thanks to all those who have worked so hard to make this company a reality. NWCL will become a major developer in the vibrant and exciting China property market.

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

Chairman and Managing Director

Hong Kong, 15 October 1999



Dr. Cheng Kar-shun, Henry



Doo Wai-hoi, William



Cheng Kar-shing, Peter



Leung Chi-kin, Stewart

## CHAIRMAN AND MANAGING DIRECTOR

**Dr. Cheng Kar-shun, Henry** (aged 52). 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 Infrastructure Limited, New World CyberBase Limited, New World Services Limited, New World Telephone Holdings Limited, New World First Bus Services Limited and Tai Fook Securities Group Limited. He is the Managing Director of NWD (Hotels Investments) Limited and a Director of Chow Tai Fook Enterprises Limited, Marriott International Inc., HKR International Limited and Kwoon Chung Bus Holdings Limited. Dr. Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation, a Committee Member of the Eighth and Ninth Chinese People's Political Consultative Committee of the People's Republic of China and a Member of the Hong Kong SAR Services Promotion Strategy Group. Dr. Cheng is the brother of Mr. Cheng Kar-shing, Peter and the brother-in-law of Mr. Doo Wai-hoi, William.

## VICE-CHAIRMAN

**Doo Wai-hoi, William** (aged 55). Mr. Doo was appointed Vice-Chairman of New World China Land Limited in

June 1999. Mr. Doo's corporate positions include Vice Chairmanships of New World Infrastructure Limited, New World CyberBase Limited and Tai Fook Securities Group Limited, Managing Director of Fung Seng Diamond Company Limited as well as the Directorships of NWD (Hotels Investments) Limited and CTF Hotels Holdings, Inc. Mr. Doo is a Governor of the Canadian Chamber of Commerce in Hong Kong and a Member of the current Shanghai Committee of Chinese People's Political Consultative Conference. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter.

## EXECUTIVE DIRECTORS

**Cheng Kar-shing, Peter** (aged 47). Mr. Cheng was appointed Executive Director of New World China Land Limited in June 1999. He is a Director of New World Development Company Limited, New World Infrastructure 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.

**Leung Chi-kin, Stewart** (aged 60). Mr. Leung was appointed Executive Director of New World China Land Limited in June 1999. He is the Director and Group General Manager of New World Development Company Limited, a



Chan Kam-ling



Chow Kwai-cheung



Chan Wing-tak, Douglas



Chow Yu-chun, Alexander



So Ngok

Director of New World Infrastructure Limited, New World Hotel Company Limited, New World First Bus Services Limited, Hip Hing Construction Company Limited, Asia Television Limited and Young's Engineering Company Limited and the Deputy Chairman of Huey Tai International Limited.

**Chan Kam-ling** (aged 59). Mr. Chan was appointed Executive Director of New World China Land Limited in June 1999. He is a Director of New World Development Company Limited and New World Infrastructure Limited. Mr. Chan is currently the Managing Director of Hip Hing Construction Company Limited, New World Services Limited, Sino-French Holdings (Hong Kong) Limited and Macao Water Supply Company Limited as well as the Director of Companhia de Electricidade de Macau - CEM, S.A.R.L..

**Chow Kwai-cheung** (aged 57). 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.

**Chan Wing-tak, Douglas** (aged 50). Mr. Chan was appointed Executive Director of New World China Land Limited in 1996. He is the Chairman of Pacific Ports Company Limited, the Managing Director of New World Infrastructure Limited and a Director of New World CyberBase Limited, china.com Corporation and Macao Water Supply Company Limited. Mr. Chan is a Member of the Third Hainan Province Committee of Chinese People's Political Consultative Conference.

**Chow Yu-chun, Alexander** (aged 52). Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is a fellow of the Chartered Association of Certified Accountants (UK) and an associate of the Hong Kong Society of Accountants and has over 25 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.

**So Ngok** (aged 52). Mr. So was appointed an Executive Director of New World China Land Limited in June 1999. Mr. So is an Executive Director of New World Infrastructure Limited and Pacific Ports Company Limited and a Director of a number of companies with investments in China.



Fu Sze-shing



Lo Hong-sui GBS



Cheng Wai-chee, Christopher



Tien Pei-chun, James

## NON-EXECUTIVE DIRECTORS

**Fu Sze-shing** (aged 50). Mr. Fu is a Non-Executive Director of New World Infrastructure Limited and a Director of New World Development (China) Limited and a number of companies with investments in China. He has over 20 years' experience in PRC property development and investment businesses.

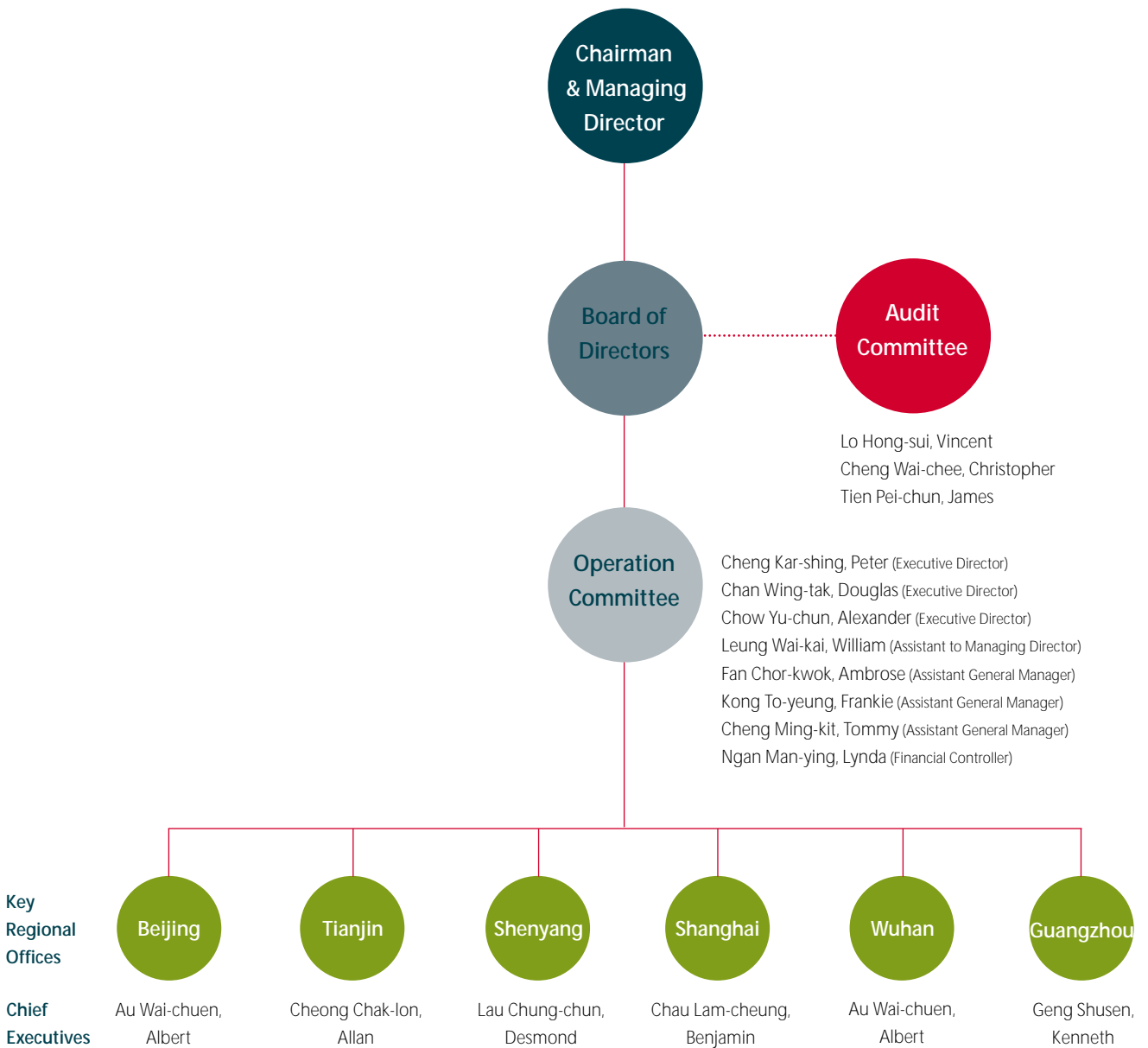
**Lo Hong-sui GBS** (aged 51). Mr. Lo is the Chairman of Shui On Construction and Materials Limited and the Chairman of Shui On Group. He is the founding Chairman and current President of the Business and Professionals Federation of Hong Kong, a Member of The Ninth National Committee of Chinese People's Political Consultative Conference, the President of Shanghai-Hong Kong Council for the Promotion and Development of Yangtze, and Adviser of Chinese Society of Macroeconomics, a Member of Hong Kong/United States Economic Co-operation Committee, a Council Member of the China Overseas Friendship Association, the Chairman of the Council of the Hong Kong University of Science and Technology and a Director of Great Eagle Holdings Limited. Mr. Lo was awarded the Gold Bauhinia Star.

**Cheng Wai-chee, Christopher** (aged 51). Mr. Cheng is the Chairman of USI Holdings Limited and a director of Sealed Air Corporation listed on the New York Stock Exchange and Gieves Group plc listed on the London Stock Exchange. Mr. Cheng plays an active role in the public

services. He had twice served on the Hong Kong Trade Development Council for a total period of 14 years and was Chairman of its Staff and Finance Committee. He presently serves on the following public organisations: Public Service Commission, The Town Planning Board, Court of The Hong Kong University of Science and Technology and Council of the University of Hong Kong. He is the Deputy Chairman of the Hong Kong General Chamber of Commerce. Mr. Cheng holds an MBA degree from the Columbia University.

**Tien Pei-chun, James** (aged 52). Mr. Tien is the Chairman of Manhattan Holdings Ltd., Manhattan Garments (International) Ltd., Manhattan Realty Ltd. and Manhattan China Investment 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 bodies and committees as well as non-government boards and committees in Hong Kong. He serves on the Legislative Council's Trade and Industry Panel, Manpower Panel, Financial Affairs Panel and Economic Services Panel of which he is the Chairperson. He is Chairman of the Liberal Party, 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, Council Member of the Hong Kong Polytechnic University and a Council Member of The Chinese University of Hong Kong.

# Corporate Structure





# Community/Employee Relations



"Project of Hope" at Shenyang

## COMMUNITY RELATIONS

NWCL keeps in close touch with the daily lives of the people of the PRC and this is an important component of its mission in Building for a Nation. The Company takes every opportunity to contribute to the communities in which it operates.

Throughout its investment history in the PRC, the Company has helped build kindergartens, primary

schools and community activity centres as part of its design of self-contained community housing developments. These facilities benefit the thousands of people residing in the Company's premises and have improved their quality of life. The Company's regional offices are also key patrons of local social and charity programmes.

## EMPLOYEE RELATIONS

The Company had 619 people under its employment as at 30 June 1999 in Hong Kong and the PRC. The Company values the talent of its staff as much as it appreciates the opportunities arising from its business. For that reason, the Company is constantly providing training programmes for staff members at all levels.

The Company believes that job satisfaction and proper compensation are the key motivating factors. Periodic performance reviews are conducted at the Hong Kong head office as well as the local joint venture companies. In addition, an extra effort is made to maintain open communication channels and promote a friendly working environment.







In 1980, the New World Group spearheaded its first investment in the PRC by participating as a partner in the first Sino-foreign hotel joint venture – the China Hotel in Guangzhou. Through its two decades of investments, the New World Group has accumulated substantial experience and an in-depth knowledge of the PRC. Currently, the New World Group has invested over US\$4 billion in the PRC property, hotel, infrastructure and telecommunications sectors. New World Group pursues an investment path that is closely connected with the priorities and aspirations of municipal, provincial and state governments. By understanding the policies and economic needs on a nationwide basis, the New World Group is able to position its business interests to benefit from priority projects and markets.

#### COMPREHENSIVE CO-OPERATION AGREEMENTS

By entering into Comprehensive Cooperation Agreements (“CCAs”) with local governments the various divisions of New World Group can work together to offer an overall investment plan to the underlying regions. In return, these CCAs allow the New World Group to foster strong working relationships with local governments in order to expedite the approval process and to obtain various investment incentives for its projects. The first CCA was signed with the City of Wuhan in 1993 and has led to the development of NWCL’s first Low-cost Community Housing Project. Subsequent CCAs were signed with 15 cities and provinces, including, Guangzhou, Tianjin, Sichuan, Jiangxi and Zhuhai.

The Company's property projects are concentrated in high economic growth regions or regional transportation hubs such as Beijing, Tianjin, Shenyang, Shanghai, Wuhan and Guangzhou.



Prior to presenting the business details of the Company's property portfolio, it is important to understand the macro environment which affects the underlying performance of the Company and its future prospects.

When considering the evolution of the PRC property market, two factors enter the spotlight — housing reform and the restructuring of the banking industry.

## HOUSING REFORM

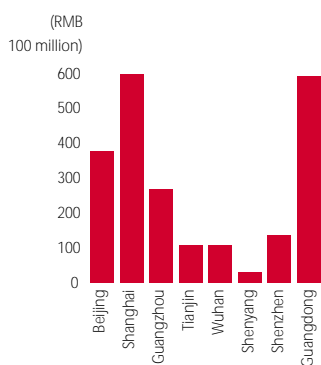
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To implement its housing reform policy the Central Government has come up with a multi-faceted program that deals with a variety of issues over both the short- and long-term time frame. Key points of the housing reform are as follows:

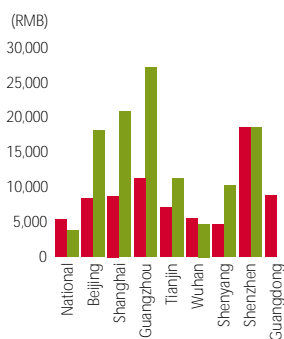
- \* Gradually commercialise and socialise housing units to build a new housing structure that suits the conditions of the PRC
- \* Expedite the construction of residential housing to spur further economic growth and satisfy the increasing demand for housing
- \* Stop the allocation of welfare housing and establish a residential housing supply mechanism based on the provision of affordable housing
- \* Develop the property finance market
- \* Develop a regulatory framework for property trading in the PRC
- \* Land policy reform
- \* Develop property-related services



### PRC Investment Made in Real Estate Development in 1998



### Where to Invest ?



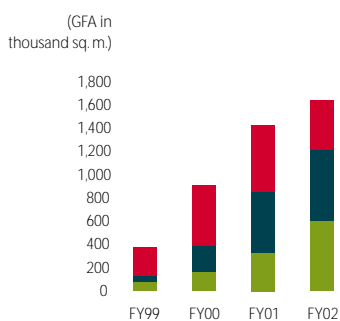
- Per capita annual disposable income of urban residents in 1998
- Per capita saving deposits of urban and rural residents in 1998

Source:

- \* China Statistical Yearbook 1999
- \* 99 Beijing Statistical Yearbook
- \* 99 Statistical Yearbook of Tianjin
- \* Shenyang Yearbook 1998
- \* 99 Statistical Yearbook of Shanghai
- \* 99 Statistical Yearbook of Wuhan
- \* 99 Statistical Yearbook of Guangzhou
- \* Statistical and Information Yearbook of Shenzhen 1999
- \* Guangdong Statistical Yearbook 1998

### NWCL Development Schedule

Increasing production on low- to medium- end development in the coming few years



- Conventional Property
- Community Housing
- Low-cost Community Housing

### NWCL Residential Portfolio

With nearly 87% of its residential GFA focused on low-to-medium end developments, NWCL is to benefit from housing reform in the PRC



- Conventional Property 13%
- Community Housing 55%
- Low-cost Community Housing 32%



### Market Share of National Personal Housing Mortgage Market in 1997

Total: RMB 19.29 billion



China Construction bank	49%
Industrial & Commercial Bank of China	34%
Bank of China	10%
Agricultural Bank of China	7%

Source: ICBC

### Structural Reform

Municipal governments are in the process of setting up special administrative bodies to determine the amount of housing to be commercialised. Rents paid by SOEs and state employees were increased many times to match the market rate. The government believes that rent increases create an incentive for the general population to look closely at home ownership. Instead of allocating funds to construct welfare housing, direct subsidies are given to purchase homes in the form of low interest loans. As a result, government institutions or SOEs are relieved from sparing resources on welfare housing.

### Low and Medium Income Focus

The PRC Government's priority is to promote the development of housing for the low- and medium-end markets. In terms of promoting such market segments, the state plans to adjust the investment structure and provide support by introducing better planning, lower taxes, efficient resettlement policies and more financing alternatives.

### Housing Provident Fund

In addition to banking reforms, the government is meeting the mortgage challenge by offering direct subsidies in combination with Housing Provident Fund ("HPF") loans. The HPF will be used to subsidise home purchases by offering mortgage loans with lower interest rates than those offered by commercial banks. The HPF will encourage and assist employees to purchase homes. In turn, contributions to the HPF from enterprises, employees and the state will grow gradually.

### Secondary Market Reforms

In another measure the government is liberalising the regulations governing the secondary market. By allowing property to change hands more freely and by



permitting banks to extend mortgage loans in support of secondary market sales, the government hopes to pump more liquidity into the market.

In addition, welfare housing units purchased at cost or priced at a marginal profit can be sold in the secondary market. Welfare housing units bought at standard prices can be sold in the secondary market after paying an adjustment fee.

### Land Supply and Idle Land

The government continues to tighten the control on land supply. Over the last decade the government was criticised for poor land allocation policies and flooding the market with an oversupply of land. Administrative shortfalls will hopefully be rectified by the upcoming introduction of related land administration regulations. For instance, approval of land above the size of 2,000 mous (approximately 1,334,000 sq. m.) must be attained from provincial or central government rather than from city and/or county authorities. If land lies dormant for a period of time it will be taken back and fines may be levied.

### Land Auctions

Another important element in the government's land management strategy is the introduction of market mechanisms to better determine land values. Auctions have been arranged in the southern cities of Shenzhen and Guangzhou and the practice will likely be extended to other cities soon.

## REFORMS IN THE BANKING INDUSTRY

A similar government initiative is designed to liberalise the banking sector to improve liquidity and allow for greater competition in the mortgage and home finance areas.

### Market Share of National Personal Housing Mortgage Market in 1998

Total: RMB 49.06 billion



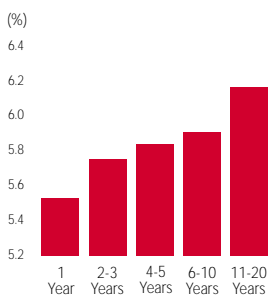
China Construction bank	50%
Industrial & Commercial Bank of China	32%
Bank of China	10%
Agricultural Bank of China	8%

Source: ICBC



### Mortgage Rates for Individual Mortgage Loan

Mortgage loan terms is extended from 10 years to a maximum of 20 years



Source:  
People's Bank of China

### More Mortgage Lenders in More Cities

To finance housing reform the government has implemented a wide scale restructuring of the banking and mortgage lending system. Over the last year, state banks have relaxed mortgage lending limits and more banks are permitted to provide mortgage services. The scope of mortgage loan operations has been increased to over 220 cities from a mere handful.

### More Funds Available and Better Terms

The current trend illustrates the government's desire to stimulate the mortgage loan market to bring more liquidity to the housing market. According to the People's Bank of China's statistics, total housing mortgages reached RMB49 billion for the first time in 1998, up from a mere RMB19 billion in 1997. The mortgage loan market is expected to rise once again in 1999. With commercial banks allowed to allocate 15% of lending portfolios to housing construction and consumption loans, the long-term forecast for growth is promising. The central bank has also boosted the proportion of bank capital to be allocated to mortgage loans, raised the maturity ceiling to 20 years (from ten years) and allowed banks to increase the loan principal to 70% (from 50%) of a property's value.

### Financing Developers and Projects

With the introduction of new housing loan parameters, developers are in a position to benefit from relaxed lending criteria. In terms of housing projects, as long as a developer possesses 30% of the capital, and the property is targeted at a viable market, a commercial bank can grant a construction loan. These funding alternatives will significantly improve the return on capital for developers.



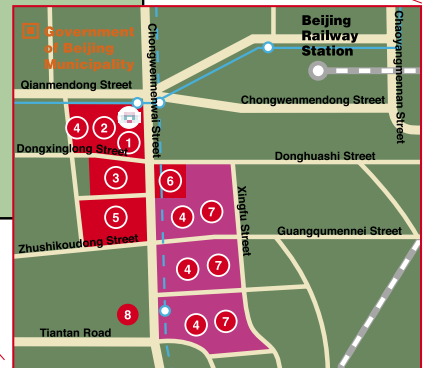
## THE FUTURE OF THE PROPERTY MARKET

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While perfectly smooth implementation of all aspects of the housing reform cannot be expected given the size and complexity of the PRC property market, the current direction of the initiative illustrates the government's clear resolve to improve the development of this pillar industry as well as the living conditions of the Chinese population. As the resolve of the Central Government filters down through the system to the local municipalities, real progress will be achieved and the residential housing market will be positioned for healthier growth in the future.

The restructuring of the banking system will be as challenging, if not more so, as the reform of the housing sector. Saddled with the vestiges of the age-old SOE system and built to support state policies, the banks must restructure balance sheets to deal with massive loan losses and alter the cultural aspects of how they do business. Currently, there are signs that banking system reform is progressing, and it is expected that the process will accelerate in the coming period.

# Business Review: Beijing



- 1 Beijing New World Centre Phase I
- 2 New World Courtyard, Beijing
- 3 Beijing New World Centre Phase II
- 4 Chongwen District Development
- 5 Beijing New World Garden
- 6 Beijing Chongwen District Lot No.5 Development Phase I
- 7 Beijing Chongwen District City Core Redevelopment Project – Lot No.5 & 6
- 8 Yanjing Building Development
- 9 Beijing Lai Loi Garden
- 10 Beijing Yizhuang Development
- 11 Beijing Boxing Plaza

**BEIJING AND CHONGWEN DISTRICT MAP**





City Statistics			
	98	94	% Change
Population (million)	12.46	11.25	10.8
Per capita GDP (RMB)	18,423	10,265	79.5
GDP growth (%)	9.7	13.5	(28.1)
Per capita annual disposable income of urban residents (RMB)	8,472	5,085	66.6
Per capita saving deposits of urban and rural residents (RMB)	20,954	8,080	159.3
Per capita living space (sq. m.)	10.03	8.73	14.9

Source: 99 Beijing Statistical Yearbook

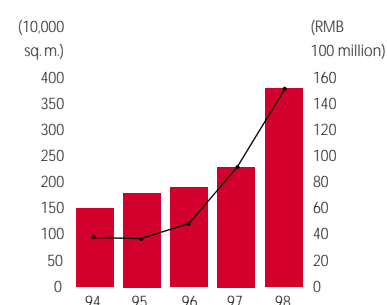
Beijing is the political and cultural centre of the PRC as well as one of the country's most densely populated cities. The capital city has a population of over 12 million, increasing at a rate of 11% per annum over the last four years. As the nation's capital, Beijing is an attractive place for domestic and foreign organisations to set up branches and representative offices. Beijing's GDP is among the country's highest, reaching RMB201 billion in 1998. The city's GDP has increased by 86% since 1994.

The total GFA for Beijing residential properties sold at the end of 1998 was 37.7 million sq. m. which compares to 25.6 million sq. m. at the end of 1996. Average per capita living space of urban

residents rose to 10.03 sq. m. from 9.49 sq. m. over the period.

The Company has 11 property projects in Beijing with a prime focus in the Chongwen District — one of the four central districts within the city core. Due to the higher income of the Beijing populace and a critical mass of foreign investment, the Company has developed a spectrum of projects catering to the needs of different market segments. These properties range from multi-use residential/office retail complexes (Beijing New World Centre Phases I and II) to medium- to low-end Mass Residential Community Housing Projects (Beijing New World Garden and Yizhuang Development).

### Beijing Residential Sales



■ Floor space of residential buildings actually sold in real estate development

● Residential buildings purchased by individuals in real estate development

Source:  
99 Beijing Statistical Yearbook

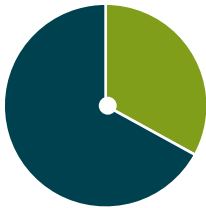


Beijing New World Garden

Beijing New World Centre Phase II

### Beijing Portfolio by Type (GFA)

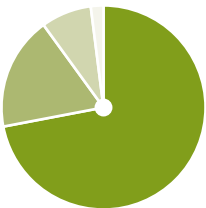
Total 3,078 thousand sq. m.



- Conventional Property 33%
- Community Housing 67%

### Beijing Conventional Property

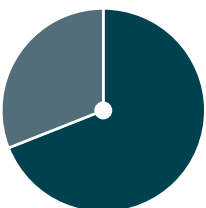
Total 1,009 thousand sq. m.



- Residential 72%
- Commercial 18%
- Office 8%
- Hotel 2%

### Beijing Community Housing

Total 2,069 thousand sq. m.



- Residential 69%
- Commercial 31%

Over the next three fiscal years, the following projects will be completed:

		Usage	GFA (sq. m.)	Attributable Interest (%)
FY00	Beijing New World Centre Phase II	R,O,C	129,559	60
<b>Total FY00</b>			<b>129,559</b>	
FY01	Beijing Lai Loi Garden Phase I	R	63,000	25
	Beijing New World Garden	R,C	39,000	60
	Beijing Chongwen District Lot No.5 Development Phase I	R	65,271	70
	Chongwen District Development	R	18,286	70
	Beijing Yizhuang Development	R,C	90,000	70
<b>Total FY01</b>			<b>275,557</b>	
FY02	Beijing Lai Loi Garden Phase II	R	63,000	25
	Beijing New World Garden	R,C	56,000	60
	Beijing Yizhuang Development	R,C	89,375	70
<b>Total FY02</b>			<b>208,375</b>	

R: Residential O: Office C: Commercial

## Progress on Key Projects

### BEIJING NEW WORLD CENTRE PHASE I

Beijing New World Centre Phase I stands as the Company's flagship

project as well as a landmark at the centre of the nation's capital. Since the opening of Phase I in June 1998 and the completion of the widening work on the Chongwenmenwai Street, the northern Chongwen District has experienced a rise in consumer traffic.



New World Courtyard, Beijing



Beijing New World Centre Phase I



Beijing New World Centre Phase I

Most of the service apartments built in Phase I have been pre-sold between 1996 and 1997. Despite a soft office market due to increased supply, the Company has been able to sell over 12,395 sq. m. of offices space as at 30 June 1999. The remaining 27,542 sq. m. of office space has been held for investment purposes and an occupancy rate of over 70% was achieved by the end of the year. Since its opening in June 1998, the 74,232 sq. m. shopping arcade has quickly become the most visited shopping area in the Chongwen District and has achieved a promising occupancy rate.

### NEW WORLD COURTYARD, BEIJING

Since its opening in July 1998, the New World Courtyard, Beijing has steadily increased its market share in the four-star hotel market in Beijing. An average occupancy rate of over 70% has been achieved during the year and further improvement is expected in the coming year.

### BEIJING NEW WORLD CENTRE PHASE II

Adjacent to Phase I, Beijing New World Centre Phase II provides additional shopping and residential space to the Company's portfolio in the Chongwen District. The project will be completed in mid-2000 with a shopping arcade of 38,730 sq. m. and service apartment of 82,211 sq. m. hovering over an ice skating rink. Presale began in July 1999 and the market responded favourably.

### BEIJING NEW WORLD GARDEN

With the completion of the Beijing New World Centre Phases I and II, the Company's focus is now on the development of mass residential projects targeting primarily the local population. The first of such developments, Beijing New World Garden, will be launched in late 2000 and will offer 95,489 sq. m. of medium-end residential properties. Future residents of this comprehensive

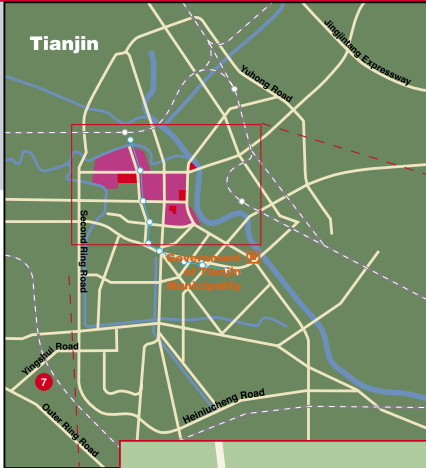
development can enjoy the prestige and privilege of nearby shopping malls and other facilities in Beijing New World Centre Phases I and II.

### BEIJING CHONGWEN DISTRICT LOT NO. 5

Beijing Chongwen District Lot No. 5 is located on the eastern side of Chongwenmenwai Street, and is opposite to the Beijing New World Centre Phases I and II. An initial phase of 65,271 sq. m. of residential and office space is being developed that targets the local market.



# Business Review: Tianjin



- 1 Tianjin New World Anderson Centre
- 2 Tianjin Xin An Garden
- 3 Tianjin Dahutung Development
- 4 Tianjin City Core Redevelopment Project
- 5 Xin Chun Hua Yuan Development – Lot 603 and Lot Bajiefang
- 6 Nanshi Development
- 7 Huayuan Residential Area Development Sub Area 4 and 8

	Railway
	Metro Line
	Bridge
	City Core Redevelopment
	New World Department Store

## TIANJIN AND HONGQIAO, NANKAI, HEPING DISTRICT MAP



Tianjin is one of the four self-governed municipalities and is an important northern sea port with a population approaching ten million. Tianjin's GDP rose to RMB134 billion in 1998, up 71% over 1994. This solid economic expansion improves the purchasing power of Tianjin residents and that trend is reflected in the growth of residential property sales.

The total GFA for Tianjin residential properties sold in 1998 reached 23.3 million sq. m., up from 19.6 million sq. m. in 1997. Average per capita living space of urban residents increased to 8.06 sq. m. from 7.94 sq. m. over the same period.

The Company now has six projects in Tianjin. The Company has obtained substantial amounts of land within the prime areas of Tianjin through its City

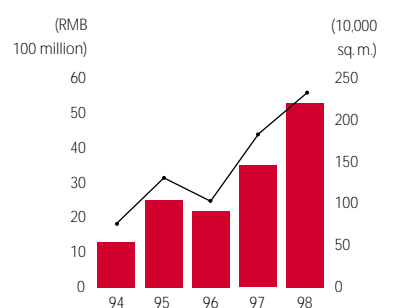
Core Redevelopment scheme. This land is to be developed primarily as mass residential community housing.

## Progress On Key Projects

### TIANJIN NEW WORLD ANDERSON CENTRE AND XINAN GARDEN

Tianjin New World Anderson Centre is located in Nankai District, one of the major urban districts of the Tianjin urban centre. The development comprises a six-storey shopping mall, a ten-storey office tower with a four-storey carpark above a commercial basement level. The Company intends to hold the project as part of its investment property portfolio. An occupancy rate of over 90% has been achieved for both the office and the retail portion.

## Tianjin Residential Sales



- Total sales of residential buildings in real estate development
- ◆ Floor space of residential buildings actually sold in real estate development

Source:  
99 Statistical Yearbook of Tianjin



Tianjin Xin An Garden



Xin Chun Hua Yuan Development - Lot Bajiefang

### Tianjin Portfolio by Type (GFA)

Total 2,402 thousand sq. m.



- Conventional Property 15%
- Community Housing 60%
- Low-cost Community Housing 25%

### Tianjin Conventional Property

Total 354 thousand sq. m.



- Residential 8%
- Commercial 31%
- Office 61%

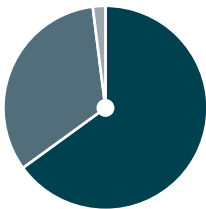
Adjacent to Tianjin New World Anderson Centre is the Xin An Garden. It is a mass residential development with approximately 60,000 sq. m. of residential space. First phase of the project has been completed and sales progress has been very satisfactory.

### XIN CHUN HUA YUAN DEVELOPMENT - LOT 603 & LOT BAJIEFANG

Lot 603 of the Xin Chun Hua Yuan Development was launched for sale in FY98 and received favourable response from the market. Continuing into FY99 the development of another phase on Lot Bajiefang has just been started and will be launched to the market in FY00. The project targets the medium-end of the housing market and offers comprehensive facilities such as a club house, a post office, primary and secondary schools. The project is located at a main junction between Hongqiao District and Nankai District with a subway station within short walking distance.

### Tianjin Community Housing

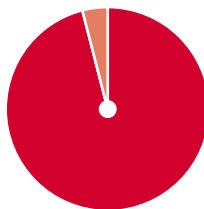
Total 1,438 thousand sq. m.



- Residential 65%
- Commercial 33%
- Office 2%

### Tianjin Low-cost Community Housing

Total 610 thousand sq. m.



- Residential 96%
- Commercial 4%



Tianjin New World Anderson Centre



Tianjin Xin Chun Hua Yuan Development - Lot 603



Tianjin Dahutung Development

## NANSHI DEVELOPMENT

Nanshi Development is one example of the Company's City Core Redevelopment that has been turned into a comprehensive property development. The Company's current focus is the development of Phase I of Lot 107 and 108 which has a residential GFA of 33,000 sq. m. and commercial GFA of 2,000 sq. m. The total GFA of Lot 107 and 108 is 259,525 sq. m. and the project will be developed by phases.

## TIANJIN DAHUTUNG DEVELOPMENT

This project is located in one of the busiest commercial area of Tianjin on the bank of the Hai River. The development will be completed in FY00 and the initial phase will include a 12,000 sq. m. shopping mall. The Company received a very favourable response during the leasing process and an occupancy rate of 80% has been recorded.

### City Statistics

	98	94	% Change
Population (million)	9.0	8.9	1.1
Per capita GDP (RMB)	14,800	8,164	81.3
GDP growth (%)	9.3	14.3	(35.0)
Per capita annual disposable income of urban residents (RMB)	7,111	3,982	78.6
Per capita saving deposits of urban and rural residents (RMB)	11,271	4,430	154.4
Per capita living space (sq. m.)	Not available	7.1	N/A

Source: 99 Statistical Yearbook of Tianjin

Over the next three fiscal years, the following projects will be completed:

		Usage	GFA (sq. m.)	Attributable Interest (%)
FY00	Tianjin Dahutung Development	C	12,000	70
	Huayuan Residential Area Development Sub Area 4	R	123,502	Note 1
	Huayuan Residential Area Development Sub Area 8	R	14,350	Note 1
	Tianjin Xin Chun Hua Yuan Development	C	16,000	Note 1
<b>Total FY00</b>			<b>165,852</b>	
FY01	Tianjin Nanshi Development	R	10,000	Note 2
	Tianjin Xin Chun Hua Yuan Development	R,C	18,000	Note 1
	Tianjin Xin An Garden	R,O,C	100,718	51
<b>Total FY01</b>			<b>128,718</b>	
FY02	Tianjin Nanshi Development	R	25,000	Note 2
	Tianjin Xin Chun Hua Yuan Development	R,C	20,000	Note 1
<b>Total FY02</b>			<b>45,000</b>	

R: Residential O: Office C: Commercial

Notes:

- The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of the development of low-cost community housing.
- This project is undertaken by two joint ventures. For one of the joint ventures, the Group's attributable interest is 70%; for the other one, the Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of the development of low-cost community housing.

# Business Review: Shenyang



- 1 Shenyang New World Garden
- 2 Taiyuan Street Development
- 3 New World Courtyard, Shenyang

SHENYANG AND HEPING DISTRICT MAP





Site of the future Shenyang New World Garden

Shenyang is the provincial capital of Liaoning Province, and has a population of over 6 million. Shenyang has historically been a heavy industrial and agricultural base as well as the transportation and trading hub of the "Three Provinces in the Northeast". Close proximity to Korea and Japan has stimulated foreign investment flows over the past decade, thus creating a healthy economic growth.

The Company has three projects in Shenyang with a total GFA of close to 3 million sq. m. The portfolio in Shenyang comprises a good mix of commercial and residential development with a prime focus on the mass residential market.

#### City Statistics

	97	94	% Change
Population (million)	6.74	6.57	2.6
Per capita GDP (RMB)	12,658	6,487	95.1
GDP growth (%)	10.0	14.1	(29.1)
Per capita annual disposable income of urban residents (RMB)	4,714	2,484	89.8
Per capita saving deposits of urban and rural residents (RMB)	10,227	3,511	191.3
Per capita living space (sq. m.)	7.51	6.16	21.9

Source: Shenyang Yearbook 1998

Over the next three fiscal years, the following projects will be completed:

		Usage	GFA (sq. m.)	Attributable Interest (%)
FY01	Shenyang New World Garden	R,C	110,000	90
FY02	Shenyang New World Garden	R,C	150,600	90

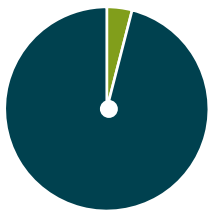
R: Residential C: Commercial



Signing Ceremony for Shenyang New World Garden

### Shenyang Portfolio by Type (GFA)

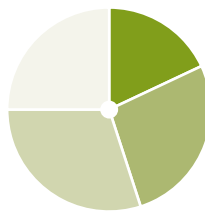
Total 2,989 thousand sq. m.



<span style="color: #4F81BD;">■</span> Conventional Property	4%
<span style="color: #004A69;">■</span> Community Housing	96%

### Shenyang Conventional Property

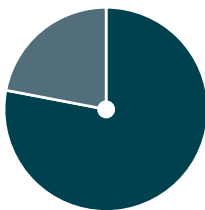
Total 127 thousand sq. m.



<span style="color: #4F81BD;">■</span> Residential	18%
<span style="color: #808080;">■</span> Commercial	27%
<span style="color: #A9A9A9;">■</span> Office	30%
<span style="color: #D3D3D3;">■</span> Hotel	25%

### Shenyang Community Housing

Total 2,862 thousand sq. m.



<span style="color: #004A69;">■</span> Residential	78%
<span style="color: #4F81BD;">■</span> Commercial	22%

## Progress On Key Projects

### SHENYANG NEW WORLD GARDEN

Shenyang New World Garden is located on the border of the Heping District in the southern part of the city. This area is designated as the future city centre for Shenyang and for that reason the Company has placed a strong emphasis on its 3 million sq. m. mass housing development. The project is a priority project to both the city of Shenyang and the Liaoning Province.

Construction of Phase I of the project commenced in September 1999. Some 110,000 sq. m. and 150,600 sq. m. are expected to be completed in FY01 and FY02 respectively.



## SHANGHAI MAP



- 1 Regent Place
- 2 Shanghai Zhongshan Square
- 3 Hong Kong New World Tower
- 4 Changning Ramada Square
- 5 Zhong Shannanyi Road Development
- 6 Mengzi Road Development

	Railway
	Metro Line
	Metro Line (under construction)
	Bridge

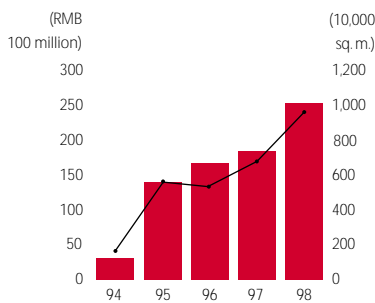


Shanghai Hong Kong New World Tower



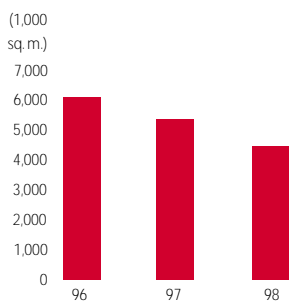
Shanghai Changning Ramada Square

### Shanghai Residential Sales



- Total sales of residential buildings in real estate development
- Floor space of residential building actually sold in real estate development

### Floor Space of Buildings Under Construction in Real Estate Development



Source: 99 Statistical Yearbook of Shanghai

### City Statistics

	98	94	% Change
Population (million)	13.08	12.99	0.7
Per capita GDP (RMB)	28,200	15,204	85.5
GDP growth (%)	10.0	14.3	(30.1)
Per capita annual disposable income of urban residents (RMB)	8,773	5,566	57.6
Per capita saving deposits of urban and rural residents (RMB)	18,161	7,514	141.7
Per capita living space (sq. m.)	9.7	7.5	29.3

Source: 99 Statistical Yearbook of Shanghai

Over the next three fiscal years, the following projects will be completed:

		Usage	GFA (sq. m.)	Attributable Interest (%)
FY00	Shanghai Zhongshannanyi Road Development	R,C,O	42,147	80
<b>Total FY00</b>			<b>42,147</b>	
FY01	Shanghai Hong Kong New World Tower	C	20,000	44
	Shanghai Changning Ramada Square	R,H,C	88,813	57
<b>Total FY01</b>			<b>108,813</b>	
FY02	Shanghai Hong Kong New World Tower	R,O,H	94,047	44
<b>Total FY02</b>			<b>94,047</b>	

R: Residential O: Office C: Commercial H: Hotel

Few Asian cities can match Shanghai's promise as an economic dynamo and financial centre. Located at the middle of the PRC's eastern coast, Shanghai has a population of over 13 million. In 1998, Shanghai's GDP reached RMB369 billion, up 87% over 1994.

The total GFA for Shanghai residential properties sold in 1998 surpassed 10.6 million sq. m., well above the 1997 total of 6.2 million sq. m. Average per capita living space of urban residents increased to 9.7 sq. m. from 9.3 sq. m. over the same period.



Shanghai Zhongshannanyi Road Development

## Progress on Key Projects

### HONG KONG NEW WORLD TOWER

Hong Kong New World Tower is built on an island lot located at Huaihaizhong Road at the centre of Shanghai's prime business and shopping district. This project is situated among other well-known commercial buildings and shopping centres and is connected to the subway exit of the Huaihaizhong Road Station on the basement level.

Hong Kong New World Tower will comprise a 58-storey tower of hotel, office, service apartment as well as a four-level commercial podium and a three-level parking/commercial basement. Completion of the 114,047 sq. m. initial phase is expected in FY01 and FY02.

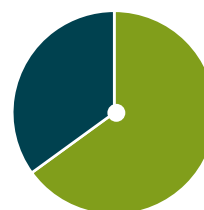
### CHANGNING RAMADA SQUARE

Situated on the southwest corner of Yuyuan Road and Ding Xi Road, the Changning Ramada Square is located at a prime location in the Changning District next to the subway exit of Zhong Shan Park Station. The property is situated across the street from the famous Zhong Shan Park and is only 20- minute drive from Hongqiao International Airport.

Changning Ramada Square comprises two 24-storey towers with 17,272 sq. m. of commercial space, 33,987 sq. m. of residential units, and a 482-room hotel as well as a six-level commercial/parking podium and a three-level basement. The Company expects to launch the project in FY00 for lease.

### Shanghai Portfolio by Type (GFA)

Total 816 thousand sq. m.



Conventional Property	65%
Community Housing	35%

### Shanghai Conventional Property

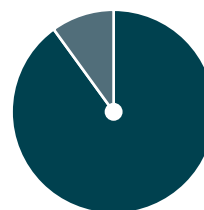
Total 529 thousand sq. m.



Residential	45%
Commercial	12%
Office	28%
Hotel	15%

### Shanghai Community Housing

Total 287 thousand sq. m.



Residential	90%
Commercial	10%

# Business Review: Wuhan



WUHAN AND  
WUHAN  
CHANGQING GARDEN  
AREA MAP



- 1 Wuhan Changqing Garden (Phases III to VII)
- 2 Wuhan Tazi Lake Residential Development
- 3 Wuhan International Trade and Commerce Centre MAIN Building
- 4 Wuhan International Trade and Commerce Centre ANNEX Building
- 5 Golden World Tower
- 6 Wuhan Hotel Redevelopment
- 7 Wuhan Xinhua Road Development
- 8 New World Courtyard, Wuhan





Wuhan Changqing Garden

Wuhan is the transportation, trading and commercial hub of central China. The city's population of over 7.5 million people has been growing at 4.6% per annum over the last five years. The GDP of Wuhan reached RMB91 billion in 1997, and per capita GDP increased to RMB12,673, up 16% over 1996. The total GFA for Wuhan residential properties amounted to 1.02 million sq. m., down from 1.07 million sq. m. in 1996.

Since 1993, the city has maintained its top rank as a critical component of the Company's PRC development portfolio and has produced substantial cash flow and profit over the last few years.

### City Statistics

	97	94	% Change
Population (million)	7.24	7.00	3.4
Per capita GDP (RMB)	12,673	6,981	81.5
GDP growth (%)	14.6	19.8	(26.3)
Per capita annual disposable income of urban residents (RMB)	5,573	3,781	47.4
Per capita saving deposits of urban and rural residents (RMB)	Not available	2,438	N/A
Per capita living space (sq. m.)	7.8	6.9	13.0

Source: 98 Statistical Yearbook of Wuhan

Over the next three fiscal years, the following projects will be completed:

		Usage	GFA (sq. m.)	Attributable Interest (%)
FY00	Wuhan International Trade & Commerce Centre (Main Building)	C	20,438	95
	Wuhan Changqing Garden	R	192,477	Note
<b>Total FY00</b>			<b>212,915</b>	
FY01	Wuhan Changqing Garden	R	472,000	Note
<b>Total FY01</b>			<b>472,000</b>	
FY02	Wuhan Changqing Garden	R	300,000	Note
<b>Total FY02</b>			<b>300,000</b>	

R: Residential C: Commercial

Note: The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.



Wuhan Changqing Garden Phase I



Wuhan Changqing Garden Phase II

### Wuhan Portfolio by Type (GFA)

Total 4,104 thousand sq. m.



- Conventional Property 12%
- Low-cost Community Housing 88%

### Wuhan Conventional Property

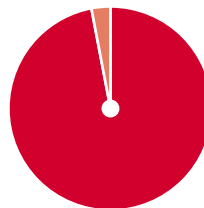
Total 475 thousand sq. m.



- Residential 68%
- Commercial 24%
- Office 2%
- Hotel 6%

### Wuhan Low-cost Community Housing

Total 3,629 thousand sq. m.



- Residential 97%
- Commercial 3%

## Progress on Key Projects

### WUHAN CHANGQING GARDEN

Wuhan Changqing Garden is one of the largest residential community housing projects ever conceived in the PRC. The estimated investment is expected to be RMB5.5 billion over an eight- to ten-year period, and the Company is following a multi-phased approach in the construction of the project.

Changqing Garden is the Company's flagship development in the mass residential market and holds a number of distinguished records within the city, province and country. In 1998, the





Market of Wuhan Changqing Garden



Clubhouse of Wuhan Changqing Garden



Wuhan International Trade and Commerce Centre (Annex)

project was top in sales in terms of the area and value of property sold in Wuhan City. Furthermore, Phase III of the development was designated by the Ministry of Construction and the State Council as a "National Model Residential Community District".

Changqing Garden encompasses a satellite town of 150,000 people on a 2.3 million sq. m. plot of land at the entrance of the Wuhan Airport Expressway. About 63% of the development is dedicated to low-cost residential premises, 30% is earmarked for commodity premises (such as retail areas and shopping malls), and 7% is set aside for public facilities.

The project is currently developing its third phase with a GFA of 315,506 sq. m. Sales progress has been exceptional and completion of Phase III is scheduled for FY01.

### WUHAN INTERNATIONAL TRADE AND COMMERCE CENTRE

This property is located next to a main road in the Jiangnan District, which is a new commercial district in the city centre. The project is composed of a ten-storey commercial building and a one-level basement ("Annex Building") and a six-storey podium in a 52-storey commercial development ("Main Building").

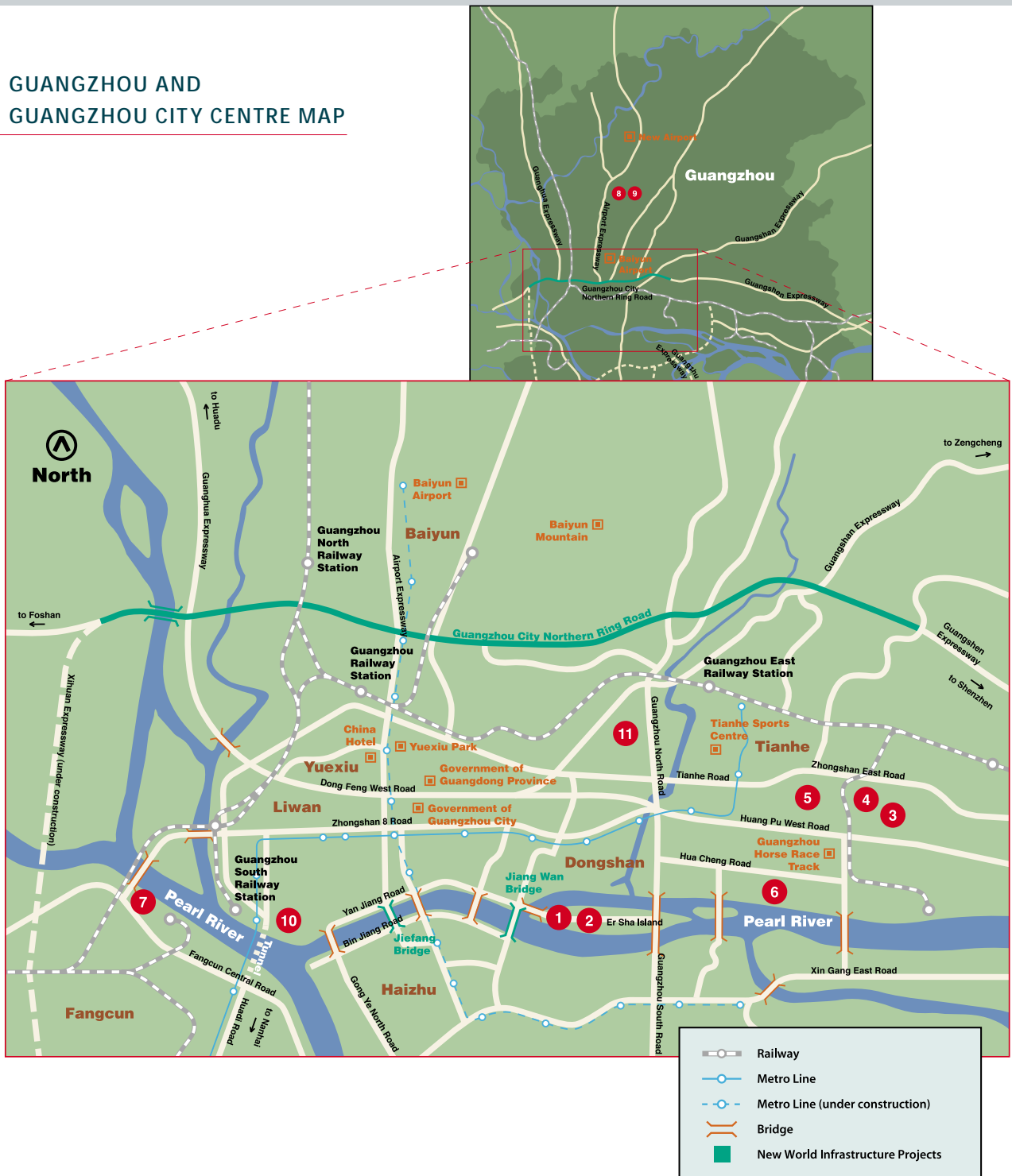
Construction of the Annex Building was completed in 1994. Its commercial portion is currently occupied by Wuhan New World Department Store. The Annex Building also offers 9,423 sq. m. of office space which has maintained a satisfactory occupancy rate during the year.

The Main Building of this project is under renovation and is expected to be completed in FY00. The completed GFA will amount to 20,438 sq. m. of commercial space. The Company intends to hold the Wuhan International Trade and Commerce Centre for long-term investment purposes.

# Business Review: Guangzhou



**GUANGZHOU AND  
GUANGZHOU CITY CENTRE MAP**





New World Eastern Garden



Fangcun District Nos. 1, 2 and 4 Development

- 1 New World Riverside Villa Zone 14
- 2 New World Casa California Zone 13
- 3 New World Eastern Garden
- 4 Tianhe Shipai Lot Nos. 2 and 5
- 5 Fangcao Garden
- 6 Pearl River New Town – Zone L
- 7 Fangcun District Nos. 1, 2 and 4 Development
- 8 Jixian Zhuang Commodity Housing Development
- 9 Jixian Zhuang Low-cost Housing Development
- 10 Guangzhou Gloria City
- 11 Guangzhou Fortuna Garden

Guangzhou is the metropolitan and commercial hub of Southern China, the fastest growing region in the country. With a population of 6.7 million growing at 5.8% per annum over the last four years, Guangzhou's GDP reached RMB184 billion in 1998, representing a 475% increase over 1990. Overall, Guangzhou is ranked only behind Beijing and Shanghai in terms of production output.

The total GFA for residential properties in 1998 was 34.9 million sq. m., representing a 20% increase over 1997. Average per capita living space reached 11.55 sq. m., an increase of 7% over the period.

Guangzhou citizens are among the most affluent by any national standard, and this personal wealth makes the city a favourable place for property developers.

## Progress on Key Projects

### NEW WORLD EASTERN GARDEN (TIANHE SHIPAI LOT NO.4)

Phase I of New World Eastern Garden was fully sold within a very short period of time after its launch in FY98. The Company is moving onto Phase II of the development which has a GFA of 44,916 sq. m. and is expecting to launch the project in early 2001.

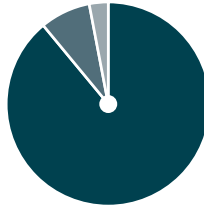


**Guangzhou Portfolio by Type (GFA)**  
Total 4,082 thousand sq. m.



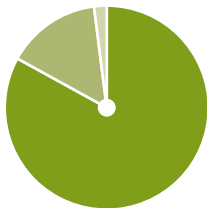
<span style="color: #4F81BD;">■</span> Conventional Property	6%
<span style="color: #004A5C;">■</span> Community Housing	74%
<span style="color: #C00000;">■</span> Low-cost Community Housing	20%

**Guangzhou Community Housing**  
Total 3,030 thousand sq. m.



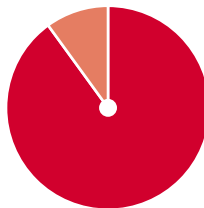
<span style="color: #004A5C;">■</span> Residential	89%
<span style="color: #4F81BD;">■</span> Commercial	8%
<span style="color: #A9B9C9;">■</span> Office	3%

**Guangzhou Conventional Property**  
Total 252 thousand sq. m.



<span style="color: #4F81BD;">■</span> Residential	83%
<span style="color: #A9B9C9;">■</span> Commercial	15%
<span style="color: #D9E1E2;">■</span> Office	2%

**Guangzhou Low-cost Community Housing**  
Total 800 thousand sq. m.



<span style="color: #C00000;">■</span> Residential	90%
<span style="color: #E67E22;">■</span> Commercial	10%

### TIANHE SHIPAI LOT NOS.2 & 5 DEVELOPMENT

Located within a few minutes walk from New World Eastern Garden, this project is tailored to the mass residential market of Tianhe District and offers similar amenities as New World Eastern Garden. Master planning for the project is under preparation.

### THE JIXIAN ZHUANG DEVELOPMENT

The Jixian Zhuang Development is located 20 minutes from the city centre. Located beside the Xinguangcong Expressway. The site is next to a number of tertiary education institutions, such as the Guangzhou University and Guangzhou Traditional Chinese Medicine University.



New World Riverside Villa Zone 14



New World Casa California Zone 13



Jixian Zhuang Low-cost Housing Development

### City Statistics

	98	94	% Change
Population (million)	6.74	6.37	5.8
Per capita GDP (RMB)	27,500	15,487	77.6
GDP growth (%)	13.00	18.83	(31.0)
Per capita annual disposable income of urban residents (RMB)	11,256	Not available	N/A
Per capita saving deposits of urban and rural residents (RMB)	27,261	10,263	165.6
Per capita living space (sq. m.)	11.55	9.33	23.8

Source: 99 Statistical Yearbook of Guangzhou

Over the next three fiscal years, the following projects will be completed :

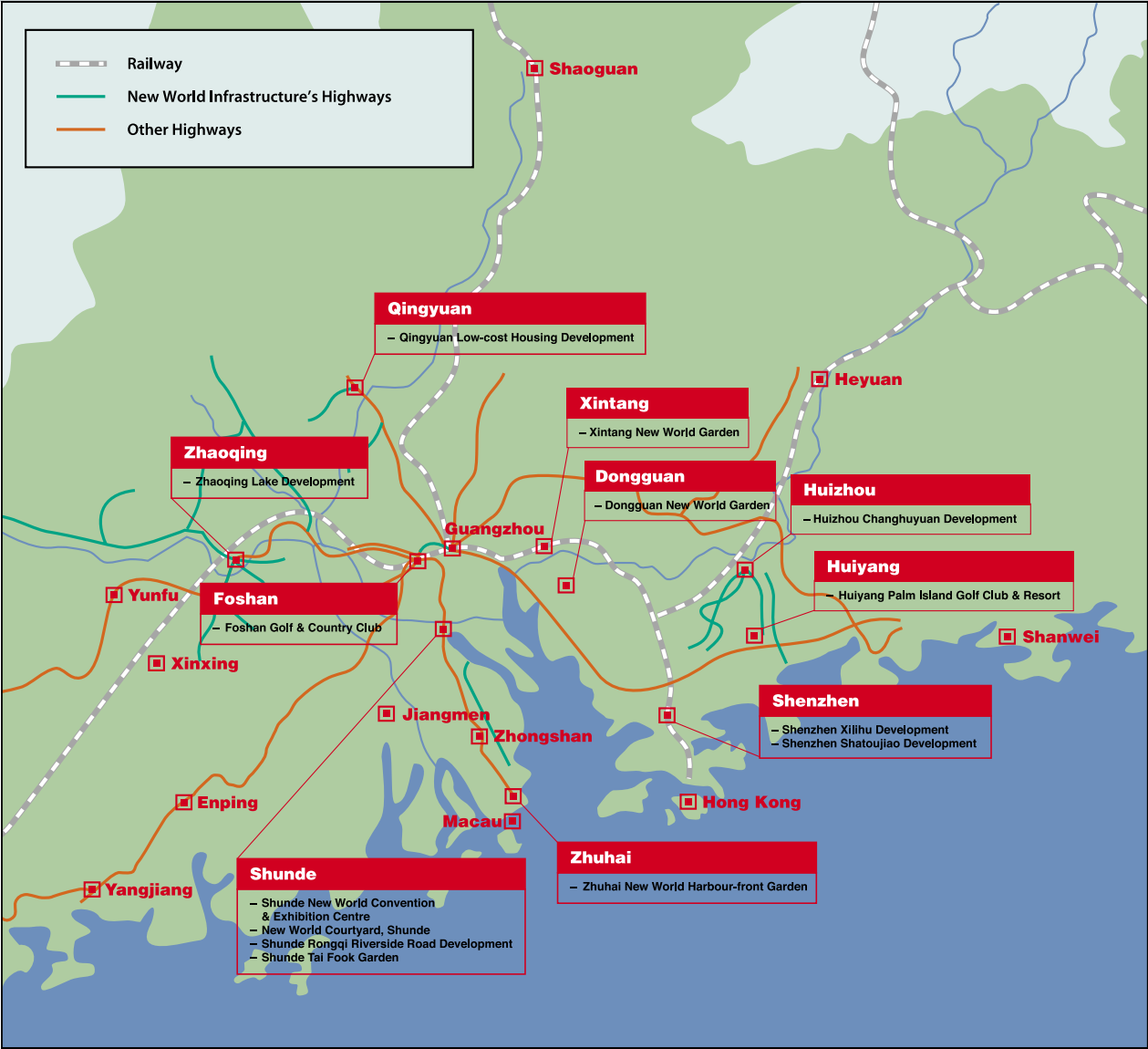
		Usage	GFA (sq. m.)	Attributable Interest (%)
FY00	Jixian Zhuang Low-cost Housing Development	R	180,000	Note
<b>Total FY00</b>			<b>180,000</b>	
FY01	Guangzhou New World Casa California Zone 13	R	20,544	60
	Guangzhou New World Eastern Garden	R,C	44,916	45
	Guangzhou Fangcao Garden	R,C	40,000	20
	Jixian Zhuang Low-cost Housing Development	R	43,000	Note
<b>Total FY01</b>			<b>148,460</b>	
FY02	Guangzhou New World Eastern Garden	R,C	50,300	45
	Guangzhou Tianhe Shipai Lot Nos. 2 & 5	R,O,C	64,758	90
	Guangzhou Fangcao Garden	R,C	80,000	20
	Jixian Zhuang Low-cost Housing Development	R	81,000	Note
<b>Total FY02</b>			<b>276,058</b>	

R: Residential O: Office C: Commercial

Note: The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.

The development comprises over 1.7 million sq. m. of GFA with the majority of space designated to mass residential units. Community facilities such as schools, shopping markets, bus stops, a cultural centre and a sports stadium will also be built within the development. The project is one of the largest of its kind in Guangzhou and will be developed over a period of eight to ten years. The initial phase of this project comprises 180,000 sq. m. of GFA, of which 150,000 sq. m. was exclusively sold to the Education Bureau of the Guangzhou City Government. This transaction marks an initial success in untapping the tremendous potential of this development. The area is due for completion and occupancy in late 1999.

# Business Review: Pearl River Delta



PEARL RIVER DELTA REGIONAL MAP



Due to advances of the Open Door Policy, the Pearl River Delta has made extraordinary gains in terms of economic growth and employment opportunity since the early 1980s. The region's purchasing power, especially in cities such as Shenzhen, Dongguan and Zhuhai, has increased substantially over the last two decades.

After years of economic growth, the population of this region has accumulated enormous savings relative to the country as a whole. This factor has translated into a strong demand for new housing among the local population. In addition, due to the proximity of these southern cities to Hong Kong, a substantial demand for properties is also generated from Hong Kong.

Regional Statistics			
	97	94	% Change
Population (million)	70.14	66.90	4.8
Per capita GDP (RMB)	10,428	6,795	53.5
GDP growth (%)	10.6	19.1	(44.5)
Per capita annual disposable income of urban residents (RMB)	8,562	6,367	34.5
Per capita living space (sq. m.)	16.97	15.72	7.9

Source: Guangdong Statistical Yearbook 1998

Over the next three fiscal years, the following projects will be completed:

	Usage	GFA	Attributable	
		(sq. m.)	Interest (%)	
FY00	Dongguan New World Garden Phase VII	R	47,539	38
	Xintang New World Garden	R	31,132	Note
<b>Total FY00</b>			<b>78,671</b>	
FY01	Zhaoqing Lake Development	R	100,000	32
	Shenzhen Shatoujiao Development	R,C	7,500	70
	Dongguan New World Garden	R	18,178	38
	Xintang New World Garden	R,C	19,748	Note
	Zhuhai New World Harbour-front Garden	R	62,061	60
	Haikou Low-cost Housing Development	R	31,500	Note
<b>Total FY01</b>			<b>238,987</b>	
FY02	Shenzhen Xilihu Development	R	29,000	70
	Zhaoqing Lake Development	R	215,006	32
	Shenzhen Shatoujiao Development	R,C	41,673	70
	Dongguan New World Garden	R	23,408	38
	Xintang New World Garden	R,C	54,900	Note
	Haikou Low-cost Housing Development	R	37,440	Note
<b>Total FY02</b>			<b>401,427</b>	

R: Residential C: Commercial

Note: The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.



Xintang New World Garden



Dongguan New World Garden



Huizhou Changhuyuan Development

### Pearl River Delta Portfolio by Type (GFA)

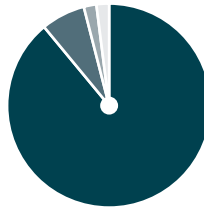
Total 4,341 thousand sq. m.



- Conventional Property 17%
- Community Housing 55%
- Low-cost Community Housing 28%

### Pearl River Delta Community Housing

Total 2,357 thousand sq. m.



- Residential 91%
- Commercial 7%
- Office 1%
- Hotel 1%

### Pearl River Delta Conventional Property

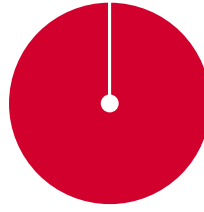
Total 758 thousand sq. m.



- Residential 89%
- Commercial 6%
- Hotel 5%

### Pearl River Delta Low-cost Community Housing

Total 1,226 thousand sq. m.



- Residential 100%

## Progress On Key Projects

### DONGGUAN NEW WORLD GARDEN

With Phase VII under construction, the Dongguan New World Garden has provided a mix of villas, medium-rise as well as high-rise apartments in its previous six phases. Phases VI and VIII were launched for sale during FY99 and provide 34,092 sq. m. of high-quality community style residential housing. The presale received very favourable response.

### SHENZHEN SHATOUJIAO DEVELOPMENT

Shenzhen Shatoujiao Development is located 20 minutes from Shenzhen's city centre, only a few minutes from Hong Kong on the eastern border. The project features a variety of villa, duplex and high-rise residential apartments. Part of the project will be completed in beginning FY01.





## HEFEI NEW WORLD GARDEN

Construction of the Hefei New World Garden project began in December 1998 and is expected to be completed in 2000. The project comprises a community style residential development and is targeted at the city's low- to medium-end market. Phase I has a GFA of 108,468 sq. m. and has been launched to the market. Sales progress is favourable.

## DALIAN NEW WORLD PLAZA

Dalian New World Plaza is located at the heart of Zhongshan District and will comprise a twin-tower of offices and service apartment on top of a commercial podium with a total GFA of 137,767 sq. m. The initial phase of the development consists of 35,228 sq. m. of service apartment and will be launched on the market in FY00.

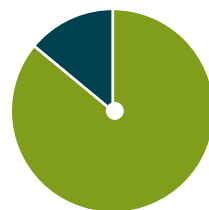
Over the next three fiscal years, the following projects will be completed:

		Usage	GFA Attributable (sq. m.)	Interest (%)
FY01	Dalian New World Plaza	R	35,228	88
	Hefei New World Garden	R,C	108,468	60
<b>Total FY01</b>			<b>143,696</b>	
FY02	Nanjing New World Centre	R,C,H	198,094	48
<b>Total FY02</b>			<b>198,094</b>	

R: Residential C: Commercial H: Hotel

### Other Regions Portfolio by Type (GFA)

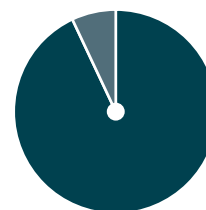
Total 753 thousand sq. m.



■ Conventional Property 86%  
■ Community Housing 14%

### Other Regions Community Housing

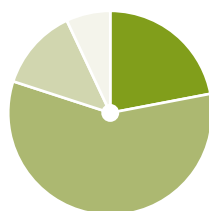
Total 109 thousand sq. m.



■ Residential 93%  
■ Commercial 7%

### Conventional Property

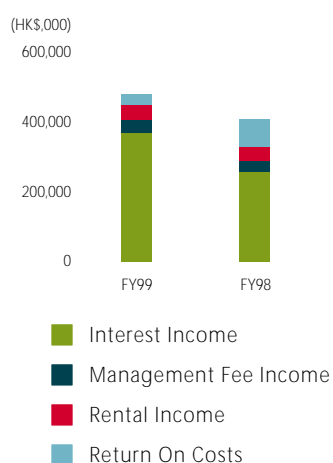
Total 644 thousand sq. m.



■ Residential 22%  
■ Commercial 58%  
■ Office 13%  
■ Hotel 7%



## Turnover Analysis



## SUMMARY OF RESULTS

### Proforma Combined Profit & Loss Account

	FY99 HK\$'000	FY98 HK\$'000	% Change
Turnover	506,945	409,068	23.9
Operating profit	464,854	201,405	130.8
Share of loss of associated companies	(20,465)	(22,951)	(10.8)
Share of (loss)/profit of jointly controlled entities	(259,163)	39,169	(761.7)
Profit before taxation	185,226	217,623	(14.9)
Taxation	(17,353)	(38,191)	(54.6)
Profit after taxation	167,873	179,432	(6.4)
Minority interests	3,195	10,516	(69.6)
Profit attributable to shareholders	171,068	189,948	(9.9)
Earnings per share – basic (HK\$)	0.130	0.145	(10.3)
Dividends	0	0	N/A

### Turnover

The turnover increased by 24% to HK\$506.9 million in FY99. Growth was mainly derived from interest income in Conventional Property Projects, in particular, interest income from Beijing New World Centre Phase I. The Group will continue to recognise interest income from this project as part of its investment return from financing the development and its operation.

The growth in turnover also came from interest income from the New World Eastern Garden Phase I which was completed in September 1998.

The Group also recognises turnover from leasing and managing properties. Turnover categorised as management fee and rental income from Conventional Property Projects showed satisfactory growth in FY99. The rise in management fee income was mainly contributed from New World Courtyard Beijing which commenced operation in July 1998. Rental income of Tianjin New World Anderson Centre registered a rise over 1998.



### Operating Profit

Operating profit increased by 131% to HK\$464.9 million in FY99. Contributions mainly came from Conventional Property Projects such as Beijing New World Centre Phase I and Tianjin New World Anderson Centre.

### Share of Results of Associated Companies and Jointly Controlled Entities

The share of results from associated companies and jointly controlled entities amounted to a net loss of HK\$279.6 million in FY99 as compared with a net gain of HK\$16.2 million in FY98. Although the contribution from Dongguan New World Garden and some other projects was much higher than last year, the extra gain was not enough to offset the share of provision made for Shanghai Zhongshan Square as a result of a soft residential market in Shanghai and the interest expense incurred by Beijing New World Centre Phase I.

### Net Interest Expense

Net interest expense increased by 15% to HK\$74.0 million in FY99. Gross interest expense amounted to HK\$170.5 million, an increase of 29% from FY98. The increase reflects the Group's intention to leverage its strong balance sheet.

### Taxation

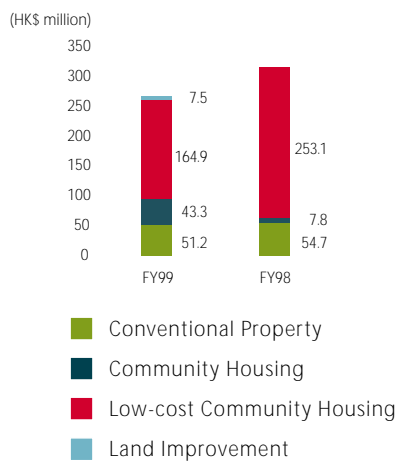
Though profit before taxation dropped 15%, taxation decreased by 55%. This disproportion was attributed to the sale of property projects through investment disposals. As a result, the effective tax rate decreased from 18% in FY98 to 9% in FY99.

### Minority Interests

Compared with FY98, minority interests showed a decrease of 70% to HK\$3.2 million. This was mainly the result of the improvement to some of the start-up projects.



### Attributable Operating Profit Breakdown by Project Type



## ANALYSIS OF CONTRIBUTION

### Analysis of Attributable Operating Profit ("AOP") by Project Type

	FY99 HK\$ million	FY98 HK\$ million	% Change
<b>CONVENTIONAL PROPERTY</b>			
Operating profit	380.3	73.4	418.1
Share of results of associated companies and jointly controlled entities	(328.6)	1.1	N/A
Taxation	(3.1)	(29.8)	(89.6)
Minority interests	2.6	10.0	(74.0)
	51.2	54.7	(6.4)
<b>COMMUNITY HOUSING</b>			
Operating profit	15.5	0.6	2,483.3
Share of results of associated companies and jointly controlled entities	37.7	15.1	149.7
Taxation	(10.5)	(8.4)	25.0
Minority interests	0.6	0.5	20.0
	43.3	7.8	455.1
<b>LOW-COST COMMUNITY HOUSING</b>			
Operating profit	164.9	253.1	(34.8)
Share of results of associated companies and jointly controlled entities	—	—	N/A
Taxation	—	—	N/A
Minority interests	—	—	N/A
	164.9	253.1	(34.8)
<b>LAND IMPROVEMENT</b>			
Operating profit	—	—	N/A
Share of results of associated companies and jointly controlled entities	11.3	—	N/A
Taxation	(3.8)	—	N/A
Minority interests	—	—	N/A
	7.5	—	N/A
<b>ATTRIBUTABLE OPERATING PROFIT</b>	<b>266.9</b>	<b>315.6</b>	<b>(15.4)</b>
<b>HEAD OFFICE ITEMS</b>	<b>(95.8)</b>	<b>(125.7)</b>	<b>(23.8)</b>
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>171.1</b>	<b>189.9</b>	<b>(9.9)</b>



### Conventional Property

AOP from Conventional Property Projects decreased by 6% in FY99 to HK\$51.2 million. In FY98, the main contributor of AOP derived from sale of Beijing New World Centre Phase I. In FY99, AOP mainly included profit from investment disposals, comprising the Baiyun Garden in Guangzhou and the Spring Fountain Tower in Wuhan. In addition, investment properties, such as Tianjin New World Anderson Centre and Wuhan International Trade and Commerce Centre, recorded increased rental income.

However, the increase in profit was mitigated by provisions made for Shanghai Zhongshan Square as a result of a soft residential market in Shanghai.

### Community Housing

AOP from Community Housing Projects rose 455% in FY99 to HK\$43.3 million. The increase was attributed to the continuing popularity of Dongguan New World Garden and a successful launch of Guangzhou New World Eastern Garden Phase I, of which over 90% of its units were sold during the year.

### Low-cost Community Housing

The AOP decreased by 35% to HK\$164.9 million with Low-cost Community Housing Projects in Tianjin and Wuhan as major contributors. The decrease was mainly due to two reasons. Firstly, interest income dropped as a result of the disposal of a Low-cost Community Housing Project in Shenyang in FY98.

Secondly, the size of properties completed in FY98 such as Wuhan Changqing Garden Phase I and the Low-cost Community Housing Project in Shenyang was larger than the ones completed in FY99 such as Wuhan Changqing Garden Phase II and Tianjin Xin Chun Hua Yuan Lot 603. As a result, lower fixed return was recorded in FY99.

### Land Improvement

AOP was generated from the sale of serviced land in Wujiaoshan Economic Development Area.



### Proforma Combined Balance Sheet

	FY99 HK\$ million	FY98 HK\$ million	% Change
Fixed assets	1,926.8	1,878.9	2.5
Deferred expenditure	20.7	27.4	(24.5)
Properties under development	3,186.0	2,233.0	42.7
Associated companies	1,148.3	1,157.1	(0.8)
Joint ventures	12,422.9	12,110.9	2.6
Long term receivable	0.0	58.4	(100.0)
Net current assets / (liabilities)	388.0	(348.3)	(211.4)

### Summary of Liabilities and Equity

	FY99 HK\$ million	FY98 HK\$ million	% Change
Share capital	131.4	131.4	–
Reserves	15,908.1	14,696.3	8.2
Long term liabilities	2,922.7	2,115.8	38.1
Minority interests	130.5	173.9	(25.0)

## FINANCIAL POSITION

### Fixed Assets

As part of the Group's strategy to increase its investment property portfolio, further investments were injected into the development of the Dalian New World Plaza and Wuhan International Trade and Commerce Centre. This increase in fixed assets value was mitigated by a slight devaluation in the Group's existing investment property portfolio as a result of market adjustment in FY99.

### Properties Under Development

There was a 43% increase in properties under development to HK\$3.2 billion in FY99 from HK\$2.2 billion in FY98. The sharp rise was a reflection of the Group's effort to accelerate the development in different regions.

### Associated Companies

The slight decrease in the share of net assets of associated companies to HK\$1.1 billion was primarily the net



result of the disposal of the Harbin Beifang Hotel and the additional investment made in New World Courtyard, Shunde.

### Net Current Assets

The rise in net current assets was mainly due to an increase in properties under development with completion expected by the end of FY00. These projects include Tianjin Xin An Garden and Zhongshannanyi Road Development in Shanghai.

### Share Capital

Since the balance sheets have been prepared under proforma combined basis as if a reorganisation for preparation of listing in July 1999 had taken place as at the end of FY99 and FY98, the share capital represented the aggregate number of shares that would have been issued to NWD and for conversion of convertible bonds.

## DEBT PROFILES

Maturity Profile			
	FY99 HK\$ million	FY98 HK\$ million	% Change
Long-term liabilities			
Within one year	372.4	–	N/A
1 to 2 years	710.3	–	N/A
2 to 5 years	629.9	696.6	(9.6)
Over 5 years	–	–	N/A
Terms as specified in joint venture contracts	61.8	56.5	9.4
No specific repayment terms	1,099.2	1,050.0	4.7
Sub-total	2,873.6	1,803.1	59.4
Short-term loans	394.2	714.4	(44.8)
<b>Total</b>	<b>3,267.8</b>	<b>2,517.5</b>	<b>29.8</b>



### Reserves

Apart from the profit retained and revaluation surplus in FY99, the major movement in reserve was the contributed surplus arising from the reorganisation.

### Long Term Liabilities

The increase in long term liabilities stemmed from the execution of the Group's financing strategy to maintain a healthy leverage together with a strong balance sheet.

### Minority Interests

A 25% decrease to HK\$130.5 million in minority interests was recorded mainly due to the losses recorded in certain property development projects in the PRC.

### Debt to Equity Ratio

The Group's debt to equity ratio increased to 20% in FY99 from 17% in FY98. The rise was attributed to a general increase in the debt position to finance its property projects in order to leverage the Group's strong balance sheet.

#### Interest Rate Profile

	FY99 HK\$ million	FY98 HK\$ million	% Change
Fixed rate	1,645.6	881.4	86.7
Floating rate	744.7	695.7	7.0
Interest free	877.5	940.4	(6.7)
<b>Total</b>	<b>3,267.8</b>	<b>2,517.5</b>	<b>29.8</b>

#### Nature of Debt

	FY99 HK\$ million	FY98 HK\$ million	% Change
Unsecured	3,221.1	2,498.8	28.9
Secured	46.7	18.7	149.7
<b>Total</b>	<b>3,267.8</b>	<b>2,517.5</b>	<b>29.8</b>





## CASH FLOWS ANALYSIS

Cash Flows Analysis			
	FY99 HK\$ million	FY98 HK\$ million	% Change
Net cash outflow from operating activities	<b>(882.8)</b>	(1,060.9)	(16.8)
Net cash (outflow)/inflow from returns on investments and servicing of finance	<b>(48.6)</b>	26.0	(286.9)
Net cash outflow from investing activities	<b>(925.8)</b>	(2,302.0)	(59.8)
Net cash inflow from financing activities	<b>1,829.5</b>	3,506.8	(47.8)

### Operating Activities

Net cash outflow from operating activities decreased 17% principally due to increase in operating income.

### Returns on Investments and Servicing of Finance

Interest received dropped by 22% to HK\$62.1 million. The decrease was furthered by a rise in the interest expense payment as a result of increased external financing.

### Investing Activities

A decrease of 60% was registered in net cash outflow from investing activities due principally to reduced expenditure for investment in joint ventures. During the year, cash amounting to HK\$298.8 million was generated from the disposal

of subsidiary holding in Baiyun Garden in Guangzhou, the return on investments from the Low-cost Community Housing Projects, particularly the Wuhan Changqing Garden and from Guangzhou New World Riverside Villa Zone 14.

### Financing Activities

A decrease of 48% in cash flows from financing activities was due principally to reduced capital injection from New World Development Company Limited to HK\$1.1 billion from HK\$3.0 billion. New loans and short-term loans were raised for the amounts of HK\$595.2 million and HK\$375.5 million, respectively.



## STOCK PERFORMANCE

Subsequent to the listing on the SEHK on 16 July 1999, the stock price of the Company experienced great volatility and has under-performed the Hang Seng Index. The Company was unfortunate enough to be listed on the market when sentiment towards the PRC suddenly turned weak due to PRC-Taiwan tension and a rumor regarding the devaluation of the Renminbi. The management firmly believes that the ability to deliver strong earnings growth is most vital to the improvement of NWCL's stock performance. It is with this belief that the management of NWCL is fully dedicated to producing strong results in the years ahead.

## INVESTOR RELATIONS

The Company has taken a proactive approach to communicating with the investment community with an aim to better explain the Company's operations, strategies and the PRC property market as a whole. Senior executives place an emphasis on conducting road shows to maintain close relationships with investors. Site visits to the PRC will be arranged more frequently in the future to allow analysts and fund managers a chance to understand the PRC property market in a more in-depth manner.

Shareholdings*	
Major shareholders:	
New World Development Company Limited	960,945,493 shares
HH Holdings Corporation	22,508,064 shares
New World Services Limited	16,546,443 shares
New shares issued at IPO	463,772,938 shares
<b>Total number of shares in issue</b>	<b>1,463,772,938 shares</b>

\* The shareholding information reflects the results of the Company's listing on SEHK subsequent to the year end.

# Report of the Directors

The Directors have pleasure in presenting their first report together with the audited proforma accounts for the year ended 30 June 1999.

## **GROUP REORGANISATION**

The Company was incorporated in the Cayman Islands on 28 August 1996 under the Companies Law (1995 Revision) of the Cayman Islands as an exempted company in the name of New World China Limited. By a resolution passed on 31 March 1999, the name of the Company was changed to its present name, New World China Land Limited. The Company had no profit nor loss during the period ended 30 June 1999 and the only asset of the Company was an investment in New World Development (China) Limited, an intermediate holding company, amounting to HK\$2 as at that date. Accordingly no profit and loss account nor balance sheet have been presented for the Company as their inclusion, for the purpose of this report, is not considered meaningful. On 3 July 1999, pursuant to a corporate reorganisation ("Reorganisation") in preparation of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"), the Company became the holding company of the subsidiaries, associated companies and joint ventures now comprising the Group. Details of the Reorganisation and the basis of preparation of the proforma accounts are set out in note 1 to the accounts.

Although the reorganised Group did not legally exist until 3 July 1999, the Directors consider that it is more meaningful and appropriate to treat the Group as a continuing entity as if the current group structure had been in existence and thus to present the accounts on a proforma combined basis.

## **GROUP ACTIVITIES**

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries, associated companies and joint ventures are shown in note 27 to the proforma accounts on pages 103 to 112.

## **ACCOUNTS**

The proforma results of the Group for the year ended 30 June 1999 and the proforma state of affairs of the Group at that date are set out in the proforma accounts on pages 68 to 112.

## **DIVIDENDS**

No dividend was paid by the subsidiaries during the year to the then shareholders prior to the Reorganisation and by the Company. The Directors do not recommend the payment of a final dividend in respect of the year ended 30 June 1999.

## **SHARE CAPITAL**

Details of the movements in share capital of the Company are set out in note 17 to the proforma accounts.

## **RESERVES**

Details of the movements in reserves are set out in note 18 to the proforma accounts.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 16 July 1999, the Company's shares were listed on the Stock Exchange. The Company has not redeemed any of its listed shares from that date up to the date of this report. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during this period.

## FIXED ASSETS

Details of the movements in fixed assets are set out in note 10 to the proforma accounts.

## DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$5,659,000.

## DIRECTORS

The Directors of the Company since incorporation and at the date of this report were:

Dr. Cheng Kar-shun, Henry	(appointed on 28 August 1996)
Mr. Chan Wing-tak, Douglas	(appointed on 28 August 1996)
Mr. Doo Wai-hoi, William	(appointed on 3 June 1999)
Mr. Cheng Kar-shing, Peter	(appointed on 3 June 1999)
Mr. Leung Chi-kin, Stewart	(appointed on 3 June 1999)
Mr. Chan Kam-ling	(appointed on 3 June 1999)
Mr. Chow Kwai-cheung	(appointed on 3 June 1999)
Mr. Chow Yu-chun, Alexander	(appointed on 3 June 1999)
Mr. So Ngok	(appointed on 3 June 1999)
Mr. Lo Hong-sui *	(appointed on 3 June 1999)
Mr. Fu Sze-shing	(appointed on 3 June 1999)
Mr. Cheng Wai-chee, Christopher *	(appointed on 29 June 1999)
Mr. Tien Pei-chun, James *	(appointed on 29 June 1999)
Ms. Sharon Pierson	(appointed and resigned on 28 August 1996)

\* *Independent non-executive Directors*

In accordance with Article 99 of the Company's Articles of Association, all current directors except Dr. Cheng Kar-shun, Henry and Mr. Chan Wing-tak, Douglas, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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 had the following connected transactions taken place during the year:

- (1) Pursuant to a management agreement dated 1 September 1994 and supplementary agreement dated 31 August 1998, Kiu Lok Property Management (China) Limited ("KLPM"), a fellow subsidiary, has been appointed by Wuhan New Eagle Development Company Limited ("WNED"), a 95% owned subsidiary, as property manager for a term of 10 years providing estate management services for an investment property of the Group located in Wuhan. For the year ended 30 June 1999, WNED paid KLPM HK\$218,000 in respect of its services provided. WNED also paid KLPM HK\$125,000 agency commission for the year ended 30 June 1999, pursuant to another sole leasing agency contract dated 1 September 1994 in respect of provision of real estate agency services for the said investment property.
- (2) New World Finance Company Limited ("NWF"), a fellow subsidiary, has advanced HK\$849,866,000 in aggregate to the Group as at 30 June 1999. The total interest charged by NWF for the year ended 30 June 1999 in relation to the above loans amounted to HK\$76,346,000. These loans are unsecured, bear interest ranging from 12% to 15% per annum and have repayment terms as specified in the loan agreements.
- (3) Sexon Enterprises Limited ("Sexon"), a fellow subsidiary, has advanced HK\$221,720,000 to Billion Huge (International) Limited ("BHI"), a wholly owned subsidiary of the Company. The interest charged by Sexon to BHI for the year ended 30 June 1999 amounted to HK\$17,493,000. The loan is unsecured, bears interest at 10% per annum and has no specific repayment terms.
- (4) Hip Hing Construction Company Limited ("HH"), a fellow subsidiary, has advanced HK\$90,000,000 to New World Development (China) Limited ("NWDC"), a wholly owned subsidiary of the Company. The interest charged by HH to NWDC for the year ended 30 June 1999 amounted to HK\$426,000. The loan is unsecured, bears interest at 8.5% per annum and is repayable on 8th June 2001.
- (5) New World Development Company Limited ("NWD"), the Company's ultimate holding company, has paid New World Tower Company Limited, a fellow subsidiary, HK\$5,308,000 in rental for office premises occupied by the Group. This amount paid by NWD on behalf of the Company has been included in the combined results by means of proforma adjustments to reflect the relevant portion of rental expense shared by the Group.

## CONNECTED TRANSACTIONS (Continued)

- (6) NWD has provided guarantee in respect of US\$300 million syndicated loan facility granted to NW China Homeowner Development Limited ("NWCHD"), a wholly owned subsidiary. A guarantee fee is payable by NWCHD to NWD and is calculated at 2% per annum on the average daily amount outstanding under such facility during a financial year and payable annually in arrears within thirty business days of the expiry of the relevant financial year. The outstanding balance of this loan at 30 June 1999 amounted to HK\$744,000,000 and the guarantee fee paid to NWD for the year ended 30 June 1999 amounted to HK\$17,008,000.
- (7) New World Department Store Tianjin Limited ("NWDST"), a fellow subsidiary, paid HK\$1,586,000 estate management services fee to New World Anderson (Tianjin) Development Co., Ltd. ("NWATD"), a 51% owned subsidiary, in respect of estate management services provided to a property occupied by NWDST. The estate management fee is charged to NWDST at RMB12 per sq.m. from 1 November 1997 and at RMB18 per sq.m. from 1 November 1998 thereafter.
- (8) Polytown Projects Limited, a fellow subsidiary, has been appointed by Dalian New World Plaza International Co., Ltd. ("DNWP"), a 88% owned subsidiary, to provide project management services for construction of a property investment project located in Dalian ("the Property"). The accumulated project management fee in respect of its services rendered at 30 June 1999 and included as part of the development costs of the Property was HK\$9,805,000 of which HK\$1,002,000 was paid during the year.
- (9) Hip Hing Construction (China) Company Limited, a fellow subsidiary, has been appointed by DNWP as main contractor for the construction of the Property including foundation and superstructure works. The accumulated contract fee paid at 30 June 1999 and included as part of the development costs of the Property was HK\$130,800,000 of which HK\$37,739,000 was paid during the year.
- (10) Meprom Limited, a fellow subsidiary, has been appointed by DNWP as electrical engineer to provide engineering consultancy for the construction of the Property. The accumulated engineering consultancy fees in respect of the services rendered at 30 June 1999 and included as part of the development costs of the Property was HK\$2,424,000 of which HK\$1,452,000 was paid during the year.
- (11) Reliance China Limited, a former fellow subsidiary, has been appointed as the project management consultant in respect of two property development projects located in Shanghai. The accumulated project management fees paid at 30 June 1999 and included as part of the development costs of these properties was HK\$48,900,000 of which HK\$13,202,000 was paid during the year.
- (12) 上海裕隆實業公司 (「上海裕隆」), a substantial shareholder of Shanghai Heyu Properties Co., Ltd. ("SHPCL"), a 64% owned subsidiary of the Company, undertook to provide land development services to SHPCL pursuant to an agreement dated 9 December 1992. The aggregate service fees paid to 上海裕隆 at 30 June 1999 and included as part of the development costs of the related property developed by SHPCL was HK\$24,381,000 and no amount was paid to 上海裕隆 for the year ended 30 June 1999.

## DIRECTORS' INTERESTS IN SECURITIES OF THE COMPANY

On 16 July 1999, the Company's shares were listed on the Stock Exchange. Except for Mr Chow Kwai-cheung who is interested in 126 shares of the Company, none of the Directors and their associates has any beneficial or non-beneficial interests in the issued share capital of the Company from that date up to the date of this report.

## DIRECTORS' INTERESTS IN SECURITIES OF THE ASSOCIATED CORPORATIONS OF THE COMPANY

As at 30 June 1999, the interests of the Directors and their associates in the securities of the associated corporations within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

	Personal interests Number of shares/ Amount of bonds	Corporate interests <sup>(1)</sup> Number of shares/ Amount of bonds
New World Infrastructure Limited (Ordinary shares of HK\$1.00 each)		
Mr. Chan Wing-tak, Douglas	500,000	–
Mr. Chan Kam-ling	6,800	–
New World Infrastructure Limited (1% Convertible Bonds due 2003)		
Mr. Cheng Wai-chee, Christopher	US\$2,570,000	–
New World Development Company Limited (Ordinary shares of HK\$1.00 each)		
Mr. Leung Chi-kin, Stewart	23,253	–
Mr. Chan Kam-ling	90,470	–
Mr. Chow Kwai-cheung	20,818	–
Extensive Trading Company Limited (Non-voting deferred shares of HK\$1.00 each)		
Mr. Cheng Kar-shing, Peter	–	380,000
Mr. Leung Chi-kin, Stewart	160,000	–
Mr. Chan Kam-ling	–	80,000
Mr. Chow Kwai-cheung	80,000	–
Mr. Chow Yu-chun, Alexander	80,000	–

## DIRECTORS' INTERESTS IN SECURITIES OF THE ASSOCIATED CORPORATIONS OF THE COMPANY (Continued)

	Personal interests Number of shares/ Amount of bonds	Corporate interests <sup>(1)</sup> Number of shares/ Amount of bonds
Hip Hing Construction Company Limited (Non-voting deferred shares of HK\$100.00 each)		
Mr. Chan Kam-ling	15,000	–
HH Holdings Corporation (Ordinary shares of HK\$1.00 each)		
Mr. Chan Kam-ling	15,000	–
International Property Management Limited (Non-voting deferred shares of HK\$10.00 each)		
Mr. Chan Kam-ling	1,350	–
Master Services Limited (Ordinary shares of US\$0.01 each)		
Mr. Leung Chi-kin, Stewart	16,335	–
Mr. Chan Kam-ling	16,335	–
Mr. Chow Kwai-cheung	16,335	–
Mr. Chow Yu-chun, Alexander	16,335	–
Matsuden Trading Company Limited (Non-voting deferred shares of HK\$1.00 each)		
Mr. Leung Chi-kin, Stewart	44,000	–
Mr. Chan Kam-ling	–	44,000
Mr. Chow Kwai-cheung	44,000	–
Mr. Chow Yu-chun, Alexander	44,000	–



## DIRECTORS' INTERESTS IN SECURITIES OF THE ASSOCIATED CORPORATIONS OF THE COMPANY (Continued)

	Personal interests Number of shares/ Amount of bonds	Corporate interests <sup>(1)</sup> Number of shares/ Amount of bonds
New World Services Limited (Ordinary shares of HK\$0.10 each)		
Mr. Cheng Kar-shing, Peter	–	3,382,788
Mr. Leung Chi-kin, Stewart	4,214,347	250,745
Mr. Chan Kam-ling	–	10,602,565
Mr. Chow Kwai-cheung	2,562,410	–
Mr. Chow Yu-chun, Alexander	2,562,410	–
Progreso Investment Limited (Non-voting deferred shares of HK\$1.00 each)		
Mr. Leung Chi-kin, Stewart	–	119,000
Tai Yieh Construction & Engineering Company Limited (Non-voting deferred shares of HK\$1,000.00 each)		
Mr. Chan Kam-ling	250	–
Urban Property Management Limited (Non-voting deferred shares of HK\$1.00 each)		
Mr. Cheng Kar-shing, Peter	–	750
Mr. Leung Chi-kin, Stewart	750	–
Mr. Chow Kwai-cheung	750	–
Mr. Chow Yu-chun, Alexander	750	–
YE Holdings Corporation (Ordinary shares of HK\$1.00 each)		
Mr. Leung Chi-kin, Stewart	37,500	–

*Note (1):* These shares were beneficially owned by a company in which the relevant director is deemed to be entitled under the SDI Ordinance to exercise or control the exercise of one third or more of the voting power at its general meeting.

Save as disclosed above, as at 30 June 1999, none of the Directors, chief executive or any of their associates had any beneficial or non-beneficial interests in the securities of or any of its associated corporations of the Company as defined in the SDI Ordinance.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under a share option scheme of a fellow subsidiary, New World Infrastructure Limited ("NWI"), options may be granted to directors and employees of NWI or its subsidiaries to subscribe for shares in NWI. The following directors of the Company are also directors of NWI and have personal interests in share options to subscribe for shares in NWI which have been granted to them during the year as follows:

Name of directors	Date of grant	Number of share options outstanding at 30 June 1999 with exercise price per share of	
		HK\$10.20 <sup>(1)</sup>	HK\$12.00 <sup>(2)</sup>
Dr. Cheng Kar-shun, Henry	2 December 1998	600,000	2,400,000
Mr. Cheng Kar-shing, Peter	1 December 1998	120,000	480,000
Mr. Doo Wai-hoi, William	16 December 1998	200,000	800,000
Mr. Leung Chi-kin, Stewart	8 December 1998	120,000	480,000
Mr. Chan Kam-ling	9 December 1998	200,000	800,000
Mr. Chan Wing-tak, Douglas	26 November 1998	320,000	1,280,000
Mr. So Ngok	26 November 1998	200,000	800,000
Mr. Cheng Wai-chee, Christopher	11 December 1998	120,000	480,000

Notes:

(1) Exercisable from 1 July 1999 to 1 June 2004

(2) Divided into 3 tranches exercisable from 1 July 2000, 2001 and 2002 to 1 June 2004, respectively.

Save as disclosed above, 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.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 1999, the Company was an indirect wholly owned subsidiary of New World Development Company Limited. Up to the date of this report, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the following parties had interests of 10% or more of the issued share capital of the Company:

Name	Number of shares held
Chow Tai Fook Enterprises Limited	1,000,000,000 (Note 1)
New World Development Company Limited ("NWD")	1,000,000,000 (Note 2)

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (Continued)

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) This interest represents the 960,945,490 shares directly held by NWD, 3 shares held by New World China Finance Limited ("NWCF"), 22,508,064 shares held by Great Worth Holdings Limited ("GWH") and 16,546,443 shares held by High Earnings Holdings Limited ("HEH"). NWCF is a wholly owned subsidiary of NWD, and GWH and HEH are 59% and 51.3% indirectly owned subsidiaries of NWD respectively. NWD is deemed to have interests in the shares held by NWCF, GWH and HEH.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 16(1) of the SDI Ordinance up to the date of this report.

### 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.

### CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") from 16 July 1999 (date of listing of the Company's shares) to the date of this report, 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.

### AUDIT COMMITTEE

On 29 June 1999, the Company has established an audit committee which comprises three non-executive directors.

### 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.

### YEAR 2000 ISSUE

The Group is fully aware of the importance of the Year 2000 ("Y2K") issue which generally refers to the failure of certain computer software and electronic systems to be able to correctly process four-digit year dates beginning with the Year 2000.

The Group has established a business plan to address the Y2K issue since early 1998 and the plan has been based on Y2K conformity requirements issued by the British Standards Institute. Such plan covered implementation of data conversion and upgrading for major computer softwares, in-house developed programs and hardwares and also included a thorough impact analysis relating to assessment of compliance of data sensitive devices pertaining to the computing network such as telephone exchange system, data transmission equipment and electronic computing items. Following the completion of impact analysis, action tasks in respect of potential non-compliant devices identified was then formulated individually with target dates. These tasks had been completed as of today and testing for each of the targeted area had been conducted accordingly. The results of the testing indicated that critical systems of the Group are now Y2K compliant. Total cost incurred in relation to the plan has no significant impact to the Group.

## **YEAR 2000 ISSUE** (Continued)

A contingency plan has been prepared to cater for any unforeseeable disruptions including data back-up, extra standby hardwares and arranging on-site standby of key systems staff on critical dates. The Group has not taken up insurance cover for potential losses caused by the Y2K issue since the Directors believe that the Y2K issue has insignificant impact to the Group because the business of the Group is not heavily dependent on computerisation.

## **PRACTICE NOTE 19 OF THE LISTING RULES – SUPPLEMENTARY INFORMATION**

In accordance with the requirements under part 3.3 of Practice Note 19 ("PN 19") of the Listing Rules, the Directors of the Company reported below the details of advances to, and guarantees given for the benefit of, their affiliated companies (as defined by PN 19) as at 30 June 1999.

In aggregate the Company and its subsidiaries had advanced an amount of HK\$8,141,870,000 to affiliated companies (included in amounts disclosed in notes 13 to 14 to the proforma accounts), guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$223,629,000 (included in the amount disclosed in note 20 to the proforma accounts) and contracted to further provide an aggregate amount of HK\$4,423,070,000 in capital (included in the amount disclosed in note 21 to the proforma accounts) and loans to affiliated companies. The advances are unsecured, have no fixed repayment terms and are interest free except for an aggregate amount of HK\$6,232,793,000 which bear interest ranging from 4% to 12% per annum. Contracted capital and loan contributions to affiliated companies would be funded by proceeds from the initial public offering, internal resources and bank borrowings of the Group.

In addition, in accordance with the requirements under part 3.10 of PN 19, 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 PN 19 the Company made an application to, and has received a waiver from, the Stock Exchange to provide as an alternative the following statement.

As at 30 June 1999, the Group's total exposure on the combined indebtedness reported by such affiliated companies (including amounts owing to the Group) amounted to approximately HK\$14,235,192,000. Such affiliated companies reported no capital commitments and contingent liabilities as at 30 June 1999.

## **AUDITORS**

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

On behalf of the Board

**Cheng Kar-shun, Henry**

*Chairman*

Hong Kong, 15 October 1999

# 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 proforma accounts on pages 68 to 112 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors of the Company are responsible for the preparation of the proforma accounts which give a true and fair view. In preparing proforma 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 proforma accounts and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the proforma accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the proforma accounts, and of whether the accounting policies are appropriate to the circumstances of 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 proforma accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the proforma accounts. We believe that our audit provides a reasonable basis for our opinion.

**OPINION**

In our opinion the proforma accounts give a true and fair view, in all material respects, of the proforma state of affairs of the Group as at 30 June 1999 and of the proforma profit and cash flows 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, 15 October 1999

# Proforma Combined Profit and Loss Account

For the year ended 30 June 1999

	Note	1999 HK\$'000	1998 HK\$'000
Turnover	3	506,945	409,068
Operating profit	4	464,854	201,405
Share of results of			
Associated companies		(20,465)	(22,951)
Jointly controlled entities		(259,163)	39,169
Profit before taxation		185,226	217,623
Taxation	8	17,353	38,191
Profit after taxation		167,873	179,432
Minority interests		3,195	10,516
Profit attributable to shareholders and retained for the year		171,068	189,948
Retained by:			
Company and subsidiaries		485,758	211,921
Associated companies		(20,465)	(22,951)
Jointly controlled entities		(294,225)	978
		171,068	189,948
Earnings per share	9	13.0 cents	14.5 cents

# Proforma Combined Balance Sheet

As at 30 June 1999

	Note	1999 HK\$'000	1998 HK\$'000
Fixed assets	10	<b>1,926,775</b>	1,878,931
Properties under development	11	<b>3,185,966</b>	2,233,029
Deferred expenditure	12	<b>20,723</b>	27,363
Associated companies	13	<b>1,148,341</b>	1,157,124
Joint ventures	14	<b>12,422,884</b>	12,110,851
Long term receivable	15	–	58,396
Net current assets/(liabilities)	16	<b>388,026</b>	(348,341)
<b>Employment of funds</b>		<b>19,092,715</b>	17,117,353
Share capital	17	<b>131,377</b>	131,377
Reserves	18	<b>15,908,102</b>	14,696,314
Shareholders' funds		<b>16,039,479</b>	14,827,691
Long term liabilities	19	<b>2,922,689</b>	2,115,800
Minority interests		<b>130,547</b>	173,862
<b>Funds employed</b>		<b>19,092,715</b>	17,117,353

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

*Director*

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

*Director*

# Proforma Combined Cash Flow Statement

For the year ended 30 June 1999

	Note	1999 HK\$'000	1998 HK\$'000
Net cash outflow from operating activities	22(a)	<b>(882,838)</b>	(1,060,904)
Returns on investments and servicing of finance			
Interest received		<b>62,085</b>	79,639
Interest paid		<b>(128,355)</b>	(53,647)
Dividend received from a jointly controlled entity		<b>17,700</b>	–
Net cash (outflow)/inflow from returns on investments and servicing of finance		<b>(48,570)</b>	25,992
Taxation			
Hong Kong profits tax refunded		<b>9</b>	–
Investing activities			
Additions to fixed assets		<b>(184,001)</b>	(73,713)
Deferred expenditure incurred		<b>(937)</b>	(13,116)
(Increase)/decrease in investments in associated companies		<b>(128,555)</b>	188,472
Increase in investments in joint ventures		<b>(912,899)</b>	(2,698,337)
Disposal of interests in subsidiaries	22 (b)	<b>61,798</b>	–
Repayment of investments in joint ventures		<b>236,989</b>	156,212
Disposal of fixed assets		<b>1,753</b>	–
Decrease in long term receivable		–	138,444
Net cash outflow from investing activities		<b>(925,852)</b>	(2,302,038)
Net cash outflow before financing activities		<b>(1,857,251)</b>	(3,336,950)
Financing activities			
Increase in bank loan and other borrowings		<b>595,153</b>	93,818
Repayment of long term bank loan and other borrowings		<b>(222,584)</b>	(45,266)
Increase in short term loans		<b>375,461</b>	173,292
Contribution from ultimate holding company prior to the Reorganisation		<b>1,112,730</b>	3,016,493
Contribution from minority shareholders		<b>8,646</b>	16,868
Increase in loans from minority shareholders		<b>31,994</b>	266,757
Repayment of loans from minority shareholders		<b>(71,870)</b>	(15,159)
Net cash inflow from financing activities	22(c)	<b>1,829,530</b>	3,506,803
(Decrease)/increase in cash and bank balances		<b>(27,721)</b>	169,853
Cash and bank balances at beginning of year		<b>411,633</b>	241,780
Cash and bank balances at end of year		<b>383,912</b>	411,633



# Notes to the Proforma Accounts

## 1. GROUP REORGANISATION AND BASIS OF PREPARATION

The Company was incorporated as an exempted company in the Cayman Islands on 28 August 1996 under the name of New World China Limited. By a special resolution passed on 31 March 1999, the name of the Company was changed to its present name. As a result of the reorganisation ("Reorganisation") undertaken since 1997 to rationalise the Group's structure in preparation for the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), New World Development (China) Limited ("NWDC") became an intermediate holding company and the Company became the ultimate holding company of the companies now comprising the Group. The Reorganisation involved, inter alia, the following:

- (a) New World Development Company Limited ("NWD"), the ultimate holding company, transferring all of the rights and interests (with certain exceptions) in land or properties held by the NWD group in the People's Republic of China ("PRC") to NWDC. In consideration of the capitalisation by the Company of HK\$12,167,350,000 being debts due from the Company to NWD as at 31 March 1999, NWD will be allotted and issued with 999,999,997 shares of HK\$0.1 each of the Company; and
- (b) NWD, in consideration of New World China Finance Limited ("NWCF"), a wholly-owned subsidiary of NWD which issued US\$350,000,000 Convertible Bonds (the "Bonds") in 1996, waiving payment of the same amount by NWD, assigned to NWCF its interest and right to payment of the sum of HK\$2,716,000,000 due from the Company. Pursuant to the terms of the Bonds, the Company will capitalise this amount through the issue of 313,772,938 shares of HK\$0.1 each.

Although the current group structure resulting from the Reorganisation did not legally exist as at 30 June 1999, the directors consider that it is more appropriate and meaningful to treat the Group as a continuing entity and the Company as the holding company of the Group as if the current group structure and business activities had been in existence for the two years ended 30 June 1999. Accordingly, the proforma combined balance sheets as at 30 June 1999 and 1998 and proforma combined profit and loss accounts and cash flow statements for the years then ended have been prepared on the basis as if the current group structure had been in existence as at those dates. In addition, proforma adjustments have been made to the proforma combined results of the Group to reflect an appropriate level of administrative and management expenses that would have been incurred by the Group during the two years then ended. All significant intra-group transactions and balances have been eliminated on combination.

In the opinion of the directors, the proforma combined accounts prepared on the above basis more fairly present the results and state of affairs of the Group as a whole in light of the Reorganisation and subsequent listing of the shares of the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the proforma accounts, which conform with accounting principles generally accepted in Hong Kong and with accounting standards issued by the Hong Kong Society of Accountants, are as follows:

### (a) Subsidiaries

A company, including equity and co-operative joint ventures in the PRC, is a subsidiary if more than 50% of the voting capital is held for the long term or if the composition of the board of directors is controlled by the Group.

### (b) 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. Investments in associated companies are included in the balance sheet at the Group's share of net assets.

### (c) Joint ventures

#### (i) *Jointly controlled entities*

A joint venture is classified as a jointly controlled entity if it is held for the long term and a contractual arrangement is established between the participating venturers and whereby the Group together with the venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity.

#### (a) Equity joint ventures

Equity joint ventures are Sino-foreign joint ventures in respect of which the partners' capital contribution ratios are defined in the joint venture contracts and the partners' profit sharing ratios are in proportion to the capital contribution ratios. The Group's investments in equity joint ventures are accounted for on the same basis as associated companies where the Group has joint control over the joint ventures' activities.

#### (b) Co-operative joint ventures

Co-operative joint ventures are Sino-foreign joint ventures in respect of which the partners' profit sharing ratios and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts. The Group's investments in co-operative joint ventures are carried at cost plus its share of post-acquisition results of the joint ventures in accordance with the defined profit sharing ratios, less provision for any permanent diminution in value where the Group has joint control over the joint ventures' activities.

#### (c) Other joint ventures

Other than those described in (a) and (b) above, joint ventures which are corporations established outside the PRC and there are contractual arrangements established between the participating venturers to undertake economic activities which is subject to joint control are classified as other joint ventures. The Group's investments in other joint ventures are accounted for on the same basis as associated companies.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (c) Joint ventures (Continued)

#### (ii) *Fixed return joint ventures*

A joint venture is classified as a fixed return joint venture if it is held for the long term and it gives fixed rate returns which is predetermined in accordance with the provisions of the joint venture contracts. Fixed return joint ventures are carried at cost plus Return on Costs (note (l) (ii)) less provision for any permanent diminution in value.

### (d) 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 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 property revaluation reserve; decreases are first set off against earlier revaluation surpluses on a portfolio basis and thereafter charged to the profit and loss account. Upon sale of an investment property, the revaluation surplus realised is transferred to operating profit. 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 are first set off against earlier revaluation surpluses 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 expenditure on repairs and improvements is 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 costs of the fixed assets.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (d) Fixed assets and depreciation (Continued)

#### (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. 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	10 years or over the relevant lease period
Furniture, fixtures and equipment	5 years
Motor vehicles	3 years

### (e) Deferred expenditure

Pre-operating expenses are amortised over five years by equal annual instalments commencing from the first year of operation. Loan procurement expenses are amortised on a straight line basis over the relevant loan periods.

### (f) Properties under development

Properties under development are stated at cost less provision for any possible loss and are classified as non-current assets if they are due for completion more than one year from the balance sheet date or as current assets if they are due for completion within one year from the balance sheet date. Cost comprises land cost, development expenditure, professional fees and interest capitalised.

### (g) 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.

### (h) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases and rental payable is accounted for on a straight line basis over the periods of the leases.

### (i) Deferred taxation

Deferred taxation is accounted for at the current tax 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 is expected to be payable or receivable in the foreseeable future.

### (j) 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.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (k) 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 notes (d) (iii) and (j) above.

The accounts 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. Exchange differences arising therefrom are dealt with as a movement in reserves.

### (l) 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) Return on Costs

Return on Costs represents investments return received and receivable in respect of the Group's interest in low-cost community housing which is calculated by reference and limited to 15 per cent. on the aggregate qualifying construction and development costs (the "Return on Costs") as provided by the respective joint venture agreements.

Return on Costs is recognised only upon completion of a distinct phase of low-cost community housing when the relevant buildings are examined and approved for occupation by the relevant authority, or when the obligations undertaken by the PRC joint venture partners of the respective joint ventures to pay the Return on Costs become due, whichever is the earlier.

#### (iii) 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 period is deferred and recognised on the same basis as property sales (note (l) (i)).

(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.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### (l) Revenue recognition (Continued)

#### (iii) Interest income (Continued)

(c) Interest income in respect of loan financing provided to fixed return joint ventures financing the development of low-cost community housing is recognised on a time proportion basis.

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

#### (iv) Rental income

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

#### (v) Management fee income

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

(b) Other than those described in (a) above, management fee income is recognised upon provision of management services.

#### (vi) Dividend income

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

### 3. TURNOVER AND PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Turnover comprises Return on Costs in respect of low-cost community housing, revenue from rental operations, management fee income and interest income in respect of loan financing provided to associated companies and joint ventures, net of withholding tax.

	1999 HK\$'000	1998 HK\$'000
Return on Costs	28,724	79,749
Rental income	45,910	39,554
Management fee income	35,597	31,184
Interest income less withholding tax	396,714	258,581
	<b>506,945</b>	<b>409,068</b>

An analysis of the Group's turnover and profit attributable to shareholders by type of projects is as follows:

	1999 HK\$'000	1998 HK\$'000
<i>(i) Turnover</i>		
Conventional property projects	313,031	155,671
Community housing projects	20,995	3,211
Low-cost community housing projects	172,919	250,186
	<b>506,945</b>	<b>409,068</b>
<i>(ii) Profit attributable to shareholders</i>		
Conventional property projects	51,194	54,727
Community housing projects	43,272	7,814
Low-cost community housing projects	164,849	253,071
Land improvement projects	7,533	–
	<b>266,848</b>	<b>315,612</b>
Corporate expenses	<b>(95,780)</b>	<b>(125,664)</b>
	<b>171,068</b>	<b>189,948</b>

#### 4. OPERATING PROFIT

	1999 HK\$'000	1998 HK\$'000
Operating profit is arrived at after crediting:		
Bank and other interest income	38,061	6,294
Gross rental income from investment properties	43,567	31,154
Dividend income from a jointly controlled entity	17,700	–
Gain on disposal of interests in jointly controlled entities	6,450	–
Gain on disposal of interests in subsidiaries	62,044	–
and after charging:		
Depreciation	8,029	6,211
Interest expense (note 5)	74,016	64,564
Auditors' remuneration	3,514	1,651
Rental for leased premises	5,788	7,271
Amortisation of deferred expenditure	7,577	6,828
Outgoings in respect of investment properties	5,379	5,359

#### 5. INTEREST EXPENSE

	1999 HK\$'000	1998 HK\$'000
Interest on bank loans	55,968	48,809
Interest on loans from fellow subsidiaries	94,265	71,402
Interest on loans from minority shareholders	8,169	12,020
Interest on short term loans	12,119	–
	170,521	132,231
Amount capitalised in properties under development and assets under construction	(96,505)	(67,667)
	74,016	64,564



## 6. PENSION COSTS

The Group did not establish its own retirement benefit schemes for directors, senior management or employees in Hong Kong. They are instead covered under a group defined contribution scheme maintained by the ultimate holding company. Proforma adjustments have been made to the combined results of the Group to reflect the relevant portion of contributions made by the Group to this defined contribution scheme. These contributions are based on a percentage of the employee's salaries ranging from 5% to 10%, depending upon the length of service of the employees.

Subsequent to the balance sheet date, the Company established its own retirement benefit scheme which is available to all the Company's employees in Hong Kong. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group's contributions to the scheme are based on rates ranging from 5% to 15% of employees' salaries depending on length of service and are expensed as incurred.

## 7. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

The following disclosure of directors and senior management remuneration have been prepared based on the proforma adjustments to reflect the administrative and management expenses that would have been incurred by the Group during the two years ended 30 June 1999.

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

	1999 HK\$'000	1998 HK\$'000
Fees	–	–
Salaries, discretionary bonus and other allowances	3,973	5,281
Contribution to retirement benefit scheme	163	145
	<b>4,136</b>	<b>5,426</b>

The emoluments of the directors fall within the following bands:

	Number of individuals	
	1999	1998
Nil – HK\$500,000	10	10
HK\$500,001 – HK\$1,000,000	1	–
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	1	2
	<b>13</b>	<b>13</b>

No emoluments were paid to independent non-executive directors during the year (1998: Nil).

## 7. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION (Continued)

(ii) Details of the emoluments paid to the five highest paid individuals in the Group are as follows:

	1999 HK\$'000	1998 HK\$'000
Salaries, discretionary bonus and other allowances	8,152	8,060
Contribution to retirement benefit scheme	514	341
	<b>8,666</b>	<b>8,401</b>
Number of directors included in the five highest paid individuals	2	3

(iii) The emoluments of the five individuals fall within the following bands:

	Number of individuals	
	1999	1998
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	3	4
HK\$2,000,001 – HK\$2,500,000	1	–
	<b>5</b>	<b>5</b>

## 8. TAXATION

	1999 HK\$'000	1998 HK\$'000
Company and subsidiaries		
Hong Kong profits tax over provided in prior years	(9)	–
Jointly controlled entities		
PRC income tax	15,860	38,191
PRC land appreciation tax	1,502	–
	<b>17,353</b>	<b>38,191</b>

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 (1998: Nil).

## 8. TAXATION (Continued)

The Groups jointly controlled entities established in the PRC are required under the Foreign Investment Enterprises and Foreign Enterprise Income Tax Law to pay income tax at the rate of 33% (1998: 33%).

Under the Provisional Regulations on Land Appreciation Tax ("LAT") implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates of up to 60%. Notwithstanding these provisions an exemption to LAT for a period of five years is applicable for property development contracts which were signed before 1 January 1994. This exemption to LAT expired on 31 December 1998.

Subsequent to the balance sheet date, 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 and LAT payable in consequence of the disposal of the Group's properties (note 25(a)).

The revaluation of investment properties and other properties does not constitute a timing difference for deferred taxation purposes as there is no current intention to dispose of the properties in the foreseeable future. There are no material unprovided timing differences at the balance sheet date.

## 9. EARNINGS PER SHARE

The calculation of proforma basic earnings per share is based on the proforma profit attributable to shareholders of HK\$171,068,000 (1998: HK\$189,948,000) and the proforma weighted average of 1,313,772,938 shares (1998: 1,313,772,938 shares) in issue during the year as if the Reorganisation mentioned in note 1 had been effective throughout both years.

The proforma fully diluted earnings per share, calculated on the basis that the 1,463,772,938 shares in issue immediately after the public listing of the Company on 16 July 1999, has been in issue throughout both years and the estimated net proceeds from the issue of 150,000,000 shares had been placed on deposit at a rate of 4.5% per annum was 15.6 cents (1998: 16.8 cents).

## 10. FIXED ASSETS

	Investment properties HK\$'000	Other properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Assets under construction HK\$'000	Total HK\$'000
Cost or valuation							
At 30.6.1998	1,420,982	19,562	8,242	19,581	10,252	414,439	1,893,058
Additions	29,099	–	32	4,401	1,871	154,978	190,381
Disposals	–	(1,449)	–	(240)	(984)	–	(2,673)
Revaluation deficit	(132,755)	–	–	–	–	–	(132,755)
<b>At 30.6.1999</b>	<b>1,317,326</b>	<b>18,113</b>	<b>8,274</b>	<b>23,742</b>	<b>11,139</b>	<b>569,417</b>	<b>1,948,011</b>
Accumulated depreciation							
At 30.6.1998	–	1,434	1,527	6,672	4,494	–	14,127
Charge for the year	–	758	827	4,550	1,894	–	8,029
Disposals	–	(65)	–	(174)	(681)	–	(920)
<b>At 30.6.1999</b>	<b>–</b>	<b>2,127</b>	<b>2,354</b>	<b>11,048</b>	<b>5,707</b>	<b>–</b>	<b>21,236</b>
Net book value							
<b>At 30.6.1999</b>	<b>1,317,326</b>	<b>15,986</b>	<b>5,920</b>	<b>12,694</b>	<b>5,432</b>	<b>569,417</b>	<b>1,926,775</b>
At 30.6.1998	1,420,982	18,128	6,715	12,909	5,758	414,439	1,878,931

Included in assets under construction is interest capitalised of HK\$4,351,000 (1998: HK\$2,566,000).

**10. FIXED ASSETS (Continued)**

Notes:

- (i) Investment properties were revalued on 30 June 1999 on an open market value basis by Chesterton Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	1999 HK\$'000	1998 HK\$'000
Long leases	133,645	127,251
Medium term leases	1,183,681	1,293,731
	<b>1,317,326</b>	1,420,982

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

	1999 HK\$'000	1998 HK\$'000
Long leases	2,856	4,305
Medium term leases	15,257	15,257
	<b>18,113</b>	19,562

- (iii) Certain interest in an investment property pledged as securities for short term loans (note 16(iii)) and bank loans (note 19(i)(a)) amounted to HK\$150,058,000 (1998: HK\$56,896,000).

**11. PROPERTIES UNDER DEVELOPMENT**

	1999 HK\$'000	1998 HK\$'000
Leasehold land, at cost		
Long term	1,626,925	130,036
Medium term	659,066	939,059
Development and incidental costs	759,796	1,009,435
Interest capitalised	140,179	154,499
	<b>3,185,966</b>	2,233,029

The aggregate carrying value of properties under development pledged as securities for short term loans (note 16 (iii)) amounted to HK\$219,958,000 (1998: Nil).

## 12. DEFERRED EXPENDITURE

	1999 HK\$'000	1998 HK\$'000
Pre-operating expenses	14,160	13,319
Loan procurement expenses	26,765	26,669
	40,925	39,988
Accumulated amortisation	(20,202)	(12,625)
	20,723	27,363

## 13. ASSOCIATED COMPANIES

	1999 HK\$'000	1998 HK\$'000
Group's share of net assets/(liabilities)	32,334	(74,827)
Amounts due by associated companies		
Interest bearing (note (i))	–	243,754
Non-interest bearing (note (ii))	1,138,977	999,039
Amounts due to associated companies (note (ii))	(22,970)	(10,842)
	1,148,341	1,157,124

### Notes:

- (i) The amount receivable was unsecured, carried interest at 10% per annum and had no specific repayment terms.
- (ii) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.
- (iii) Details of principal associated companies are given in note 27.

## 14. JOINT VENTURES

	1999 HK\$'000	1998 HK\$'000
<b>Jointly controlled entities</b>		
Equity joint ventures		
Group's share of net liabilities	(129,027)	(51,692)
Amounts due by joint ventures		
Interest bearing (note (i))	598,408	476,594
Non-interest bearing (note (ii))	2,765	91,706
	472,146	516,608
Co-operative joint ventures		
Cost of investments (note (iii))	2,637,826	1,798,161
Share of undistributed post-acquisition results	65,205	292,924
	2,703,031	2,091,085
Amounts due by joint ventures		
Interest bearing (note (iv))	5,466,962	5,545,535
Non-interest bearing (note (ii))	522,168	402,338
Amounts due to joint ventures (note (ii))	(2,823)	(20,234)
	8,689,338	8,018,724
Other joint ventures		
Group's share of net assets	49,956	8,785
Amounts due by joint ventures		
Interest bearing (note (v))	167,423	179,660
Non-interest bearing (note (ii))	245,167	104,008
	462,546	292,453
Deposits for proposed joint ventures (note (vi))	162,705	1,096,744
	9,786,735	9,924,529
<b>Fixed return joint ventures</b>		
Cost of investments	577,034	416,625
Amounts due by joint ventures		
Interest bearing (note (vii))	2,030,391	1,717,208
Non-interest bearing (note (ii))	28,724	52,489
	2,636,149	2,186,322
	12,422,884	12,110,851

## 14. JOINT VENTURES (Continued)

*Notes:*

- (i) The amounts receivable are unsecured, carry interest ranging from 10% to 12% per annum (1998: 10% to 12% per annum) and have repayment terms as specified in the joint venture contracts.
- (ii) The amounts receivable and payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.
- (iii) The Group's interest in a jointly controlled entity has been pledged as part of the security to secure syndicated bank loan of US\$40 million (1998: US\$40 million) granted to the jointly controlled entity of which HK\$232.7 million had been utilised as at 30 June 1999 (1998: HK\$309.2 million).
- (iv) The amounts receivable are unsecured, carry interest ranging from 8.5% to 12% per annum (1998: 8.5% to 12% per annum) and have repayment terms as specified in the joint venture contracts.
- (v) The amounts receivable are unsecured, carry interest ranging from 4% to 1.5% above prime rate per annum (1998: 4% to 1% above prime rate per annum) and have repayment terms as specified in the joint venture contracts.
- (vi) 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.
- (vii) The amounts receivable are unsecured, carry interest at 10% per annum (1998: 10% per annum) and have repayment terms as specified in the joint venture contracts.
- (viii) Details of principal joint ventures are given in note 27.
- (ix) A summary of the financial information of the significant jointly controlled entities is set out in note 24.

## 15. LONG TERM RECEIVABLE

On 3 May 1997, the Group entered into an agreement to dispose of its entire interest in a jointly controlled entity to one of the PRC joint venturers for a total consideration of US\$15,614,000. Pursuant to the terms of the agreement, the consideration was partially settled with the outstanding balance of US\$7.5 million wholly payable on 31 December 2000. This amount was included as long term receivable and carried interest at 10% per annum effective from 1 January 1998. As part of the Reorganisation and pursuant to a deed of assignment between the Group and NWD, the amount was transferred to NWD at cost.



**16. NET CURRENT ASSETS/(LIABILITIES)**

	1999 HK\$'000	1998 HK\$'000
Current assets		
Debtors, deposits and other receivables (note (i))	71,489	265,278
Properties under development (note (ii))	760,709	–
Amount due from ultimate holding company	311,785	–
Amounts due from minority shareholders	67,856	–
Cash and bank balances	383,912	411,633
	<b>1,595,751</b>	<b>676,911</b>
Current liabilities		
Creditors and accruals	131,318	176,080
Deposits received on sale of properties	50,538	1,559
Amounts due to fellow subsidiaries	38,857	6,728
Short term loans		
Secured (note (iii))	375,461	18,692
Unsecured	18,692	695,700
Current portion of long term liabilities (note 19(i))	372,384	–
Taxes payable (note (iv))	220,475	126,493
	<b>1,207,725</b>	<b>1,025,252</b>
	<b>388,026</b>	<b>(348,341)</b>

*Notes:*

- (i) As part of the Reorganisation and pursuant to a deed of assignment entered into between the Group and NWD, a debt amounting to HK\$142,500,000 owed to the Group by a third party, was transferred to NWD at a consideration equal to the debt amount.
- (ii) Properties under development are analysed as follows:

	1999 HK\$'000	1998 HK\$'000
Medium term leasehold land, at cost	84,166	–
Development and incidental costs	567,503	–
Interest capitalised	109,040	–
	<b>760,709</b>	<b>–</b>

## 16. NET CURRENT ASSETS/(LIABILITIES) (Continued)

(iii) Secured short term loans

HK\$296,261,000 (1998: Nil) of the short term loans is secured by the Group's certain interest in a property under development (note 11), bears interest at 7.11% per annum and is wholly repayable on 8 December 1999.

HK\$51,402,000 (1998: HK\$18,692,000) of the short term loans is secured by the Group's certain interest in an investment property (note 10(iii)), bears interest at 0.53% per month (1998: 0.72% to 0.84% per month) and is wholly repayable on 20 January 2000.

HK\$27,798,000 (1998: Nil) of the short term loans is secured by a property owned by a minority shareholder, bears interest at 0.59% per month and is repayable on 12 January 2000.

(iv) Taxes payable

	1999 HK\$'000	1998 HK\$'000
Income and business taxes payable	236	330
Withholding tax payable	220,239	126,163
	<b>220,475</b>	<b>126,493</b>

## 17. SHARE CAPITAL

	1999 HK\$	1998 US\$
Authorised:		
8,000,000,000 shares of HK\$0.1 each	800,000,000	–
(1998: 50,000 shares of US\$1 each)	–	50,000
Issued and fully paid:		
3 shares of HK\$0.1 each	–	–
(1998: 3 shares of US\$1 each)	–	3

As at the date of its incorporation, the Company's initial authorised share capital was US\$50,000 divided into 50,000 shares of US\$1 each of which two subscriber shares of US\$1 each were issued. These subscriber shares were subsequently transferred to NWCF on 7 October 1996. On 4 November 1997, one share of US\$1 was issued at par to NWCF.

On 29 June 1999, the authorised share capital of the Company was increased by HK\$800,000,000 through the creation of 8,000,000,000 shares of HK\$0.1 each. Three shares were allotted and issued to NWCF and the Company repurchased from NWCF the three existing issued shares of US\$1 each held by NWCF. Subsequent thereto, the Company cancelled its initial authorised but unissued share capital of US\$50,000.

## 17. SHARE CAPITAL (Continued)

On 15 July 1999, 999,999,997 shares of HK\$0.1 each were issued and allotted to NWD by means of capitalisation of the debts due to NWD (note 1(a)). In addition, 313,772,938 shares of HK\$0.1 each were issued for conversion of the Bonds (note 1(b)) and 150,000,000 shares of HK\$0.1 each were issued pursuant to the initial public offer at HK\$9.5 each.

Had the Reorganisation taken place on 30 June 1999, the paid up share capital of the Company at that date would have been HK\$131,377,294.

## 18. RESERVES

	Contributed surplus HK\$'000	Investment properties revaluation reserve HK\$'000	Hotel properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profit HK\$'000	Total HK\$'000
As at 30.6.1998	13,795,354	306,208	1,453	22,243	571,056	14,696,314
Reserve arising from the Reorganisation	956,619	–	–	–	–	956,619
Profit retained for the year	–	–	–	–	171,068	171,068
Proforma adjustments in respect of administrative and management expenses for the year	–	–	–	–	38,028	38,028
Revaluation (deficit)/surplus						
Company and subsidiaries	–	(85,900)	–	–	–	(85,900)
Associated companies	–	62,946	156	–	–	63,102
Jointly controlled entities	–	53,755	3,718	–	–	57,473
Translation difference	–	–	–	11,398	–	11,398
<b>As at 30.6.1999</b>	<b>14,751,973</b>	<b>337,009</b>	<b>5,327</b>	<b>33,641</b>	<b>780,152</b>	<b>15,908,102</b>
Retained by:						
Company and subsidiaries	14,751,973	42,393	–	(1,993)	1,227,352	16,019,725
Associated companies	–	62,946	156	7,002	(43,168)	26,936
Jointly controlled entities	–	231,670	5,171	28,632	(404,032)	(138,559)
	14,751,973	337,009	5,327	33,641	780,152	15,908,102

Had the Reorganisation taken place on 30 June 1999, the reserves of the Company at that date would have been HK\$14,751,973,000, representing the contributed surplus arising from the Reorganisation. Under the Companies Law in the Cayman Islands, the contributed surplus is distributable. Accordingly, proforma distributable reserves of the Company amounted to HK\$14,751,973,000 as at 30 June 1999.

## 19. LONG TERM LIABILITIES

	1999 HK\$'000	1998 HK\$'000
Bank and other borrowings (note (i))	2,501,237	1,803,062
Deferred income	421,452	312,738
	<b>2,922,689</b>	<b>2,115,800</b>

### (i) Bank and other borrowings

	1999 HK\$'000	1998 HK\$'000
Bank loans (note (a))		
Secured	28,037	–
Unsecured	744,768	–
Loans from fellow subsidiaries (note 23 (i)(c))	1,161,586	806,256
Loans from minority shareholders (note (b))	939,230	979,106
Other loans	–	17,700
	<b>2,873,621</b>	<b>1,803,062</b>
Current portion included in current liabilities (note 16)	<b>(372,384)</b>	<b>–</b>
	<b>2,501,237</b>	<b>1,803,062</b>

Notes:

(a) The bank loans are repayable as follows:

	Secured bank loan HK\$'000	Unsecured bank loan HK\$'000	Total HK\$'000
Within one year	–	372,384	372,384
Between one and two years	–	372,384	372,384
Between two and five years	28,037	–	28,037
	<b>28,037</b>	<b>744,768</b>	<b>772,805</b>

The secured bank loan is secured by the Group's certain interest in an investment property of the Group (note 10(iii)), bears interest at 0.59% per month and is wholly repayable in August 2001.

The unsecured bank loan bears interest at 1% above LIBOR per annum and is repayable by five equal instalments up to 11 June 2001.

(b) Except for loans of HK\$61,767,000 (1998: HK\$56,470,000), which are unsecured, bear interest ranging from 10% to 15% per annum (1998: 10% to 15% per annum) and have repayment terms as specified in the joint venture contracts, the remaining balance is unsecured, interest free and has no specific repayment terms.

## 20. CONTINGENT LIABILITIES

- (i) The Group has contingent liabilities relating to counter-guarantees given to NWD of approximately HK\$223,629,000 (1998: HK\$23,302,000) in respect of the bank loan facilities extended to an associated company and a jointly controlled entity of the Group in respect of which NWD has given guarantees.
- (ii) The Group has contingent liabilities relating to counter-guarantees given to NWD of approximately HK\$186,916,000 (1998: Nil) in respect of bank loan facilities extended to a fixed return joint venture of the Group in respect of which NWD has given guarantees.

## 21. COMMITMENTS

### (i) Capital expenditure commitments

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

	1999 HK\$'000	1998 HK\$'000
Contracted but not provided for		
Fixed assets	95,297	391
Investments in jointly controlled entities	1,272,199	1,054,126
Investments in fixed return joint ventures	122,839	132,849
	<b>1,490,335</b>	1,187,366
Authorised but not contracted for	–	–
	<b>1,490,335</b>	1,187,366

- (b) The Group has entered into preliminary joint venture contracts in respect of which the joint venture companies have not yet been established as at 30 June 1999. There is no outstanding capital commitments of the Group payable upon the establishment of these joint venture companies as at 30 June 1999 (1998: HK\$158,450,000).
- (c) The Group did not have any share of capital commitments of the jointly controlled entities themselves not included in (a) above (1998: Nil).

## 21. COMMITMENTS (Continued)

### (ii) Lease commitments

	1999 HK\$'000	1998 HK\$'000
Annual commitments payable in following year in respect of land and building expiring in		
The first year	347	787
The second to fifth years	4,699	43
	<b>5,046</b>	<b>830</b>

### (iii) Other commitments

As at 30 June 1999, the Group had issued performance guarantees amounting to approximately HK\$56,075,000 (1998: HK\$56,075,000), of which HK\$31,072,000 (1998: HK\$21,033,000) was utilised, in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of a property project developed by a jointly controlled entity of the Group. 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.

## 22. NOTES TO PROFORMA COMBINED CASH FLOW STATEMENT

### (a) Reconciliation of operating profit to net cash outflow from operating activities

	1999 HK\$'000	1998 HK\$'000
Operating profit	464,854	201,405
Proforma adjustments	38,028	44,917
Interest and dividend income	(452,475)	(264,875)
Interest expense	74,016	64,564
Depreciation	8,029	6,211
Amortisation of deferred expenditure	7,577	6,828
Gain on disposal of interests in subsidiaries	(62,044)	–
Gain on disposal of interests in jointly controlled entities	(6,450)	–
Exchange differences	864	987
Increase in properties under development	(963,218)	(1,032,229)
Decrease/(increase) in debtors, deposits and other receivables	39,491	(148,415)
Increase in amounts due from minority shareholders	(67,856)	–
Increase in amounts due to fellow subsidiaries	32,129	2,172
Increase in deposits received on sale of properties	48,979	1,559
(Decrease)/increase in creditors and accruals	(44,762)	55,972
Net cash outflow from operating activities	<b>(882,838)</b>	<b>(1,060,904)</b>

### (b) Disposal of interests in subsidiaries

	1999 HK\$'000
Net assets disposed	
Investment in associated company	179,479
Investment in jointly controlled entities	183,775
Gain on disposal of interests in subsidiaries	62,044
Consideration	425,298
Satisfied by:	
Cash	61,798
Amount due from ultimate holding company	363,500
	<b>425,298</b>

## 22. NOTES TO PROFORMA COMBINED CASH FLOW STATEMENT (Continued)

### (c) Analysis of changes in financing during the year

	Share capital and contributed surplus HK\$'000	Amount due from ultimate holding company HK\$'000	Short term loans HK\$'000	Long term bank and other borrowings HK\$'000	Minority interests HK\$'000	Total HK\$'000
Balance at 30.6.1998	13,926,731	–	714,392	1,803,062	173,862	16,618,047
Net cash inflows from financing	–	1,112,730	375,461	332,693	8,646	1,829,530
Conversion of revolving loan facility to long term bank loan	–	–	(695,700)	695,700	–	–
Capitalisation of amount owing to NWD	956,619	(956,619)	–	–	–	–
Minority interests' share of losses and reserves	–	–	–	–	(51,961)	(51,961)
Accrual of interest payable	–	–	–	42,166	–	42,166
Assignment of debts (note 15)	–	(58,396)	–	–	–	(58,396)
Proceeds from disposal of interests in subsidiaries (note (b))	–	(363,500)	–	–	–	(363,500)
Proceeds from disposal of interests in jointly controlled entities	–	(46,000)	–	–	–	(46,000)
Balance at 30.6.1999	14,883,350	(311,785)	394,153	2,873,621	130,547	17,969,886



## 23. 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	1999 HK\$'000	1998 HK\$'000
Estate management fee paid to a fellow subsidiary	(a)	<b>218</b>	383
Estate agency commission paid to a fellow subsidiary	(b)	<b>125</b>	83
Interest on loans from fellow subsidiaries	(c)	<b>94,265</b>	71,402
Rental for leased premises	(d)	<b>5,308</b>	6,871
Guarantee fee paid to ultimate holding company	(e)	<b>17,008</b>	13,918
Guarantee fee paid to a fellow subsidiary	(f)	–	1,595
Estate management fee income from a fellow subsidiary	(g)	<b>1,586</b>	979
Rental income from a jointly controlled entity of a fellow subsidiary	(h)	<b>605</b>	49
Interest income from associated companies and jointly controlled entities	(i)	<b>252,520</b>	88,143
Management fee income from jointly controlled entities	(j)	<b>35,597</b>	31,184

*Notes:*

- (a) Kiu Lok Property Management (China) Limited ("KLPM"), a fellow subsidiary, has been appointed by Wuhan New Eagle Development Company Limited ("WNED"), a 95% owned subsidiary, as property manager providing estate management services for an investment property of the Group located in Wuhan, for a term of 10 years commencing from 1 September 1994. In return, an estate management fee is payable to KLPM which is calculated on the basis of 15% on actual expenses to be incurred by KLPM in the provision of its services. With effect from 1 August 1998, pursuant to the term of a supplementary agreement, the estate management fee is charged at a fixed amount of HK\$25,000 per month thereafter up to 31 August 1999 when the basis of charging estate management fee will be negotiated.
- (b) KLPM has been appointed as the sole leasing agent for WNED in return for an agency commission which is calculated on the basis of one month's rental income in respect of each tenancy entered or 80% on the monthly average rental income for those tenancies with term of rent-free period granted to the tenants.

## 23. RELATED PARTY TRANSACTIONS (Continued)

- (i) (c) (1) New World Finance Company Limited ("NWF"), a fellow subsidiary, has entered into various loan agreements with the following subsidiaries. The loans are unsecured, terms of which are as follows:

Subsidiary	Outstanding loan amount as at 30 June 1999	Term of interest	Repayment terms
Shanghai Heyu Properties Co., Ltd	HK\$315,704,000 (1998: HK\$289,947,000)	15% per annum	Wholly repayable on 31.12.2001
Shanghai Ju Yi Real Estate Development Co., Ltd.	HK\$364,380,000 (1998: HK\$305,655,000)	12% per annum	3 or 6 years from date of drawdown
Shanghai Ramada Plaza Ltd.	HK\$169,782,000 (1998: HK\$100,987,000)	15% per annum	Wholly repayable on 1.12.2001

- (2) Sexon Enterprises Limited, a fellow subsidiary, has entered into a loan agreement with Billion Huge (International) Limited, a wholly owned subsidiary of the Group. The amount outstanding under the agreement as at 30 June 1999 was approximately HK\$221.7 million (1998: HK\$109.7 million). The loan is unsecured, bears interest at 10% per annum (1998: 10% per annum) and has no specific repayment terms.
- (3) Hip Hing Construction Company Limited, a fellow subsidiary, has entered into a loan agreement with NWDC, a wholly owned subsidiary of the Group, whereby a loan of HK\$90,000,000 (1998: Nil) was granted to NWDC. The loan is unsecured, bears interest at 8.5% per annum and is wholly repayable in June 2001.
- (d) This represents rental for office premises occupied by the Group. The amounts had been paid by NWD to New World Tower Company Limited, a fellow subsidiary. For the purpose of this accounts, proforma adjustments have been made to the combined results of the Group to reflect the relevant portion of rental expense shared by the Group which is calculated by reference to the floor area of the office premises occupied by the Group during the year.
- (e) In consideration of the guarantee furnished by NWD in respect of US\$300 million (1998: US\$300 million) syndicated loan facility granted to NW China Homeowner Development Limited ("NWCHD"), a wholly owned subsidiary, a guarantee fee is payable by NWCHD to NWD. The guarantee fee is calculated at 2% per annum (1998: 2% per annum) on the average daily amount outstanding under such facility during a financial year and payable annually in arrears within thirty business days of the expiry of the relevant financial year.
- (f) In consideration of the guarantee furnished by New World Insurance Company (L) Limited ("NW Insurance"), a fellow subsidiary, in respect of the Return on Costs, a guarantee fee of 2% of the Return on Costs is payable by NWCHD to NW Insurance. The guarantee fee is payable within thirty business days of the end of the calendar month during which the relevant subsidiary of NWCHD properly records the Return on Costs in its books.
- (g) This represents estate management fees paid to the Group from New World Department Store Tianjin Limited ("NWDST"), a fellow subsidiary which owns certain floor of a property of which the remaining floors are owned by the Group. The Group undertakes the estate management services for the whole property and an estate management fee is charged to NWDST at RMB12 per sq.m. from 1 November 1997 and at RMB18 per sq.m. from 1 November 1998 thereafter.
- (h) Tianjin Xinzhan Expressway Company Limited, a jointly controlled entity of a fellow subsidiary, has entered into a lease agreement with New World Anderson (Tianjin) Development Co., Ltd., a 51% owned subsidiary, to lease 412 sq. m. of an investment property of the Group for a period of three years commencing from 1 June 1998 at a monthly rental of RMB53,560.

## 23. RELATED PARTY TRANSACTIONS (Continued)

- (i) (i) This represents interest income in respect of loans financing provided to associated companies and jointly controlled entities. These loans are unsecured, carry interest at fixed rates ranging from 4% to 12% per annum (1998: 4% to 12% per annum) and have repayment terms as specified in the relevant joint venture or shareholders' agreements.
- (j) This represents management fee income in respect of management and consultancy services rendered by certain subsidiaries of the Group to various jointly controlled entities. These management fees are charged at fixed amounts as specified in the relevant joint venture contracts.
- (ii) Polytown Projects Limited, a fellow subsidiary, has been appointed by Dalian New World Plaza International Co., Ltd ("DNWP"), a 88% owned subsidiary, to provide project management services for construction of a property investment project located in Dalian ("the Property"). The project management fee in respect of its services rendered amounting to approximately HK\$9.8 million had been incurred as at 30 June 1999 (1998: HK\$8.7 million) and was included as part of the development costs of the Property.
- (iii) Hip Hing Construction (China) Company Limited ("HHCC"), a fellow subsidiary, has been appointed by DNWP as main contractor for the construction of the Property including foundation and superstructure works. The total contract sum was agreed at US\$54,640,000 of which approximately HK\$130.8 million had been incurred as at 30 June 1999 (1998: HK\$93.1 million) and was included as part of the development costs of the Property.
- (iv) Meprom Limited, a fellow subsidiary, has been appointed by DNWP as electrical engineer to provide engineering consultancy for the construction of the Property. The engineering consultancy fees in respect of the services rendered was agreed at fixed contract sum and approximately HK\$2.4 million had been incurred as at 30 June 1999 (1998: HK\$1 million) and was included as part of the development costs of the Property.
- (v) Reliance China Limited, a former fellow subsidiary, has been appointed as the project management consultant in respect of two property development projects located in Shanghai. The project management fees was agreed at fixed contract sums and approximately HK\$48.9 million had been incurred as at 30 June 1999 (1998: HK\$35.7 million) and was included as part of the development costs of these projects.
- (vi) Certain subsidiaries in the PRC have entered into various contracts with the PRC partners for site clearance, demolition, and resettlement of existing tenants from the sites of the property development projects on the basis of fixed contract sums with overrun costs being wholly borne by the respective PRC partners. The aggregate contract sums under these contracts amounted to approximately HK\$157.3 million (1998: HK\$157.3 million) of which approximately HK\$101.9 million (1998: HK\$80 million) had been incurred as at 30 June 1999.

## 23. RELATED PARTY TRANSACTIONS (Continued)

The following is a summary of other significant related party transactions during the year carried out by associated companies and jointly controlled entities of the Group in the normal course of their business:

- (i) Certain associated companies of the Group have entered into loan agreements with NWF. The terms of which are as follows:

Associated company	Loan amount	Term of interest	Repayment terms
Beijing Niceline Real Estates Development Co., Ltd.	US\$5,550,000	15% per annum	Wholly repayable within five years from the date of the loan agreements or at the end of the construction period of the respective property development projects, whichever is the earlier
Beijing Fu Wah Real Estates Development Co., Ltd.	US\$5,550,000	15% per annum	
Beijing Chang Le Real Estates Development Co., Ltd.	US\$8,130,000	15% per annum	
Beijing Po Garden Real Estates Development Co., Ltd.	US\$8,130,000	15% per annum	
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$25,370,000	15% per annum	Wholly repayable on 31.3.2002

- (ii) Tridant Engineering Company Limited ("Tridant"), a fellow subsidiary, has been appointed by jointly controlled entities of the Group to carry out electrical engineering work for property development and investment projects located in Beijing and Shunde. The fees paid to Tridant in respect of its services rendered was agreed at fixed contract sums and amounted to approximately HK\$243.6 million as at 30 June 1999 (1998: 235.1 million).
- (iii) Young's Engineering Company Limited ("Young's"), a fellow subsidiary, has been appointed by jointly controlled entities of the Group to carry out air-conditioning engineering work for property development and investment projects located in Beijing and Shunde. The fees paid to Young's in respect of its services rendered was agreed at fixed contract sums and amounted to approximately HK\$159.3 million as at 30 June 1999 (1998: HK\$144.4 million).
- (iv) Beijing Hip Hing Construction and Engineering Co., Ltd ("BHH"), a jointly controlled entity of a fellow subsidiary, has been appointed by a jointly controlled entity of the Group to carry out construction work for a property development and investment project located in Beijing. The fees paid to BHH in respect of its services rendered was agreed at fixed contract sum and amounted to approximately HK\$354.1 million as at 30 June 1999 (1998: HK\$354.1 million).
- (v) Beijing Kiu Lok Property Management Services Co., Ltd ("Beijing Kiu Lok"), a jointly controlled entity of a fellow subsidiary, has been appointed by jointly controlled entities of the Group to provide property management services for an investment property located in Beijing. The fees paid to Beijing Kiu Lok in respect of its services rendered was agreed at US\$3.5 to US\$4.1 per sq. m. and approximately HK\$14.3 million was paid during the year (1998: Nil).
- (vi) Certain associated companies and jointly controlled entities in the PRC have entered into various contracts with the PRC partners for site clearance, demolition, and resettlement of existing tenants from the sites of the property development projects on the basis of fixed contract sums with overrun costs being wholly borne by the respective PRC partners. The aggregate contract sums under these contracts amounted to approximately HK\$2,640 million (1998: HK\$2,612.3 million) of which approximately HK\$2,438.1 million had been incurred as at 30 June 1999 (1998: HK\$2,332.4 million).

## 24. SIGNIFICANT JOINTLY CONTROLLED ENTITIES

Set out below is a summary of the financial information of three significant jointly controlled entities whose principal activities are the investment in a property development project in Beijing.

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

#### (a) Results for the year

	1999 HK\$'000	1998 HK\$'000
Turnover	15,733	362,519
Operating (loss)/profit	(101,098)	53,185
Taxation	–	26,785
(Loss)/profit after taxation	(101,098)	26,400
Group's share of (loss)/profit after taxation	(58,806)	15,312

#### (b) Net assets as at year end

	30. 6. 1999 HK\$'000	30. 6. 1998 HK\$'000
Fixed assets	1,486,940	1,674,734
Other assets	1,909,184	1,863,139
Current assets	500,998	339,164
Current liabilities	(338,801)	(319,078)
Long term liabilities (other than amounts due to the Group)	(404,500)	(515,033)
	3,153,821	3,042,926

## 24. SIGNIFICANT JOINTLY CONTROLLED ENTITIES (Continued)

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

#### (a) Results for the year

	1999 HK\$'000	1998 HK\$'000
Turnover	-	-
Operating results	-	-
Group's share of operating results	-	-

#### (b) Net assets as at year end

	30. 6. 1999 HK\$'000	30. 6. 1998 HK\$'000
Fixed assets	1,125	1,252
Other assets	1,576,627	1,024,876
Current assets	63,827	151,925
Current liabilities	(150,039)	(41,170)
	<b>1,491,540</b>	<b>1,136,883</b>

## 24. SIGNIFICANT JOINTLY CONTROLLED ENTITIES (Continued)

## (3) China New World Electronics Ltd.

## (a) Results for the year

	1999 HK\$'000	1998 HK\$'000
Turnover	4,616	223,185
Operating loss	(177,287)	(1,741)
Group's share of operating loss	(124,101)	(1,219)

## (b) Net assets as at year end

	30. 6. 1999 HK\$'000	30. 6. 1998 HK\$'000
Fixed assets	938,247	1,028,982
Other assets	876,961	627,203
Current assets	139,022	275,239
Current liabilities	(387,239)	(200,596)
	1,566,991	1,730,828

## 25. SUBSEQUENT EVENTS

The following significant events took place subsequent to 30 June 1999:

- (a) On 3 July 1999, NWD entered into a deed of tax indemnity (the "Tax Indemnity") in favour of the Company against any depletion or diminution in the value of the Group's assets arising or resulting from, inter alia, PRC Land Appreciation Tax ("LAT") and PRC Income Tax ("IT") payable in consequence of the disposal of certain properties by the Group held as at 31 March 1999 (other than low-cost community housing) and in respect of which the aggregate amount of LAT and IT is estimated at approximately HK\$7,951 million.

The Tax Indemnity is also given in respect of LAT and IT payable in consequence of the disposal of any low-cost community housing in the event the relevant company in the Group is unable to pay such taxes.

- (b) On 16 July 1999, the shares of the Company were listed on The Stock Exchange of Hong Kong Limited.
- (c) On 2 October 1999, Jinnan New World Sunshine Development Co., Ltd. ("JNWSD"), an equity joint venture, was established to engage in property development projects located in Jinnan. The joint venture is for a period of 30 years and the total investment is RMB260 million which is partly financed by the registered capital of RMB80 million. The Group is committed to contribute 65 per cent. of the registered capital amounting to RMB52 million and is entitled to profit sharing of 65 per cent..

## 26. 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.



## 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Details of the principal subsidiaries, associated companies and joint ventures which materially affect the results and/or assets of the Group as at 30 June 1999 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	
<b>Subsidiaries</b>				
<i>Incorporated and operated in Hong Kong</i>				
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares of HK\$1 each	–	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	–	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares of HK\$1 each	–	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares of HK\$1 each	–	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%	Investment holding
Trend Island Limited	HK\$2 2 ordinary shares of HK\$1 each	–	100%	Investment holding
<i>Incorporated in the British Virgin Islands</i>				
Banyan Developments Limited	US\$1 1 share of US\$1	–	100%	Investment holding
Conful Enterprises Limited	US\$1 1 share of US\$1	–	100%	Investment holding

## 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)		Principal activities
		By the Company	By the Group	
<b>Subsidiaries</b>				
<i>Incorporated in the British Virgin Islands</i>				
Ever Brisk Limited	US\$1 1 share of US\$1	–	100%	Investment holding
Hinto Developments Limited	US\$1 1 share of US\$1	–	100%	Investment holding
Kiwi Profits Limited	US\$10 10 shares of US\$1 each	–	100%	Investment holding
Magic Chance Limited	US\$1 1 share of US\$1	–	100%	Investment holding
Radiant Glow Limited	US\$1 1 share of US\$1	–	100%	Investment holding
Sparkling Rainbow Limited	US\$1 1 share of US\$1	–	100%	Investment holding
Steady Profits Limited	US\$1 1 share of US\$1	–	100%	Investment holding
Sweet Prospects Enterprises Limited	US\$1 1 share of US\$1	–	100%	Investment holding
Team Foundation Limited	US\$1 1 share of US\$1	–	100%	Investment holding
True Blue Developments Limited	US\$1 1 share of US\$1	–	100%	Investment holding

## 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)		Principal activities
		By the Company	By the Group	
<b>Subsidiaries</b>				
<i>Incorporated in the British Virgin Islands</i>				
Twin Glory Investments Limited	US\$1 1 share of US\$1	–	100%	Investment holding
<i>Incorporated in the Cayman Islands and operated in Hong Kong</i>				
NW China Homeowner Development Limited	US\$22,228 222,962 shares of US\$0.01 each 4,999,800 shares of US\$0.01 each 40% called up	–	100%	Investment holding
<i>Incorporated and operated in the PRC</i>				
Dalian New World Plaza International Co., Ltd	RMB58,000,000	–	88%	Property investment
Fung Seng Real Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	–	80%	Property development
廣州新翔房地產發展有限公司	HK\$136,000,000	–	90.5%	Property development
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	–	48%	Property development
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	–	51%	Property investment and development
New World (Shenyang) Property Development Limited	RMB57,840,000	–	90%	Property development

## 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)		Principal activities
		By the Company	By the Group	
<b>Subsidiaries</b>				
<i>Incorporated and operated in the PRC</i>				
New World (Shenyang) Property Development No. 2 Limited	RMB57,840,000	–	90%	Property development
New World (Shenyang) Property Development No. 3 Limited	RMB57,840,000	–	90%	Property development
New World (Shenyang) Property Development No. 4 Limited	RMB57,840,000	–	90%	Property development
New World (Shenyang) Property Development No. 5 Limited	RMB57,840,000	–	90%	Property development
New World (Shenyang) Property Development No. 6 Limited	RMB33,200,000	–	90%	Property development
Shanghai Ramada Plaza Ltd.	US\$17,000,000	–	57%	Property development
Shanghai Heyu Properties Co., Ltd.	US\$12,000,000	–	64%	Property development
Shanghai Ju Yi Real Estate Development Co., Ltd.	RMB128,000,000	–	80%	Property development
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$60,000,000	–	70%	Property development
Wuhan New Eagle Development Company Limited	US\$10,000,000	–	95%	Property investment

## 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)		Principal activities
		By the Company	By the Group	
<b>Associated companies</b>				
<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%	Investment holding
Niceline Company Limited	HK\$1,000 1,000 ordinary shares of HK\$1 each	–	24.5%	Investment holding
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	–	30.6%	Investment holding
Wing Shan International Country Club Co. Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	–	27.5%	Investment holding
<i>Incorporated in the British Virgin Islands</i>				
Grand Make International Limited	US\$100 100 shares of US\$1 each	–	45%	Investment holding
Sinclair Profits Limited	US\$10 10 shares of US\$1 each	–	35%	Investment holding
Fortune Star Limited	US\$100 100 shares of US\$1 each	–	40%	Investment holding
<i>Incorporated and operated in the PRC</i>				
Beijing Chang Le Real Estates Development Co., Ltd.	US\$12,000,000	–	24.5%	Property development
Beijing Fu Wah Real Estates Development Co., Ltd.	US\$8,000,000	–	24.5%	Property development

## 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)		Principal activities
		By the Company	By the Group	
<b>Associated companies</b>				
<i>Incorporated and operated in the PRC</i>				
Beijing Niceline Real Estates Development Co., Ltd	US\$8,000,000	–	24.5%	Property development
Beijing Po Garden Real Estates Development Co., Ltd	US\$12,000,000	–	24.5%	Property development
Foshan Country Club Co., Ltd.	US\$52,924,000	–	23.4%	Golf club operation
Foshan Country Club Real Estate Development Limited	US\$12,000,000	–	24.8%	Property development
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$70,000,000	–	44.1%	Property development
<b>Jointly controlled entities</b>				
<i>Incorporated and operated in Hong Kong</i>				
Golden World Enterprises (Wuhan) Limited	HK\$10,000 10,000 ordinary shares of HK\$1 each	–	30%	Investment holding
Maxfine Development Limited	HK\$9,150 9,150 ordinary shares of HK\$1 each	–	33.3%	Investment holding
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%	Investment holding

## 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)		Principal activities
		By the Company	By the Group	
<b>Jointly controlled entities</b>				
<i>Incorporated and operated in the PRC</i>				
Beijing Chong Wen-New World Properties Development Co., Ltd	US\$104,000,000	–	58% - 70%	Property investment and development
Beijing Chong Yu Real Estate Development Co., Ltd.	US\$81,840,000	–	60%	Property investment and development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	–	59%	Hotel operation
China New World Electronics Ltd.	US\$20,000,000	–	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
Guangzhou Cosmart Estate Development Limited	HK\$48,000,000	–	60%	Property development
北京新康房地產發展有限公司	US\$12,000,000	–	70%	Property development
廣州市東新實業有限公司	RMB80,000,000	–	60%	Investment holding

## 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)		Principal activities
		By the Company	By the Group	
<b>Jointly controlled entities</b>				
<i>Incorporated and operated in the PRC</i>				
廣州芳村－新世界房地產發展有限公司	RMB780,000,000	–	60%	Property development
廣州富城房產發展有限公司	HK\$80,000,000	–	60%	Property development
廣州新華農房地產有限公司	RMB200,000,000	–	45%	Property development
廣州新華建房地產有限公司	RMB244,000,000	–	90%	Property development
Shanghai Jianmei Property Development Co., Ltd.	US\$10,000,000	–	30%	Property development
Shanghai Trio Property Development Co., Ltd.	US\$75,000,000	–	34.2%	Property development
Shenyang New World Lumingchun Building Co., Ltd.	RMB68,000,000	–	70%	Hotel operation
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$88,000,000	–	70%	Property development
Shijiazhuang New World Industry Co., Ltd.	RMB88,000,000	–	55%	Property investment
Tianjin New World Properties Development Co., Ltd.	US\$12,000,000	–	70%	Property redevelopment
Wuhan Taibei & New World Hotel Co., Ltd.	US\$14,160,000	–	50%	Hotel operation



## 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)		Principal activities
		By the Company	By the Group	
<b>Jointly controlled entities</b>				
<i>Incorporated and operated in the PRC</i>				
武漢武新物業有限公司	RMB15,000,000	–	40%	Land development
Wuhan Xinhan Development Co., Ltd.	RMB30,000,000	–	50%	Property development
<b>Fixed return joint ventures</b>				
<i>Incorporated and operated in the PRC</i>				
廣州恒盛房地產發展有限公司	RMB99,600,000	–	note 2	Development of low-cost community housing
廣州集賢庄新世界城市花園發展有限公司	US\$24,000,000	–	note 2	Development of low-cost community housing
Huizhou New World Housing Development Limited	RMB80,000,000	–	note 2	Development of low-cost community housing

## 27. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES (Continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held		Principal activities
		By the Company	By the Group	
<b>Fixed return joint ventures</b>				
<i>Incorporated and operated in the PRC</i>				
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	–	note 2	Development of low-cost community housing
Wuhan New World Housing Development Limited	RMB96,000,000	–	note 2	Development of low-cost community housing

*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. The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.

## 28 APPROVAL OF ACCOUNTS

The proforma accounts were approved by the board of directors on 15 October 1999.

# Financial Summary

## PROFORMA COMBINED RESULTS

	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000	1996 HK\$'000
Turnover	506,945	409,068	302,320	192,915
Operating profit	464,854	201,405	269,446	139,058
Share of results of				
Associated companies	(20,465)	(22,951)	(11,100)	(46,011)
Jointly controlled entities	(259,163)	39,169	61,348	(11,032)
Profit before taxation	185,226	217,623	319,694	82,015
Taxation	17,353	38,191	33,873	5,049
Profit after taxation	167,873	179,432	285,821	76,966
Minority interest	3,195	10,516	4,273	6,885
Profit attributable to shareholders	171,068	189,948	290,094	83,851

## PROFORMA COMBINED ASSETS AND LIABILITIES

	1999 HK\$'000	1998 HK\$'000
Fixed assets	1,926,775	1,878,931
Properties under development	3,185,966	2,233,029
Deferred expenditure	20,723	27,363
Associated companies	1,148,341	1,157,124
Joint ventures	12,422,884	12,110,851
Long term receivable	–	58,396
Net current assets/(liabilities)	388,026	(348,341)
<b>Total assets less current liabilities</b>	<b>19,092,715</b>	<b>17,117,353</b>
Long term liabilities	(2,922,689)	(2,115,800)
Minority interests	(130,547)	(173,862)
	<b>16,039,479</b>	<b>14,827,691</b>

*Note:* The financial summary of the Group which is provided for information only, has been prepared on the basis that the structure and business activities of the Group immediately after the completion of the Reorganisation had been in existence throughout the relevant years.

# Project Profile

## SUMMARY OF THE GROUP'S PROJECTS

### PROPERTY PORTFOLIO

PROJECT NO.	PROJECT NAME	FORM OF INVESTMENT	TYPE OF DEVELOPMENT	SITE AREA (sq. m.)	TOTAL GFA (sq. m.)	USAGE
<b>NORTHERN REGION</b>						
<b>Beijing</b>						
1.	Beijing New World Centre Phase I	CJV	Con	17,141	120,623	R, O, C, Oth
2.	Beijing New World Centre Phase II	CJV	Con	16,224	129,559	R, O, C
3.	Beijing New World Garden	CJV	Mass-C	52,800	196,423	R, C, Oth
4.	Beijing Chongwen District Lot No.5 Development Phase I	CJV	Mass-C	19,977	65,271	R
5.	Chongwen District Development	CJV	Mass-C	630,972	1,627,697	R, C
6.	Yanjing Building Development	CJV	Con	6,600	36,740	O, C, Oth
7.	Daxing Warehouse	CJV	Con	31,707	10,506	W, O, Oth
8.	Beijing Lai Loi Garden	CJV				
	– Bao Yuan		Con	402,000	206,575	R, Oth
	– Chang Le		Con	358,600	180,000	R, Oth
	– Lai Loi		Con	216,600	103,930	R, Oth
	– Fu Hua		Con	293,300	148,000	R, Oth
9.	Beijing Boxing Plaza	Note (4)	Con	11,520	49,300	O, C, Oth
10.	New World Courtyard, Beijing	CJV	Con	N/A	23,988	H
11.	Yizhuang Development	CJV	Mass-C	101,894	179,375	R, C, Oth
<b>Tianjin</b>						
12.	Tianjin New World Anderson Centre	WFE	Con	23,127	91,001	O, C, Oth
13.	Tianjin Xin An Garden	WFE	Mass-C	20,148	100,718	R, O, C, Oth
14.	Tianjin Dahutung Development	CJV	Con	25,575	262,500	R, O, C
15.	Huayuan Residential Area Development Sub area 4 and 8	CJV	Mass-L	301,861	230,188	R
16.	Xin Chun Hua Yuan Development – Lot 603, Lot Bajiefang	CJV	Mass-L	72,800	167,887	R, C, Oth
17.	Nanshi Development	CJV	Mass-C	420,209	1,549,842	R, C, Oth
<b>Shijiazhuang</b>						
18.	Shijiazhuang New World Plaza	EJV	Con	90,602	89,615	C, H, Oth
<b>NORTHEAST REGION</b>						
<b>Shenyang</b>						
19.	Shenyang New World Garden	CJV	Mass-C	1,959,300	3,318,180	R, C, Oth
20.	Taiyuan Street Development	Note (4)	Con	7,293	95,300	R, O, C
21.	New World Courtyard, Shenyang	EJV	Con	7,847	32,200	C, H
<b>Dalian</b>						
22.	Dalian New World Plaza	EJV	Con	9,800	137,767	R, O, C
23.	Dalian Bonde Tak International Finance Centre	WFE	Con	16,600	218,690	R, C
<b>CENTRAL REGION</b>						
<b>Shanghai</b>						
24.	Regent Place	EJV	Con	5,496	27,732	R, C, Oth
25.	Shanghai Zhongshan Square	CJV	Con	33,372	204,455	R, O, Oth
26.	Shanghai Sunrise Garden	EJV	Con	161,595	92,950	R
27.	Hong Kong New World Tower	CJV	Con	9,953	114,047	R, O, H, C, Oth
28.	Changning Ramada Square	CJV	Con	9,084	88,813	R, H, C, Oth
29.	Zhongshannanyi Road Development	EJV	Mass-C	32,795	194,816	R, C
30.	Mengzi Road Development	WFE	Mass-C	24,684	92,565	R
31.	1408 Huaihaizhong Road	WFE	Con	343	794	O

PROJECT NO.	PROJECT NAME	FORM OF INVESTMENT	TYPE OF DEVELOPMENT	SITE AREA (sq. m.)	TOTAL GFA (sq. m.)	USAGE
<b>CENTRAL REGION (Cont'd)</b>						
<b>Wuhan</b>						
32.	Wuhan Tazi Lake Residential Development	CJV	Con	828,233	316,448	R, Oth
33.	Wuhan International Trade and Commerce Centre					
	Main	EJV	Con	6,947	20,438	C
	Annex	EJV	Con	3,806	19,461	O, C, Oth
34.	Golden World Tower	EJV	Con	3,670	43,618	R, C
35.	Wuhan Hotel Redevelopment	CJV	Con	9,639	65,000	R, H, C
36.	Wuhan Changqing Garden	CJV	Mass-L	2,311,331	3,360,785	R, Oth
37.	New World Courtyard, Wuhan	CJV	Con	5,201	10,250	H
38.	Wuhan Xinhua Road Development	CJV	Mass-L	96,493	268,000	R, C
<b>Nanjing</b>						
39.	Nanjing New World Centre	EJV	Con	11,219	198,094	R, C, H
<b>Hefei</b>						
40.	Hefei New World Garden	CJV	Mass-C	82,660	108,468	R, C, Oth
<b>SOUTHERN REGION</b>						
<b>Guangzhou</b>						
41.	New World Riverside Villa Zone 14	CJV	Con	51,712	3,943	R
42.	New World Casa California Zone 13	CJV	Con	18,930	22,803	R, Oth
43.	New World Eastern Garden	CJV	Mass-C	61,784	209,126	R, C, Oth
44.	Tianhe Shipai Lot Nos. 2 & 5 Development	CJV	Mass-C	96,378	325,047	R, O, C
45.	Pearl River New Town Zone L	CJV	Mass-C	98,141	285,075	R, C, Oth
46.	Fangcun District Nos. 1, 2 & 4 Development	CJV	Mass-C	362,701	1,118,761	R, Oth
47.	Fortuna Garden	CJV	Con	N/A	181	R
48.	Jixian Zhuang Commodity Housing Development	CJV	Mass-C	409,801	887,992	R, C
49.	Guangzhou Gloria City	CJV	Con	21,484	224,596	R, O, C, Oth
50.	Fangcao Garden	CJV	Mass-C	44,516	203,057	R, C, Oth
51.	Jixian Zhuang Low-cost Housing Development	CJV	Mass-L	526,485	799,900	R, Oth
<b>Pearl River Delta</b>						
52.	Foshan Golf & Country Club	CJV	Con	17,967	6,665	R
			Con	3,000,899	N/A	G
53.	Shenzhen Xilihu Development	CJV	Con	58,121	29,000	R, Oth
54.	Shenzhen Shatoujiao Development	CJV	Mass-C	89,350	150,100	R, C, Oth
55.	Shunde New World Convention & Exhibition Centre	CJV	Con	14,171	145,224	R, C, O
56.	New World Courtyard, Shunde	CJV	Con	5,000	36,524	H
57.	Shunde Rongqi Riverside Road Development	EJV	Mass-C	185,000	720,484	R, O, C, H
58.	Shunde Tai Fook Garden	Note (4)	Con	10,000	to be determined	R
59.	Dongguan New World Garden	CJV	Mass-C	504,563	952,794	R
60.	Huiyang Palm Island Golf Club & Resort	EJV	Con	255,000	225,860	R
			Con	1,115,000	N/A	G
61.	Huizhou Changhuyuan Development	CJV	Mass-L	57,653	126,254	R, C, Oth
62.	Xintang New World Garden	CJV	Mass-L	199,931	345,407	R, C, Oth
63.	Qingyuan Low-cost Housing Development	CJV	Mass-L	538,497	936,000	R
64.	Zhuhai New World Harbour-front Garden	CJV	Mass-C	41,004	62,061	R, Oth
65.	Zhaoqing Lake Development	CJV	Con	160,367	315,006	R
66.	Haikou Low-cost Housing Development	CJV	Mass-L	115,694	290,252	R

## Notes:

- "CJV" denotes co-operative joint venture, "EJV" denotes equity joint venture and "WFE" denotes wholly foreign-owned enterprise.

An EJV is a legal entity with limited liability. The Chinese partner and the foreign partner will share profits and risks in proportion to their respective contributions to the registered capital of the EJV. A CJV may either be incorporated as a legal entity or may be unincorporated. The liabilities and rights to share profits of parties to a CJV need not be fixed in proportion to their respective contributions to the capital of the CJV and the parties may agree otherwise in the co-operative joint venture contracts. A WFE is a Chinese company wholly-owned by foreign investors. The liabilities of foreign investors of a WFE are limited to the amount of their contributions to the registered capital of the WFE.
- "Con" denotes Conventional Property Projects; "Mass-L" denotes Low-cost Community Housing Projects; "Mass-C" denotes Community Housing Projects.
- Usage

  - R: Residential
  - O: Office
  - C: Commercial
  - H: Hotel
  - G: Golf Course
  - W: Warehouse
  - Oth: Others
- In respect of such projects, the Group has entered into a joint venture contract with the relevant joint venture partner but such contract has not yet been validated through approval by the appropriate authorities and a joint venture company for the purpose of developing this project has not been formed.

## PROPERTY RELATED PROJECTS

PROJECT NAME	FORM OF INVESTMENT	SITE AREA (sq. m.)
<b>City Core Redevelopment Projects</b>		
Tianjin City Core Redevelopment Project	CJV	2,520,991
Beijing Chongwen District City Core Redevelopment Project – Lots 5 & 6	CJV	223,952
<b>Land Improvement Projects</b>		
Wujiashan Economic Development Area Land Improvement Project	CJV	6,502,088

1. Beijing New World Centre Phase I													
NWCL's Attributable Interest	Beijing Chongwen – New World Properties Development Co., Ltd.: 58%; China New World Electronics Ltd.: 70%												
Form of Investment	CJV												
Payback Priority to NWCL	Yes												
Accounting Classification	Jointly Controlled Entity												
Status	Completed												
Site Area	17,141 sq. m.												
Development Information	<table border="0"> <tr> <td>Residential</td> <td>8,530 sq.m.</td> </tr> <tr> <td>Office South Tower</td> <td>7,310 sq.m.</td> </tr> <tr> <td>Office North Tower</td> <td>21,299 sq.m.</td> </tr> <tr> <td>Commercial</td> <td>74,232 sq.m.</td> </tr> <tr> <td>Ancillary Facilities</td> <td>9,252 sq.m.</td> </tr> <tr> <td>Total</td> <td>120,623 sq.m.</td> </tr> </table>	Residential	8,530 sq.m.	Office South Tower	7,310 sq.m.	Office North Tower	21,299 sq.m.	Commercial	74,232 sq.m.	Ancillary Facilities	9,252 sq.m.	Total	120,623 sq.m.
Residential	8,530 sq.m.												
Office South Tower	7,310 sq.m.												
Office North Tower	21,299 sq.m.												
Commercial	74,232 sq.m.												
Ancillary Facilities	9,252 sq.m.												
Total	120,623 sq.m.												



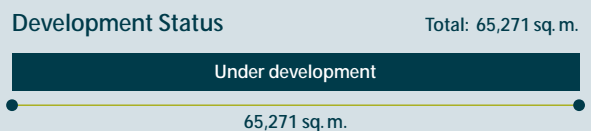
2. Beijing New World Centre Phase II									
NWCL's Attributable Interest	60%								
Form of Investment	CJV Beijing Chong Yu Real Estate Development Co., Ltd.								
Status	Internal renovation								
Payback Priority to NWCL	Yes								
Accounting Classification	Jointly Controlled Entity								
Site Area	16,224 sq. m.								
Development Information	<table border="0"> <tr> <td>Service Apartment</td> <td>82,211 sq.m.</td> </tr> <tr> <td>Commercial/Recreational</td> <td>38,730 sq.m.</td> </tr> <tr> <td>Office</td> <td>8,618 sq.m.</td> </tr> <tr> <td>Total</td> <td>129,559 sq.m.</td> </tr> </table>	Service Apartment	82,211 sq.m.	Commercial/Recreational	38,730 sq.m.	Office	8,618 sq.m.	Total	129,559 sq.m.
Service Apartment	82,211 sq.m.								
Commercial/Recreational	38,730 sq.m.								
Office	8,618 sq.m.								
Total	129,559 sq.m.								



3. Beijing New World Garden									
NWCL's Attributable Interest	60%								
Form of Investment	CJV Beijing Chong Yu Real Estate Development Co., Ltd.								
Status	Construction in progress								
Payback Priority to NWCL	Yes								
Accounting Classification	Jointly Controlled Entity								
Site Area	52,800 sq. m.								
Development Information	<table border="0"> <tr> <td>Commercial</td> <td>37,237 sq. m.</td> </tr> <tr> <td>Residential</td> <td>95,489 sq. m.</td> </tr> <tr> <td>Ancillary and public facilities</td> <td>63,697 sq. m.</td> </tr> <tr> <td>Total</td> <td>196,423 sq. m.</td> </tr> </table>	Commercial	37,237 sq. m.	Residential	95,489 sq. m.	Ancillary and public facilities	63,697 sq. m.	Total	196,423 sq. m.
Commercial	37,237 sq. m.								
Residential	95,489 sq. m.								
Ancillary and public facilities	63,697 sq. m.								
Total	196,423 sq. m.								



4. Beijing Chongwen District Lot No. 5 Development Phase I	
NWCL's Attributable Interest	70%
Form of Investment	CJV Beijing Chongwen – New World Properties Development Co., Ltd.
Status	Construction in progress
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	19,977 sq. m.
Development Information	Residential 65,271 sq. m.





### 5. Chongwen District Development

NWCL's Attributable Interest	70%	
Form of Investment	CJV Beijing Chongwen – New World Properties Development Co., Ltd.	
Status	Vacant	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	630,972 sq. m.	
Development Information	Residential	1,042,526 sq. m.
	Commercial	585,171 sq. m.
	Total	1,627,697 sq. m.

#### Development Status

Total: 1,627,697 sq. m.

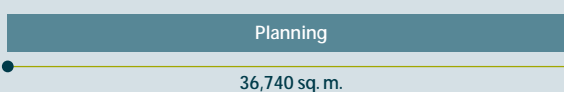


### 6. Yanjing Building Development

NWCL's Attributable Interest	70%	
Form of Investment	CJV Beijing Chongwen – New World Properties Development Co. Ltd.	
Status	Vacant	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	6,600 sq. m.	
Development Information	Office	10,880 sq. m.
	Commercial	21,380 sq. m.
	Ancillary facilities	4,480 sq. m.
	Total	36,740 sq. m.

#### Development Status

Total: 36,740 sq. m.

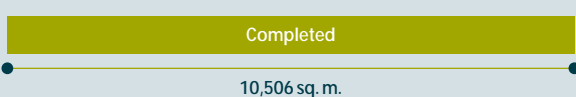


### 7. Daxing Warehouse

NWCL's Attributable Interest	70%	
Form of Investment	CJV China New World Electronics Ltd.	
Status	Completed	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	31,707 sq. m.	
Development Information	Warehouse	8,190 sq. m.
	Office building	1,998 sq. m.
	Ancillary facilities	318 sq. m.
	Total	10,506 sq. m.

#### Development Status

Total: 10,506 sq. m.

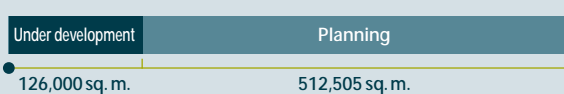


### 8. Beijing Lai Loi Garden

NWCL's Attributable Interest	24.5%	
Form of Investment	CJV 1) Beijing Po Garden Real Estates Development Co., Ltd. 2) Beijing Chang Le Real Estates Development Co., Ltd. 3) Beijing Niceline Real Estates Development Co., Ltd. 4) Beijing Fu Wah Real Estates Development Co., Ltd.	
Status	Vacant	
Payback Priority to NWCL	No	
Accounting Classification	Associated Company	
Site Area	1,270,500 sq. m.	
Development Information	Residential	568,488 sq. m.
	Others	70,017 sq. m.
	Total	638,505 sq. m.

#### Development Status

Total: 638,505 sq. m.

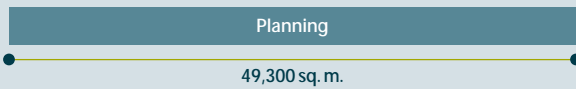


### 9. Beijing Boxing Plaza

NWCL's Attributable Interest	N/A	
Form of Investment	In respect of such project, the Group has entered into a joint venture contract with the relevant joint venture partner but such contract has not yet been validated by approval of the appropriate authorities and a joint venture company for the purpose of developing this project has not been formed.	
Status	Under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Deposit for proposed joint venture	
Site Area	11,520 sq. m.	
Development Information	Office	28,150 sq. m.
	Commercial	17,900 sq. m.
	Plant rooms	3,250 sq. m.
	Total	49,300 sq. m.

#### Development Status

Total: 49,300 sq. m.

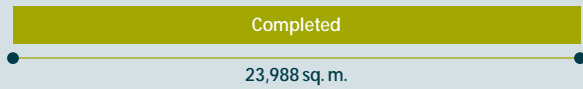


### 10. New World Courtyard, Beijing

NWCL's Attributable Interest	59%	
Form of Investment	CJV Beijing Xin Lian Hotel Co., Ltd.	
Status	In operation	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	N/A (included in Beijing New World Centre Phase I)	
Development Information	Grade	4-star
	Guest Room	293
	Restaurant	2
	Total GFA	23,988 sq. m.

#### Development Status

Total: 23,988 sq. m.

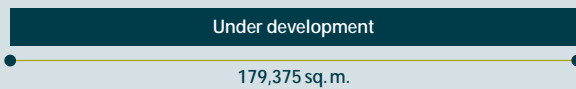


### 11. Yizhuang Development

NWCL's Attributable Interest	70%	
Form of Investment	CJV Beijing Xin Kang Real Estate Development Company Limited	
Status	Under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	101,894 sq. m.	
Development Information	Residential	157,850 sq. m.
	Commercial	8,969 sq. m.
	Amenities	12,556 sq. m.
	Total	179,375 sq. m.

#### Development Status

Total: 179,375 sq. m.



### 12. Tianjin New World Anderson Centre

NWCL's Attributable Interest	51%	
Form of Investment	WFE New World Anderson (Tianjin) Development Co., Ltd.	
Status	Completed	
Payback Priority to NWCL	Yes	
Accounting Classification	Subsidiary	
Site Area	23,127 sq. m.	
Development Information	Commercial	68,761 sq. m.
	Office	12,240 sq. m.
	Ancillary facilities	10,000 sq. m.
	Total	91,001 sq. m.

#### Development Status

Total: 91,001 sq. m.

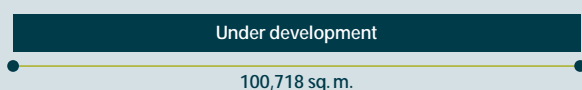


**13. Tianjin Xin An Garden**

NWCL's Attributable Interest	51%	
Form of Investment	WFE New World Anderson (Tianjin) Development Co., Ltd.	
Status	Phase I under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Subsidiary	
Site Area	20,148 sq. m.	
Development Information	Residential	60,016 sq. m.
	Commercial	4,878 sq. m.
	Office	30,000 sq. m.
	Ancillary facilities	5,824 sq. m.
	Total	100,718 sq. m.

**Development Status**

Total: 100,718 sq. m.

**14. Tianjin Dahutung Development**

NWCL's Attributable Interest	70%	
Form of Investment	CJV Tianjin New World Properties Development Co., Ltd.	
Status	Under development	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	25,575 sq. m.	
Development Information	Residential	28,000 sq. m.
	Office	204,530 sq. m.
	Commercial	29,970 sq. m.
	Total	262,500 sq. m.

**Development Status**

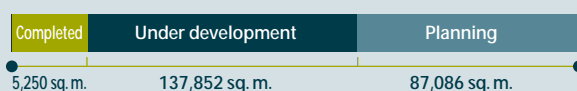
Total: 262,500 sq. m.

**15. Huayuan Residential Area Development Sub-area 4 and 8**

NWCL's Attributable Interest	The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.	
Form of Investment	CJV Tianjin New World Housing Development Co., Ltd.	
Status	Sub-area 8 completed Sub-area 4 under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Fixed Return Joint Venture	
Site Area	Sub-area 4	101,320 sq. m.
	Sub-area 8	200,541 sq. m.
Development Information	Sub-area 4 GFA	124,900 sq. m.
	Sub-area 8 GFA	105,288 sq. m.

**Development Status**

Total: 230,188 sq. m.

**16. Xin Chun Hua Yuan Development – Lot 603 & Bajiefang**

NWCL's Attributable Interest	The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.	
Form of Investment	CJV Tianjin New World Housing Development Co., Ltd.	
Status	Construction work for residential portion of Phase I completed Pre-construction work of Phase II in progress	
Payback Priority to NWCL	Yes	
Accounting Classification	Fixed Return Joint Venture	
Site Area	72,800 sq. m.	
Development Information	Phase I:	
	Residential	18,993 sq. m.
	Commercial	18,247 sq. m.
	Sub-total	37,240 sq. m.
	Phase II:	
	Low-rise residential	53,004 sq. m.
	High-rise residential	8,199 sq. m.
	Apartment	40,204 sq. m.
	Reprovisional houses	23,190 sq. m.
	Commercial	6,050 sq. m.
	Sub-total	130,647 sq. m.
	Total	167,887 sq. m.

**Development Status**

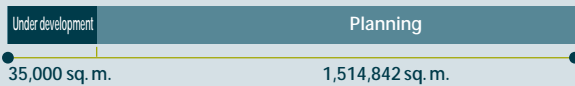
Total: 167,887 sq. m.



### 17. Nanshi Development

NWCL's Attributable Interest	Tianjin New World Properties Development Co., Ltd.: 70%; Tianjin New World Housing Development Co., Ltd.: The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.
Form of Investment	CJV Tianjin New World Properties Development Co., Ltd. Tianjin New World Housing Development Co., Ltd.
Status	Demolition and resettlement work in progress
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity/ Fixed Return Joint Venture
Site Area	Tianjin New World Properties Development Co., Ltd. 347,498 sq. m. Tianjin New World Housing Development Co., Ltd. 72,711 sq. m.
Development Information	Residential 1,087,692 sq. m. Commercial 409,354 sq. m. Others 52,796 sq. m. Total 1,549,842 sq. m.

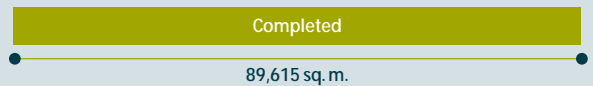
**Development Status** Total: 1,549,842 sq. m.



### 18. Shijiazhuang New World Plaza

NWCL Attributable Interest	55%
Form of Investment	EJV Shijiazhuang New World Industry Co., Ltd.
Status	Completed
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	90,602 sq. m.
Development Information	Commercial 38,054 sq. m. Hotel 6,750 sq. m. Others 44,811 sq. m. Total 89,615 sq. m.

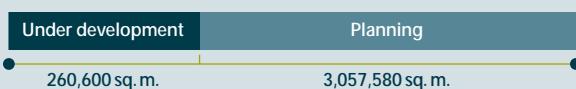
**Development Status** Total: 89,615 sq. m.



### 19. Shenyang New World Garden

NWCL's Attributable Interest	90%
Form of Investment	CJV New World (Shenyang) Property Development Limited New World (Shenyang) Property Development No. 2 Limited New World (Shenyang) Property Development No. 3 Limited New World (Shenyang) Property Development No. 4 Limited New World (Shenyang) Property Development No. 5 Limited New World (Shenyang) Property Development No. 6 Limited
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Subsidiary
Site Area	1,959,300 sq. m.
Development Information	Low-rise residential 1,747,670 sq. m. High-rise residential 444,180 sq. m. Townhouses 38,120 sq. m. Commercial 122,080 sq. m. Market 7,140 sq. m. Ancillary facilities 377,150 sq. m. Clubhouse 6,000 sq. m. Carparking 456,280 sq. m. Non-salable ancillary facilities 119,560 sq. m. Total 3,318,180 sq. m.

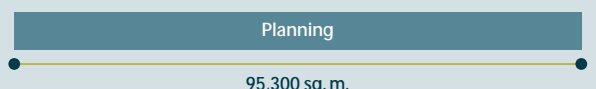
**Development Status** Total: 3,318,180 sq. m.



### 20. Taiyuan Street Development

NWCL Attributable Interest	N/A
Form of Investment	In respect of such project, the Group has entered into a joint venture contract with the relevant joint venture partner but such contract has not yet been validated by approval of the appropriate authorities and a joint venture company for the purpose of developing this project has not been formed.
Status	Planning
Payback Priority to NWCL	No
Accounting Classification	Deposit for proposed joint venture
Site Area	7,293 sq. m.
Development Information	Residential 22,800 sq. m. Office 37,700 sq. m. Commercial 34,800 sq. m. Total 95,300 sq. m.

**Development Status** Total: 95,300 sq. m.



### 21. New World Courtyard, Shenyang

NWCL Attributable Interest	70%
Form of Investment	EJV Shenyang New World Lumingchun Building Co., Ltd.
Status	In operation
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	7,847 sq. m.
Development Information	Grade 4-star Guest room 263 Total GFA 32,200 sq. m.

Development Status Total: 32,200 sq. m.



### 22. Dalian New World Plaza

NWCL Attributable Interest	88%
Form of Investment	EJV Dalian New World Plaza International Co., Ltd.
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Subsidiary
Site Area	9,800 sq. m.
Development Information	Office/service apartment 83,982 sq. m. Retail 53,785 sq. m. Total 137,767 sq. m.

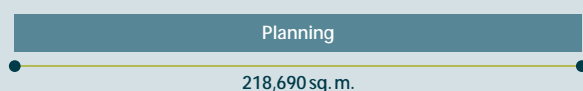
Development Status Total: 137,767 sq. m.



### 23. Dalian Bonde Tak International Finance Centre

NWCL Attributable Interest	30%
Form of Investment	WFE Dalian Bonde Tak International Finance Centre Co., Ltd.
Status	Under construction
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	16,600 sq. m.
Development Information	Residential 22,440 sq. m. Commercial 196,250 sq. m. Total 218,690 sq. m.

Development Status Total: 218,690 sq. m.



### 24. Regent Place

NWCL Attributable Interest	30%
Form of Investment	EJV Shanghai Jianmei Property Development Co., Ltd.
Status	Completed
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	5,496 sq. m.
Development Information	Residential 22,996 sq. m. Commercial 4,030 sq. m. Ancillary facilities 706 sq. m. Total 27,732 sq. m.

Development Status Total: 27,732 sq. m.



25. Shanghai Zhongshan Square	
NWCL's Attributable Interest	34.2%
Form of Investment	CJV Shanghai Trio Property Development Co., Ltd.
Status	Phase I Completed Phase II To be developed
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	Phase I 17,201 sq. m. Phase II 16,171 sq. m.
Development Information	Phase I: Residential 76,498 sq. m. Phase II: Office 127,957 sq. m.

**Development Status** Total: 204,455 sq. m.



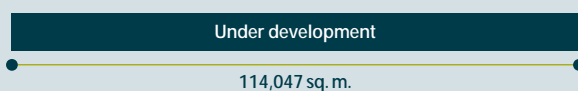
26. Shanghai Sunrise Garden	
NWCL's Attributable Interest	64%
Form of Investment	EJV Shanghai Heyu Properties Co., Ltd.
Status	Phase I Completed Phase II Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Subsidiary
Site Area	Phase I 43,879 sq. m. Phase II 117,716 sq. m.
Development Information	Phase I residential 25,841 sq. m. Phase II residential 67,109 sq. m.

**Development Status** Total: 92,950 sq. m.



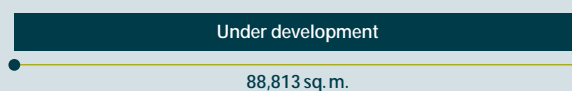
27. Hong Kong New World Tower	
NWCL's Attributable Interest	44.1%
Form of Investment	CJV Shanghai New World Huai Hai Property Development Co., Ltd.
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Associated Company
Site Area	9,953 sq. m.
Development Information	Service apartment 17,953 sq. m. Commercial 22,599 sq. m. Hotel 45,324 sq. m. Office 13,085 sq. m. Ancillary facilities 15,086 sq. m. Total 114,047 sq. m.

**Development Status** Total: 114,047 sq. m.



28. Changning Ramada Square	
NWCL's Attributable Interest	57%
Form of Investment	CJV Shanghai Ramada Plaza Ltd.
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Subsidiary
Site Area	Plot A 4,820 sq. m. Plot B 4,264 sq. m.
Development Information	Residential 33,987 sq. m. Commercial 17,272 sq. m. Hotel 33,177 sq. m. Ancillary facilities 4,377 sq. m. Total 88,813 sq. m.

**Development Status** Total: 88,813 sq. m.



### 29. Zhongshannanyi Road Development

NWCL's Attributable Interest	80%
Form of Investment	EJV Shanghai Ju Yi Real Estate Development Co., Ltd.
Status	Under construction
Payback Priority to NWCL	No
Accounting Classification	Subsidiary
Site Area	32,795 sq. m.
Development Information	Phase I: Residential (domestic) 21,013 sq. m. Commercial/residential (overseas) 21,134 sq. m. Retail (overseas) 4,766 sq. m. Phase II: Residential (domestic) 74,003 sq. m. Phase III: Commercial/residential (overseas) 49,900 sq. m. Retail (overseas) 24,000 sq. m. Total 194,816 sq. m.

#### Development Status

Total: 194,816 sq. m.

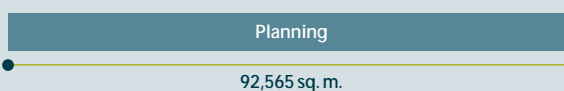


### 30. Mengzi Road Development

NWCL's Attributable Interest	80%
Form of Investment	WFE Fung Seng Real Estate Development (Shanghai) Co., Ltd.
Status	Vacant
Payback Priority to NWCL	No
Accounting Classification	Subsidiary
Site Area	24,684 sq. m.
Development Information	Residential 92,565 sq. m.

#### Development Status

Total: 92,565 sq. m.

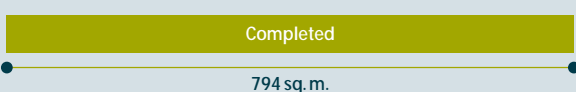


### 31. 1408 Huaihaizhong Road

NWCL's Attributable Interest	80%
Form of Investment	WFE Fung Seng Real Estate Development (Shanghai) Co., Ltd.
Status	Completed
Payback Priority to NWCL	No
Accounting Classification	Subsidiary
Site Area	343 sq. m.
Development Information	Office 794 sq. m.

#### Development Status

Total: 794 sq. m.

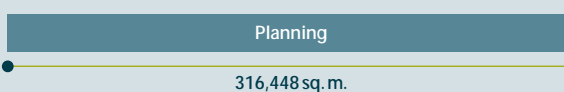


### 32. Wuhan Tazi Lake Residential Development

NWCL's Attributable Interest	50%
Form of Investment	CJV Wuhan Xinhan Development Co., Ltd.
Status	To be developed
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	828,233 sq. m.
Development Information	Residential 308,648 sq. m. Other 7,800 sq. m. Total 316,448 sq. m.

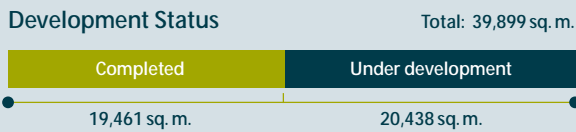
#### Development Status

Total: 316,448 sq. m.



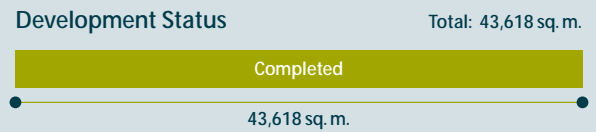
### 33. Wuhan International Trade and Commerce Centre Main & Annex

NWCL's Attributable Interest	95%	
Form of Investment	EJV Wuhan New Eagle Development Company Limited	
Status	Main	Renovation in progress
	Annex	Completed
Payback Priority to NWCL	No	
Accounting Classification	Subsidiary	
Site Area	Main	6,947 sq. m.
	Annex	3,806 sq. m.
Development Information	Main:	
	Retail	20,438 sq. m.
	Annex:	
	E/M	384 sq. m.
	Office	9,423 sq. m.
	Retail	9,654 sq. m.
	Sub-total	19,461 sq. m.
	Total	39,899 sq. m.



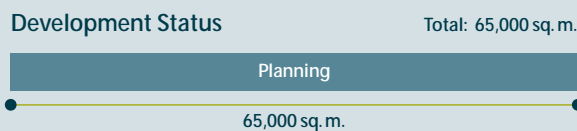
### 34. Golden World Tower

NWCL's Attributable Interest	15%	
Form of Investment	EJV Wuhan Golden World Real-Estate Development Co. Limited	
Status	Completed	
Payback Priority to NWCL	No	
Accounting Classification	Jointly Controlled Entity	
Site Area	3,670 sq. m.	
Development Information	Commercial (retail podium)	10,327 sq. m.
	Commercial/residential	33,291 sq. m.
	Total	43,618 sq. m.



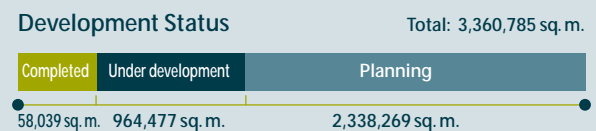
### 35. Wuhan Hotel Redevelopment

NWCL's Attributable Interest	60%	
Form of Investment	CJV Wuhan Wuxin Hotel Co., Ltd.	
Status	Evacuated structure with ancillary buildings	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	9,639 sq. m.	
Development Information	Office/service apartment	17,000 sq. m.
	Retail	30,000 sq. m.
	Hotel	18,000 sq. m.
	Total	65,000 sq. m.



### 36. Wuhan Changqing Garden

NWCL's Attributable Interest	The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.	
Form of Investment	CJV Wuhan New World Housing Development Limited	
Status	Under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Fixed Return Joint Venture	
Site Area	2,311,331 sq. m.	
Development Information	Residential	3,332,565 sq. m.
	Other	28,220 sq. m.
	Total	3,360,785 sq. m.

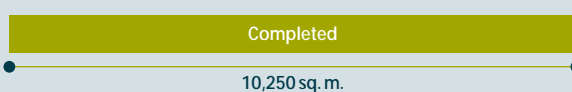




### 37. New World Courtyard, Wuhan

NWCL's Attributable Interest	50%
Form of Investment	CJV Wuhan Taibei and New World Hotel Co., Ltd.
Status	Completed and operating
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	5,201 sq. m.
Development Information	Grade 3 star Guest room 138 Restaurants 3 Total 10,250 sq. m.

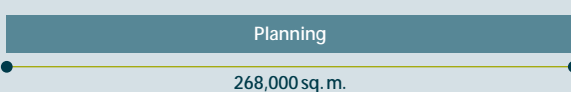
Development Status Total: 10,250 sq. m.



### 38. Wuhan Xinhuxia Road Development

NWCL's Attributable Interest	The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.	
Form of Investment	CJV Wuhan New World Housing Development Limited	
Status	Under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Fixed Return Joint Venture	
Site Area	96,493 sq. m.	
Development Information	Residential	202,500 sq. m.
	Commercial	65,500 sq. m.
	Total	268,000 sq. m.

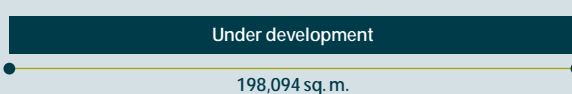
Development Status Total: 268,000 sq. m.



### 39. Nanjing New World Centre

NWCL Attributable Interest	48%
Form of Investment	EJV Nanjing Huawei Real Estate Development Co., Ltd.
Status	Under construction
Payback Priority to NWCL	No
Accounting Classification	Subsidiary
Site Area	11,219 sq. m.
Development Information	Service apartment 120,095 sq. m. Retail 42,703 sq. m. Hotel 35,296 sq. m. Total 198,094 sq. m.

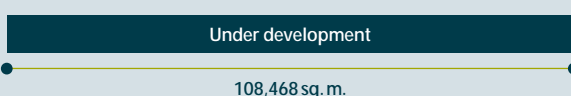
Development Status Total: 198,094 sq. m.



### 40. Hefei New World Garden

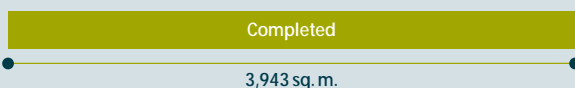
NWCL Attributable Interest	60%
Form of Investment	CJV Hefei New World Housing Development Limited
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	82,660 sq. m.
Development Information	Residential 100,453 sq. m. Commercial 4,800 sq. m. Others 3,215 sq. m. Total 108,468 sq. m.

Development Status Total: 108,468 sq. m.



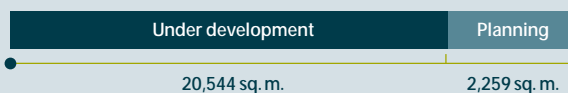
41. New World Riverside Villa Zone 14	
NWCL Attributable Interest	60%
Form of Investment	CJV Guangzhou Fucheng Property Development Co., Ltd.
Status	Completed
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	51,712 sq. m.
Development Information	Residential 3,943 sq. m.

**Development Status** Total: 3,943 sq. m.



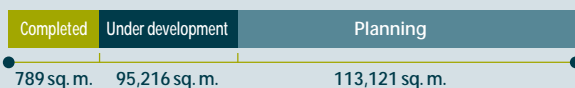
42. New World Casa California Zone 13	
NWCL Attributable Interest	60%
Form of Investment	CJV Guangzhou Fucheng Property Development Co., Ltd.
Status	Under construction
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	18,930 sq. m.
Development Information	Residential 19,846 sq. m. Ancillary facilities 2,957 sq. m. Total 22,803 sq. m.

**Development Status** Total: 22,803 sq. m.



43. New World Eastern Garden	
NWCL Attributable Interest	45%
Form of Investment	CJV Guangzhou Xin Hua Chen Real Estate Co., Ltd.
Status	Under construction
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	61,784 sq. m.
Development Information	Residential 168,350 sq. m. Commercial 29,136 sq. m. Ancillary 11,640 sq. m. Total 209,126 sq. m.

**Development Status** Total: 209,126 sq. m.



44. Tianhe Shipai Lot Nos. 2 & 5 Development	
NWCL Attributable Interest	90%
Form of Investment	CJV Guangzhou Xin Hua Jian Real Estate Co., Ltd.
Status	Vacant
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	96,378 sq. m.
Development Information	Highrise Residential 206,817 sq. m. Office 90,000 sq. m. Commercial 28,230 sq. m. Total 325,047 sq. m.

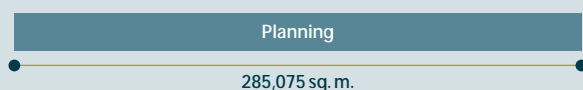
**Development Status** Total: 325,047 sq. m.



**45. Pearl River New Town Zone L**

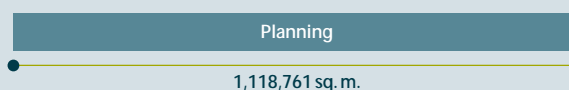
NWCL's Attributable Interest	90.5%
Form of Investment	CJV Guangzhou Xin Yi Development Limited
Status	Vacant
Payback Priority to NWCL	No
Accounting Classification	Subsidiary
Site Area	98,141 sq.m.
Development Information	Residential 274,486 sq. m. Commercial 6,900 sq. m. Ancillary facilities 3,689 sq. m. Total 285,075 sq. m.

**Development Status** Total: 285,075 sq. m.

**46. Fangcun District Nos. 1, 2 and 4 Development**

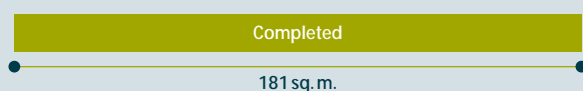
NWCL's Attributable Interest	60%
Form of Investment	CJV Guangzhou Fong Chuen – New World Property Development Limited
Status	Site clearance completed
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	362,701 sq. m.
Development Information	Residential 1,056,973 sq. m. Ancillary facilities 61,788 sq. m. Total 1,118,761 sq. m.

**Development Status** Total: 1,118,761 sq. m.

**47. Fortuna Garden**

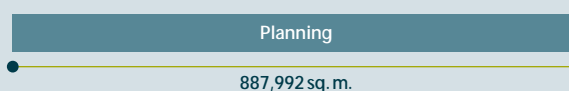
NWCL's Attributable Interest	60%
Form of Investment	CJV Guangzhou Cosmart Estate Development Limited
Status	Completed
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	N/A
Development Information	Residential 181 sq. m.

**Development Status** Total: 181 sq. m.

**48. Jixian Zhuang Commodity Housing Development**

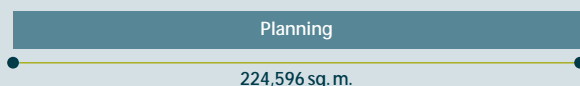
NWCL's Attributable Interest	80%
Form of Investment	CJV Guangzhou Xinsui Tourism Centre Limited
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Subsidiary
Site Area	409,801 sq. m.
Development Information	Residential 795,784 sq. m. Commercial 92,208 sq. m. Total 887,992 sq. m.

**Development Status** Total: 887,992 sq. m.



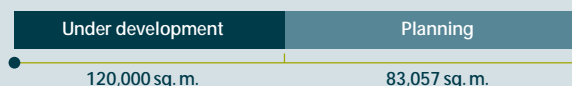
49. Guangzhou Gloria City											
NWCL's Attributable Interest	40.5%										
Form of Investment	CJV Gloria City Development Company Ltd.										
Status	Planning										
Payback Priority to NWCL	No										
Accounting Classification	Jointly Controlled Entity										
Site Area	21,484 sq. m.										
Development Information	<table border="0"> <tr> <td>Residential</td> <td>185,836 sq. m.</td> </tr> <tr> <td>Office</td> <td>4,525 sq. m.</td> </tr> <tr> <td>Commercial</td> <td>30,195 sq. m.</td> </tr> <tr> <td>Others</td> <td>4,040 sq. m.</td> </tr> <tr> <td>Total</td> <td>224,596 sq. m.</td> </tr> </table>	Residential	185,836 sq. m.	Office	4,525 sq. m.	Commercial	30,195 sq. m.	Others	4,040 sq. m.	Total	224,596 sq. m.
Residential	185,836 sq. m.										
Office	4,525 sq. m.										
Commercial	30,195 sq. m.										
Others	4,040 sq. m.										
Total	224,596 sq. m.										

**Development Status** Total: 224,596 sq. m.



50. Fangcao Garden									
NWCL's Attributable Interest	20%								
Form of Investment	CJV Guangzhou Sifang Concord Real Estate Company Limited								
Status	Under development								
Payback Priority to NWCL	No								
Accounting Classification	Jointly Controlled Entity								
Site Area	44,516 sq. m.								
Development Information	<table border="0"> <tr> <td>Residential</td> <td>188,516 sq. m.</td> </tr> <tr> <td>Commercial</td> <td>7,471 sq. m.</td> </tr> <tr> <td>Others</td> <td>7,070 sq. m.</td> </tr> <tr> <td>Total</td> <td>203,057 sq. m.</td> </tr> </table>	Residential	188,516 sq. m.	Commercial	7,471 sq. m.	Others	7,070 sq. m.	Total	203,057 sq. m.
Residential	188,516 sq. m.								
Commercial	7,471 sq. m.								
Others	7,070 sq. m.								
Total	203,057 sq. m.								

**Development Status** Total: 203,057 sq. m.



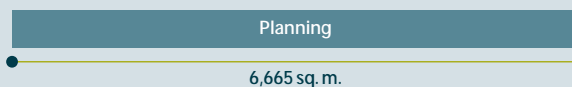
51. Jixian Zhuang Low-cost Housing Development									
NWCL's Attributable Interest	The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.								
Form of Investment	CJV Guangzhou Jixian Zhuang New World City Garden Development Limited								
Status	Under construction								
Payback Priority to NWCL	Yes								
Accounting Classification	Fixed Return Joint Venture								
Site Area	526,485 sq. m.								
Development Information	<table border="0"> <tr> <td>Low-cost residential</td> <td>610,420 sq. m.</td> </tr> <tr> <td>Commodity House</td> <td>110,010 sq. m.</td> </tr> <tr> <td>Ancillary facilities</td> <td>79,470 sq. m.</td> </tr> <tr> <td>Total</td> <td>799,900 sq. m.</td> </tr> </table>	Low-cost residential	610,420 sq. m.	Commodity House	110,010 sq. m.	Ancillary facilities	79,470 sq. m.	Total	799,900 sq. m.
Low-cost residential	610,420 sq. m.								
Commodity House	110,010 sq. m.								
Ancillary facilities	79,470 sq. m.								
Total	799,900 sq. m.								

**Development Status** Total: 799,900 sq. m.



52. Foshan Golf & Country Club									
NWCL's Attributable Interest	<table border="0"> <tr> <td>Residential</td> <td>24.75%</td> </tr> <tr> <td>Golf Course</td> <td>23.37%</td> </tr> </table>	Residential	24.75%	Golf Course	23.37%				
Residential	24.75%								
Golf Course	23.37%								
Form of Investment	CJV Foshan Country Club Co., Ltd. Foshan Country Club Real Estate Development Limited								
Status	<table border="0"> <tr> <td>Residential</td> <td>Under construction</td> </tr> <tr> <td>Golf Course</td> <td>Completed</td> </tr> </table>	Residential	Under construction	Golf Course	Completed				
Residential	Under construction								
Golf Course	Completed								
Payback Priority to NWCL	No								
Accounting Classification	Associated Company								
Site Area	<table border="0"> <tr> <td>Residential</td> <td>17,967 sq. m.</td> </tr> <tr> <td>Golf Course</td> <td>3,000,899 sq. m.</td> </tr> </table>	Residential	17,967 sq. m.	Golf Course	3,000,899 sq. m.				
Residential	17,967 sq. m.								
Golf Course	3,000,899 sq. m.								
Development Information	<table border="0"> <tr> <td>Residential:</td> <td></td> </tr> <tr> <td>Villas Type I</td> <td>4,830 sq. m.</td> </tr> <tr> <td>Villas Type II</td> <td>1,835 sq. m.</td> </tr> <tr> <td>Total</td> <td>6,665 sq. m.</td> </tr> </table>	Residential:		Villas Type I	4,830 sq. m.	Villas Type II	1,835 sq. m.	Total	6,665 sq. m.
Residential:									
Villas Type I	4,830 sq. m.								
Villas Type II	1,835 sq. m.								
Total	6,665 sq. m.								

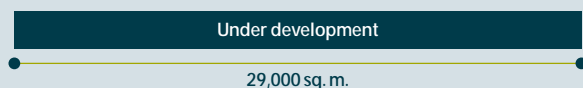
**Development Status** Total: 6,665 sq. m.



**53. Shenzhen Xilihu Development**

NWCL's Attributable Interest	70%	
Form of Investment	CJV Shenzhen Top One Real Estate Development Co., Ltd.	
Status	Under development	
Payback Priority to NWCL	No	
Accounting Classification	Subsidiary	
Site Area	58,121 sq. m.	
Development Information	Villas	16,300 sq. m.
	Low-rise residential	7,500 sq. m.
	Ancillary facilities	5,200 sq. m.
	Total	29,000 sq. m.

**Development Status** Total: 29,000 sq. m.

**54. Shenzhen Shatoujiao Development**

NWCL's Attributable Interest	70%	
Form of Investment	CJV Shenzhen Topping Real Estate Development Co., Ltd.	
Status	Under development	
Payback Priority to NWCL	No	
Accounting Classification	Jointly Controlled Entity	
Site Area	89,350 sq. m.	
Development Information	Villas	7,500 sq. m.
	Duplex	15,300 sq. m.
	Highrise Residential	121,403 sq. m.
	Commercial	2,000 sq. m.
	Ancillary facilities	3,897 sq. m.
	Total	150,100 sq. m.

**Development Status** Total: 150,100 sq. m.

**55. Shunde New World Convention & Exhibition Centre**

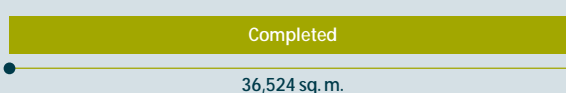
NWCL's Attributable Interest	35%	
Form of Investment	CJV Shunde Shunxing Real Estate Co., Ltd.	
Status	Phase I	Completed
	Phase II	Under construction
Payback Priority to NWCL	No	
Accounting Classification	Associated Company	
Site Area	14,171 sq. m.	
Development Information	Phase I:	
	Residential	15,428 sq. m.
	Commercial	33,254 sq. m.
	Sub-total	48,682 sq. m.
	Phase II:	
	Residential	64,018 sq. m.
	Office	32,524 sq. m.
	Sub-total	96,542 sq. m.
	Total	145,224 sq. m.

**Development Status** Total: 145,224 sq. m.

**56. New World Courtyard, Shunde**

NWCL's Attributable Interest	32.5%	
Form of Investment	CJV Shunde NW Ramada Hotel Limited	
Status	In operation	
Payback Priority to NWCL	No	
Accounting Classification	Associated Company	
Site Area	5,000 sq. m.	
Development Information	Grade	4-star
	Guest rooms	450
	Total GFA	36,524 sq. m.

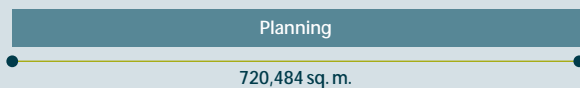
**Development Status** Total: 36,524 sq. m.



57. Shunde Rongqi Riverside Road Development	
NWCL's Attributable Interest	33%
Form of Investment	EJV Shunde Xinshungi Real Estate Co., Ltd.
Status	Planning
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	185,000 sq. m.
Development Information	Residential 551,184 sq. m. Office 25,900 sq. m. Commercial 117,500 sq. m. Hotel 25,900 sq. m. Total 720,484 sq. m.

#### Development Status

Total: 720,484 sq. m.



58. Shunde Tai Fook Garden	
NWCL's Attributable Interest	N/A
Form of Investment	In respect of such project, the Group has entered into a joint venture contract with the relevant joint venture partner but such contract has not yet been validated by approval of the appropriate authorities and a joint venture company for the purpose of developing this project has not been formed.
Status	Planning
Payback Priority to NWCL	No
Accounting Classification	Associated Company
Site Area	10,000 sq. m.
Development Information	To be determined

59. Dongguan New World Garden	
NWCL's Attributable Interest	38%
Form of Investment	CJV Dongguan New World Garden Trade Construction Co., Ltd.
Status	Completed and partially under construction
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	504,563 sq. m.
Development Information	Phase I-V 25,125 sq. m. Remaining phases 927,669 sq. m. Total 952,794 sq. m.

#### Development Status

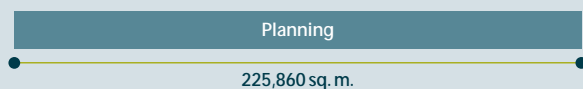
Total: 952,794 sq. m.



60. Huiyang Palm Island Golf Club & Resort	
NWCL's Attributable Interest	26%
Form of Investment	EJV Residential: Fortune Leader Overseas Chinese (Dayawan) Development Limited Golf Course: Fortune Leader Overseas Chinese (Dayawan) Investment Co., Ltd.
Status	Residential To be developed Golf Course Partially completed
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	Residential 255,000 sq. m. Golf Course 1,115,000 sq. m.
Development Information	Residential 225,860 sq. m.

#### Development Status

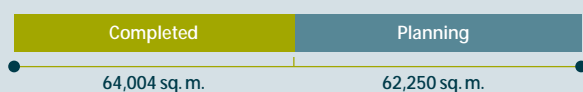
Total: 225,860 sq. m.



### 61. Huizhou Changhuyuan Development

NWCL's Attributable Interest	The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.
Form of Investment	CJV Huizhou New World Housing Development Limited
Status	Completed and partially under construction
Payback Priority to NWCL	Yes
Accounting Classification	Fixed Return Joint Venture
Site Area	57,653 sq. m.
Development Information	Commercial complex 16,569 sq. m. Residential 103,396 sq. m. Ancillary facilities 6,289 sq. m. Total 126,254 sq. m.

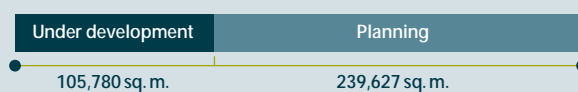
**Development Status** Total: 126,254 sq. m.



### 62. Xintang New World Garden

NWCL's Attributable Interest	The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.
Form of Investment	CJV Guangzhou Heng Sheng Properties Development Limited
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Fixed Return Joint Venture
Site Area	199,931 sq. m.
Development Information	Commodity housing 308,067 sq. m. Commercial 21,997 sq. m. Ancillary facilities 15,343 sq. m. Total 345,407 sq. m.

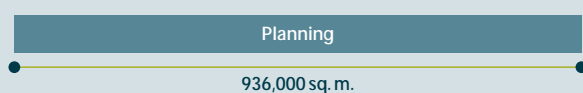
**Development Status** Total: 345,407 sq. m.



### 63. Qingyuan Low-cost Housing Development

NWCL's Attributable Interest	The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.
Form of Investment	CJV Qingyuan New World Housing Development Limited
Status	Vacant site
Payback Priority to NWCL	Yes
Accounting Classification	Fixed Return Joint Venture
Site Area	538,497 sq. m.
Development Information	Residential 936,000 sq. m.

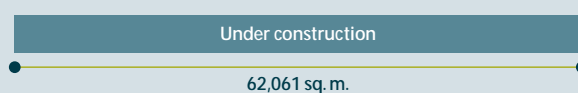
**Development Status** Total: 936,000 sq. m.



### 64. Zhuhai New World Harbour-front Garden

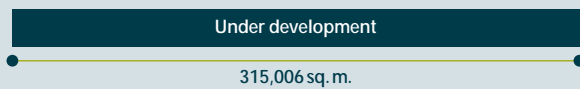
NWCL's Attributable Interest	60%
Form of Investment	CJV Zhuhai New World Housing Development Limited
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	41,004 sq. m.
Development Information	Residential 57,962 sq. m. Others 4,099 sq. m. Total 62,061 sq. m.

**Development Status** Total: 62,061 sq. m.



65. Zhaoqing Lake Development	
NWCL's Attributable Interest	32%
Form of Investment	CJV Zhaoqing New World Property Development Limited
Status	Cultivated land
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	160,367 sq. m.
Development Information	Residential 315,006 sq. m.

**Development Status** Total: 315,006 sq. m.



66. Haikou Low-cost Housing Development	
NWCL's Attributable Interest	The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.
Form of Investment	CJV Haikou New World Housing Development Limited
Status	Vacant site
Payback Priority to NWCL	Yes
Accounting Classification	Fixed Return Joint Venture
Site Area	115,694 sq. m.
Development Information	Residential 290,252 sq. m.

**Development Status** Total: 290,252 sq. m.





# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the shareholders of the Company will be held at Meeting Room 301B, Hong Kong Convention and Exhibition Centre Phase II, 1 Expo Drive, Wanchai, Hong Kong on the 17th day of December 1999 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited proforma combined accounts and the Reports of the Directors and Auditors for the year ended 30 June 1999.
2. To elect Directors and to fix their remuneration.
3. To appoint Auditors and to fix their remuneration.
4. As special business, to consider and if thought fit, pass the following resolutions as ordinary resolutions:

## ORDINARY RESOLUTIONS

(1) **THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by applicable law or the articles of association of the Company to be held; and

- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or legal or practical problems or restrictions under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(2) **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with Cayman Islands law and all applicable laws and/or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or the rules of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares to be repurchased by the Directors of the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by applicable law or the articles of association of the Company to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(3) **THAT:**

conditional upon the passing of Ordinary Resolutions Nos. (1) and (2) as set out in the notice convening this meeting, the general unconditional mandate granted to the Directors of the Company pursuant to Ordinary Resolution No. (1) as set out in the notice convening this meeting be extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the shares repurchased by the Company pursuant to the authority to repurchase shares granted pursuant to Ordinary Resolution No. (2) as set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of this resolution."

5. To transact any other ordinary business.

By Order of the Board

**Chow Yu-chun, Alexander**

*Company Secretary*

Hong Kong, 15th October 1999

*Notes:*

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (who must be individuals) to attend and vote on his behalf. A proxy need not be a member of the Company.
2. To be effective, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the principal office of the Company at 33/F., New World Tower, 18 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. With respect to Ordinary Resolution No. (1) set out in the above notice, approval is being sought from the members as a general mandate for the purpose of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
4. With respect to Ordinary Resolution No. (2), an explanatory statement containing further details regarding the repurchase by the Company of its own shares will be sent to the shareholders together with the Company's 1999 Annual Report.

# Glossary of Terms

## GENERAL TERMS

AGM	Annual General Meeting
BVI	British Virgin Islands
CCR	City Core Redevelopment
Company or NWCL	New World China Land Limited
E/M	Electrical and Mechanical Engineering
FY	Fiscal year, July 1 to June 30
GDP	Gross domestic product
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	Industrial and Commercial Bank of China
IPO	Initial Public Offering
N/A	Not applicable
PBoC	People's Bank of China
PRC or Mainland	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
WTO	World Trade Organisation

### FINANCIAL TERMS

Attributable Operating Profit	Profit attributable to shareholders before head office items
Book Debt	The aggregate of bank loans, other loans, overdrafts, convertible bonds, debentures and finance leases
Debt to Equity Ratio	$\frac{\text{Book Debt}}{\text{Shareholders' funds}}$
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

### TECHNICAL TERMS

CCA(s)	Comprehensive Co-operation Agreement(s)
CJV	Cooperative joint venture
EJV	Equity joint venture
Individual Purchase Ratio of Residential Buildings	$\frac{\text{Residential buildings purchased by individuals in real estate development}}{\text{Floor space of residential buildings actually sold in real estate development}}$
WFE	Wholly foreign-owned enterprise

### MEASUREMENT

Sq.m. or m <sup>2</sup>	Square meter
Sq.ft. or ft <sup>2</sup>	Square feet

# Corporate Information

<b>Chairman:</b>	Dr. Cheng Kar-shun, Henry
<b>Vice-chairman:</b>	Mr. Doo Wai-hoi, William
<b>Executive Directors:</b>	Mr. Cheng Kar-shing, Peter Mr. Leung Chi-kin, Stewart Mr. Chan Kam-ling Mr. Chow Kwai-cheung Mr. Chan Wing-tak, Douglas Mr. Chow Yu-chun, Alexander Mr. So Ngok
<b>Non-executive Directors:</b>	Mr. Fu Sze-shing Mr. Lo Hong-sui Mr. Cheng Wai-chee, Christopher Mr. Tien Pei-chun, James
<b>Company Secretary:</b>	Mr. Chow Yu-chun, Alexander
<b>Auditors:</b>	PricewaterhouseCoopers
<b>Solicitors:</b>	Simmons & Simmons
<b>Principal Bankers:</b>	Hang Seng Bank Limited The Hongkong and Shanghai Banking Corporation Limited Industrial and Commercial Bank of China China Construction Bank
<b>Share Registrars and Transfer Office:</b>	Central Registration Hong Kong Limited 19/F, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
<b>Registered Office:</b>	33/F, New World Tower 18 Queen's Road Central Central, Hong Kong
<b>Stock Code:</b>	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, 33/F, New World Tower, 18 Queen's Road Central, Central, Hong Kong or by telephone (852) 2844-3112, fax (852) 2525-9530 or email [enquiry@nwcl.com.hk](mailto:enquiry@nwcl.com.hk)

Information may also be accessed on the Group's Internet homepage at:  
<http://www.nwcl.com.hk>