

New World China Land 2000 Annual Report

 新世界中國地產有限公司
New World China Land Limited

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New World China Land Limited 2000 Annual Report



 New World China Land Limited

COMMUNICATING WITH YOU

The modern investor demands clear communications. To this end, we are constantly improving ourselves to produce a more user friendly and informative Annual Report. We are firmly committed to sharing with investors, fund managers, bankers, other members of the financial and investment community and the community at large, the progress of our Group, our strategies and initiatives, the commercial challenges we have met and the ethos by which we live and work – ultimately defining what it means to be an investor in New World China Land's vision for the New Millennium.

CORPORATE INFORMATION

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

Vice-chairman: Mr. Doo Wai-hoi, William

Executive Directors: Mr. Cheng Kar-shing, Peter
Mr. Leung Chi-kin, Stewart
Mr. Chan Kam-ling
Mr. Chow Kwai-cheung
Mr. Chow Yu-chun, Alexander
Mr. Chan Wing-tak, Douglas
Mr. So Ngok

Non-executive Directors: Mr. Fu Sze-shing
Dr. Lo Hong-sui
Mr. Cheng Wai-chee, Christopher
Mr. Tien Pei-chun, James

Company Secretary: Mr. Chow Yu-chun, Alexander

Auditors: PricewaterhouseCoopers

Solicitors: Simmons & Simmons

Principal Bankers: Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of East Asia
Industrial and Commercial Bank of China
China Construction Bank

Share Registrars and Transfer Office: Central Registration Hong Kong Limited
19/F, Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

Head Office: 9/F, New World Tower 1, 18 Queen's Road Central
Central, Hong Kong

Stock Code: Hong Kong Stock Exchange 917

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Corporate Communications Department at:

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Information may also be accessed on the Group's Internet
homepage at www.nwcl.com.hk

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FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY

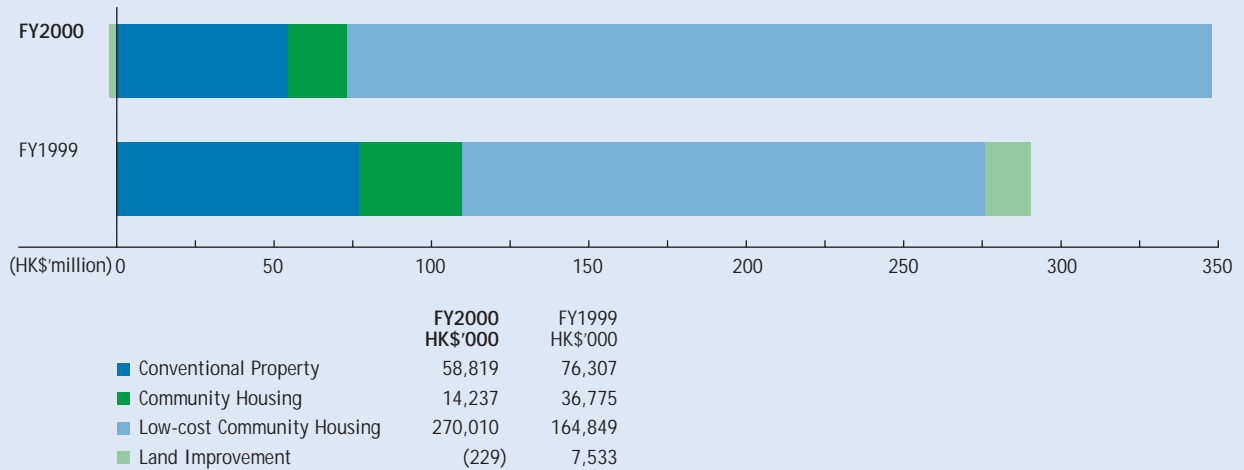
	Year ended 30th June 2000 HK\$'million	Year ended 30th June 1999 HK\$'million
Turnover	607.0	545.1
Profit before taxation	220.5	181.1
Profit attributable to shareholders	203.5	166.3
Total assets	22,049.5	20,207.1
Total liabilities	4,942.4	4,130.4
Shareholders' funds	16,988.5	15,950.5
Net debt to equity ratio	19%	18%
Earnings per share (HK cents)	13.9	12.7

BANK BORROWINGS PROFILE

	Outstanding Amount		Change %
	30th June 2000 HK\$'million Equivalent	30th June 1999 HK\$'million Equivalent	
Renminbi loans	589.2	125.9	368
US Dollar loans	373.4	744.8	(50)
	962.6	870.7	

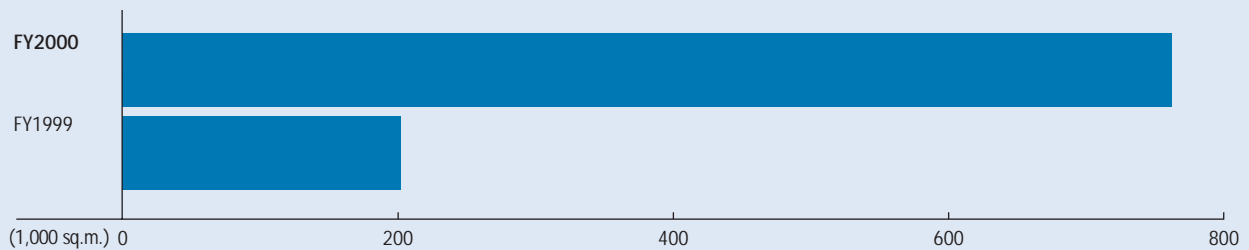
ATTRIBUTABLE OPERATING PROFIT (“AOP”)

AOP increased by 20% to HK\$342.8 million in FY2000



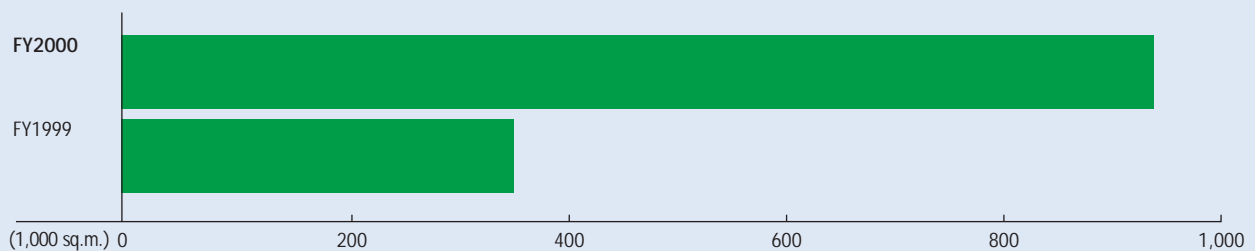
YEAR SALES BY GFA

Year sales increased by 262% in FY2000



YEAR COMPLETION BY GFA

Year completion increased by 150% in FY2000



WE HAVE AMPLE LAND – THE QUICKER WE BUILD, THE HIGHER OUR NAV

For us, China property development is a long-term commitment. It is always our aim to capture attractive opportunities and realize decent returns in the course of helping to develop the country. Our plans were initiated in 1993 and today our land bank totals more than 22.9 million sq.m. in gross floor area.

Our target of accumulating land on favorable terms is now complete. With the China property market continuing to mature and land values appreciating over the last few years, our focus is clear: To realize the asset values of our land bank by accelerating our property development schedule to capture the upturn of the PRC property market. This year our annual completion of residential projects amounted to 942,557 sq.m., of which 80% has been sold. Our earnings for the financial year amounted to HK\$203.5 million, an increase of 22% over last year. Going forward we have a solid plan to build more and sell more.

We see the China property market as an infant market with tremendous growth potential. It is awaiting investors who understand and appreciate its long-term prospects to unlock its value. We are a committed and sizeable player in the market and we have the asset base to deliver growing cash flow and strong returns.

CURRENT STATUS – BUILDING TEAM, BUILDING MOMENTUM, BUILDING UNITS

How did we arrive at this position? Basically, we recognized the potential of the China property market, long before anyone else. This allowed us to establish strong working relationships with authorities at both municipal and national levels to further the idea of well planned, quality residential community housing at affordable prices in key locations. Building a capable and professional team to execute our development plan has been our top priority since our listing last year. We now have a management team, combining both Hong Kong and Mainland professionals. Regional offices have also been established to provide on-site monitoring to oversee the execution of our projects and to build our corporate profile.



PORTFOLIO OF CHOICE – RESIDENTIAL FOCUSED, AFFLUENT REGIONS, CAREFULLY SELECTED SITES

Our land bank is spread equally among the highest growth cities in China. We try to secure big lots of land for comprehensive development. In certain cities our projects dominate the development in a particular district so that we enjoy significant influence over the local property market. This year, our comprehensive developments in Beijing have achieved significant milestones, with Beijing New World Centre Phase II completed. In Wuhan, our development in Changqing Garden has now reached phase IV, with close to 10,000 units occupied. In Guangzhou, Tianjin and Shenyang our developments are being realized and completed. We are moving from vision to reality. Our developments are well-planned, focused on the needs of residents and complemented by retail facilities.

MARKET BOOSTER – HOUSING REFORM, MORTGAGE AVAILABILITY, WTO

The outlook for our portfolio remains positive. Residential housing accounts for 85.3% of New World China Land's GFA. To place the importance of that sector in perspective, we must look at residential property sales across China. In 1998, they rose by 38% and in 1999 by 20%. The impetus for this has been the Government's housing reform policies. The system of allocating state housing or offering subsidized housing to workers in Government agencies and state-owned enterprises is being abolished. In its place, the opportunity to purchase a private home with housing funds and mortgages has been introduced. This has a direct impact on the demand for our mass residential developments.

Across the country, sales of residential buildings now account for 80% of the total sales of commodity housing. In an attempt to further stimulate purchases, commercial mortgage rates have been slashed by more than half from 12% to around 6% over the past two years. So far the development of the mortgage market has been encouraging. More people are now taking mortgages to finance their homes and mortgage volumes arranged are surging rapidly. This again has speeded up sales of our projects. An improving economy and increased consumer optimism is also spurring this growing demand for homeownership. We foresee that China's imminent accession to the World Trade Organization will improve the economy at large and will have a direct impact on the take-up of our higher-end villas and service apartment developments as well as our commercial developments.

Our confidence is further enhanced by the support we are receiving from the banking sector. Our financing in Renminbi bank loans was made possible with local banks easing credit to developers. Since most of our land acquisitions were financed over the last couple years, construction is our major capex in the immediate future. RMB financing allows us not only to tap into the low interest-rate bank loans being offered in China but also to leverage our gearing and improve returns to shareholders.

WHAT DO WE OFFER? QUALITY BUILDINGS, VALUE ADDED SERVICES

As a Hong Kong developer with a long-term commitment to China, we believe that the emphasis on quality is of utmost importance in building our brand equity. From the units we build to property management services, from landscaping to recreation facilities, we have imported our experience from Hong Kong and overseas. We have devised applications and solutions that best suit the local market environment and its challenges. To strengthen the attraction of the units, we have launched marketing initiatives, improved the design of the living environment and placed even greater emphasis on technology, including Cable TV network and an Intelligent Home System.

This strategy of unlocking value in our landbank through building quality homes for families in China is our strategy for increasing shareholder's value. The vast potential of the China property market will be harvested for many years to come.

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 25th October 2000

Is New World China Land in the right place at the right time, as far as China's property market is concerned?

With a healthy degree of foresight, we've placed ourselves in a competitive position in China's property market, particularly in the mass residential sector. We have the largest land bank owned by any foreign property developer at a time when there is a rapidly growing demand of residential units. The land we have available for development is located in the high-growth areas of China, which includes Beijing, Tianjin, Shanghai, Shenyang, Wuhan, Guangzhou and Pearl River Delta.

What degree of recognition does the New World brand hold in China?

The New World name attracts considerable recognition across the country. At central and local Government level we have built strong relationships based on our commitment over many years to bringing quality housing to meet local demand. We have also built strong relationships with leading Mainland banks from which we obtain financing in RMB on favorable terms. Our brand has also attained a high level of recognition among buyers. We deliver quality developments at affordable prices. And these developments clearly show that we understand the demands of our markets. Irrespective of whether a development is designed for the high-end market or for a mass residential community, we put thought into our housing developments. At the end of the day we want it to meet the aspirations of our purchasers. After all, they're the backers of our brand.

Why has China suddenly emerged as a favourable property market?

The thriving property market is driven by China's high rate of economic growth, and the housing and banking reform policies that are being implemented. This growth will be given additional impetus with China's expected accession to the WTO and the further increase in foreign investment that will ensue. With its population growing at an annual rate of 9.5%, predictions are that they will need at least 1.5 billion sq.m. of urban housing and 3.5 billion sq.m. of rural housing by 2005. That is a major requirement. For further analysis of property market growth, turn to our Market Analysis section of this Annual Report.

How is New World China Land organised to optimise business opportunities?

Building a strong local management team together with our executives in Hong Kong, we can quickly adjust our strategies to meet the demands of changing Government policies or market conditions. Our local offices help us analyse information about market conditions, understand local government's community planning and deal with changes to real estate and banking policies in their respective areas.



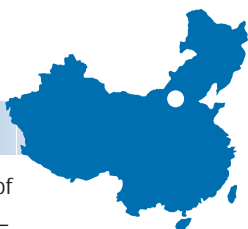
EARTH | 大地



BEIJING

Beijing

Beijing is a city of dramatic growth – economically, socially and demographically. With its population of 12 million people increasing annually at a rate of 11% it is rapidly becoming the economic and cultural focus of China. For more information about Beijing, please refer to page 158.



THE MARKET

Between January and June 2000, investment in Beijing real estate increased by 20.5%. Sales continued to escalate with 2.3 million sq.m. of commodity housing sold during the first half of this year, up 150% on same period of last year. This includes 2.2 million sq.m. of residential housing, a rise of 190% over figures for the same period in 1999. During the first half of this year, individuals purchased 1.88 million sq.m. of residential housing, 350% more than a year ago. Individual buyers looking for well-designed, reasonable quality and safe housing are a major force in the market. On the high end segment of the market, there is an increased pick up in demand for office and residential areas, on the back of increased foreign investments given China's accession to the WTO.

PROPERTY DEVELOPMENT

During the year under review, the Group acquired a new project Beijing Lingal Garden with a total site area of 169,000 sq.m. and a planned GFA of 127,400 sq.m. The Group completed the residential portion of Beijing New World Centre Phase II (Beijing Taihua Plaza) totaling 84,606 sq.m.. Initial launch of the residential area was slow and the Group has revised its marketing strategy during the year. The Group's Beijing Xin Kang Garden (Yizhuang Development) Phase I, totaling 16,776 sq.m., was launched in the beginning of this year and is now 90% sold. The project will be completed at the end of 2000. Beijing New World Garden Phase I and Beijing New View Garden (Beijing Chongwen District Lot No. 5 Development Phase I) will be launched in the market in late 2000 and are scheduled for completion in late 2000 and October 2001 respectively. Their GFA totals 196,423 sq.m. and 65,271 sq.m. respectively.

PROPERTY INVESTMENT

New World Courtyard Hotel, Beijing recorded an occupancy rate of over 80% during the year under review. Office space of 21,299 sq.m. in the North Tower of Beijing New World Centre Phase I is held for long term investment and an occupancy rate of over 90% was achieved by the end of 1999. Meanwhile, the shopping mall of Beijing New World Centre Phase I achieved close to full occupancy.



BEIJING

In view of the increased demand of quality apartments in Beijing, the Group has furnished one residential block of Beijing Taihua Plaza as service apartments and retained it for rental. Leasing progress of the 38,730 sq.m. New World Centre Phase II shopping mall started in the beginning of this year and has now achieved 100% occupancy. The sales and leasing of the office space have just started recently.

OUTLOOK

The majority of our projects in Beijing are located in Chongwen District, one of the four central districts in Beijing. The expansion of the nearby "Guangqumennei Street" into a thoroughfare alongside the renowned Changan Avenue will improve traffic volume in Chongwen District and raise the property value of our projects in the area.

With China's accession to the WTO now imminent and Beijing as the country's capital, we expect an increasing number of overseas companies to establish offices in the city. The demand for quality offices and residential spaces from foreign companies is set to rise. This will have a direct impact on our higher end projects of Beijing New World Centre Phase I and II and villa developments of Lai Loi Garden and Lingal Garden.

Beijing residents' income levels will continue to increase as the overall economy improves, raising their ability to purchase housing units. This will have a positive impact on our mass residential projects such as Beijing New World Garden Phase I, Beijing New View Garden and Beijing Xin Kang Garden.

Beijing
New World Centre
Phase I



Beijing
New World Centre
Phase II

TIANJIN

THE MARKET

Housing reform policies over the past two years produced record sales in residential properties for the first half of 2000 in Tianjin. A total of 3.36 million sq.m. in commodity housing was sold, 142% more than the same period in 1999. Sales were valued at RMB 7.69 billion, a rise of 155%. Staff quarters or secondary market transactions accounted for about 23.7% GFA and 9.9% in monetary terms. The rest of the sales are primary sales. Individual housing purchases have been rising steadily with the increase in mortgage transactions.

PROPERTY DEVELOPMENT

Huayuan Residential Area Development Sub Area 4 is a low cost community housing development with a GFA of 131,537 sq.m.. It was completed during the year and the sale has progressed satisfactorily over the past year with over 80% sold. The residential complex of Tianjin Xin An Garden Phase I was completed during the year and sales have been slow so far. The management has recruited a new marketing team for the project and revised its marketing strategy, hoping to achieve better sales results. Phase II of Xin Chun Hua Yuan Development which comprises 34,635 sq.m. of residential area is under construction and will be launched in the market shortly. The Group's Nanshi Development comprises 1,087,692 sq.m. of residential area and 409,354 sq.m. of retail area. Phase I of the residential development which comprises 35,000 sq.m. has started construction and will be completed in second half of 2001.

PROPERTY INVESTMENT

Tianjin New World Anderson Centre – a shopping mall / office tower composite development – has been developed mainly for lease. At the end of the current financial year, occupancy rates were 95 % in the shopping mall and 88% in the office tower. Phase I of Tianjin Yu Chang Shopping Mall (Tianjin Dahutung Development) located in one of the Tianjin's busiest commercial areas along the bank of Hai River, was completed in January 2000. It commenced operations in April 2000 and its shopping mall with a GFA of 12,000 sq.m. is fully leased. Phase II of 22,000 sq.m. is under construction and was scheduled for completion in late 2000. For the Group's developments in Hua Yuan Residential Area, we are now





PEOPLE | 人民



TIANJIN

constructing Hua Yuan Shopping Centre which has a total GFA of 14,350 sq.m.. Scheduled to open early next year, the shopping mall will provide convenient shopping facilities for the residents of the Group's developments in that area.

OUTLOOK

Unlike the past couple years, individual housing purchases will become the major force for housing purchases. Sales of our mass residential housing projects are dependent on the increase in the provision of mortgages from the banking sector, continuation of the housing reform program, the increase in Housing Provident Fund and improvement of the Tianjin economy.

Our investment properties are mostly targeted to serve Tianjin residents and therefore are positioned in the medium to low end. Rental income is expected to rise with the Group completing more shopping facilities.



Tianjin
Xin An Garden



Tianjin
New World
Anderson Centre



SHENYANG

Shenyang

Shenyang is the provincial capital of Liaoning Province. With a population of more than 6 million people and it is a major industrial city and transportation hub for northern China. For more information about Shenyang, please refer to page 162.



THE MARKET

According to the Shenyang Statistics Bureau, the sales turnover of residential properties was about RMB 1.46 billion or 530,000 sq.m. for the first seven months of the year, up 93.8% and 64.6% respectively compared to the same period in 1999. Individual buyers accounted for 92% of the total sales. These strong sales are due to the acceleration of housing policies in the region and aggressive housing mortgage lending policies. By June 2000, housing mortgage loans granted to individual buyers reached RMB 8.99 billion which is 3.98 billion more than the figure that stood at the beginning of the year.

PROPERTY DEVELOPMENT

Shenyang New World Garden is located along the northern border of Hun River, southern part of Shenyang city. The large site area of 1,959,300 sq.m. allows us to develop a self-contained residential community with club houses, shopping arcades, larger pieces of greenery landscape along the river and other facilities. The project targets at the middle-to-upper class buyers of Shenyang residents with competitive pricing and high quality of property management services.

Phase I of Shenyang New World Garden which comprises a GFA of 391,196 sq.m. has received satisfactory market responses. In May 2000, we launched 272 units of Phase I for pre-sale and received a satisfactory response. As at the end of June 2000, 242 units were sold out. The remaining 680 units of Phase I will be offered for sale in the second half of 2000. Planning for Phase II and Phase III are underway and construction is expected to start in early 2001.

PROPERTY INVESTMENT

New World Courtyard Hotel, Shenyang continues to record a satisfactory occupancy rate. For the first eight months, the average occupancy rate reached 76.1%. The hotel is also presented the “Best Hotel Award” by Liaoning Tourism Bureau in 1999.

OUTLOOK

In view of the improving market conditions of Shenyang and the successful result on the first launch, we expect the prospects of our Shenyang New World Garden to be satisfactory.

Operations of New World Courtyard Hotel, Shenyang continue to contribute steady income in the following year given its established presence in the city.



Shenyang
New World Garden

SHANGHAI

THE MARKET

For the first half of 2000, year-on-year economic growth in Shanghai increased by 10.3%. This has resulted in an increase in consumer spending and a pick up in residential property sales. Residential vacancy rates dropped 13% in the first half of 2000 and sale prices showed first signs of stabilising. The usage of end user mortgage for housing purchase is one of the highest among Chinese cities.


PROPERTY DEVELOPMENT

Our two residential development projects, Shanghai Zhongshan Square Phase I and Regent Place, are almost sold out as at the end of FY2000 despite competitive market condition.

The construction work of Zhongshannanyi Road Development Phase I has reached the final stage and is expected to complete at the end of 2000. This project comprises 21,013 sq.m. of residential area and 21,134 sq.m. of office space.

Shanghai

Shanghai with its population of 13 million, is the commercial and financial centre of China. An increasing number of overseas companies and industries are continuing to move into the city. For more information about Shanghai, please refer to page 164.



HOME | 居所



紅梅招紫燕

春
能
運



SHANGHAI

PROPERTY INVESTMENT

Changning Ramada Square is also entering the final stage of construction and completion is expected to be in early 2001. It comprises 34,927 sq.m. of service apartments, 17,272 sq.m. of commercial space and 46,102 sq.m. of hotel area with 500 guestrooms.

Completion of the initial phase of Hong Kong New World Tower comprising 16,000 sq.m. of commercial space is expected to be in FY2001. The rest with 9,000 sq.m. of office space, 13,800 sq.m. of service apartments and 58,000 sq.m. of hotel area will be completed in FY2002.

OUTLOOK

Increasing demand has helped to stabilize the price and will raise the price of residential housing slightly in prime locations. With the imminent accession to the WTO, Shanghai being a financial and industrial centre should be able to attract more direct foreign investments and business commuters than any other cities in China. Our Changning Ramada Square and Hong Kong New World Tower developments in the next couple of years will be able to capture the rise of demand in the hotel, office and high end residential markets directly.



Changning
Ramada Square



Hong Kong
New World Tower



W U H A N

Wuhan

Wuhan is the transportation, trading and commercial hub of Central China. With a population of over 7.5 million people, it has been growing at an annual rate of 4.6% over the last six years. For more information about Wuhan, please refer to page 166.



THE MARKET

As a result of housing reform policies, local government has been encouraging people to buy their own apartments. Local banks have been relaxing mortgage credits for end users to further boost home ownership. Residential prices have shown slight increases for commodity housing. Sales of commodity housing also showed steady increases over the previous year.

PROPERTY DEVELOPMENT

During the year, the Group completed a total GFA of 454,164 sq.m. for the second phase of Wuhan Changqing Garden. A total GFA of 367,341 sq.m. was sold, with the average unit price rising 12% over the previous year's phase. The third phase development of Wuhan Changqing Garden, with a total GFA of 279,650 sq.m. will be launched for sale next year. The construction of Wuhan Tazi Lake Development Phase I will start before the end of 2000. Phase I comprises 48 villa units with GFA of 12,186 sq.m. and 196 residential units with GFA of 25,558 sq.m.. Construction is scheduled to be completed in December 2001. Pre-sales will begin in early 2001.

PROPERTY INVESTMENT

Annex building of Wuhan International Trade & Commerce Centre continued to enjoy high occupancy. Main building of Wuhan International Trade & Commerce Centre commenced operation in September this year, receiving favorable response from the market. New World Courtyard, Wuhan continued to enjoy a satisfactory occupancy rate of over 65%.

OUTLOOK

The Group expects an improving sales record for its Changqing Garden over the coming year as a result of the city's high economic growth and the move by local commercial banks to increase mortgage loans to our customers. Because of its strategic location, the city will sustain a high rate of economic growth. This, coupled with the associated increase in disposable income within the region, will directly benefit the Group's retail and hotel operations.



Wuhan
Changqing
Garden



Annex building of
Wuhan International
Trade & Commerce Centre





FAMILY | 家庭

GUANGZHOU

Guangzhou

With a population of 6.7 million people, Guangzhou is the metropolitan and commercial hub of southern China and the fastest growing city within the country, it is ranked only behind Beijing and Shanghai in terms of production output. For more information about Guangzhou, please refer to page 168.



THE MARKET

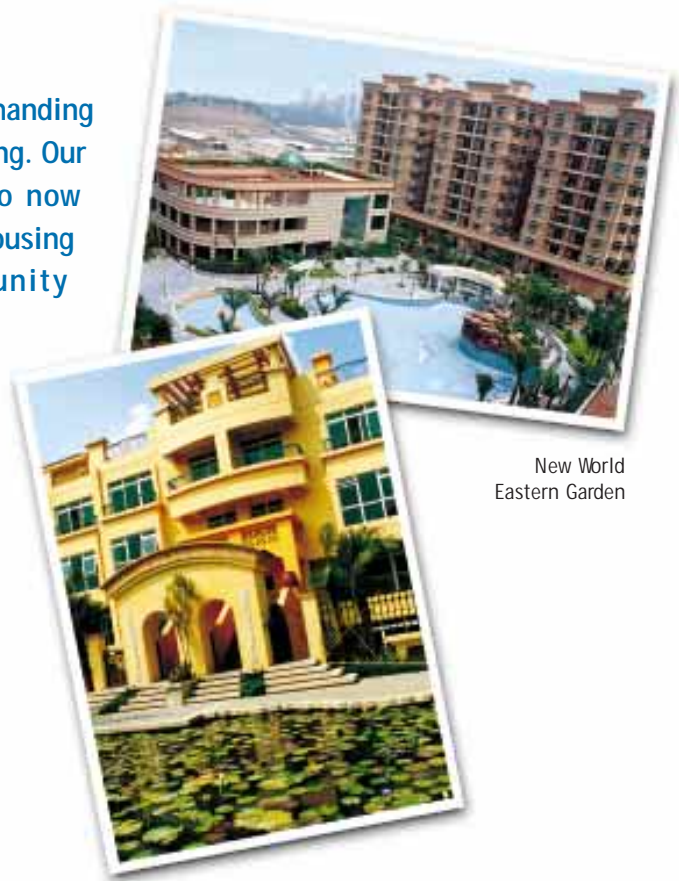
Housing reform policies, tax concessions and the standardisation of property transaction procedures have been key factors that have boosted the confidence of individual owners and investors in the commodity housing market in Guangzhou. In the first half of 2000, Guangzhou achieved record sales of 2.63 million sq.m. of commodity housing. Land auctions in January and June both achieved higher than expected prices, indicating that developers have strong confidence in the future of the property market. Notably, the sales turnover in the secondary market soared by 95.6% in the first half of 2000, compared with the same period in 1999. This indicates that more people are replacing existing older houses with new and better quality homes. The growth in real estate development in the first half of 2000 is the result of Guangzhou's fast economic development.

PROPERTY DEVELOPMENT

Phase I of Jixian Zhuang Low-cost Housing Development which has a GFA of 186,996 sq.m. was completed and sold in November 1999. Phase II with a GFA of 43,571 sq.m. will be completed in January 2001. The construction of New World Eastern Garden Phase II is expected to be completed in April next year. Sales of the project have been picking up since its launch in July. Phase II of Guangzhou Fangcao Garden, Guangzhou New World Casa California and Fangcun District No.2 Development are currently under construction and will be launched to the market in FY2001.

OUTLOOK

As disposable income increases, people are demanding a better environment and higher quality housing. Our analysis shows that individual buyers, who now account for more than 70% of all commodity housing transactions, favor property with community facilities and amenities in prime locations with quality living and environmental ambience and reliable and reputable property management. They are also looking for properties built by well known developers. Our property development projects in the region have achieved brand status and are well positioned to meet these demands.



New World
Eastern Garden

New World Casa California



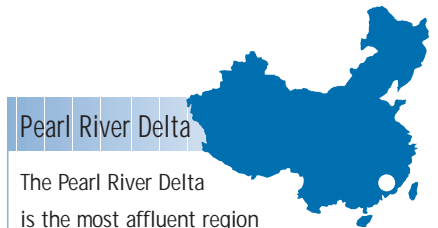
PEARL RIVER DELTA

THE MARKET

Recent Hong Kong Government surveys estimate that more than 620,000 people regularly commute between Hong Kong and China. Government statistics also show that already more than 51,000 Hong Kong people live across the SAR's border in China and more than 41,000 Hong Kong people have bought homes there. Within the Pearl River Delta, Shenzhen in particular has long been a popular resort area for Hong Kong residents to visit at weekends and on long holidays. According to a market survey, about 370,000 people intend to buy home in Shenzhen over next two years to use on retirement or for investment. Other areas in Guangdong Province are also attracting a reasonable amount of Hong Kong people to buy properties as leisure home. Local consumption is also strong given the high per capita income in the region.

PROPERTY DEVELOPMENT

During the year, Phase 1 to 8 of Dongguan New World Garden was completed. The project had 228,178 sq.m. and is now 93% sold. We completed Phase Ia of Xintang New World Garden which has a GFA of 23,280 sq.m.. A total of 248 units were launched for sale in May 1999. By June 2000, 193 units had been sold. This market response encouraged us to begin construction of Phase Ib with a GFA of 28,150 sq.m. and should be completed in December 2000. The expected completion of the Guangyuan Express Highway will shorten the travelling time between Guangzhou and Xintang, attracting Guangzhou residents to the quality housing and pleasant living environment offered by this development. The sale of units in our Huizhou Changhuyuan Development has been slower than we anticipated. This is due to keen competition from nearby projects and the high mortgage rate and stagnant property market condition in 1998. The completion of a public bus terminal and the opening of four bus routes between the site and major urban areas will improve sales over next few years. Clubhouse facilities, which are due for completion next year, will be a further boost to the project. Zhuhai New World Harbourfront Garden is located at the heart of Sanzao District in Zhuhai. It has a total site area of 42,104 sq.m. and will comprise low-cost community housing and a commercial complex. Phase I construction work is scheduled to be completed by late 2000.



Pearl River Delta

The Pearl River Delta is the most affluent region in China covering cities such as Shenzhen, Dongguan, Zhuhai and Shunde. The area has made extraordinary economic gains over the past two decades, developing a symbiotic relationship with Macau and Hong Kong through a multi-modal transportation network. For more information about Pearl River Delta, please refer to page 170.



LIFE | 生活



PEARL RIVER DELTA

OUTLOOK

With the migration of Hong Kong's once-thriving light industrial manufacturing industries to the delta region since 1980s and the aging of Hong Kong baby-boomer seeking quality homes at a lower price for retirement in the region. We expect potential demand for housing in the region will be huge in the coming years. This is why our development schedule will increase from last year's 45,653 sq.m. to 114,397 sq.m. in FY2001 and 404,368 sq.m. in FY2002. Local consumption is also set to increase in tandem with improvement in economic conditions in the region.



Huizhou
Changhuyuan
Development



Xintang
New World Garden

OTHER REGIONS

HEFEI

The pre-sale of Hefei New World Garden Phase I, which has a GFA of 79,977 sq.m., was launched in September 1999. As of June 2000, 223 units with a GFA of 25,141 sq.m. had been sold. The project joint venture company has successfully arranged improved mortgage terms with Construction Bank of China to increase the mortgage loan ceiling to 80% of the property value from the original 70% threshold and with a maximum term of 30 years.

JINAN

The Jinan Sunshine Garden is a newly acquired project located at Daode Street, Huaijin District, Jinan City and will be developed in two phases providing a total GFA of 232,309 sq.m. and 1,590 residential units. Construction of Phase I, which contains 344 residential units and GFA of 50,113 sq.m., will commence in October 2000 and is scheduled to be completed in December 2001.

OUTLOOK

To strengthen our sales program, we have launched new marketing initiatives, improved the design of the living environment and placed a renewed emphasis on technology, including Cable TV network and an Intelligent Home System.

Hefei & Jinan

We have continued to diversify our developments in other areas of China using the land bank we have accumulated over the past 10 years. These developments are primarily mass community housing.



Hefei
New World Garden



OVERVIEW

	FY2000 HK\$'000	FY1999 HK\$'000
Turnover	607,031	545,076
Profit before taxation	220,537	181,136
Profit attributable to shareholders	203,529	166,319
Earnings per share	13.9 cents	12.7 cents

FY2000 has been a year of steady growth for New World China Land. The decade of planning and investment that has gone into the development of its large land bank across China is now starting to pay off. Sites are being developed, houses built and residential units sold in key areas at an increasing rate. The changing political and economic situation in China has produced immeasurable benefits as people move towards recognizing and realizing home ownership ambitions. We are in the right place and at the right time with land and housing ready to meet the demands across the socio-economic spectrum.

Turnover during FY2000 reached HK\$607 million, an increase of 11.4% over the previous year's figure. The increase is largely attributable to the increase in sale of conventional and low-cost community housing units and the improved performance of our investment properties. Although sale of community housing units dropped, low-cost community housing sales increased substantially. Profit before taxation rose to HK\$220.5 million, up 21.8% on the previous year's figure. Profit attributable to shareholders increased by 22.4% and earnings per share rose by 9.4%. The increase in profit attributable to shareholders is the combined result of 20.1% increase in AOP and 16.9% increase in head office items.

ANALYSIS OF AOP BY PROJECT TYPE			
	FY2000 HK\$'000	FY1999 HK\$'000	Change %
Conventional property projects	58,819	76,307	(22.9)
Community housing projects	14,237	36,775	(61.3)
Low-cost community housing projects	270,010	164,849	63.8
Land improvement project	(229)	7,533	(103.0)
Attributable operating profit	342,837	285,464	20.1
Head office items	(139,308)	(119,145)	(16.9)
Profit attributable to shareholders	203,529	166,319	22.4

CONVENTIONAL PROPERTY

ANALYSIS OF AOP			
	FY2000 HK\$'million	FY1999 HK\$'million	Change %
Operating profit	203.7	405.0	(49.7)
Share of results of associated companies and jointly controlled entities	(137.1)	(327.5)	58.1
Taxation	(2.0)	(3.2)	37.5
Minority interests	(5.8)	2.0	(390.0)
	58.8	76.3	(22.9)

GEOGRAPHICAL DISTRIBUTION		
	FY2000 HK\$'million	FY1999 HK\$'million
Beijing	(25.3)	9.6
Guangzhou	1.5	94.4
Tianjin	114.5	37.6
Wuhan	48.9	26.5
Shenyang	(15.8)	(9.0)
Shanghai	(62.2)	(77.8)
Others	(2.8)	(5.0)
	58.8	76.3

AOP of conventional properties projects dropped 22.9% to HK\$58.8 million. The 1999 figures however included HK\$105 million gain through the disposal of investments in Baiyun Garden in Guangzhou and Spring Fountain Tower in Wuhan. By excluding these non-recurrent gains, the attributable operating profit for existing conventional properties actually rose HK\$88 million.

The promising increase in AOP of this sector is based on the strong performance of investment properties of Wuhan International Trade and Commerce Centre and the Tianjin New World Anderson Centre. These properties contributed over HK\$84 million to the increment of AOP. This rise in AOP is however mitigated by drop in AOP contributed from Beijing New World Centre Phase I. The high operating costs and an increase in borrowing costs affected profits from our operations at the Beijing New World Centre Phase I.

Apart from the rental operating performance, the completion in FY2000 of various projects contributed slight increase in AOP of conventional properties. The sale of apartment units in Beijing New World Centre Phase II contributed HK\$17 million.

COMMUNITY HOUSING

ANALYSIS OF AOP			
	FY2000 HK\$'million	FY1999 HK\$'million	Change %
Operating profit	1.2	14.2	(91.5)
Share of results of associated companies and jointly controlled entities	22.2	32.5	(31.7)
Taxation	(9.6)	(10.5)	8.6
Minority interests	0.4	0.6	(33.3)
	14.2	36.8	(61.4)

GEOGRAPHICAL DISTRIBUTION		
	FY2000 HK\$'million	FY1999 HK\$'million
Beijing	(5.9)	(1.2)
Guangzhou	(7.6)	11.1
Shenyang	(0.8)	(1.4)
Shanghai	1.6	(4.3)
Pearl River Delta	26.9	32.6
	14.2	36.8

In the community housing sector, our attributable operating profit dropped 61.4% to HK\$14.2 million with decrease in completion of community housing projects during the current year. We are in fact in the construction cycle of many of our community housing projects. While we launched the Guangzhou New World Eastern Garden Phase I during the previous financial year, few major sales were recorded this year. Dongguan New World Garden was the main income contributor in this respect. Over the past financial year, we have consolidated our property bank for community housing projects. This places us in an ideal position to capture new demand, especially in Shenyang and Guangzhou, over the coming financial year. Projects to be completed in FY2001 include Shenyang New World Garden Phase I, Guangzhou New World Eastern Garden Phase II, Beijing Xin Kang Garden (Yizhuang Development) Phase I and Shenzhen New World Yi Shan Garden (Shenzhen Shatoujiao Development).

LOW-COST COMMUNITY HOUSING

ANALYSIS OF AOP			
	FY2000 HK\$'million	FY1999 HK\$'million	Change %
Operating profit	275.6	164.8	67.2
Share of results of associated companies and jointly controlled entities	(5.6)	–	N/A
Taxation	–	–	N/A
Minority interests	–	–	N/A
	270.0	164.8	63.8

GEOGRAPHICAL DISTRIBUTION		
	FY2000 HK\$'million	FY1999 HK\$'million
Wuhan	122.8	63.1
Guangzhou	71.0	17.7
Tianjin	80.0	59.0
Pearl River Delta & others	(3.8)	25.0
	270.0	164.8

Low-cost community housing projects however recorded remarkable growth during FY2000. It achieved an attributable operating profit of HK\$270 million, an increase of 64% over the previous financial year. We succeeded in accelerating the development of housing projects in this sector during the year and completed four projects with a total GFA of approximately 796,000 sq.m. compared with two projects with 97,000 sq.m. GFA in the previous year. Our main focus was in Wuhan where a unique “brand-name effect” of our Group’s housing units has been well established.

LAND IMPROVEMENT PROJECT

ANALYSIS OF AOP			
	FY2000 HK\$'million	FY1999 HK\$'million	Change %
Operating profit	–	–	N/A
Share of results of associated companies and jointly controlled entities	(0.2)	11.3	(101.8)
Taxation	–	(3.8)	100.0
Minority interests	–	–	N/A
	(0.2)	7.5	(102.7)

GEOGRAPHICAL DISTRIBUTION		
	FY2000 HK\$'million	FY1999 HK\$'million
Wuhan	(0.2)	7.5

By placing renewed emphasis on both community and low-cost community housing, we have reduced our activity in the land improvement work at Wujiashan Economic Development Region of Wuhan.

HEAD OFFICE ITEMS			
	FY2000 HK\$'million	FY1999 HK\$'million	Change %
Interest income	29.2	15.1	93.4
General and administrative expenses	(28.6)	(16.3)	(75.5)
Staff costs	(71.3)	(35.7)	(99.7)
Rental for leased premises	(5.8)	(5.3)	(9.4)
Guarantee fees paid to ultimate holding company	(12.9)	(17.0)	24.1
Interest expense on corporate borrowings	(44.5)	(53.2)	16.4
Amortisation of deferred expenditure	(5.4)	(6.7)	19.4
	(139.3)	(119.1)	(16.9)

The increase in head office items was mainly attributable to increase in staff costs in both of our head office and regional offices as more projects are now in the development stage.

FINANCIAL POSITION

ASSETS			
	FY2000 HK\$'million	FY1999 HK\$'million	Change %
Fixed assets	2,924.1	1,926.8	51.8
Properties held for development	2,660.4	3,185.9	(16.5)
Associated companies	909.6	1,143.9	(20.5)
Jointly controlled entities	10,166.5	9,708.3	4.7
Other investments	2,934.5	2,636.1	11.3
Other non-current assets	108.9	10.3	957.3
	19,704.0	18,611.3	5.9
<i>Current assets</i>			
Debtors, deposits and other receivables	458.0	71.5	540.5
Properties under development	1,144.1	760.7	50.4
Completed properties held for sale	165.1	–	N/A
Amount due from ultimate holding company	–	311.8	(100.0)
Amounts due from minority shareholders	–	67.9	(100.0)
Cash and bank balances	578.3	383.9	50.6
Total current assets	2,345.5	1,595.8	46.9
Total assets	22,049.5	20,207.1	9.1

As at 30 June 2000, total assets stood at HK\$22.1 billion, an increase of 9.1% over the previous year. Total current assets amounted to HK\$2,345.5 million with increase of 46.9 % from HK\$1,595.8 million in FY1999 and represented 10.6% of total assets as compared to 7.9% of the total assets in FY1999.

Fixed assets grew 51.8% to HK\$2.9 billion, a direct reflection of the expansion of the Group's rental empire. As part of our strategy to strengthen the Group's rental capacity, additional funds were invested into developing our investment properties under construction located in Dalian, Wuhan, Nanjing and Shanghai.

The non-current properties held for development showed a decrease of HK\$525.5 million. This change was the result of our plan to accelerate the development pace of our projects in order to capture the growing residential demand in the China market. Consequently the properties under development included in current assets boosted up to equip for this foreseeable market drive.

The jointly controlled entities and other investments are the main investment vehicles in operating conventional property projects and low-cost community housing projects. The increase in the carrying cost of the investments came from additional funds injected to finance their development costs and net of cash return distributed from some of these projects during FY2000. Additional investments were made primarily in Beijing, Shanghai and Guangzhou.

Debtors, deposits and other receivables cover mainly deposit payments for land acquisition and deposits from tenants on leased properties. The increase in the balance pertained to continuing expansion of rental occupancy.

LIABILITIES			
	FY2000 HK\$'million	FY1999 HK\$'million	Change %
<i>Current liabilities</i>			
Creditors and accruals	330.1	131.3	151.4
Deposits received on sale of properties	26.9	50.5	(46.7)
Amounts due to fellow subsidiaries	35.6	38.8	(8.2)
Short term loans	549.0	394.2	39.3
Current portion of bank and other borrowings	582.0	372.4	56.3
Taxes payable	103.9	220.5	(52.9)
Total current liabilities	1,627.5	1,207.7	34.8
<i>Long term liabilities</i>			
Bank loans	261.7	400.4	(34.6)
Loans from fellow subsidiaries	1,555.7	1,161.6	33.9
Loans from minority shareholders	966.2	939.2	2.9
Deferred interest income	531.3	421.5	26.1
Total long term liabilities	3,314.9	2,922.7	13.4
Total liabilities	4,942.4	4,130.4	19.6

Our total liabilities as of 30th June 2000 increased by HK\$812.0 million from HK\$4,130.4 million at end of FY1999 to HK\$4,942.4 million. The increase was mainly the result of increase in creditors and accruals of HK\$198.8 million and increase in borrowings of HK\$646.8 million.

Creditors and accruals included construction costs payable for both project and investment properties under construction and outstanding land cost payable. The increase in these costs runs in parallel with the current stage of our building programme and development cycle of ongoing projects.

As a part of strategic program to eliminate the currency mismatch between our investment in foreign currency and the underlying assets in Renminbi, the Group endeavours to borrow RMB financing for hedging purposes. This allows us to enjoy the attractively lower borrowing costs.

EQUITY			
	FY2000 HK\$'million	FY1999 HK\$'million	Change %
Share capital	146.4	131.4	11.4
Share premium	1,234.8	–	N/A
Contributed surplus	14,751.9	14,751.9	–
Properties revaluation reserves	109.9	342.4	(67.9)
Retained profit	700.9	691.2	1.4
Exchange reserve	44.6	33.6	32.7
	16,988.5	15,950.5	6.5

As at 30th June 2000, total equity stood at HK\$16.9 billion with an increase of 6.5%. The increase in equity stemmed mainly from the share premium resulting from the new issues of shares pursuant to the initial public offering in July 1999 and the profit retained for the year. This increase was however offset by decrease in properties revaluation reserves and various write off of goodwill arising from acquisitions against reserves.

CASH FLOWS

ANALYSIS OF CASH FLOWS			
	FY2000 HK\$'million	FY1999 HK\$'million	Change %
Net cash outflow from operating activities	(539.8)	(883.7)	38.9
Net cash inflow/(outflow) from returns on investments and servicing of finance	13.9	(48.6)	128.0
Net cash outflow from investing activities	(1,265.7)	(925.0)	(36.8)
Net cash inflow from financing activities	1,789.9	1,829.5	(2.2)

FY2000 has been a year of increasing the sale of the Group's development projects. We have launched a number of property projects to the market with promising presale results. The increase in presale performance together with expansion of our rental portfolio led to decrease in net cash outflow from operating activities. Accelerating our development pace has however quickened the use of funds in investing in the projects. With our mission to capture the increasing market demand, we have been reinvesting the returns from investments into the development of future phases of the Group's projects. As a result, there was an overall decrease in returns of interest income or capital from investments as well as distribution of dividend. In FY2000, total of HK\$174.1 million of such cash returns were arranged.

Through international placement and initial public offering of new shares of the Company in July 1999, we have successfully raised funds with receipts of net proceeds of HK\$1,249.8 million. The proceeds have been utilised mainly for project financing and for repaying borrowings. In order to ensure the best use of our financial resources and to maximize shareholders' value, we have repaid portion of those borrowings with comparatively higher borrowing costs and refinanced by more favourable borrowings in RMB. Total of RMB 490.7 million facilities were obtained. The Group shall maintain its effort to reduce the weighting of foreign currency debts which has been dropped by equivalent HK\$371.4 million during the FY2000. At joint venture level, foreign currency debts of equivalent HK\$170.0 million were also repaid. The Group's net debt to equity ratio stood constantly at around 18% since FY1999 and have ample borrowing capacity.

DEBT PROFILE

MATURITY PROFILE

	FY2000 HK\$'million	FY1999 HK\$'million
<i>Long term liabilities maturing</i>		
Within one year	582.1	372.4
1 to 2 year	28.1	710.3
2 to 5 years	1,553.3	629.9
Terms as specified in joint venture contracts	67.5	61.8
No specific repayment terms	1,134.7	1,099.2
	3,365.7	2,873.6
Short term loans	549.0	394.2
	3,914.7	3,267.8

INTEREST RATE PROFILE

	FY2000 HK\$'million	FY1999 HK\$'million
Fixed rate	2,022.9	1,645.6
Floating rate	993.2	744.7
Interest free	898.6	877.5
	3,914.7	3,267.8

NATURE OF DEBTS

	FY2000 HK\$'million	FY1999 HK\$'million
Secured	810.7	403.5
Unsecured	3,104.0	2,864.3
	3,914.7	3,267.8

CHAIRMAN AND MANAGING DIRECTOR

DR. CHENG KAR-SHUN, HENRY (aged 53). 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 56). 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 48). 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 61). 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 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 60). 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 58). 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.

CHOW YU-CHUN, ALEXANDER (aged 53). 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 26 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.

CHAN WING-TAK, DOUGLAS (aged 51). 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.

SO NGOK (aged 53). 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.

NON-EXECUTIVE DIRECTORS

FU SZE-SHING (aged 51). 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.

DR. LO HONG-SUI GBS JP (aged 52). Dr. 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. He also acts as Non-Executive Director of Hang Seng Bank Limited and Director of Real Estate Developers Association of Hong Kong. Dr. Lo was awarded the Gold Bauhinia Star and was appointed Justice of the Peace by the Government of Hong Kong Special Administrative Region.

CHENG WAI-CHEE, CHRISTOPHER (aged 52). Mr. Cheng is the Chairman of USI Holdings Limited and a director of Gieves & Hawks 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, Council 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 53). Mr. Tien is the Chairman of Manhattan Holdings Ltd., Manhattan Garments (International) Ltd., Manhattan Realty Ltd. and a Director of a number of private companies. A Legislative Councillor since 1988, Mr. Tien is very active in the community and serves on government 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.

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 18th day of December 2000 at 11:00 a.m. for the following purposes:

- (1) To receive and consider the audited financial statements and the Reports of the Directors and Auditors for the year ended 30th June 2000.
- (2) To elect Directors and to fix their remuneration.
- (3) To appoint Auditors and to fix their remuneration.
- (4) To transact any other ordinary business.

By Order of the Board
Chow Yu-chun, Alexander
Company Secretary

Hong Kong, 25th October 2000

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 9/F., New World Tower I, 18 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and statement of accounts for the year ended 30th June 2000.

GROUP ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures are shown in note 36 to the accounts on pages 106 to 115.

ACCOUNTS

The results of the Group for the year ended 30th June 2000 and the state of affairs of the Company and the Group at that date are set out in the accounts on pages 67 to 115.

DIVIDENDS

The directors have resolved that no dividend be proposed for the year ended 30th June 2000 (1999: Nil).

SHARE CAPITAL

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

RESERVES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 16th July 1999, the Company's shares were listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The Company has not redeemed any of its listed shares from that date up to 30th June 2000. 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 13 to the accounts.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$353,000 (1999: HK\$5,659,000).

REPORT OF THE DIRECTORS

DIRECTORS

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

Dr. Cheng Kar-shun, Henry

Mr. Doo Wai-hoi, William

Mr. Cheng Kar-shing, Peter

Mr. Leung Chi-kin, Stewart

Mr. Chan Kam-ling

Mr. Chow Kwai-cheung

Mr. Chow Yu-chun, Alexander

Mr. Chan Wing-tak, Douglas

Mr. So Ngok

Mr. Lo Hong-sui*

Mr. Fu Sze-shing

Mr. Cheng Wai-chee, Christopher*

Mr. Tien Pei-chun, James*

* *Independent non-executive directors*

Messrs Chan Wing-tak, Douglas, Chan Kam-ling, Cheng Wai-chee, Christopher and So Ngok retire in accordance with Article 116 of the Company's Articles of Association and, being eligible, offer themselves for re-election. All remaining current directors continue in office.

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

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTEREST IN CONTRACTS

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

CONNECTED TRANSACTIONS

(1) New World Finance Company Limited, Sexon Enterprises Limited and Hip Hing Construction Company Limited, fellow subsidiaries, have advanced HK\$1,764,400,000 (1999: HK\$1,161,586,000) in aggregate to the Group as at 30th June 2000. These loans are unsecured and carry interest ranging from 8.5% to 15% per annum. Except for a loan of HK\$236,083,000 (1999: HK\$221,720,000) which has no specific repayment terms, the balances are repayable from June 2001 to March 2003. The interest charged by the fellow subsidiaries to the Group for the year ended 30th June 2000 in respect of these loans amounted to HK\$114,241,000 (1999: HK\$94,265,000).

CONNECTED TRANSACTIONS (continued)

- (2) The Company has paid New World Tower Company Limited (“NWT”), a fellow subsidiary, HK\$5,046,000 in rental for office premises occupied by the Group. For the year ended 30th June 1999, total rental expense of HK\$5,308,000, being the relevant portion of rental shared by the Group, was paid by New World Development Company Limited (“NWD”), the Company’s ultimate holding company, to NWT.
- (3) 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 30th June 2000 and included as part of the development costs of the property was HK\$9,805,000 (1999:HK\$9,805,000) and no amount was paid by DNWP for the year ended 30th June 2000.
- (4) 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 30th June 2000 and included as part of the development costs of the property was HK\$143,844,000 (1999: HK\$130,800,000) of which HK\$13,044,000 (1999: HK\$37,739,000) was paid during the year.
- (5) 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 fee at 30th June 2000 and included as part of the development costs of the property was HK\$3,372,000 (1999: HK\$2,424,000) of which HK\$948,000 (1999: HK\$1,452,000) was paid during the year.
- (6) 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, undertook to provide land development services to SHPCL pursuant to an agreement dated 9th December 1992. The aggregate service fees paid to 上海裕隆 at 30th June 2000 and included as part of the development costs of the related property developed by SHPCL was HK\$24,381,000 (1999:HK\$24,381,000) and no amount was paid by SHPCL for the year ended 30th June 2000.
- (7) NWD has provided guarantee in respect of US\$300 million (1999: 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. The outstanding balance of this loan at 30th June 2000 amounted to HK\$373,440,000 (1999: HK\$744,000,000) and the guarantee fees paid to NWD for the year ended 30th June 2000 amounted to HK\$12,904,000 (1999: HK\$17,008,000).
- (8) In July 1999, a deed of tax indemnity was entered into between the ultimate holding company and the Group whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC income tax (“IT”) and land appreciation tax (“LAT”) payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999 and in respect of which the aggregate amount of LAT and IT is estimated at approximately HK\$7.8 billion (1999: HK\$7.9 billion). 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. During the year, no such tax indemnity is effected (1999: Nil).

CONNECTED TRANSACTIONS (continued)

(9) New World Department Store Tianjin Limited (“NWDST”), a fellow subsidiary, paid HK\$1,744,000 (1999: 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 1st November 1997 and at RMB18 per sq.m. from 1st November 1998 thereafter.

(10) On 6th December 1996, New World Development (China) Limited (“NWDC”) entered into an agreement, “Agreement relating to the transfer of certain floor area in New World Anderson Plaza and development rights in land in Tianjin City, PRC”, whereby NWDC procured that Bonny-View Corporation (“BVC”), a wholly owned subsidiary of NWDC, agreed to contribute Rmb408 million to New World Anderson Development Company Limited (“NWA”), a 51% owned subsidiary of BVC. The amount of investment contribution to NWA by BVC has been determined by reference to the value of 51% interest in the unsold portion of New World Anderson Plaza amounting to 51,000 sq.m. and at Rmb8,000 per sq.m..

The investment contribution paid amounted to HK\$381,308,411, HK\$381,308,016 of which was accounted for as shareholder’s loan to NWA by BVC. The effect of the above transaction constitutes granting of financial assistance to a non-wholly owned subsidiary. As at 30th June 2000, the shareholder’s loan advanced by BVC to NWA amounted to HK\$538,925,268 (1999: HK\$534,252,371).

(11) On 15th September 2000, BVC entered into a conditional agreement (“Agreement”) with Anderson International Investment Limited (“AII”) relating to the acquisition of 49% interest in NWA held by AII together with a shareholder’s loan of HK\$494,075,865 (“Acquisition”) for a total consideration of HK\$426,624,310. The consideration will be satisfied by HK\$110,000,000 in cash and the remaining balance will be set-off against an outstanding amount of HK\$316,624,310 due and payable by AII to the Group. Subject to price adjustment resulting from due diligence review on NWA, if required, and other conditions contained in the Agreement, the Acquisition will be completed on or before 15th December 2000. After completion, NWA will become a wholly owned subsidiary of BVC.

By virtue of the fact that AII is a substantial shareholder of NWA and is wholly owned by Mr. Chan Ki, an executive director of both NWA and NWATD, the Acquisition constitutes a connected transaction for the Group. An announcement relating to the Acquisition was published on 16th September 2000.

The Company had been granted a waiver by the Stock Exchange from strict compliance of the requirements of Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (“the Listing Rules”) in respect of transactions (1) to (8) above which constituted connected transactions as defined in the Listing Rules. The transactions have been reviewed by independent non-executive directors of the Company who have confirmed that the transactions were:

- (a) in the ordinary course of business of the Company;
- (b) on normal commercial terms and on an arm’s length basis;
- (c) where there are agreements governing such transactions, such transactions have been carried out in accordance with the terms of the agreements governing such transactions, or where there are no such agreements, on terms no less favourable than terms available to or from independent third parties;

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS (continued)

- (d) entered into on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
- (e) within the maximum amounts as agreed with the Stock Exchange.

Except for (10) and (11), all the other connected transactions also constitute related party transactions for the year as disclosed in note 32 to the accounts.

DIRECTORS' INTERESTS IN SECURITIES OF THE COMPANY

As at 30th June 2000, 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.

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

As at 30th June 2000, 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	Family Interests	Corporate Interests ^(Note 2)
NEW WORLD INFRASTRUCTURE LIMITED			
(Ordinary shares of HK\$1.00 each)			
Dr. Cheng Kar-shun, Henry	–	1,000,000	–
Mr. Chan Wing-tak, Douglas	700,000	–	–
Mr. Chan Kam-ling	6,800	–	–
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	–	–
HIP HING CONSTRUCTION COMPANY LIMITED			
(Non-voting deferred shares of HK\$100.00 each)			
Mr. Chan Kam-ling	15,000	–	–

REPORT OF THE DIRECTORS

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

	Personal Interests	Family Interests	Corporate Interests ^(Note 2)
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 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	–	–
NEW WORLD CYBERBASE LIMITED			
(Share options at an exercise price of HK\$0.5664 per share divided into 5 tranches exercisable from 17th August 1999, 17th August 2000, 17th February 2001, 17th August 2001, 17th February 2002 to 16th August 2002 respectively)			
Dr. Cheng Kar-shun, Henry	25,000,000	–	–
Mr. Doo Wai-hoi, William	8,000,000	–	–
Mr. Chan Wing-tak, Douglas	5,000,000	–	–
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	–	–

REPORT OF THE DIRECTORS

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

	Personal Interests	Family Interests	Corporate Interests ^(Note 2)
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	–	–

Notes:

- (1) Details of the directors' interests in certain share options of two fellow subsidiaries, New World Infrastructure Limited and Pacific Ports Company Limited, are disclosed under the section "Directors' rights to acquire shares or debentures".
- (2) These shares are 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 30th June 2000, none of the directors, chief executive or any of their associates had any beneficial or non-beneficial interests in the securities of any of the 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 as follows:

Name of directors	Date of grant	Number of share options outstanding at 30th June 2000 with exercise price per share of	
		HK\$10.20 ^(note 1)	HK\$12.00 ^(note 2)
Dr. Cheng Kar-shun, Henry	2nd December 1998	600,000	2,400,000
Mr. Cheng Kar-shing, Peter	1st December 1998	120,000	480,000
Mr. Doo Wai-hoi, William	16th December 1998	200,000	800,000
Mr. Leung Chi-kin, Stewart	8th December 1998	120,000	480,000
Mr. Chan Kam-ling	9th December 1998	200,000	800,000
Mr. Chan Wing-tak, Douglas	26th November 1998	320,000	1,280,000
Mr. So Ngok	26th November 1998	200,000	800,000
Mr. Cheng Wai-chee, Christopher	11th December 1998	120,000	480,000
Mr. Fu Sze-shing	23rd September 1999	240,000 ^(note 3)	960,000 ^(note 4)

Notes:

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

Under another share option scheme of a fellow subsidiary, Pacific Ports Company Limited ("PPCL"), the following director of the Company, who is also a director of PPCL, has personal interests in share options to subscribe for shares in PPCL which have been granted to him as follows:

Name of director	Date of grant	Number of share options outstanding at 30th June 2000 with exercise price per share of HK\$0.693
Mr. Chan Wing-tak, Douglas	11th May 1999	10,000,000 ^(note)

Note: Divided into 4 tranches exercisable from 5th November 1999, 5th May 2001, 5th May 2002, 5th May 2003 to 4th November 2004 respectively.

Except for the foregoing, 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.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Name of directors	Name of entities with competing businesses	Business activities of the entities	Nature of interest of directors in the entities
Dr. Cheng Kar-shun, Henry	Beijing New World Development Co., Ltd.	Property development in Beijing	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
	Beijing Jiang Guang Development Limited	Hotel operation in Beijing	Director
Mr. Doo Wai-hoi, William	Beijing New World Development Co., Ltd.	Property development in Beijing	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	北方同福酒店有限公司	Hotel operation in Harbin	Director
	天津新世界房地產有限公司	Property development in Tianjin	Director
	上海新華美大酒店有限公司	Hotel operation in Shanghai	Director
Mr. Chan Kam-ling	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
Mr. Chow Kwai-cheung	Beijing New World Development Co., Ltd.	Property development in Beijing	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	廣州金湖住宅發展有限公司	Property development in Guangzhou	Director
	廣州紅丰房地產有限公司	Property development in Guangzhou	Director
	增城永裕房地產有限公司	Property development in Guangzhou	Director
Mr. Chow Yu-chun, Alexander	Guangzhou Metropolitan Properties Co., Ltd.	Property development in Guangzhou	Director
	Guangzhou New World Properties Development Co., Ltd.	Property development in Guangzhou	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30th June 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed 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	1,025,093,200(Note (1))
New World Development Company Limited	1,025,093,200(Note (2))

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 represents the 983,407,890 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"), 16,546,443 shares held by High Earnings Holdings Limited ("HEH") and 2,630,800 shares held by Financial Concepts Investment Limited ("FCI"). NWCF is a wholly owned subsidiary of NWD, and GWH, HEH and FCI are 59%, 51.3% and 51.3% indirectly owned subsidiaries of NWD respectively. NWD is deemed to have interests in the shares held by NWCF, GWH, HEH and FCI.

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 as at 30th June 2000.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules from 16th 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.

YEAR 2000 ISSUE

The Group has completed all Year 2000 compliance activities by 30th September 1999 and had a successful transition to the millenium. There have been no reported incidents on the issue and all systems and equipment are functioning as normal throughout the monitoring period up to and including 29th February 2000. However, we will continue to stay alert and prepare for the upcoming "high risk" and sensitive dates generally identified with the Y2K issues.

The total cost incurred for the Y2K programme was within the original budget.

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 30th June 2000.

The Company and its subsidiaries had advanced an aggregate amount of HK\$8,024,891,000 (1999: HK\$8,141,870,000) to affiliated companies (included in amounts disclosed in notes 16 and 17 to the accounts), guaranteed bank loans and other borrowing facilities for the benefit of the affiliated companies in the amount of HK\$1,062,241,000 (1999: HK\$223,629,000) (included in the amounts disclosed in note 29 to the accounts) and contracted to further provide an aggregate amount of HK\$3,000,442,000 (1999: HK\$4,423,070,000) in capital 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\$6,435,145,000 (1999: 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 and other 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 as an alternative to provide the following statement.

As at 30th June 2000, the Group's total exposure on the combined indebtedness reported by such affiliated companies (including amounts owing to the Group) amounted to approximately HK\$15,128,460,000 (1999: HK\$14,235,192,000). Such affiliated companies reported no capital commitments and contingent liabilities as at 30th June 2000 (1999: Nil).

REPORT OF THE DIRECTORS

AUDITORS

The 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, 25th October 2000

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF
NEW WORLD CHINA LAND LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the accounts on pages 67 to 115 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

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

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 30th June 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25th October 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Year ended 30th June	
	Note	2000 HK\$'000	1999 HK\$'000
Turnover	3	607,031	545,076
Other revenues	4	57,239	38,061
Other operating income	5	–	105,645
Operating expenses	6	(243,838)	(149,868)
Operating profit before financing	7	420,432	538,914
Finance costs	8	(79,173)	(74,016)
Share of results of Associated companies		(2,213)	(20,465)
Jointly controlled entities		(118,509)	(263,297)
Profit before taxation		220,537	181,136
Taxation	11	11,620	17,353
Profit after taxation		208,917	163,783
Minority interests		(5,388)	2,536
Profit attributable to shareholders	27	203,529	166,319
Earnings per share	12	13.9 cents	12.7 cents

CONSOLIDATED BALANCE SHEET

As at 30th June

	Note	2000 HK\$'000	1999 HK\$'000
Fixed assets	13	2,924,107	1,926,775
Properties held for development	15	2,660,433	3,185,966
Associated companies	16	909,645	1,143,932
Jointly controlled entities	17	10,166,450	9,708,262
Other investments	18	2,934,454	2,636,149
Other non-current assets	19	108,914	10,260
Total non-current assets		19,704,003	18,611,344
Current assets			
Debtors, deposits and other receivables		458,034	71,489
Properties under development	20	1,144,096	760,709
Completed properties held for sale		165,121	–
Amount due from ultimate holding company	21	–	311,785
Amounts due from minority shareholders		–	67,856
Cash and bank balances	22	578,309	383,912
		2,345,560	1,595,751
Current liabilities			
Creditors and accruals		330,073	131,318
Deposits received on sale of properties		26,899	50,538
Amounts due to fellow subsidiaries	23	35,563	38,857
Short term loans			
Secured	24	548,972	375,461
Unsecured		–	18,692
Current portion of bank and other borrowings	28	582,095	372,384
Taxes payable	25	103,945	220,475
		1,627,547	1,207,725
Net current assets		718,013	388,026
Employment of funds		20,422,016	18,999,370
Financed by:			
Share capital	26	146,377	131,377
Reserves	27	16,842,142	15,819,178
Shareholders' funds		16,988,519	15,950,555
Bank and other borrowings	28	2,783,617	2,501,237
Deferred interest income		531,341	421,452
Minority interests		118,539	126,126
Funds employed		20,422,016	18,999,370

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

BALANCE SHEET

		As at 30th June	
	Note	2000 HK\$'000	1999 HK\$'000
Subsidiaries	14	16,027,537	-
Current assets			
Debtors, deposits and other receivables		5,337	-
Cash and bank balances	22	67,557	-
		72,894	-
Current liabilities			
Creditors and accruals		728	-
Amounts due to fellow subsidiaries	23	2,054	-
		2,782	-
Net current assets		70,112	-
Net assets		16,097,649	-
Financed by:			
Share capital	26	146,377	-
Reserves	27	15,951,272	-
Shareholders' funds		16,097,649	-

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

CONSOLIDATED CASH FLOW STATEMENT

		Year ended 30th June	
	Note	2000 HK\$'000	1999 HK\$'000
Net cash outflow from operating activities	31(a)	(539,776)	(883,678)
Returns on investments and servicing of finance			
Interest received		72,369	62,085
Interest paid		(78,849)	(128,355)
Dividend received from a jointly controlled entity		20,400	17,700
Net cash inflow/(outflow) from returns on investments and servicing of finance		13,920	(48,570)
Taxation			
Hong Kong profits tax refunded		–	9
Investing activities			
Additions to fixed assets		(146,996)	(184,001)
Deferred expenditure incurred		(76)	(97)
Decrease/(increase) in investments in associated companies		61,356	(128,555)
Increase in investments in joint ventures		(1,047,678)	(912,899)
Repayment of investments in joint ventures		110,525	236,989
Acquisition of interest in a subsidiary	31(b)	(245,870)	–
Disposal of interest in a subsidiary	31(c)	–	61,798
Disposal of fixed assets		3,029	1,753
Net cash outflow from investing activities		(1,265,710)	(925,012)
Net cash outflow before financing activities		(1,791,566)	(1,857,251)
Financing activities			
Increase in bank loan and other borrowings		233,645	595,153
Repayment of long term bank loan and other borrowings		(371,328)	(222,584)
Increase in short term loans		154,819	375,461
Contribution from ultimate holding company prior to the Reorganisation		–	1,112,730
Contribution from minority shareholders		716	8,646
Increase in loans from minority shareholders		21,959	31,994
Repayment of loans from fellow subsidiaries		(225,269)	(71,870)
Increase in loans from fellow subsidiaries		713,842	–
Decrease in amount due from ultimate holding company		311,785	–
Issue of shares		1,425,000	–
Share issue expenses		(175,213)	–
Increase in restricted cash and bank balances		(300,024)	–
Net cash inflow from financing activities	31(d)	1,789,932	1,829,530
Decrease in cash and bank balances		(1,634)	(27,721)
Cash and bank balances at beginning of year		383,912	411,633
Cash and bank balances at end of year		382,278	383,912

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

		Year ended 30th June	
		2000	1999
Note		HK\$'000	HK\$'000
	Revaluation deficit on investment properties	(34,689)	(85,900)
	Share of revaluation surplus of associated companies	9,935	63,102
	Share of revaluation (deficit)/surplus of jointly controlled entities	(207,709)	57,473
	Proforma adjustments in respect of administrative and management expenses	–	38,028
	Exchange differences arising on translation of subsidiaries, associated companies and joint ventures	10,987	11,398
	Net (losses)/gains not recognised in the profit and loss account	(221,476)	84,101
	Profit for the year	203,529	166,319
	Total recognised (losses)/gains	(17,947)	250,420
	Share of goodwill of a jointly controlled entity eliminated against reserves	(153,384)	–
	Goodwill written off on acquisition of a subsidiary	(40,492)	–
		(211,823)	250,420
	Cumulative effects of changes in accounting policies to retained profit brought forward as at 1st July 1999		(88,924)

1

BASIS OF PREPARATION – COMPARATIVE FIGURES

The Company was incorporated as an exempted company in the Cayman Islands on 28th August 1996 under the name New World China Limited. By a special resolution passed on 31st 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”), the Company became the holding company of the companies now comprising the Group. The Reorganisation of the Group was completed on 3rd July 1999 and the shares of the Company were then listed on the Stock Exchange on 16th July 1999.

Although the then group structure resulting from the Reorganisation did not legally exist as at 30th June 1999, proforma combined balance sheet as at 30th June 1999 and proforma combined profit and loss account and cash flow statement for the year then ended have been prepared on the basis as if the then group structure had been in existence as at that date.

In the opinion of the directors, for the purposes of presentation of comparative figures, 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 then group structure and business activities had been in existence for the year ended 30th June 1999.

In addition, certain comparative figures have been adjusted or extended as a result of the adoption of the revised Statement of Standard Accounting Practice No.2.101, “Presentation of Financial Statements” which was issued by the Hong Kong Society of Accountants and became effective for accounting periods commencing on or after 1st January 1999.

2

PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention as modified by the revaluation of hotel and investment properties and other investments. The principal accounting policies adopted in the preparation of the accounts, which conform with accounting principles generally accepted in Hong Kong, are as follows:

(A) BASIS OF CONSOLIDATION

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

(B) GOODWILL

Goodwill represents the excess of purchase consideration over the fair values ascribed to net assets of subsidiaries, associated companies or jointly controlled entities acquired and is written off directly to reserves in the year of acquisition.

(C) SUBSIDIARIES

A company, including equity and co-operative joint ventures in the People’s Republic of China (“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.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(D) 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.

(E) JOINTLY CONTROLLED ENTITIES

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

The Group's interests in jointly controlled entities are stated at cost plus the Group's share of their post-acquisition results and reserves, less provision for permanent diminution in value. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities explained as follows:

(i) Equity joint ventures

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

(ii) Co-operative joint ventures

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

(iii) Companies limited by shares

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

(F) JOINT VENTURES IN THE PEOPLE'S REPUBLIC OF CHINA

(i) Equity joint ventures

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiaries (where the Group controls either the voting power or the composition of the board of directors) or as jointly controlled entities (where the Group and the other venturers of the equity joint venture established joint control over the economic activity thereof).

(ii) Co-operative joint ventures

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiaries (where the Group controls either the voting power or the composition of the board of directors) or as jointly controlled entities (where the Group and the other venturers of the co-operative joint venture established joint control over the economic activity thereof).

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(G) OTHER INVESTMENTS

Other investments are long term investments other than subsidiaries, associated companies and jointly controlled entities.

(i) *Investment securities*

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

(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 (P)(ii)) less provision for any permanent diminution in value.

(H) FIXED ASSETS AND DEPRECIATION

(i) *Investment properties*

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

(ii) *Hotel properties*

Hotel properties are interests in land and buildings and their integral fixed plant which are collectively used in the operation of hotel. They are stated in the balance sheet at their open market value on the basis of an annual professional valuation. Increases in valuation are credited to the hotel properties revaluation reserve; decreases in value are first set off against earlier revaluation 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 expenditures on repairs and improvements are charged to the profit and loss account in the year in which they are incurred.

(iii) *Assets under construction*

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

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(H) 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

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives. The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

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

(I) DEFERRED EXPENDITURE

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

In previous years, pre-operating expenses, which comprised expenses prior to the commencement of operation of joint ventures in the PRC, were capitalised as deferred expenditure and amortised over five years by equal annual instalments commencing from the first year of operation. As a result of the introduction of Interpretation No. 9 in respect of the revised Statement of Standard Accounting Practice No 2.101, pre-operating expenses are charged to the profit and loss account in the year in which they are incurred. This change in accounting policy has been accounted for retrospectively and as a result, the Group's proforma profit for the year ended 30th June 1999 was decreased by HK\$4,749,000 and the opening retained profit at 1st July 1999 was decreased by HK\$88,924,000.

(J) PROPERTIES HELD FOR/UNDER DEVELOPMENT

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

(K) 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.

(L) OPERATING LEASES

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

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(M) DEFERRED TAXATION

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(N) CAPITALISATION OF INTEREST AND FINANCE CHARGES

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

(O) FOREIGN CURRENCIES

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

(P) 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% on the aggregate qualifying construction and development costs (the "Return on Costs") as provided by the respective joint venture agreements.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(P) REVENUE RECOGNITION (continued)

(ii) *Return on Costs* (continued)

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

(Q) RETIREMENT BENEFIT COSTS

The Group operates a defined contribution retirement 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 10% of employees' salaries depending on the length of service and are expensed as incurred. The Group's contributions in respect of employees who leave the scheme during the year are not forfeited to reduce the employer's contributions for the year.

3 TURNOVER AND PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group is principally engaged in investment and development of property projects in the PRC. Turnover comprises Return on Costs in respect of low-cost community housing, gross proceeds from sales of properties, 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.

	2000 HK\$'000	1999 HK\$'000
Return on Costs	169,924	28,724
Sales of properties	82,975	–
Rental income	156,126	84,041
Management fee income	35,875	35,597
	444,900	148,362
Interest income less withholding tax	162,131	396,714
	607,031	545,076

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

	2000 HK\$'000	1999 HK\$'000
(i) Turnover		
Conventional property projects	327,231	351,162
Community housing projects	3,100	20,995
Low-cost community housing projects	276,700	172,919
	607,031	545,076
(ii) Profit attributable to shareholders		
Conventional property projects	58,819	76,307
Community housing projects	14,237	36,775
Low-cost community housing projects	270,010	164,849
Land improvement project	(229)	7,533
	342,837	285,464
Corporate expenses	(139,308)	(119,145)
	203,529	166,319

4 OTHER REVENUES

Bank and other interest income

2000 HK\$'000	1999 HK\$'000
57,239	38,061

5 OTHER OPERATING INCOME

Gain on disposal of interests in jointly controlled entities

Gain on disposal of interest in a subsidiary

Gain on disposal of other investments

2000 HK\$'000	1999 HK\$'000
–	6,450
–	62,044
–	37,151
–	105,645

6 OPERATING EXPENSES

Cost of properties sold

Staff costs

Depreciation

Amortisation of deferred expenditure

Other operating expenses

2000 HK\$'000	1999 HK\$'000
(81,652)	–
(78,937)	(44,005)
(7,724)	(8,029)
(5,415)	(6,693)
(70,110)	(91,141)
(243,838)	(149,868)

7 OPERATING PROFIT BEFORE FINANCING

Operating profit before financing is arrived at after crediting:

Gross rental income from investment properties

and after charging:

Auditors' remuneration

Rental for leased premises

Guarantee fee paid to ultimate holding company

Outgoings in respect of investment properties

2000 HK\$'000	1999 HK\$'000
155,243	81,698
3,500	3,514
6,234	5,788
12,904	17,008
5,769	5,379

8 FINANCE COSTS

	2000 HK\$'000	1999 HK\$'000
Interest on bank loans wholly repayable within five years	61,944	55,968
Interest on loans from fellow subsidiaries	114,241	94,265
Interest on loans from minority shareholders	5,001	8,169
Interest on short term loans	16,905	12,119
	198,091	170,521
Amount capitalised in properties held for/under development and assets under construction	(104,075)	(96,505)
Amount capitalised in investments in jointly controlled entities (note)	(14,843)	–
	79,173	74,016

Note:

To the extent funds are borrowed generally and used for the purpose of financing certain qualifying investments in jointly controlled entities, the capitalisation rate used to determine the amounts of borrowing costs eligible for capitalisation as part of the costs of these assets is 8.8% for the year.

9 RETIREMENT BENEFIT COSTS

The Group has established a defined contribution retirement scheme for all employees in Hong Kong since September 1999. The contributions to the scheme are based on a percentage of the employee's salaries ranging from 5% to 10%, depending upon the length of service of the employees. The total cost charged to the profit and loss account amounted to HK\$2,493,000 (1999: Nil).

10 DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION

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

	2000 HK\$'000	1999 HK\$'000
Fees	–	–
Salaries, discretionary bonus and other allowances	2,600	3,973
Contribution to retirement benefit scheme	–	163
	2,600	4,136

The emoluments of the directors fall within the following bands:

	Number of directors	
	2000	1999
Nil – HK\$500,000	12	10
HK\$500,001 – HK\$1,000,000	–	1
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	–	1
HK\$2,500,001 – HK\$3,000,000	1	–
	13	13

No emoluments were paid to independent non-executive directors during the year (1999: Nil).

None of the directors has waived his right to receive his emoluments (1999: Nil).

10 DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION (continued)

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

	2000 HK\$'000	1999 HK\$'000
Salaries, discretionary bonus and other allowances	9,168	8,152
Contribution to retirement benefit scheme	433	514
	9,601	8,666
Number of directors included in the five highest paid individuals	1	2

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

	Number of individuals	
	2000	1999
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	2	3
HK\$2,000,001 – HK\$2,500,000	1	1
HK\$2,500,001 – HK\$3,000,000	1	–
	5	5

11 TAXATION

	2000 HK\$'000	1999 HK\$'000
Company and subsidiaries		
Hong Kong profits tax over provided in prior years	–	(9)
Jointly controlled entities		
PRC income tax	11,620	15,860
PRC land appreciation tax	–	1,502
	11,620	17,353

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 (1999: Nil).

The Group's 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% (1999: 33%).

11 TAXATION (continued)

Under the Provisional Regulations on Land Appreciation Tax ("LAT") implemented upon the issuance of the Provisional Regulations of the PRC on 27th January 1995, all gains arising from transfer of real estate property in the PRC effective from 1st 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 1st January 1994. This exemption to LAT is further extended to 31st December 2000.

In July 1999, a deed of tax indemnity was entered into between the ultimate holding company and the Group whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC income tax ("IT") and LAT payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999 and in respect of which the aggregate amount of LAT and IT is estimated at approximately HK\$7.8 billion (1999: HK\$7.9 billion). 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. During the year, no such tax indemnity is effected (1999: Nil).

Realisation of the surplus on revaluation of the Group's investment and hotel properties would give rise to a taxation liability in the PRC. No provision has been made in the accounts for this liability as these properties are held for the long term and management has no intention to dispose of these properties in the foreseeable future. Tax indemnity is also given by the ultimate holding company in respect of these properties.

12 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$203,529,000 (1999: HK\$166,319,000) and the weighted average of 1,463,772,938 shares (1999: 1,313,772,938 shares) in issue during the year.

Diluted earnings per share is not presented as the Company has no dilutive potential shares as at 30th June 2000 (1999: Nil).

13

FIXED ASSETS

Group

	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 30th June 1999	1,317,326	18,113	8,274	23,742	11,139	569,417	1,948,011
Transfer from							
properties under development	-	-	-	-	-	903,868	903,868
Additions	5,098	-	784	7,874	4,902	132,327	150,985
Disposals	-	-	(4,192)	(2,460)	(1,529)	-	(8,181)
Revaluation deficit	(45,285)	-	-	-	-	-	(45,285)
At 30th June 2000	1,277,139	18,113	4,866	29,156	14,512	1,605,612	2,949,398
Accumulated depreciation							
At 30th June 1999	-	2,127	2,354	11,048	5,707	-	21,236
Charge for the year	-	814	646	4,380	1,884	-	7,724
Disposals	-	-	(1,252)	(1,472)	(945)	-	(3,669)
At 30th June 2000	-	2,941	1,748	13,956	6,646	-	25,291
Net book value							
At 30th June 2000	1,277,139	15,172	3,118	15,200	7,866	1,605,612	2,924,107
At 30th June 1999	1,317,326	15,986	5,920	12,694	5,432	569,417	1,926,775

Included in assets under construction is interest capitalised of HK\$84,440,000 (1999: HK\$4,351,000).

Notes:

- (i) Investment properties were revalued on 30th June 2000 on an open market value basis by Chesterton Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

Long leases
Medium term leases

	2000 HK\$'000	1999 HK\$'000
Long leases	82,243	133,645
Medium term leases	1,194,896	1,183,681
	1,277,139	1,317,326

13

FIXED ASSETS (continued)

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

	2000 HK\$'000	1999 HK\$'000
Long leases	2,856	2,856
Medium term leases	15,257	15,257
	18,113	18,113

(iii) Certain interests in investment properties and assets under construction pledged as securities for short term loans (note 24) and long term loans (note 28(i)) amount to HK\$447,916,000 (1999: HK\$150,058,000) and HK\$339,265,000 (1999: Nil) respectively.

14

SUBSIDIARIES

	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost (2000: HK\$10 and 1999: HK\$2)	-	-
Amounts due from subsidiaries	16,027,537	-
	16,027,537	-

Details of principal subsidiaries are given in note 36.

15 PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2000 HK\$'000	1999 HK\$'000
Leasehold land, at cost		
Long term	994,090	1,626,925
Medium term	1,225,253	659,066
Development and incidental costs	411,882	759,796
Interest capitalised	29,208	140,179
	2,660,433	3,185,966

The aggregate carrying value of properties held for development pledged as securities for short term loans (note 24) amounts to HK\$218,184,000 (1999: HK\$219,958,000).

16 ASSOCIATED COMPANIES

	Group	
	2000 HK\$'000	1999 HK\$'000
Group's share of net assets	62,820	27,925
Amounts due by associated companies (note (i))	865,639	1,138,977
Amounts due to associated companies (note (i))	(18,814)	(22,970)
	909,645	1,143,932

Notes:

- (i) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.
- (ii) Details of principal associated companies are given in note 36.

17 JOINTLY CONTROLLED ENTITIES

	Group	
	2000 HK\$'000	1999 HK\$'000
Equity joint ventures		
Group's share of net liabilities	(68,937)	(126,356)
Amounts due by joint ventures		
Interest bearing (note (i))	520,649	598,408
Non-interest bearing (note (ii))	123,748	2,765
	575,460	474,817
Co-operative joint ventures		
Cost of investments (note (iii))	3,371,727	2,637,826
Share of undistributed post-acquisition results and reserves	(359,430)	(7,226)
	3,012,297	2,630,600
Amounts due by joint ventures		
Interest bearing (note (iv))	5,724,815	5,466,962
Non-interest bearing (note (ii))	163,844	522,168
Amounts due to joint ventures (note (ii))	(252)	(2,823)
	8,900,704	8,616,907
Companies limited by shares		
Group's share of net (liabilities)/assets	(144,085)	41,243
Amounts due by joint ventures		
Interest bearing (note (v))	189,681	167,423
Non-interest bearing (note (ii))	436,515	245,167
	482,111	453,833
Deposits for proposed joint ventures (note (vi))	208,175	162,705
	10,166,450	9,708,262

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JOINTLY CONTROLLED ENTITIES (continued)

Notes:

- (i) The amounts receivable are unsecured, carry interest ranging from 5.85% to 12% per annum (1999: 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 (1999: US\$40 million) granted to the jointly controlled entity of which US\$11.5 million (1999: US\$30 million) had been utilised as at 30th June 2000.
- (iv) The amounts receivable are unsecured, carry interest ranging from 8.5% to 12% per annum (1999: 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 (1999: 4% to 1.5% 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) Details of principal jointly controlled entities are given in note 36.
- (viii) A summary of the financial information of the significant jointly controlled entities is set out in note 33.

18 OTHER INVESTMENTS

	Group	
	2000 HK\$'000	1999 HK\$'000
Investment security		
Unlisted shares, at cost	350	–
Amount due from investee company	207,826	–
	208,176	–
Fixed return joint ventures		
Cost of investments	589,623	577,034
Amounts due by joint ventures		
Interest bearing (note (i))	2,056,405	2,030,391
Non-interest bearing (note (ii))	308,998	28,724
Amount due to a joint venture (note (ii))	(228,748)	–
	2,726,278	2,636,149
	2,934,454	2,636,149

Notes:

- (i) The amounts receivable are unsecured, carry interest at 10% per annum (1999: 10% 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.

19 OTHER NON-CURRENT ASSETS

	Group	
	2000 HK\$'000	1999 HK\$'000
Deferred expenditure		
Loan procurement expenses	26,841	26,765
Accumulated amortisation	(21,920)	(16,505)
	4,921	10,260
Cash and bank balances, restricted (note 22)	103,993	–
	108,914	10,260

20 PROPERTIES UNDER DEVELOPMENT

	Group	
	2000 HK\$'000	1999 HK\$'000
Leasehold land, at cost		
Long term	659,740	–
Medium term	131,666	84,166
Development and incidental costs	208,767	567,503
Interest capitalised	143,923	109,040
	1,144,096	760,709

21 AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

The amount receivable in 1999 was unsecured, interest free and was fully repaid during the year.

22 CASH AND BANK BALANCES

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Restricted balances	300,024	–	–	–
Unrestricted balances	382,278	383,912	67,557	–
Cash and bank balances	682,302	383,912	67,557	–
Less: Restricted balances included under other non-current assets (note 19)	(103,993)	–	–	–
	578,309	383,912	67,557	–

The restricted balances have been pledged as securities for certain short term loans (note 24) and long term loans (note 28(i)).

23 AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts payable are unsecured, interest free and have no specific repayment terms.

24 SHORT TERM LOANS

HK\$221,495,000 (1999: HK\$296,261,000) of the short term loans is secured by the Group's certain interest in a property held for development (note 15), bears interest at 5.85% per annum and is wholly repayable on 17th December 2000.

HK\$37,383,000 (1999: Nil) of short term loans is secured by the Group's certain interests in assets under construction (note 13), bears interest at 0.41% per month and is wholly repayable on 25th May 2001.

HK\$224,673,000 (1999: Nil) of the short term loans is secured by the pledge of bank deposits (note 22) and certain interests in assets under construction (note 13), bears interest at 5.58% to 5.85% per annum and is repayable on or before 25th May 2001.

HK\$65,421,000 (1999: HK\$51,402,000) of the short term loans was secured by the Group's certain interest in an investment property (note 13), bore interest at 0.53% per month and was fully repaid in August 2000.

HK\$27,798,000 of the short term bank loans in 1999 was secured by a property owned by a minority shareholder, bore interest at 0.59% per month and was fully repaid in January 2000.

25 TAXES PAYABLE

	Group	
	2000 HK\$'000	1999 HK\$'000
Income and business taxes payable	2,843	236
Withholding tax payable	101,102	220,239
	103,945	220,475

26 SHARE CAPITAL

Authorised:

8,000,000,000 shares of HK\$0.1 each

Issued and fully paid:

1,463,772,938 shares of HK\$0.1 each

(1999: 3 shares of HK\$0.1 each) (note (i))

2000 HK\$'000	1999 HK\$'000
800,000	800,000
146,377	–

Notes:

- (i) Had the Reorganisation taken place on 30th June 1999, the paid up share capital of the Company at that date would have been HK\$131,377,000.
- (ii) On 15th July 1999, 999,999,997 shares of HK\$0.1 each were issued and allotted to the ultimate holding company and certain of its subsidiaries by means of capitalisation of debts owing to these companies and 313,772,938 shares of HK\$0.1 each were issued and allotted to the then bondholders upon conversion of convertible bonds issued by a fellow subsidiary. In addition, 150,000,000 shares of HK\$0.1 each were issued pursuant to the initial public offering at HK\$9.5 each.

27 RESERVES

Group

	Contributed surplus HK\$'000	Share premium HK\$'000	Capital reserve 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 30th June 1998, as previously reported	13,795,354	–	–	306,208	1,453	22,243	571,056	14,696,314
Change in accounting policy with respect to pre-operating expenses (note 2(1))	–	–	–	–	–	–	(84,175)	(84,175)
As at 30th June 1998, as restated	13,795,354	–	–	306,208	1,453	22,243	486,881	14,612,139
Reserve arising from the Reorganisation	956,619	–	–	–	–	–	–	956,619
Profit retained for the year	–	–	–	–	–	–	166,319	166,319
Proforma adjustments in respect of administrative and management expenses	–	–	–	–	–	–	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
As at 30th June 1999	14,751,973	–	–	337,009	5,327	33,641	691,228	15,819,178
Retained by:								
Company and subsidiaries	14,751,973	–	–	42,393	–	(1,993)	1,228,354	16,020,727
Associated companies	–	–	–	62,946	156	7,002	(47,577)	22,527
Jointly controlled entities	–	–	–	231,670	5,171	28,632	(489,549)	(224,076)
	14,751,973	–	–	337,009	5,327	33,641	691,228	15,819,178

27 RESERVES (continued)

Group

	Contributed surplus HK\$'000	Share premium HK\$'000	Capital reserve 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 30th June 1999, as previously reported	14,751,973	–	–	337,009	5,327	33,641	780,152	15,908,102
Change in accounting policy with respect to pre-operating expenses (note 2(l))	–	–	–	–	–	–	(88,924)	(88,924)
As at 30th June 1999, as restated	14,751,973	–	–	337,009	5,327	33,641	691,228	15,819,178
Premium on issue of shares	–	1,410,000	–	–	–	–	–	1,410,000
Share issue expenses	–	(175,213)	–	–	–	–	–	(175,213)
Profit retained for the year	–	–	–	–	–	–	203,529	203,529
Revaluation (deficit)/surplus								
Company and subsidiaries	–	–	–	(34,689)	–	–	–	(34,689)
Associated companies	–	–	–	5,606	4,329	–	–	9,935
Jointly controlled entities	–	–	–	(203,816)	(3,893)	–	–	(207,709)
Goodwill written off on acquisition of a subsidiary	–	–	(40,492)	–	–	–	–	(40,492)
Share of goodwill of a jointly controlled entity	–	–	(153,384)	–	–	–	–	(153,384)
Transfer to capital reserve	–	–	193,876	–	–	–	(193,876)	–
Translation difference	–	–	–	–	–	10,987	–	10,987
As at 30th June 2000	14,751,973	1,234,787	–	104,110	5,763	44,628	700,881	16,842,142
Retained by:								
Company and subsidiaries	14,751,973	1,234,787	–	7,704	–	7,246	1,390,749	17,392,459
Associated companies	–	–	–	68,552	4,485	12,095	(49,790)	35,342
Jointly controlled entities	–	–	–	27,854	1,278	25,287	(640,078)	(585,659)
	14,751,973	1,234,787	–	104,110	5,763	44,628	700,881	16,842,142

27 RESERVES (continued)

Company

	Contributed surplus HK\$'000 (Note (i))	Share premium HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
Reserve arising from the Reorganisation	14,772,134	–	–	14,772,134
Premium on issue of new shares	–	1,410,000	–	1,410,000
Share issue expenses	–	(175,213)	–	(175,213)
Loss retained for the year	–	–	(55,649)	(55,649)
As at 30th June 2000	14,772,134	1,234,787	(55,649)	15,951,272

Notes:

- (i) The contributed surplus of the Company arose as a result of the Reorganisation and represents the excess of the consolidated net asset value of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange thereof. Under the Companies Law in the Cayman Islands, the contributed surplus and share premium are both distributable.
- (ii) Distributable reserves of the Company amounted to HK\$15,951,272,000 as at 30th June 2000.

28 BANK AND OTHER BORROWINGS

	Group	
	2000 HK\$'000	1999 HK\$'000
Bank loans (note (i))		
Secured	261,682	28,037
Unsecured	373,440	744,768
Loans from fellow subsidiaries (note (ii))	1,764,400	1,161,586
Loans from minority shareholders (note (iii))	966,190	939,230
	3,365,712	2,873,621
Current portion included in current liabilities	(582,095)	(372,384)
	2,783,617	2,501,237

Notes:

(i) The bank loans are repayable as follows:

	Secured		Unsecured		Total	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Within one year	–	–	373,440	372,384	373,440	372,384
Between one and two years	28,037	–	–	372,384	28,037	372,384
Between two and five years	233,645	28,037	–	–	233,645	28,037
	261,682	28,037	373,440	744,768	635,122	772,805

The secured bank loan, amounting to HK\$28,037,000 (1999: HK\$28,037,000), is secured by the Group's interest in certain portion of an investment property (note 13), bears interest at 0.59% (1999: 0.59%) per month and is wholly repayable in August 2001.

The secured bank loan, amounting to HK\$46,729,000 (1999: Nil), is secured by the Group's interest in an investment property (note 13), bears interest at 6.53% per annum and is wholly repayable in April 2003.

The secured bank loan, amounting to HK\$93,458,000 (1999: Nil), is secured by the pledge of bank deposit (note 22), bears interest at 6.24% per annum and is wholly repayable in January 2003.

The secured bank loans, totalling HK\$93,458,000 (1999: Nil), are secured by the Group's interest in an asset under construction (note 13), bear interest ranging from 5.94% to 6.03% per annum and are wholly repayable from August 2001 to April 2004.

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

28 BANK AND OTHER BORROWINGS (continued)

- (ii) The loans from fellow subsidiaries are unsecured, bear interest ranging from 8.5% to 15% per annum (1999: 8.5% to 15% per annum). A loan payable to a fellow subsidiary amounts to HK\$208,655,000 (1999: HK\$90,000,000) is repayable in June 2001. The loans payable totalling HK\$1,319,662,000 (1999: HK\$849,866,000) are repayable from December 2001 to March 2003 according to respective loan agreements. The remaining balance has no fixed repayment terms.
- (iii) Except for loans of HK\$67,541,000 (1999: HK\$61,767,000) which are unsecured, bear interest ranging from 10% to 15% per annum (1999: 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.

29 CONTINGENT LIABILITIES

Group

- (i) The Group has contingent liabilities of approximately HK\$865,979,000 (1999: Nil) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 30th June 2000, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the associated companies and the jointly controlled entities was approximately HK\$367,646,000 (1999: Nil).
- (ii) The Group has contingent liabilities relating to counter-guarantees given to the ultimate holding company of approximately HK\$196,262,000 (1999: HK\$223,629,000) in respect of the bank loan facilities extended to a jointly controlled entity (1999: an associated company and a jointly controlled entity) of the Group in respect of which the ultimate holding company has given guarantees. As at 30th June 2000, the Group's attributable portion of the outstanding amounts under the bank loan facilities granted to the jointly controlled entity (1999: an associated company and a jointly controlled entity) in respect of the counter-guarantees was approximately HK\$137,383,000 (1999: HK\$164,750,000).
- (iii) The Group has contingent liabilities relating to counter-guarantees given to the ultimate holding company of approximately HK\$47,664,000 (1999: HK\$186,916,000) in respect of bank loan facilities extended to a fixed return joint venture of the Group in respect of which the ultimate holding company has given guarantees. As at 30th June 2000, the Group's attributable portion of the outstanding amounts under the bank loan facilities granted to the fixed return joint venture in respect of the counter-guarantees was HK\$47,664,000 (1999: HK\$186,916,000).

Company

- (i) The Company has contingent liabilities relating to corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries, associated companies and jointly controlled entities of approximately HK\$65,421,000 (1999: Nil), HK\$45,430,000 (1999: Nil) and HK\$754,081,000 (1999: Nil), respectively.
- (ii) The Company has contingent liabilities relating to counter-guarantees given to the ultimate holding company of approximately HK\$617,366,000 (1999: Nil) in respect of the bank loan facilities extended to a subsidiary, a jointly controlled entity and a fixed return joint venture in respect of which the ultimate holding company has given guarantees.

30 COMMITMENTS

(i) Capital expenditure commitments

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

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Contracted but not provided for				
Fixed assets	2,048	95,297	2,048	–
Investments in jointly controlled entities	202,248	1,272,199	–	–
Investments in fixed return joint ventures	76,244	122,839	–	–
	280,540	1,490,335	2,048	–
Authorised but not contracted for	–	–	–	–
	280,540	1,490,335	2,048	–

(b) The Group did not have any share of capital commitments of the jointly controlled entities themselves not included in (a) above (1999: Nil).

(ii) Lease commitments

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Annual commitments payable in the following years in respect of land and building expiring in				
The first year	62	347	–	–
The second to fifth years	5,938	4,699	5,938	–
	6,000	5,046	5,938	–

(iii) Other commitments

As at 30th June 2000, the Group had issued performance guarantees amounting to approximately HK\$156,602,000 (1999: HK\$56,075,000), of which HK\$107,069,000 (1999: HK\$31,072,000) was utilised, in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of property projects developed by a subsidiary and certain jointly controlled entities 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.

31

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

	2000 HK\$'000	1999 HK\$'000
Operating profit before financing	420,432	538,914
Finance costs	(79,173)	(74,016)
Proforma adjustments	–	38,028
Interest income	(219,370)	(452,475)
Interest expense	79,173	74,016
Depreciation	7,724	8,029
Amortisation of deferred expenditure	5,415	6,693
Loss on disposal of fixed assets	1,483	–
Gain on disposal of interest in a subsidiary	–	(62,044)
Gain on disposal of interests in jointly controlled entities	–	(6,450)
Exchange differences	5,333	864
Increase in properties held for/under development	(621,029)	(963,218)
(Increase)/decrease in debtors, deposits and other receivables	(358,513)	39,491
Decrease/(increase) in amounts due from minority shareholders	67,856	(67,856)
(Decrease)/increase in amounts due to fellow subsidiaries	(17,232)	32,129
(Decrease)/increase in deposits received on sale of properties	(23,639)	48,979
Increase/(decrease) in creditors and accruals	191,764	(44,762)
Net cash outflow from operating activities	(539,776)	(883,678)

(b) Acquisition of interest in a subsidiary

	2000 HK\$'000	1999 HK\$'000
Net assets acquired		
Property under development	205,728	–
Creditors and accruals	(350)	–
	205,378	–
Goodwill on acquisition	40,492	–
Satisfied by cash	245,870	–

The subsidiary acquired during the year utilised HK\$39,228,000 for investing activities. The subsidiary did not contribute to net cash flow from operating activities neither paid nor received any amounts in respect of returns on investments and servicing of finance and taxation.

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NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Disposal of interest in a subsidiary

	2000 HK\$'000	1999 HK\$'000
Net assets disposed		
Investment in associated company	–	179,479
Investment in jointly controlled entities	–	183,775
	–	363,254
Gain on disposal of interest in a subsidiary	–	62,044
Consideration	–	425,298
Satisfied by		
Cash	–	61,798
Amount due from ultimate holding company	–	363,500
	–	425,298

31

 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

(d) Analysis of changes in financing during the year

	Share capital, share premium 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	Restricted cash and bank balances HK\$'000	Minority interests HK\$'000	Total HK\$'000
Balance at 30th June 1998, as previously reported	13,926,731	–	714,392	1,803,062	–	173,862	16,618,047
Change in accounting policy with respect to pre-operating expenses	–	–	–	–	–	(5,079)	(5,079)
At 30th June 1998, as restated	13,926,731	–	714,392	1,803,062	–	168,783	16,612,968
Net cash inflow 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 shareholders' loan	956,619	(956,619)	–	–	–	–	–
Minority interests' share of loss and reserves	–	–	–	–	–	(51,303)	(51,303)
Accrual of interest payable	–	–	–	42,166	–	–	42,166
Proceeds from disposal of interest in subsidiary	–	(363,500)	–	–	–	–	(363,500)
Proceeds from disposal of interests in jointly controlled entities	–	(46,000)	–	–	–	–	(46,000)
Assignment of debts	–	(58,396)	–	–	–	–	(58,396)
Balance at 30th June 1999	14,883,350	(311,785)	394,153	2,873,621	–	126,126	17,965,465
Balance at 30th June 1999, as previously reported	14,883,350	(311,785)	394,153	2,873,621	–	130,547	17,969,886
Change in accounting policy with respect to pre-operating expenses	–	–	–	–	–	(4,421)	(4,421)
At 30th June 1999, as restated	14,883,350	(311,785)	394,153	2,873,621	–	126,126	17,965,465
Net cash inflow/(outflow) from financing	1,249,787	311,785	154,819	372,849	(300,024)	716	1,789,932
Minority interests' share of profit and reserves	–	–	–	–	–	(8,303)	(8,303)
Accrual of interest payable	–	–	–	119,242	–	–	119,242
Balance at 30th June 2000	16,133,137	–	548,972	3,365,712	(300,024)	118,539	19,866,336

32 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	2000	1999
		HK\$'000	HK\$'000
Interest on loans from fellow subsidiaries	(a)	114,241	94,265
Rental for leased premises	(b)	5,046	5,308
Guarantee fee paid to ultimate holding company	(c)	12,904	17,008
Estate management fee income from a fellow subsidiary	(d)	(1,744)	(1,586)
Interest income from jointly controlled entities	(e)	(55,356)	(252,520)
Management fee income from jointly controlled entities	(f)	(35,875)	(35,597)

Notes:

- (a) Interest is charged at rates as specified in note 28 (ii) on the outstanding balances due to certain fellow subsidiaries.
 - (b) The rental is charged at fixed monthly fee in accordance with the terms of the tenancy agreement.
 - (c) The guarantee fee is charged at 2% per annum on the average daily amount outstanding of the loan facility on which the ultimate holding company has provided guarantee.
 - (d) The estate management fee is charged at a fixed unit rate on total area occupied by the fellow subsidiary as specified in the estate management contract.
 - (e) This represents interest income in respect of loan financing provided to jointly controlled entities. These loans are unsecured and carry interest at fixed rates as specified in note 17.
 - (f) This represents management fee income in respect of management and consultancy services rendered to certain jointly controlled entities and is charged at fixed amounts as specified in the relevant joint venture contracts.
- (ii) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries amount to HK\$39,794,000 (1999: HK\$48,996,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (iii) Certain subsidiaries in the PRC have entered into various contracts with the PRC partners or their supervisory authority 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 amount to approximately HK\$157.3 million (1999: HK\$157.3 million) of which approximately HK\$117.7 million (1999: HK\$101.9 million) had been incurred as at 30th June 2000.
- (iv) 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 IT and LAT payable in consequence of the disposal of certain properties (note 11).

32 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) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain property projects of the jointly controlled entities of the Group and payable to certain fellow subsidiaries amount to HK\$307.5 million (1999: HK\$37.7 million). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (ii) Certain associated companies and jointly controlled entities in the PRC have entered into various contracts with the PRC partners or their supervisory authority 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 amount to approximately HK\$2,640 million (1999: HK\$2,640 million) of which approximately HK\$2,462.8 million (1999: HK\$2,438.1 million) had been incurred as at 30th June 2000.
- (iii) Certain associated companies of the Group have entered into loan agreements with a fellow subsidiary. These loan balances amount to US\$52,730,000 (1999: US\$52,730,000), bear interest at 15% per annum (1999: 15% per annum) and have repayment terms as specified in the loan agreements. The total interest charged at 30th June 2000 by the fellow subsidiary and included as part of the development costs of properties developed by these associated companies was 178.2 million (1999: 114.9 million).

33 SIGNIFICANT JOINTLY CONTROLLED ENTITIES

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

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

- (a) Results for the year

	2000 HK\$'000	1999 HK\$'000
Turnover	20,150	15,733
Operating loss	(114,507)	(93,242)
Group's share of operating loss	(20,495)	(53,931)

- (b) Net assets as at year end

	2000 HK\$'000	1999 HK\$'000
Fixed assets	1,227,408	1,486,940
Other assets	2,150,655	1,876,550
Current assets	310,184	500,998
Current liabilities	(290,472)	(338,801)
Long term liabilities (other than amounts due to the Group)	(400,652)	(404,500)
	2,997,123	3,121,187

33 SIGNIFICANT JOINTLY CONTROLLED ENTITIES (continued)

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

(a) Results for the year

	2000 HK\$'000	1999 HK\$'000
Turnover	158,007	–
Operating loss	(26,054)	(13,084)
Group's share of operating loss	(18,238)	(9,159)

(b) Net assets as at year end

	2000 HK\$'000	1999 HK\$'000
Fixed assets	1,209,549	1,125
Other assets	798,638	1,548,848
Current assets	774,538	63,827
Current liabilities	(641,524)	(150,039)
Long term liabilities (other than amounts due to the Group)	(437,504)	–
	1,703,697	1,463,761

(3) China New World Electronics Ltd.

(a) Results for the year

	2000 HK\$'000	1999 HK\$'000
Turnover	11,610	4,616
Operating loss	(133,276)	(170,680)
Group's share of operating loss	(31,894)	(119,476)

(b) Net assets as at year end

	2000 HK\$'000	1999 HK\$'000
Fixed assets	795,328	938,247
Other assets	1,361,477	843,673
Current assets	49,510	139,022
Current liabilities	(299,700)	(387,239)
Long term liabilities (other than amounts due to the Group)	(487,195)	–
	1,419,420	1,533,703

34 SUBSEQUENT EVENTS

On 15th September 2000, the Group entered into a conditional agreement with Anderson International Investment Limited (“AII”), whereby the Group agreed to purchase from AII 49% equity interest in New World Anderson Development Company Limited (“NWA”), an existing 51% subsidiary of the Group, and shareholders’ loan due from NWA to AII for a total consideration of HK\$426,624,310 (“Acquisition”). The consideration will be satisfied by HK\$110,000,000 in cash and the remaining balance will be set-off against an outstanding amount of HK\$316,624,310 due and payable by AII to the Group. The completion of the Acquisition will take place on or before 15th December 2000. After completion, NWA will become a wholly owned subsidiary of the Group.

35 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.

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES, JOINTLY CONTROLLED ENTITIES AND FIXED RETURN JOINT VENTURES

Details of the principal subsidiaries, associated companies, joint controlled entities and fixed return joint ventures which materially affect the results for the year and/or assets of the Group as at 30th June 2000 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	
Subsidiaries				
Incorporated and operated in Hong Kong				
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
Lingal Limited	HK\$2,000 1,800 ordinary shares of HK\$1 each 200 non-voting deferred 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
Sunny Trend Development Limited	HK\$2 2 ordinary shares of HK\$1 each	–	100%	Investment holding
Trend Island Limited	HK\$2 2 ordinary shares of HK\$1 each	–	100%	Investment holding

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES,
JOINTLY CONTROLLED ENTITIES AND FIXED RETURN 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	
Subsidiaries (continued)				
Incorporated in the British Virgin Islands				
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
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	–	70%	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
Twin Glory Investments Limited	US\$1 1 share of US\$1	–	100%	Investment holding

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES,
JOINTLY CONTROLLED ENTITIES AND FIXED RETURN 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	
Subsidiaries (continued)				
Incorporated in the Cayman Islands and operated in Hong Kong				
NW China Homeowner Development Limited	US\$23,639 364,125 shares of US\$0.01 each 4,999,800 shares of US\$0.01 each 40% called up	–	100%	Investment holding
Incorporated and operated in the PRC				
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	–	100%	Property development
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
廣州新翊房地產發展有限公司	HK\$286,000,000	–	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
New World (Shenyang) Property Development No. 2 Limited	RMB57,840,000	–	90%	Property development

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES,
JOINTLY CONTROLLED ENTITIES AND FIXED RETURN 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	
Subsidiaries (continued)				
Incorporated and operated in the PRC (continued)				
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

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES,
JOINTLY CONTROLLED ENTITIES AND FIXED RETURN 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	
Associated companies				
Incorporated and operated in Hong Kong				
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
Incorporated in the British Virgin Islands				
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 Worldwide Limited	US\$100 100 shares of US\$1 each	–	40%	Investment holding
Incorporated and operated in the PRC				
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

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES, JOINTLY CONTROLLED ENTITIES AND FIXED RETURN 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	
Associated companies (continued)				
Incorporated and operated in the PRC (continued)				
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
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$70,000,000	–	44.1%	Property development
Jointly controlled entities				
Incorporated and operated in Hong Kong				
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
Incorporated in the British Virgin Islands				
Concord Properties Holding (Guangzhou) Limited	US\$10 10 shares of US\$1 each	–	40%	Investment holding
Cyber China Inc.	US\$100 100 shares of US\$1 each	–	50%	Investment holding

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES,
JOINTLY CONTROLLED ENTITIES AND FIXED RETURN 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	
Jointly controlled entities (continued)				
Incorporated and operated in the PRC				
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	–	70%	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
Jinan New World Sunshine Development Ltd.	US\$10,000,000	–	65%	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

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES,
JOINTLY CONTROLLED ENTITIES AND FIXED RETURN 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	
Jointly controlled entities (continued)				
Incorporated and operated in the PRC (continued)				
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
廣州新華晨房地產有限公司	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\$182,000,000	—	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

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES,
JOINTLY CONTROLLED ENTITIES AND FIXED RETURN 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	
Jointly controlled entities (continued)				
Incorporated and operated in the PRC (continued)				
武漢武新物業有限公司	RMB15,000,000	–	50%	Land development
Wuhan Xinhan Development Co., Ltd.	RMB30,000,000	–	50%	Property development
Fixed return joint ventures				
Incorporated and operated in the PRC				
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

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES, JOINTLY CONTROLLED ENTITIES AND FIXED RETURN 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	
Fixed return joint ventures (continued)				
Incorporated and operated in the PRC (continued)				
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.

37 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 25th October 2000.

FINANCIAL SUMMARY

RESULTS

	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000	1996 HK\$'000
Turnover	607,031	545,076	409,068	302,320	192,915
Operating profit after finance costs	341,259	464,898	201,405	269,446	139,058
Share of results of Associated companies	(2,213)	(20,465)	(22,951)	(11,100)	(46,011)
Jointly controlled entities	(118,509)	(263,297)	39,169	61,348	(11,032)
Profit before taxation	220,537	181,136	217,623	319,694	82,015
Taxation	11,620	17,353	38,191	33,873	5,049
Profit after taxation	208,917	163,783	179,432	285,821	76,966
Minority interest	(5,388)	2,536	10,516	4,273	6,885
Profit attributable to shareholders	203,529	166,319	189,948	290,094	83,851

ASSETS AND LIABILITIES

	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000
Fixed assets	2,924,107	1,926,775	1,878,931
Properties held for development	2,660,433	3,185,966	2,233,029
Associated companies	909,645	1,143,932	1,157,124
Jointly controlled entities	10,166,450	9,708,262	9,924,529
Other investments	2,934,454	2,636,149	2,186,322
Other non-current assets	108,914	10,260	27,363
Long term receivable	–	–	58,396
Net current assets/(liabilities)	718,013	388,026	(348,341)
Total assets less current liabilities	20,422,016	18,999,370	17,117,353
Bank and other borrowings	(2,783,617)	(2,501,237)	(1,803,062)
Deferred interest income	(531,341)	(421,452)	(312,738)
Minority interests	(118,539)	(126,126)	(173,862)
	16,988,519	15,950,555	14,827,691

Notes:

- (1) The financial summary of the Group 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.
- (2) The accounting policy in respect of pre-operating expenses has been changed during the year. This change has been accounted for retrospectively and the 1999 figures have been restated. The figures for 1998, 1997 and 1996 have not been restated since the directors consider that this would involve undue delay and expense.

PROJECT PROFILE

SUMMARY OF THE GROUP'S PROJECTS

PROPERTY PROJECTS IN THE PRC

Project No.	Project Name	Form of Investment	Type of Development	Site Area (sq.m.)	Total GFA (sq.m.)	Usage
NORTHERN REGION						
BEIJING						
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	166,912	R,O,C,Oth
3.	Beijing New World Garden	CJV	Mass-C	52,800	196,423	R,O
4.	Beijing New View Garden (Beijing Chong wen District Lot No. 5 Development Phase I)	CJV	Mass-C	19,977	65,271	R,O,Oth
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
8.	Beijing Boxing Plaza	Note (4)	Con	11,520	49,300	O,C,Oth
9.	Beijing Xin Kang Garden (Yizhuang Development)	CJV	Mass-C	101,894	215,800	R,Oth
10.	New World Courtyard, Beijing	CJV	Con	n/a	23,988	H
11.	Beijing Lai Loi Garden	CJV	Con			
	– Bao Yuan			402,000	206,575	R,Oth
	– Chanq Le			358,600	183,923	R,Oth
	– Lai Loi			216,600	111,092	R,Oth
	– Fu Hua			293,300	148,000	R,Oth
12.	Beijing Lingal Garden	CJV	Con	169,000	127,400	R
TIANJIN						
13.	Tianjin New World Anderson Centre	WFE	Con	23,127	91,001	O,C,Oth
14.	Tianjin Xin An Garden	WFE	Mass-C	20,148	97,228	R,O,C,Oth
15.	Huayuan Residential Area Development Sub Area 4 and 8	CJV	Mass-L	301,861	275,101	R,C
16.	Xin Chun Hua Yuan Development - Lot 603 and Lot Bajiefang	CJV	Mass-L	72,800	184,603	R,C,Oth
17.	Nanshi Development	CJV	Mass-C	420,209	1,549,842	R,C,Oth
18.	Tianjin Yu Chang Shopping Mall (Tianjin Dahutung Development)	CJV	Con	25,575	262,500	C
SHIJIAZHUANG						
19.	Shijiazhuang New World Plaza	EJV	Con	90,602	89,615	C,H,Oth
NORTHEAST REGION						
SHENYANG						
20.	Shenyang New World Garden	CJV	Mass-C	1,959,300	3,097,460	R,O,C,Oth
21.	Taiyuan Street Development	Note (4)	Con	7,293	95,300	R,O,C
22.	New World Courtyard, Shenyang	EJV	Con	7,847	32,200	C,H
DALIAN						
23.	Dalian New World Plaza	EJV	Con	9,800	139,481	R,C
24.	Dalian Bond Tak International Finance Centre	WFE	Con	16,600	218,690	R,C

PROJECT PROFILE

PROPERTY PROJECTS IN THE PRC (continued)

Project No.	Project Name	Form of Investment	Type of Development	Site Area (sq.m.)	Total GFA (sq.m.)	Usage
CENTRAL REGION						
SHANGHAI						
25.	Regent Place	EJV	Con	5,496	27,732	R,C,Oth
26.	Shanghai Zhongshan Square Phase I	CJV	Con	17,966	76,498	R
	Phase II			16,171	127,957	O
27.	Shanghai Sunrise Garden	EJV	Con	161,595	92,950	R
28.	Hong Kong New World Tower	CJV	Con	9,953	133,000	R,O,C,H
29.	Changning Ramada Square	CJV	Con	9,084	122,608	R,C,H
30.	Zhongshannanyi Road Development	EJV	Mass-C	32,795	386,487	R,O,Oth
31.	Mengzi Road Development	WFE	Mass-C	24,684	100,552	R,C
32.	1408 Huaihaizhong Road	WFE	Con	343	794	O
WUHAN						
33.	Wuhan Tazi Lake Residential Development	CJV	Con	828,233	256,000	R,Oth
34.	Wuhan International Trade and Commerce Centre Main	EJV	Con	6,947	23,900	C
	Annex	EJV	Con	3,806	19,461	O,C,Oth
35.	Wuhan Golden World Tower	EJV	Con	3,670	43,618	R,C
36.	Wuhan Hotel Redevelopment	CJV	Con	32,307	65,000	R,C,H
37.	Wuhan Changqing Garden	CJV	Mass-L	2,311,331	3,360,785	R,Oth
38.	New World Courtyard, Wuhan	CJV	Con	5,201	10,250	H
39.	Wuhan Xinhua Xia Road Development	CJV	Mass-L	96,493	306,139	R,C
NANJING						
40.	Nanjing New World Centre	EJV	Con	11,218	213,800	R,O,C,H
JINAN						
41.	Jinan Sunshine Garden	EJV	Con	105,339	232,309	R,Oth
HEFEI						
42.	Hefei New World Garden	CJV	Mass-C	82,660	134,709	R,C,Oth
SOUTHERN REGION						
GUANGZHOU						
43.	New World Riverside Villa	CJV	Con	51,712	3,943	R
44.	New World Casa California	CJV	Con	18,930	20,672	R
45.	New World Eastern Garden	CJV	Mass-C	61,784	224,014	R
46.	Tianhe Shipai Lot Nos. 2 & 5 Development	CJV	Mass-C	96,378	401,162	R,C
47.	Pearl River New Town Zone L	CJV	Mass-C	107,876	288,075	R,C
48.	Fangcun District Nos. 1, 2 & 4 Development	CJV	Mass-C	370,383	1,160,199	R
49.	Fortuna Garden	CJV	Con	n/a	181	R
50.	Jixian Zhuang Commodity Housing Development	CJV	Mass-C	409,801	674,784	R,C
51.	Guangzhou Gloria City	CJV	Con	21,484	224,596	R,O,C,Oth
52.	Fangcao Garden	CJV	Mass-C	44,516	203,057	R,C,Oth
53.	Jixian Zhuang Low-cost Housing Development	CJV	Mass-L	576,045	1,072,569	R,Oth
PEARL RIVER DELTA						
54.	Foshan Golf & Country Club	CJV	Con	17,967	6,665	R
			Con	3,000,899	-	G
55.	Shenzhen Xilihu Development	CJV	Con	58,121	29,000	R,Oth
56.	Shenzhen New World Yi Shan Garden (Shenzhen Shatoujiao Development)	CJV	Mass-C	89,349	150,100	R,C
57.	Shunde New World Convention & Exhibition Centre	CJV	Con	14,171	169,850	R,O,C
58.	New World Courtyard, Shunde	CJV	Con	5,000	36,524	H

PROJECT PROFILE

PROPERTY PROJECTS IN THE PRC (continued)

Project No.	Project Name	Form of Investment	Type of Development	Site Area (sq.m.)	Total GFA (sq.m.)	Usage
PEARL RIVER DELTA (continued)						
59.	Shunde Rongqi Riverside Road Development	EJV	Mass-C	185,000	720,484	R,O,C,H
60.	Shunde Tai Fook Garden	Note (4)	Con	10,000	To be determined	R
61.	Dongguan New World Garden	CJV	Mass-C	504,563	952,794	R
62.	Huiyang Palm Island Golf Club & Resort	EJV	Con	255,000	259,029	R
			Con	1,115,000	–	G
63.	Huizhou Changhuyuan Development	CJV	Mass-C	57,653	126,665	R
64.	Xintang New World Garden	CJV	Mass-C	199,931	401,002	R,C
65.	Qingyuan Low-cost Housing Development	CJV	Mass-L	538,497	936,000	R,C
66.	Zhuhai New World Harbour-front Garden	CJV	Mass-C	42,104	62,140	R,Oth
67.	Zhaoqing Lake Development	CJV	Con	160,367	315,006	R
68.	Haikou Low-cost Housing Development	CJV	Mass-L	115,694	290,252	R

Notes:

- (1) "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 is a legal entity with 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.
- (2) "Con" denotes Conventional Property Projects; "Mass-L" denotes Low-cost Community Housing Projects; "Mass-C" denotes Community Housing Projects.
- (3) Usage - R : Residential
 - O : Office
 - C : Commercial
 - H : Hotel
 - G : Golf Course
 - W : Warehouse
 - Oth : Others
- (4) In respect of such projects, NWCL 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.)
City Core Redevelopment Projects		
1. Tianjin City Core Redevelopment Project	CJV	2,520,991
2. Beijing Chongwen District City Core Redevelopment Project – Lots 5 & 6	CJV	223,952
Land Improvement Projects		
1. Wujiashan Economic Development Area Land Improvement Project	CJV	6,502,088

PROJECT PROFILE

1. BEIJING NEW WORLD CENTRE PHASE I													
NWCL's attributable interest:	Beijing Chongwen – New World Properties Development Co., Ltd. 北京崇文－新世界房地產發展有限公司: 58% China New World Electronics Limited 中國新世界電子有限公司: 70%												
Form of investment	CJV												
Status	Completed												
Payback Priority to NWCL	Yes												
Accounting Classification	Jointly Controlled Entity												
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.												
Development Status Total: 120,623 sq.m.	Completed 120,623 sq.m.												
2. BEIJING NEW WORLD CENTRE PHASE II													
NWCL's attributable interest:	70%												
Form of investment	CJV Beijing Chong Yu Real Estate Development Co., Ltd. 北京崇裕房產開發有限公司												
Status	Beijing Taihua Plaza – Completed; Shopping Mall – 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>84,606 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>Car park</td> <td>34,958 sq.m.</td> </tr> <tr> <td>Total</td> <td>166,912 sq.m.</td> </tr> </table>	Service Apartment	84,606 sq.m.	Commercial/Recreational	38,730 sq.m.	Office	8,618 sq.m.	Car park	34,958 sq.m.	Total	166,912 sq.m.		
Service Apartment	84,606 sq.m.												
Commercial/Recreational	38,730 sq.m.												
Office	8,618 sq.m.												
Car park	34,958 sq.m.												
Total	166,912 sq.m.												
Development Status Total: 166,912 sq.m.	Completed 166,912 sq.m.												

PROJECT PROFILE

3. **BEIJING NEW WORLD GARDEN**

NWCL's attributable interest	70%	
Form of investment	CJV Beijing Chong Yu Real Estate Development Co., Ltd. 北京崇裕房產開發有限公司	
Status	Phase I – Under construction; Other phases – Vacant site	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	52,800 sq.m.	
Development Information	Office	56,351 sq.m.
	Residential	95,489 sq.m.
	Ancillary and public facilities	44,583 sq.m.
	Total	196,423 sq.m.
Development Status	Under development	Planning
Total: 196,423 sq.m.	95,000 sq.m.	101,423 sq.m.

4. **BEIJING NEW VIEW GARDEN (BEIJING CHONG WEN DISTRICT LOT NO. 5 DEVELOPMENT PHASE I)**

NWCL's attributable interest	70%	
Form of investment	CJV Beijing Chongwen – New World Properties Development Co. Ltd. 北京崇文 – 新世界房地產發展有限公司	
Status	Under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	19,977 sq.m.	
Development Information	Residential	58,271 sq.m.
	Office	6,726 sq.m.
	Other	274 sq.m.
	Total	65,271 sq.m.
Development Status	Under development	
Total: 65,271 sq.m.	65,271 sq.m.	

PROJECT PROFILE

5. **CHONGWEN DISTRICT DEVELOPMENT**

NWCL's attributable interest	70%	
Form of investment	CJV Beijing Chongwen – New World Properties Development Co., Ltd. 北京崇文－新世界房地產發展有限公司	
Status	Vacant site	
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	Under development	Planning
Total: 1,627,697 sq.m.	18,286 sq.m.	1,609,411 sq.m.

6. **YANJING BUILDING DEVELOPMENT**

NWCL's attributable interest	70%	
Form of investment	CJV Beijing Chongwen – New World Properties Development Co., Ltd. 北京崇文－新世界房地產發展有限公司	
Status	Vacant site	
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	Planning	
Total: 36,740 sq.m.	36,740 sq.m.	

PROJECT PROFILE

7. DAXING WAREHOUSE									
NWCL's attributable interest	70%								
Form of investment	CJV China New World Electronics Limited 中國新世界電子有限公司								
Status	Completed								
Payback Priority to NWCL	Yes								
Accounting Classification	Jointly Controlled Entity								
Site Area	31,707 sq.m.								
Development Information	<table> <tr> <td>Warehouse</td> <td>8,190 sq.m.</td> </tr> <tr> <td>Office building</td> <td>1,998 sq.m.</td> </tr> <tr> <td>Ancillary facilities</td> <td>318 sq.m.</td> </tr> <tr> <td>Total</td> <td>10,506 sq.m.</td> </tr> </table>	Warehouse	8,190 sq.m.	Office building	1,998 sq.m.	Ancillary facilities	318 sq.m.	Total	10,506 sq.m.
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.	Completed 10,506 sq.m.								

8. 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	<table> <tr> <td>Office</td> <td>28,150 sq.m.</td> </tr> <tr> <td>Commercial</td> <td>17,900 sq.m.</td> </tr> <tr> <td>Plant rooms</td> <td>3,250 sq.m.</td> </tr> <tr> <td>Total</td> <td>49,300 sq.m.</td> </tr> </table>	Office	28,150 sq.m.	Commercial	17,900 sq.m.	Plant rooms	3,250 sq.m.	Total	49,300 sq.m.
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.	Under development 49,300 sq.m.								

PROJECT PROFILE

9. BEIJING XIN KANG GARDEN (YIZHUANG DEVELOPMENT)

NWCL's attributable interest	70%																	
Form of investment	CJV Beijing Xin Kang Real Estate Development Co., Ltd. 北京新康房地產發展有限公司																	
Status	Under construction																	
Payback Priority to NWCL	Yes																	
Accounting Classification	Jointly Controlled Entity																	
Site Area	101,894 sq.m.																	
Development Information	<table> <tr> <td>Phase I Residential</td> <td>16,776 sq.m.</td> </tr> <tr> <td>Phase II Residential</td> <td>70,920 sq.m.</td> </tr> <tr> <td>Amenities</td> <td>4,810 sq.m.</td> </tr> <tr> <td>Ancillary facilities</td> <td>550 sq.m.</td> </tr> <tr> <td>Phase III Residential</td> <td>84,704 sq.m.</td> </tr> <tr> <td>Car park</td> <td>31,900 sq.m.</td> </tr> <tr> <td>Amenities</td> <td>6,140 sq.m.</td> </tr> <tr> <td>Total</td> <td>215,800 sq.m.</td> </tr> </table>		Phase I Residential	16,776 sq.m.	Phase II Residential	70,920 sq.m.	Amenities	4,810 sq.m.	Ancillary facilities	550 sq.m.	Phase III Residential	84,704 sq.m.	Car park	31,900 sq.m.	Amenities	6,140 sq.m.	Total	215,800 sq.m.
Phase I Residential	16,776 sq.m.																	
Phase II Residential	70,920 sq.m.																	
Amenities	4,810 sq.m.																	
Ancillary facilities	550 sq.m.																	
Phase III Residential	84,704 sq.m.																	
Car park	31,900 sq.m.																	
Amenities	6,140 sq.m.																	
Total	215,800 sq.m.																	
Development Status Total: 215,800 sq.m.	Completed 16,776 sq.m.	Under development 199,024 sq.m.																

10. NEW WORLD COURTYARD, BEIJING

NWCL's attributable interest	59%									
Form of investment	CJV Beijing Xin Lian Hotel Co., Ltd. 北京新聯酒店有限公司									
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	<table> <tr> <td>Grade</td> <td>4-star</td> </tr> <tr> <td>Guest Room</td> <td>293</td> </tr> <tr> <td>Restaurant</td> <td>2</td> </tr> <tr> <td>Total</td> <td>23,988 sq.m.</td> </tr> </table>		Grade	4-star	Guest Room	293	Restaurant	2	Total	23,988 sq.m.
Grade	4-star									
Guest Room	293									
Restaurant	2									
Total	23,988 sq.m.									
Development Status Total: 23,988 sq.m.	Completed 23,988 sq.m.									

PROJECT PROFILE

11. BEIJING LAI LOI GARDEN	
NWCL's attributable interest	24.5%
Form of investment	CJV 1) Beijing Po Garden Real Estates Development Co., Ltd. 北京寶苑房地產開發有限公司 2) Beijing Chang Le Real Estates Development Co., Ltd. 北京長樂房地產開發有限公司 3) Beijing Niceline Real Estates Development Co., Ltd. 北京麗萊房地產開發有限公司 4) Beijing Fu Wah Real Estates Development Co., Ltd. 北京富華房地產開發有限公司
Status	Site formation in progress
Payback Priority to NWCL	No
Accounting Classification	Associated Company
Site Area	1,270,500 sq.m.
Development Information	Residential 569,770 sq.m. Others 79,820 sq.m. Total 649,590 sq.m.
Development Status Total: 649,590 sq.m.	Under development 126,000 sq.m. Planning 523,590 sq.m.
12. BEIJING LINGAL GARDEN	
NWCL's attributable interest	100%
Form of investment	CJV Beijing Lingal Real Estates Development Co., Ltd. 北京麗高房地產開發有限公司
Status	Vacant site
Payback Priority to NWCL	No
Accounting Classification	Subsidiary
Site Area	169,000 sq.m.
Development Information	Villa 56,040 sq.m. Apartment 70,590 sq.m. Others 770 sq.m. Total 127,400 sq.m.
Development Status Total: 127,400 sq.m.	Planning 127,400 sq.m.
13. TIANJIN NEW WORLD ANDERSON CENTRE	
NWCL's attributable interest	51%
Form of investment	WFE New World Anderson (Tianjin) Development Co., Ltd. 新世界安信(天津)發展有限公司
Status	Completed
Payback Priority to NWCL	Yes
Accounting Classification	Subsidiary
Site Area	23,127 sq.m.
Development Information	Commercial 68,510 sq.m. Office 9,792 sq.m. Carpark 12,699 sq.m. Total 91,001 sq.m.
Development Status Total: 91,001 sq.m.	Completed 91,001 sq.m.

PROJECT PROFILE

14. TIANJIN XIN AN GARDEN		
NWCL's attributable interest	51%	
Form of investment	WFE New World Anderson (Tianjin) Development Co., Ltd. 新世界安信(天津)發展有限公司	
Status	Phase I – Completed	
Payback Priority to NWCL	Yes	
Accounting Classification	Subsidiary	
Site Area	20,148 sq.m.	
Development Information	Residential 61,459 sq.m. Commercial 3,746 sq.m. Office 30,000 sq.m. Ancillary facilities 2,023 sq.m. Total 97,228 sq.m.	
Development Status Total: 97,228 sq.m.	Completed 61,974 sq.m.	Planning 35,254 sq.m.

15. HUAYUAN RESIDENTIAL AREA DEVELOPMENT SUB AREA 4 AND 8		
NWCL's attributable interest	60% (note)	
Form of investment	CJV Tianjin New World Housing Development Co., Ltd. 天津新世界康居發展有限公司	
Status	Sub-area 4 – Completed; Sub-area 8 – 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 Residential 121,643 sq.m. Commercial 2,002 sq.m. Ancillary facilities 7,892 sq.m. Sub-total 131,537 sq.m. Sub-area 8 GFA Residential 105,288 sq.m. Commercial 19,612 sq.m. Ancillary facilities 18,664 sq.m. Sub-total 143,564 sq.m. Total 275,101 sq.m.	
Development Status Total: 275,101 sq.m.	Completed 136,386 sq.m.	Under development 138,715 sq.m.

Note: Profit sharing percentage in respect of commodity housing units.

PROJECT PROFILE

16. XIN CHUN HUA YUAN DEVELOPMENT – LOT 603 & LOT BAJIEFANG			
NWCL's attributable interest	60% (note)		
Form of investment	CJV Tianjin New World Housing Development Co., Ltd. 天津新世界康居發展有限公司		
Status	Phase I – Completed; Phase II – Under construction		
Payback Priority to NWCL	Yes		
Accounting Classification	Fixed Return Joint Venture		
Site Area	72,800 sq.m.		
Development Information	Residential	154,649 sq.m.	
	Commercial	26,647 sq.m.	
	Ancillary facilities	3,307 sq.m.	
	Total	184,603 sq.m.	
Development Status	Completed	Under development	Planning
Total: 184,603 sq.m.	46,102 sq.m.	52,690 sq.m.	85,811 sq.m.

Note: Profit sharing percentage in respect of commodity housing units.

17. NANSHI DEVELOPMENT			
NWCL's attributable interest :	Tianjin New World Properties Development Co., Ltd. 天津新世界房地產開發有限公司: 70% Tianjin New World Housing Development Co., Ltd. 天津新世界康居發展有限公司: 60% (note)		
Form of investment	CJVs		
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. 天津新世界房地產開發有限公司 347,498 sq.m. Tianjin New World Housing Development Co., Ltd. 天津新世界康居發展有限公司 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	Under development	Planning	
Total: 1,549,842 sq.m.	35,000 sq.m.	1,514,842 sq.m.	

Note: Profit sharing percentage in respect of commodity housing units.

PROJECT PROFILE

18. TIANJIN YU CHANG SHOPPING MALL (TIANJIN DAHUTUNG DEVELOPMENT)	
NWCL's attributable interest	70%
Form of investment	CJV Tianjin New World Properties Development Co., Ltd. 天津新世界房地產開發有限公司
Status	Phase I – Completed; Phase II – Under construction
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	Completed 12,000 sq.m. Under development 22,000 sq.m. Planning 228,500 sq.m.
Total: 262,500 sq.m.	

19. SHIJIAZHUANG NEW WORLD PLAZA	
NWCL attributable interest	55%
Form of investment	EJV Shijiazhuang New World Industry Co., Ltd. 石家庄新世界實業有限公司
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	Completed 89,615 sq.m.
Total: 89,615 sq.m.	

PROJECT PROFILE

20. SHENYANG NEW WORLD GARDEN

NWCL's attributable interest	90%	
Form of investment	CJV New World (Shenyang) Property Development Limited 新世界(瀋陽)房地產開發有限公司 New World (Shenyang) Property Development No.2 Limited 新世界(瀋陽)房地產開發第二有限公司 New World (Shenyang) Property Development No.3 Limited 新世界(瀋陽)房地產開發第三有限公司 New World (Shenyang) Property Development No.4 Limited 新世界(瀋陽)房地產開發第四有限公司 New World (Shenyang) Property Development No.5 Limited 新世界(瀋陽)房地產開發第五有限公司 New World (Shenyang) Property Development No.6 Limited 新世界(瀋陽)房地產開發第六有限公司	
Status	Phase I – Under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Subsidiary	
Site Area	1,959,300 sq.m.	
Development Information	Residential	2,130,230 sq.m.
	Office	126,660 sq.m.
	Commercial	7,140 sq.m.
	Ancillary facilities	833,430 sq.m.
	Total	3,097,460 sq.m.
Development Status	Under development	Planning
Total: 3,097,460 sq.m.	391,196 sq.m.	2,706,264 sq.m.

21. 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	Planning	
Total: 95,300 sq.m.	95,300 sq.m.	

PROJECT PROFILE

22. NEW WORLD COURTYARD, SHENYANG

NWCL attributable interest	70%
Form of investment	EJV Shenyang New World Lumingchun Building Co., Ltd 瀋陽新世界鹿鳴春大廈有限公司
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 265 Total GFA 32,200 sq.m.
Development Status Total: 32,200 sq.m.	Completed 32,200 sq.m.

23. DALIAN NEW WORLD PLAZA

NWCL attributable interest	88%
Form of investment	EJV Dalian New World Plaza International Co., Ltd. 大連新世界廣場國際有限公司
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Subsidiary
Site Area	9,800 sq.m.
Development Information	Service apartment 89,300 sq.m. Commercial 50,181 sq.m. Total 139,481 sq.m.
Development Status Total: 139,481 sq.m.	Under development 35,228 sq.m. Planning 104,253 sq.m.

24. DALIAN BOND TAK INTERNATIONAL FINANCE CENTRE

NWCL attributable interest	30%
Form of investment	WFE Dalian Bond Tak International Finance Centre Co., Ltd. 大連奔德國際金融中心有限公司
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.	Under development 218,690 sq.m.

PROJECT PROFILE

25. REGENT PLACE									
NWCL attributable interest	30%								
Form of investment	EJV Shanghai Jianmei Property Development Co., Ltd. 上海建美房產發展有限公司								
Status	Completed								
Payback Priority to NWCL	No								
Accounting Classification	Jointly Controlled Entity								
Site Area	5,496 sq.m.								
Development Information	<table border="0"> <tr> <td>Residential</td> <td>22,996 sq.m.</td> </tr> <tr> <td>Commercial</td> <td>4,030 sq.m.</td> </tr> <tr> <td>Ancillary facilities</td> <td>706 sq.m.</td> </tr> <tr> <td>Total</td> <td>27,732 sq.m.</td> </tr> </table>	Residential	22,996 sq.m.	Commercial	4,030 sq.m.	Ancillary facilities	706 sq.m.	Total	27,732 sq.m.
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.	Completed 27,732 sq.m.								

26. SHANGHAI ZHONGSHAN SQUARE							
NWCL's attributable interest	34.2%						
Form of investment	CJV Shanghai Trio Property Development Co., Ltd. 上海三聯物業發展有限公司						
Status	Phase I – Completed; Phase II – Planning						
Payback Priority to NWCL	Yes						
Accounting Classification	Jointly Controlled Entity						
Site Area	<table border="0"> <tr> <td>Phase I</td> <td>17,966 sq.m.</td> </tr> <tr> <td>Phase II</td> <td>16,171 sq.m.</td> </tr> </table>	Phase I	17,966 sq.m.	Phase II	16,171 sq.m.		
Phase I	17,966 sq.m.						
Phase II	16,171 sq.m.						
Development Information	<table border="0"> <tr> <td>Phase I Residential</td> <td>76,498 sq.m.</td> </tr> <tr> <td>Phase II Office</td> <td>127,957 sq.m.</td> </tr> <tr> <td>Total</td> <td>204,455 sq.m.</td> </tr> </table>	Phase I Residential	76,498 sq.m.	Phase II Office	127,957 sq.m.	Total	204,455 sq.m.
Phase I Residential	76,498 sq.m.						
Phase II Office	127,957 sq.m.						
Total	204,455 sq.m.						
Development Status Total: 204,455 sq.m.	<table border="0"> <tr> <td>Completed 76,498 sq.m.</td> <td>Planning 127,957 sq.m.</td> </tr> </table>	Completed 76,498 sq.m.	Planning 127,957 sq.m.				
Completed 76,498 sq.m.	Planning 127,957 sq.m.						

PROJECT PROFILE

27. SHANGHAI SUNRISE GARDEN

NWCL's attributable interest	64%	
Form of investment	EJV Shanghai Heyu Properties Co., Ltd. 上海合裕房地產有限公司	
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.
	Total	92,950 sq.m.
Development Status	Completed	Planning
Total: 92,950 sq.m.	25,841 sq.m.	67,109 sq.m.

28. HONG KONG NEW WORLD TOWER

NWCL's attributable interest	44.1%	
Form of investment	CJV Shanghai New World Huai Hai Property Development Co., Ltd. 上海新世界淮海物業發展有限公司	
Status	Under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Associated Company	
Site Area	9,953 sq.m.	
Development Information	Service apartment	13,800 sq.m.
	Commercial	16,000 sq.m.
	Hotel	58,000 sq.m.
	Office	9,000 sq.m.
	Ancillary facilities	36,200 sq.m.
	Total	133,000 sq.m.
Development Status	Under development	
Total: 133,000 sq.m.	133,000 sq.m.	

PROJECT PROFILE

29. CHANGNING RAMADA SQUARE	
NWCL's attributable interest	57%
Form of investment	CJV Shanghai Ramada Plaza Ltd. 上海華美達廣場有限公司
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 34,927 sq.m. Commercial 17,272 sq.m. Hotel 46,102 sq.m. Ancillary facilities 24,307 sq.m. Total 122,608 sq.m.
Development Status Total: 122,608 sq.m.	Under development 122,608 sq.m.

30. ZHONGSHANNANYI ROAD DEVELOPMENT	
NWCL's attributable interest	80%
Form of investment	EJV Shanghai Ju Yi Real Estate Development Co., Ltd. 上海局一房地產發展有限公司
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. Office (overseas) 21,134 sq.m. Phase II Commercial (overseas) 7,040 sq.m. Commercial (domestic) 5,000 sq.m. Residential (domestic) 47,940 sq.m. Clubhouse 2,720 sq.m. Phase III Commercial (domestic) 131,880 sq.m. Kindergarten 2,000 sq.m. Phase IV Residential (domestic) 144,760 sq.m. Primary school 3,000 sq.m. Total 386,487 sq.m.
Development Status Total: 386,487 sq.m.	Under development 42,147 sq.m. Planning 344,340 sq.m.

PROJECT PROFILE

31. MENGZI ROAD DEVELOPMENT	
NWCL's attributable interest	80%
Form of investment	WFE Fung Seng Real Estate Development (Shanghai) Co., Ltd. 豐盛地產發展(上海)有限公司
Status	Vacant site
Payback Priority to NWCL	No
Accounting Classification	Subsidiary
Site Area	24,684 sq.m.
Development Information	Residential 95,552 sq.m. Commercial 4,000 sq.m. Ancillary facilities 1,000 sq.m. Total 100,552 sq.m.
Development Status Total: 100,552 sq.m.	Planning 100,552 sq.m.

32. 1408 HUAIHAIZHONG ROAD	
NWCL's attributable interest	80%
Form of investment	WFE Fung Seng Real Estate Development (Shanghai) Co., Ltd. 豐盛地產發展(上海)有限公司
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.	Completed 794 sq.m.

33. WUHAN TAZI LAKE RESIDENTIAL DEVELOPMENT	
NWCL's attributable interest	50%
Form of investment	CJV Wuhan Xinhan Development Co., Ltd. 武漢新漢發展有限公司
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	828,233 sq.m.
Development Information	Residential 229,910 sq.m. Other 26,090 sq.m. Total 256,000 sq.m.
Development Status Total: 256,000 sq.m.	Under development 37,744 sq.m. Planning 218,256 sq.m.

PROJECT PROFILE

34. WUHAN INTERNATIONAL TRADE AND COMMERCE CENTRE MAIN & ANNEX		
NWCL's attributable interest	95%	
Form of investment	EJV Wuhan New Eagle Development Co., Ltd. 武漢新鵬發展有限公司	
Status	Main – Renovation in progress; Annex – Completed	
Payback Priority to NWCL	No	
Accounting Classification	Subsidiary	
Site Area	Main Annex	6,947 sq.m. 3,806 sq.m.
Development Information	Main Commercial Annex E/M Office Commercial Sub-total Total	23,900 sq.m. 384 sq.m. 9,423 sq.m. 9,654 sq.m. 19,461 sq.m. 43,361 sq.m.
Development Status Total: 43,361 sq.m.	Completed 19,461 sq.m.	Under development 23,900 sq.m.

35. GOLDEN WORLD TOWER		
NWCL's attributable interest	15%	
Form of investment	EJV Wuhan Golden World Real-Estate Development Co., Ltd. 武漢金源世界房屋建築開發有限公司	
Status	Completed	
Payback Priority to NWCL	No	
Accounting Classification	Jointly Controlled Entity	
Site Area	3,670 sq.m.	
Development Information	Commercial Residential Total	10,327 sq.m. 33,291 sq.m. 43,618 sq.m.
Development Status Total: 43,618 sq.m.	Completed 43,618 sq.m.	

PROJECT PROFILE

36. WUHAN HOTEL REDEVELOPMENT	
NWCL's attributable interest	60%
Form of investment	CJV Wuhan Wuxin Hotel Co., Ltd. 武漢武新大酒店有限公司
Status	Evacuated structure with ancillary buildings
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	32,307 sq.m.
Development Information	Office/ Serviced apartment 17,000 sq.m. Commercial 30,000 sq.m. Hotel 18,000 sq.m. Total 65,000 sq.m.
Development Status Total: 65,000 sq.m.	Planning 65,000 sq.m.

37. WUHAN CHANGQING GARDEN	
NWCL's attributable interest	60% (note)
Form of investment	CJV Wuhan New World Housing Development Limited 武漢新世界康居發展有限公司
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.
Development Status Total: 3,360,785 sq.m.	Completed 751,998 sq.m. Under development 290,181 sq.m. Planning 2,318,606 sq.m.

Note: Profit sharing percentage in respect of commodity housing units.

38. NEW WORLD COURTYARD, WUHAN	
NWCL's attributable interest	50%
Form of investment	CJV Wuhan Taipei & New World Hotel Company Limited 武漢台北新世界酒店有限公司
Status	In operation
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 GFA 10,250 sq.m.
Development Status Total: 10,250 sq.m.	Completed 10,250 sq.m.

PROJECT PROFILE

39. WUHAN XINHUAXIA ROAD DEVELOPMENT		
NWCL's attributable interest	60% (note)	
Form of investment	CJV Wuhan New World Housing Development Limited 武漢新世界康居發展有限公司	
Status	Under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Fixed Return Joint Venture	
Site Area	96,493 sq.m.	
Development Information	Residential	271,870 sq.m.
	Commercial	34,269 sq.m.
	Total	306,139 sq.m.
Development Status	Under development	Planning
Total: 306,139 sq.m.	110,235 sq.m.	195,904 sq.m.

Note: Profit sharing percentage in respect of commodity housing units.

40. NANJING NEW WORLD CENTRE		
NWCL attributable interest	48%	
Form of investment	EJV Nanjing Huawei Real Estate Development Co., Ltd. 南京華威房地產開發有限公司	
Status	Under construction	
Payback Priority to NWCL	No	
Accounting Classification	Subsidiary	
Site Area	11,218 sq.m.	
Development Information	Service apartment	78,236 sq.m.
	Commercial	18,818 sq.m.
	Office	57,969 sq.m.
	Hotel	58,777 sq.m.
	Total	213,800 sq.m.
Development Status	Under development	
Total: 213,800 sq.m.	213,800 sq.m.	

41. JINAN SUNSHINE GARDEN		
NWCL attributable interest	65 %	
Form of investment	EJV Jinan New World Sunshine Development Limited 濟南新世界陽光發展有限公司	
Status	Under construction	
Payback Priority to NWCL	No	
Accounting Classification	Jointly Controlled Entity	
Site Area	105,339 sq.m.	
Development Information	Residential	174,232 sq.m.
	Others	58,077 sq.m.
	Total	232,309 sq.m.
Development Status	Under development	Planning
Total: 232,309 sq.m.	50,113 sq.m.	182,196 sq.m.

PROJECT PROFILE

42. HEFEI NEW WORLD GARDEN											
NWCL attributable interest	60% (note)										
Form of investment	CJV Hefei New World Housing Development Limited 合肥新世界康居發展有限公司										
Status	Under construction										
Payback Priority to NWCL	Yes										
Accounting Classification	Jointly Controlled Entity										
Site Area	82,660 sq.m.										
Development Information	<table border="0"> <tr> <td>Residential</td> <td>107,005 sq.m.</td> </tr> <tr> <td>Service apartment</td> <td>8,080 sq.m.</td> </tr> <tr> <td>Commercial</td> <td>4,710 sq.m.</td> </tr> <tr> <td>Others</td> <td>14,914 sq.m.</td> </tr> <tr> <td>Total</td> <td>134,709 sq.m.</td> </tr> </table>	Residential	107,005 sq.m.	Service apartment	8,080 sq.m.	Commercial	4,710 sq.m.	Others	14,914 sq.m.	Total	134,709 sq.m.
Residential	107,005 sq.m.										
Service apartment	8,080 sq.m.										
Commercial	4,710 sq.m.										
Others	14,914 sq.m.										
Total	134,709 sq.m.										
Development Status Total: 134,709 sq.m.	Under development 134,709 sq.m.										

Note: Profit sharing percentage in respect of commodity housing units.

43. NEW WORLD RIVERSIDE VILLA	
NWCL attributable interest	60%
Form of investment	CJV Guangzhou Fucheng Property Development Co., Ltd. 廣州富城房產發展有限公司
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.	Completed 3,943 sq.m.

44. NEW WORLD CASA CALIFORNIA							
NWCL attributable interest	60%						
Form of investment	CJV Guangzhou Fucheng Property Development Co., Ltd. 廣州富城房產發展有限公司						
Status	Under construction						
Payback Priority to NWCL	No						
Accounting Classification	Jointly Controlled Entity						
Site Area	18,930 sq.m.						
Development Information	<table border="0"> <tr> <td>Residential</td> <td>17,676 sq.m.</td> </tr> <tr> <td>Ancillary facilities</td> <td>2,996 sq.m.</td> </tr> <tr> <td>Total</td> <td>20,672 sq.m.</td> </tr> </table>	Residential	17,676 sq.m.	Ancillary facilities	2,996 sq.m.	Total	20,672 sq.m.
Residential	17,676 sq.m.						
Ancillary facilities	2,996 sq.m.						
Total	20,672 sq.m.						
Development Status Total: 20,672 sq.m.	Under development 20,672 sq.m.						

PROJECT PROFILE

45. NEW WORLD EASTERN GARDEN	
NWCL attributable interest	45%
Form of investment	CJV Guangzhou Xin Hua Chen Real Estate Co., Ltd. 廣州新華晨房地產有限公司
Status	Phase I – Completed; Phase II – Under development; Remaining – Planning
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	61,784 sq.m.
Development Information	Residential 216,394 sq.m. Ancillary facilities 7,620 sq.m. Total 224,014 sq.m.
Development Status Total: 224,014 sq.m.	Completed 21,443 sq.m. Under development 33,711 sq.m. Planning 168,860 sq.m.

46. TIANHE SHIPAI LOT NOS. 2 & 5 DEVELOPMENT	
NWCL attributable interest	90%
Form of investment	CJV Guangzhou Xin Hua Jian Real Estate Co., Ltd. 廣州新華建房地產有限公司
Status	Site formation in progress
Payback Priority to NWCL	No
Accounting Classification	Jointly Controlled Entity
Site Area	96,378 sq.m.
Development Information	Residential 387,231 sq.m. Commercial 4,500 sq.m. Ancillary facilities 9,431 sq.m. Total 401,162 sq.m.
Development Status Total: 401,162 sq.m.	Under development 86,000 sq.m. Planning 315,162 sq.m.

47. PEARL RIVER NEW TOWN ZONE L	
NWCL's attributable interest	90.5%
Form of investment	CJV Guangzhou Xin Yi Development Limited 廣州新翊房地產發展有限公司
Status	Vacant site
Payback Priority to NWCL	No
Accounting Classification	Subsidiary
Site Area	107,876 sq.m.
Development Information	Residential 271,230 sq.m. Commercial 9,815 sq.m. Ancillary facilities 7,030 sq.m. Total 288,075 sq.m.
Development Status Total: 288,075 sq.m.	Planning 288,075 sq.m.

PROJECT PROFILE

48. 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 廣州芳村 — 新世界房地產發展有限公司	
Status	Phase I – Under development	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	370,383 sq.m.	
Development Information	Residential	1,081,319 sq.m.
	Ancillary facilities	78,880 sq.m.
	Total	1,160,199 sq.m.
Development Status	Under development 35,720 sq.m.	Planning 1,124,479 sq.m.
Total: 1,160,199 sq.m.		

49. FORTUNA GARDEN

NWCL's attributable interest	60%	
Form of investment	CJV Guangzhou Cosmart Estate Development Limited 廣州普城房產發展公司	
Status	Completed	
Payback Priority to NWCL	No	
Accounting Classification	Jointly Controlled Entity	
Site Area	N/A	
Development Information	Residential	181 sq.m.
Development Status		Completed 181 sq.m.
Total: 181 sq.m.		

50. JIXIAN ZHUANG COMMODITY HOUSING DEVELOPMENT

NWCL's attributable interest	80%	
Form of investment	CJV Guangzhou Xinsui Tourism Centre Ltd. 廣州新穗旅遊中心有限公司	
Status	Planning	
Payback Priority to NWCL	Yes	
Accounting Classification	Subsidiary	
Site Area	409,801 sq.m.	
Development Information	Residential	613,564 sq.m.
	Commercial	4,500 sq.m.
	Ancillary facilities	56,720 sq.m.
	Total	674,784 sq.m.
Development Status		Planning 674,784 sq.m.
Total: 674,784 sq.m.		

PROJECT PROFILE

51. GUANGZHOU GLORIA CITY											
NWCL's attributable interest	40.5%										
Form of investment	CJV Gloria City Development Co., Ltd. 廣州市荔港城房產發展有限公司										
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.	Planning 224,596 sq.m.										

52. FANGCAO GARDEN									
NWCL's attributable interest	20%								
Form of investment	CJV Guangzhou Sifang Concord Real Estate Co., Ltd. 廣州四方協和房地產有限公司								
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.	<table border="0"> <tr> <td>Under development 120,000 sq.m.</td> <td>Planning 83,057 sq.m.</td> </tr> </table>	Under development 120,000 sq.m.	Planning 83,057 sq.m.						
Under development 120,000 sq.m.	Planning 83,057 sq.m.								

PROJECT PROFILE

53. JIXIAN ZHUANG LOW-COST HOUSING DEVELOPMENT

NWCL's attributable interest	60% (note)		
Form of investment	CJV Guangzhou Jixian Zhuang New World City Garden Development Limited 廣州集賢莊新世界城市花園發展有限公司		
Status	Phase I – Completed; Phase II – Under construction		
Payback Priority to NWCL	Yes		
Accounting Classification	Fixed Return Joint Venture		
Site Area	576,045 sq.m.		
Development Information	Low-cost residential	816,657 sq.m.	
	Commercial	13,463 sq.m.	
	Clubhouse	10,000 sq.m.	
	Ancillary facilities	232,449 sq.m.	
	Total	1,072,569 sq.m.	
Development Status Total: 1,072,569 sq.m.	Completed 186,996 sq.m.	Under development 196,810 sq.m.	Planning 688,763 sq.m.

Note: Profit sharing percentage in respect of commodity housing units.

54. FOSHAN GOLF & COUNTRY CLUB

NWCL's attributable interest	Residential	24.75%
	Golf Course	23.37%
Form of investment	CJV Foshan Country Club Co., Ltd. 佛山鄉村俱樂部有限公司 Foshan Country Club Real Estate Development Limited 佛山鄉村俱樂部房地產開發有限公司	
Status	Residential – Completed; Golf Course – Completed	
Payback Priority to NWCL	No	
Accounting Classification	Other investment	
Site Area	Residential	17,967 sq.m.
	Golf Course	3,000,899 sq.m.
Development Information	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.	Completed 6,665 sq.m.	

PROJECT PROFILE

55. SHENZHEN XILIHU DEVELOPMENT									
NWCL's attributable interest	70%								
Form of investment	CJV Shenzhen Top One Real Estate Development Co., Ltd. 深圳拓萬房地產開發有限公司								
Status	Under development								
Payback Priority to NWCL	No								
Accounting Classification	Subsidiary								
Site Area	58,121 sq.m.								
Development Information	<table border="0"> <tr> <td>Villas</td> <td>16,300 sq.m.</td> </tr> <tr> <td>Low-rise residential</td> <td>7,500 sq.m.</td> </tr> <tr> <td>Ancillary facilities</td> <td>5,200 sq.m.</td> </tr> <tr> <td>Total</td> <td>29,000 sq.m.</td> </tr> </table>	Villas	16,300 sq.m.	Low-rise residential	7,500 sq.m.	Ancillary facilities	5,200 sq.m.	Total	29,000 sq.m.
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.	Under development 29,000 sq.m.								

56. SHENZHEN YI SHAN GARDEN (SHENZHEN SHATAUJIAO DEVELOPMENT)															
NWCL's attributable interest	70%														
Form of investment	CJV Shenzhen Topping Real Estate Development Co., Ltd. 深圳拓勁房地產開發有限公司														
Status	Under development														
Payback Priority to NWCL	No														
Accounting Classification	Jointly Controlled Entity														
Site Area	89,349 sq.m.														
Development Information	<table border="0"> <tr> <td>Villas</td> <td>7,503 sq.m.</td> </tr> <tr> <td>Duplex</td> <td>13,312 sq.m.</td> </tr> <tr> <td>High-rise Residential</td> <td>76,088 sq.m.</td> </tr> <tr> <td>Low-rise Residential</td> <td>43,472 sq.m.</td> </tr> <tr> <td>Commercial</td> <td>4,516 sq.m.</td> </tr> <tr> <td>Ancillary facilities</td> <td>5,209 sq.m.</td> </tr> <tr> <td>Total</td> <td>150,100 sq.m.</td> </tr> </table>	Villas	7,503 sq.m.	Duplex	13,312 sq.m.	High-rise Residential	76,088 sq.m.	Low-rise Residential	43,472 sq.m.	Commercial	4,516 sq.m.	Ancillary facilities	5,209 sq.m.	Total	150,100 sq.m.
Villas	7,503 sq.m.														
Duplex	13,312 sq.m.														
High-rise Residential	76,088 sq.m.														
Low-rise Residential	43,472 sq.m.														
Commercial	4,516 sq.m.														
Ancillary facilities	5,209 sq.m.														
Total	150,100 sq.m.														
Development Status Total: 150,100 sq.m.	<table border="0"> <tr> <td style="text-align: center;">Under development 49,173 sq.m.</td> <td style="text-align: center;">Planning 100,927 sq.m.</td> </tr> </table>	Under development 49,173 sq.m.	Planning 100,927 sq.m.												
Under development 49,173 sq.m.	Planning 100,927 sq.m.														

PROJECT PROFILE

57. SHUNDE NEW WORLD CONVENTION & EXHIBITION CENTRE																																
NWCL's attributable interest	35%																															
Form of investment	CJV Shunde Shunxing Real Estate Co., Ltd. 順德順興房地產有限公司																															
Status	Phase I – Completed; Phase II – Planning																															
Payback Priority to NWCL	No																															
Accounting Classification	Associated Company																															
Site Area	14,171 sq.m.																															
Development Information	<table border="0"> <tr> <td>Phase I</td> <td></td> <td></td> </tr> <tr> <td>Residential</td> <td>22,372 sq.m.</td> <td></td> </tr> <tr> <td>Commercial</td> <td>33,254 sq.m.</td> <td></td> </tr> <tr> <td>Ancillary facilities</td> <td>19,051 sq.m.</td> <td></td> </tr> <tr> <td>Sub-total</td> <td>74,677 sq.m.</td> <td></td> </tr> <tr> <td>Phase II</td> <td></td> <td></td> </tr> <tr> <td>Residential</td> <td>64,636 sq.m.</td> <td></td> </tr> <tr> <td>Office</td> <td>30,537 sq.m.</td> <td></td> </tr> <tr> <td>Sub-total</td> <td>95,173 sq.m.</td> <td></td> </tr> <tr> <td>Total</td> <td>169,850 sq.m.</td> <td></td> </tr> </table>		Phase I			Residential	22,372 sq.m.		Commercial	33,254 sq.m.		Ancillary facilities	19,051 sq.m.		Sub-total	74,677 sq.m.		Phase II			Residential	64,636 sq.m.		Office	30,537 sq.m.		Sub-total	95,173 sq.m.		Total	169,850 sq.m.	
Phase I																																
Residential	22,372 sq.m.																															
Commercial	33,254 sq.m.																															
Ancillary facilities	19,051 sq.m.																															
Sub-total	74,677 sq.m.																															
Phase II																																
Residential	64,636 sq.m.																															
Office	30,537 sq.m.																															
Sub-total	95,173 sq.m.																															
Total	169,850 sq.m.																															
Development Status Total: 169,850 sq.m.	Completed 74,677 sq.m.	Planning 95,173 sq.m.																														

58. NEW WORLD COURTYARD, SHUNDE								
NWCL's attributable interest	32.5%							
Form of investment	CJV Shunde NW Ramada Hotel Limited 順德新華美達酒店有限公司							
Status	In operation							
Payback Priority to NWCL	No							
Accounting Classification	Associated Company							
Site Area	5,000 sq.m.							
Development Information	<table border="0"> <tr> <td>Grade</td> <td>4-star</td> </tr> <tr> <td>Guest rooms</td> <td>383</td> </tr> <tr> <td>Total GFA</td> <td>36,524 sq.m.</td> </tr> </table>		Grade	4-star	Guest rooms	383	Total GFA	36,524 sq.m.
Grade	4-star							
Guest rooms	383							
Total GFA	36,524 sq.m.							
Development Status Total: 36,524 sq.m.	Completed 36,524 sq.m.							

PROJECT PROFILE

59. SHUNDE RONGQI RIVERSIDE ROAD DEVELOPMENT

NWCL's attributable interest	33%	
Form of investment	EJV Shunde Xinshunji Real Estate Co., Ltd. 順德新順基房地產開發有限公司	
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.	Planning 720,484 sq.m.	

60. 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	Deposit for proposed joint venture	
Site Area	10,000 sq.m.	
Development Information	To be determined	

61. DONGGUAN NEW WORLD GARDEN

NWCL's attributable interest	38%	
Form of investment	CJV Dongguan New World Garden Trade Construction Co., Ltd. 東莞新世界花園商住建造有限公司	
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.
	Phase VI-VIII	809,098 sq.m.
	Remaining phases	118,571 sq.m.
	Total	952,794 sq.m.
Development Status Total: 952,794 sq.m.	Completed 834,223 sq.m.	Under development 118,571 sq.m.

PROJECT PROFILE

62. HUIYANG PALM ISLAND GOLF CLUB & RESORT	
NWCL's attributable interest	26.7%
Form of investment	EJV Residential: Fortune Leader Overseas Chinese (Dayawan) Development Limited 廣盛華僑(大亞灣)房產開發有限公司 Golf Course: Fortune Leader Overseas Chinese (Dayawan) Investment Co., Ltd. 廣盛華僑(大亞灣)投資有限公司
Status	Residential: Phase I – Under development; Other Phases – Planning; Golf Course – 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 259,029 sq.m.
Development Status Total: 259,029 sq.m.	Under development 34,600 sq.m. Planning 224,429 sq.m.

63. HUIZHOU CHANGHUYUAN DEVELOPMENT	
NWCL's attributable interest	62.5% (note)
Form of investment	CJV Huizhou New World Housing Development Limited 惠州新世界康居發展有限公司
Status	Completed
Payback Priority to NWCL	Yes
Accounting Classification	Fixed Return Joint Venture
Site Area	57,653 sq.m.
Development Information	Commercial complex 17,269 sq.m. Residential 103,396 sq.m. Ancillary facilities 6,000 sq.m. Total 126,665 sq.m.
Development Status Total: 126,665 sq.m.	Completed 126,665 sq.m.

Note: Profit sharing percentage in respect of commodity housing units.

64. XINTANG NEW WORLD GARDEN	
NWCL's attributable interest	60% (note)
Form of investment	CJV Guangzhou Hengsheng Properties Development Limited 廣州恆盛房地產發展有限公司
Status	Under construction
Payback Priority to NWCL	Yes
Accounting Classification	Fixed Return Joint Venture
Site Area	199,931 sq.m.
Development Information	Residential 365,090 sq.m. Commercial 19,386 sq.m. Ancillary facilities 16,526 sq.m. Total 401,002 sq.m.
Development Status Total: 401,002 sq.m.	Completed 22,932 sq.m. Under development 105,780 sq.m. Planning 272,290 sq.m.

Note: Profit sharing percentage in respect of commodity housing units.

PROJECT PROFILE

65. QINGYUAN LOW-COST HOUSING DEVELOPMENT

NWCL's attributable interest	70% (note)	
Form of investment	CJV Qingyuan New World Housing Development Limited 清遠新世界康居發展有限公司	
Status	Vacant site	
Payback Priority to NWCL	Yes	
Accounting Classification	Fixed Return Joint Venture	
Site Area	538,497 sq.m.	
Development Information	Residential	932,000 sq.m.
	Commercial	4,000 sq.m.
	Total	936,000 sq.m.
Development Status Total: 936,000 sq.m.	Planning 936,000 sq.m.	

Note: Profit sharing percentage in respect of commodity housing units.

66. ZHUHAI NEW WORLD HARBOUR-FRONT GARDEN

NWCL's attributable interest	60% (note)	
Form of investment	CJV Zhuhai New World Housing Development Limited 珠海新世界康居發展有限公司	
Status	Under construction	
Payback Priority to NWCL	Yes	
Accounting Classification	Jointly Controlled Entity	
Site Area	42,104 sq.m.	
Development Information	Residential	57,962 sq.m.
	Others	4,178 sq.m.
	Total	62,140 sq.m.
Development Status Total: 62,140 sq.m.	Under development 62,140 sq.m.	

Note: Profit sharing percentage in respect of commodity housing units.

67. ZHAOQING LAKE DEVELOPMENT

NWCL's attributable interest	32%	
Form of investment	CJV Zhaoqing New World Property Development Limited 肇慶新世界房產發展有限公司	
Status	Under construction	
Payback Priority to NWCL	No	
Accounting Classification	Associated Company	
Site Area	160,367 sq.m.	
Development Information	Residential	315,006 sq.m.
Development Status Total: 315,006 sq.m.	Under development 315,006 sq.m.	

PROJECT PROFILE

68. HAIKOU LOW-COST HOUSING DEVELOPMENT	
NWCL's attributable interest	60% (note)
Form of investment	CJV Haikou New World Housing Development Limited 海口新世界康居發展有限公司
Status	Phase I – Under construction; Others Phases – Planning
Payback Priority to NWCL	Yes
Accounting Classification	Jointly Controlled Entity
Site Area	115,694 sq.m.
Development Information	Residential 290,252 sq.m.
Development Status	Under development 37,440 sq.m. Planning 252,812 sq.m.
Total: 290,252 sq.m.	

Note: Profit sharing percentage in respect of commodity housing units.

CHINA'S RESIDENTIAL PROPERTY MARKET IS BOOMING

Over the past two years, numerous forces have combined to wield seemingly irreversible changes to the property market in China. These changes have been largely driven by policy changes at central Government level governing of land holdings and mortgage arrangements and by the dramatic growth in China's economy. In this section of New World China Land's Annual Report, we look at the broader picture of China's property market and its impact on our development strategies.

HOUSING REFORM THE HISTORY

In 1998, China's central government announced an end to the country's welfare housing system. However, it was almost a year later, before local governments in major cities were confident enough to implement the radical changes. Their impetus was a high unemployment rate and the continuing impact of the 1997 Asian financial crisis on the economy. Today institutions such as government entities and state-owned enterprises (SOEs), formerly the major forces behind home buying, are disqualified from buying staff quarters. Welfare housing has been replaced with cash subsidies, either in a lump sum or as part of a worker's monthly salary. SOEs continue to rent staff quarters to low-income families, but at higher rentals which will gradually be raised to commercial market levels. Already statistics show that the new, more flexible system is encouraging growing home ownership. Individual housing purchases currently account for 84.5% of the total transactions for commercial buildings across the nation. This is up from 61% in 1998.

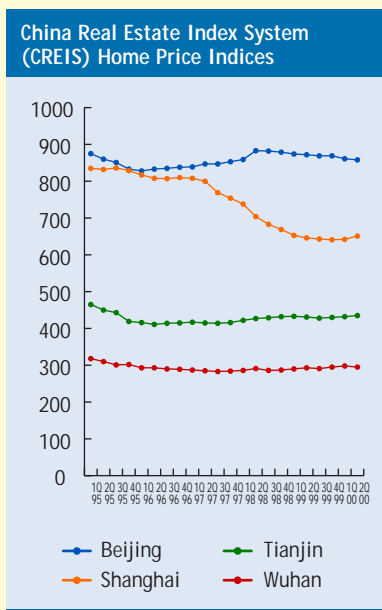
The chief precursor to these reforms came in 1996, when China introduced a Housing Provident Fund system. Both employers and employees contribute to a Housing Provident Fund. Between 6-8% of a staff member's salary is paid by the employer. The employee pays the equivalent amount. When a contributing employee decides to purchase a home, the fund provides low interest mortgages. The current Housing Provident Fund mortgage rate is about 99-115 basis points lower than the commercial mortgage rate, which currently is about 4.6%. Employees can withdraw their contributions to make a downpayment on the purchase of a home, or for retirement.

There are two limitations to the Housing Provident Fund – the size of the contribution required by employers and employees and its short history. Local Housing Provident Fund mortgages usually have a maximum borrowing ceiling, currently RMB 100,000 in most cities. If the price for a residential unit is higher than RMB100,000, a buyer has to borrow the

OVER THE PAST TWO YEARS, NUMEROUS FORCES HAVE COMBINED TO WIELD SEEMINGLY IRREVERSIBLE CHANGES TO THE PROPERTY MARKET IN CHINA. THESE CHANGES HAVE BEEN LARGELY DRIVEN BY POLICY CHANGES AT CENTRAL GOVERNMENT LEVEL GOVERNING OF LAND HOLDINGS AND MORTGAGE ARRANGEMENTS AND BY THE DRAMATIC GROWTH IN CHINA'S ECONOMY.

balance from a commercial bank. Beijing has a higher limit of RMB 300,000, to cover higher property prices and the lower percentage of individual homebuyers before 2000. However, as more individuals buy homes and look for mortgages from the Housing Provident Fund, it is expected that Beijing's maximum amount will soon have to be lowered to a level closer to that of other cities.

Monetized housing welfare is effectively a cash housing subsidy used to finance the purchase of a home. This subsidy is tax exempt and must be deposited in a specific account under an employee's name. Similar to the Housing Provident Fund, employees can withdraw funds only to make house payments (capital and interest repayment or rent) or when they retire. On average, housing subsidies have increased total family income by around 24%. Civil servants of higher ranking, or workers with longer experience, get better subsidy packages. A total of 69 million employees participate in the Housing Provident Fund system. The total principal fund balance stands at RMB 140.9 billion and RMB 28.3 billion in Housing Provident Fund loans have been granted.



THE RESULTS CHINA MASS RESIDENTIAL HOUSING

Local residential property sales rose by 38.5% in the first half of year 2000, over the same period last year. Local residential property prices have stabilized in most cities. Both statistics indicate a turnaround in the market and an increasing demand for private housing. The only indices that track China's domestic mass housing market (rather than high-end luxury flats) are the China Real Estate Index System (CREIS) indices. Its March / June 2000 data show that all major cities registered rises in residential prices.

Shanghai was the only city to experience a crash in mass residential prices and prices in secondary cities, such as Tianjin and Wuhan, have been rising since the beginning of 1998.

SECONDARY MARKETS

An active secondary market is a key to a healthy property market. It satisfies the demands of people wanting to upgrade their homes and provides home buyers with a greater choice of units. The relatively lower prices being asked for secondary housing (usually RMB1,000 – RMB2,000 or US\$120 – US\$240 per sq.m. lower than new housing in the same location) not only spur housing sales but also improve the liquidity of the property market.

Before 1998, strict government controls and lack of mortgage facilities prevented the growth of a secondary market throughout most of China.

Shanghai was one of the few cities to encourage an active secondary residential property market. As early as 1997, the local government began to offer favorable policies such as lower sales tax and income tax exemptions on certain residential property transactions. As a result, the transaction volume for secondary residential properties in Shanghai grew by 160% in 1999, which equals 21% of primary transactions, compared to 15% in 1998. More than 20,000 families improved their living standards through the secondary housing market during the first half of 1999.

The major purpose of housing reform is to reduce the government's welfare burden. Up to now, the state has spent large amounts of money repairing and maintaining staff quarters. By privatizing these quarters, the government can cut its repair and maintenance expenses and raise its finances through the sale of the same units. A standard subsidized "reform price" is used to assess the sale price of staff quarters. This is much lower than the market price. Different discounts apply, based on residents' working experience, seniority and number of family members as well as location and depreciation of the flat. On average, people pay about 20-40% of the market price when they purchase welfare housing. Homebuyers can also apply for Housing Provident Fund loans to finance part of the cost.

At the end of 1999, about 73% of state-provided staff quarters had been sold to existing residents in major cities. In most cities, buyers must wait five years after the original purchase before selling staff quarters in the secondary market. They require permission from their work units and floor spaces must be measured by the housing administrative departments. These restrictions have effectively depressed active secondary market transactions in most cities.

In April 2000, the Beijing Land Resources and Housing Administrative Bureau announced that individuals could sell their public housing without having to obtain permission from their work units. Floor space area no longer needs to be measured. As a result two major bottlenecks that have hindered the development of the city's secondary housing market have been removed.

In 1999, the volume of transactions in secondary market amounted to about 600,000 sq.m. or RMB 3.1 billion, up 57% and 32% respectively from the previous year.

GOVERNMENT MEASURES TO STIMULATE THE PROPERTY SECTOR

We believe Shanghai is likely to abolish the distinction between domestic and overseas sales of real estate in the second half of 2000. The government is investigating how best to compensate foreign developers who have bought land use rights at a high rate.

THE MAJOR PURPOSE OF HOUSING REFORM IS TO REDUCE THE GOVERNMENT'S WELFARE BURDEN. UP TO NOW, THE STATE HAS SPENT LARGE AMOUNTS OF MONEY REPAIRING AND MAINTAINING STAFF QUARTERS. BY PRIVATIZING THESE QUARTERS, THE GOVERNMENT CAN CUT ITS REPAIR AND MAINTENANCE EXPENSES AND RAISE ITS FINANCES THROUGH THE SALE OF THE SAME UNITS.

To facilitate the sales of vacant properties in the market, the government will allow exemptions to contract tax and turnover tax until the end of this year if housing units built before June 1998 have been certified by authorities as continuously unoccupied. The tax break also covers anyone buying a home that has been occupied – either by themselves or others – for more than one year.

IMPROVING AFFORDABILITY THE HISTORY

In 1998, the government stressed the importance of private home buying as a means of stimulating national economic growth. All commercial banks and agricultural credit co-operatives were allowed to provide private housing loans and relaxed mortgage terms. But the total loan amount granted to private housing mortgages was still under stringent Government control. At the end of 1999, home mortgage loans granted to individuals amounted to RMB 126 billion which accounts for only about 2% of total loans, up from previous year's 1%. Compared with developed countries' 25% to 40%, there is much room for loan expansion.

TO FACILITATE THE SALES OF VACANT PROPERTIES IN THE MARKET, THE GOVERNMENT WILL ALLOW EXEMPTIONS TO CONTRACT TAX AND TURNOVER TAX UNTIL THE END OF THIS YEAR IF HAVE BEEN CERTIFIED BY AUTHORITIE AS CONTINUOUSLY UNOCCUPIED. THE TAX BREAK ALSO COVERS ANYONE BUYING A HOME THAT HAS BEEN OCCUPIED EITHER BY THEMSELVES OR OTHERS – FOR MORE THAN ONE YEAR.

In September 1999, most commercial banks further extended mortgage terms from 20 years to 30 years and the ceiling of mortgage loans was lifted to 80% of the cost of the mortgaged property. New regulations making public housing funds available for purchases in the secondary housing market are set to come into effect. Shanghai Public Housing Fund and Shanghai Construction Bank jointly announced that employees could apply for financing from public housing funds when they want to buy a flat on the secondary market through real estate exchange centers approved by the government. Previously, public housing funds were only available for the new property market.

THE RESULTS

In Beijing, local government authorized commercial banks to increase their mortgage loans and reduce mortgage rates in an effort to commercialise the housing sector and boost home sales. This lead to more residential purchases, mostly in the range of US\$1,000 – US\$1,200 per square meter, by local investors for investment purposes.

Inspired by the government's determination to boost the secondary-housing market, China's commercial banks have launched various mortgage loan devices to tap this potentially large market. An example is the Industrial and Commercial Bank of China ("ICBC") in Shanghai and Guangzhou which allows new house buyers to mortgage their old house for loans

equivalent to the first deposit payment of the new house mortgage loans. When the old-house is subsequently sold, the proceeds can be used to repay the down-payment loans. This arrangement has in fact raised the ceiling of new house mortgage loans beyond the stipulated 80% level and helps buyer's to obtain the down payment sum.

Commercial banks also provide a range of repayment methods and home renovation loans for property buyers, greatly enhancing the purchasing power of individual buyers. To attract buyers like Hong Kong residents, commercial banks in Guangzhou allow foreign buyers to refinance Hong Kong mortgage loans on their China properties to a local PRC commercial bank, effectively reducing interest rates from 8% to 5.54% per annum.

These State-backed policies to spur the commercial housing market have changed the spending priorities of many Chinese people from food and clothing to housing.

MORTGAGE RATES & HOUSING LOANS

Home mortgage interest rates have been slashed by more than half over the past two years and are the lowest levels in 20 years.

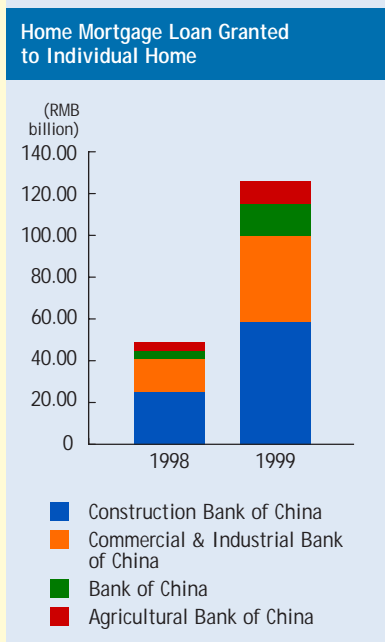
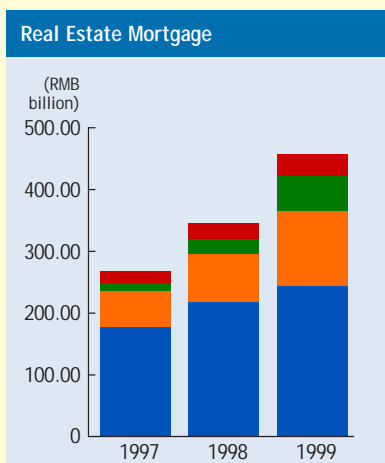
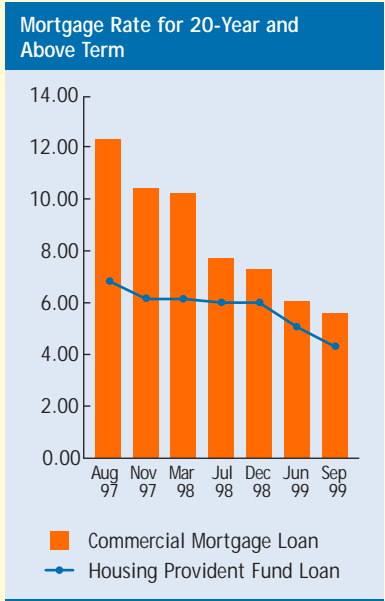
In 1999, the housing loans granted by the four major commercial banks increased to RMB 460.72 billion from previous year's RMB 346.62 billion, net increase by 114.10 billion representing a rise of 32.9%.

In 1999, we witnessed a substantial increase in home mortgage loans granted to individual home buyers. This illustrated that more individuals recognize the benefit of using bank loans for their investments and have greater confidence on the future appreciation of their property values.

Industrial and Commercial Bank of China ("ICBC") announced a further increase of RMB 40 billion for house-related loans, out of which RMB30 billion will be granted to the residential sector. Individual home mortgage loans will increase RMB 19 billion this year with the total outstanding balance reaching the RMB 55 billion target level.

AFFORDABILITY

Shanghai citizens' disposable income has recorded a phenomenal increase. In 1999, the average annual income of a double-wage-earner family is about RMB 22,000. A 60 sq.m. home in Shanghai is worth an average of RMB 204,000. Housing costs run about 9 times the annual family income, getting close to the international practice's six times.



STATUS: NEW WORLD CHINA LAND THE HISTORY

In 1999, the State Land Bureau announced that provincial government would take over responsibility for authorizing the usage of non-farming land below 0.70 square kilometre and farming land (excluding the most-protected farming land) below 0.35 square kilometre. The State Council will be responsible for larger plots of land, the most protected farmland or land that is to be used for key infrastructure and other projects. The new regulations deprive districts and county governments of their rights to approve land leases, effectively preventing the abuse of the right of approval by lower level government.

This has left New World China Land (“NWCL”) in an advantageous position for competition. More individuals prefer buying a home with community and recreational facilities. They want kindergartens, schools, shopping mall, clubhouse, swimming pool and quality landscape design integrated into the development. This requires a big land site. The new regulation effectively limits the supply of sizable land sites and land prices are expected to rise, particularly for prime locations. NWCL’s land bank however covers 22.9 million sq.m. GFA, of which 80% is earmarked as mass community housing. NWCL is ahead of other developers accumulating large parcels of land for future development.

THE MINISTRY OF CONSTRUCTION HAS PREDICTED THAT CHINA NEEDS TO BUILD AT LEAST 1.5 BILLION SQ.M. OF HOUSING IN URBAN AREAS AND 3.5 BILLION SQ.M. OF HOUSING IN RURAL AREAS BY 2005 TO MEET THE DEMAND. AS A MARKET, CHINA OFFERS TREMENDOUS OPPORTUNITIES FOR REAL ESTATE DEVELOPERS.

TOWN PLANNING

The average annual population growth rate for China is 9.5% or about 12,000,000 people annually. This implies that for a standard 60 sq.m. household, an additional of 360 million sq.m. of urban residential GFA is required every year.

The Ministry of Construction has predicted that China needs to build at least 1.5 billion sq.m. of housing in urban areas and 3.5 billion sq.m. of housing in rural areas by 2005 to meet the demand. As a market, China offers tremendous opportunities for real estate developers.

KEY IMPACTS ON RESIDENTIAL PROPERTY

Membership of the WTO may help to boost China’s luxury and high-end residential property markets as foreign companies investing in China bring in expatriate staff. The impact of this will be felt primarily in the luxury rental market, where expatriate demand is traditionally concentrated.

In the sales market, a rise in expatriate numbers may increase sales. Firstly, a small, but growing number of overseas firms in cities like Beijing may buy

homes for those employees who could be based in China for an indefinite period. Secondly, mainland China's new class of millionaires expected to embark on a buying spree for homes they can rent to incoming expatriates.

THE RESULTS

China will continue to regard the real estate sector as a pillar industry over the next five years. Without doubt, real estate development will improve living standards, speed the pace of urbanisation, raise revenue and expand the use of foreign investment. Value-added output produced by the real estate sector accounted for 5% of China's gross domestic product in 1998. The sector also contributed about 13% of the year's 7.8% GDP growth. The real estate industry also creates jobs. More than 33 million people work in China's construction sector.

THE FUTURE FOR NWCL

New World China Land, with its landbank, regional offices and reputation for developing a property portfolio that meets precisely the demands and aspirations of individual users, is ideally positioned to take full advantage of the next era as China evolves into a major trade and economic power. Our ability to convert our landbank into residential housing and office developments is recognized. Our brand is widely supported and New World China Land is committed to China's long-term property development growth.

CHINA WILL CONTINUE TO REGARD THE REAL ESTATE SECTOR AS A PILLAR INDUSTRY OVER THE NEXT FIVE YEARS. WITHOUT DOUBT, REAL ESTATE DEVELOPMENT WILL IMPROVE LIVING STANDARDS, SPEED THE PACE OF URBANIZATION, RAISE REVENUE AND INCREASE FOREIGN INVESTMENT. VALUE-ADDED OUTPUT PRODUCED BY THE REAL ESTATE SECTOR ACCOUNTED FOR 5% OF CHINA'S GROSS DOMESTIC PRODUCT IN 1998.

Nationwide Real Estate Development Statistics

China's Statistics Bureau says:

- Real estate investment in the first half of year 2000 amounted to RMB 162.26 billion, up 22.4% against same period in 1999.
- Residential property investment totaled RMB 112.55 billion, up 28.8%.
- Residential property investment accounts for about 70% of total property development investment. Office and commercial building investments have various degrees of declines in different cities.
- Up to 30th June 2000, development started on an estimated 97.68 million sq m. of commodity housing – up 33% against last year.
- Sale of commodity properties accelerated by 38.5% and prices rose 5.9% against previous year.
- As a result of strong sales, the growth rate of vacant properties slowed down.
- As at end of June 2000, vacant properties amount to about 81.15 million sq.m.. The growth rate is 2.3% lower against the growth in the first quarter.

CHINA : A COUNTRY OF GREAT OPPORTUNITIES

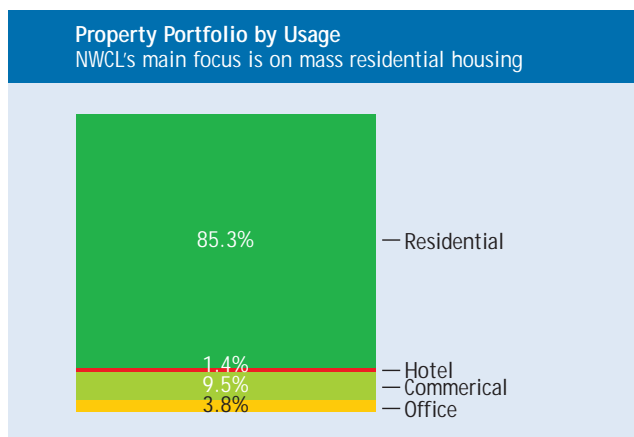
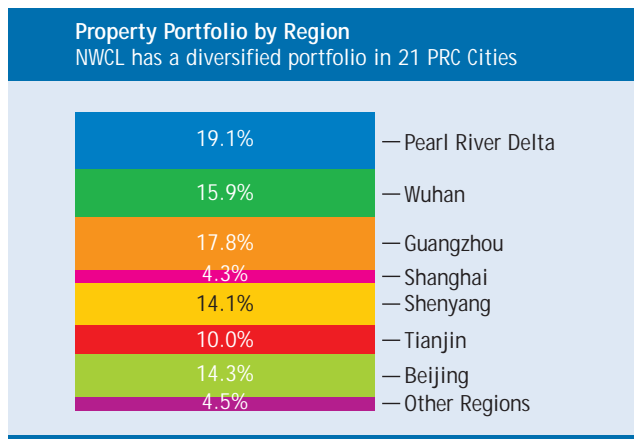
The Company's property projects are concentrated in high-economic growth regions or regional transportation hubs such as Beijing, Tianjin, Shenyang, Shanghai, Wuhan, Guangzhou and Pearl River Delta. The portfolio encompasses:

PROPERTY PORTFOLIO

- 39 Conventional Property Projects with a total GFA of 4.5 million sq.m.
- 29 Mass Residential Community Housing Projects with a total GFA of 18.4 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

- 8 Conventional Property Projects with total GFA 1,170,766 sq.m.
- 4 Mass Residential Community Housing Projects with total GFA 2,105,191 sq.m.
- 1 City Core Redevelopment Project with site area 223,952 sq.m.

SHIJIAZHUANG

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

WUHAN

- 5 Conventional Property Projects with total GFA 418,229 sq.m.
- 2 Mass Residential Community Housing Projects with total GFA 3,228,106 sq.m.
- 1 Land Improvement Project with site area 6,502,088 sq.m.

HEFEI

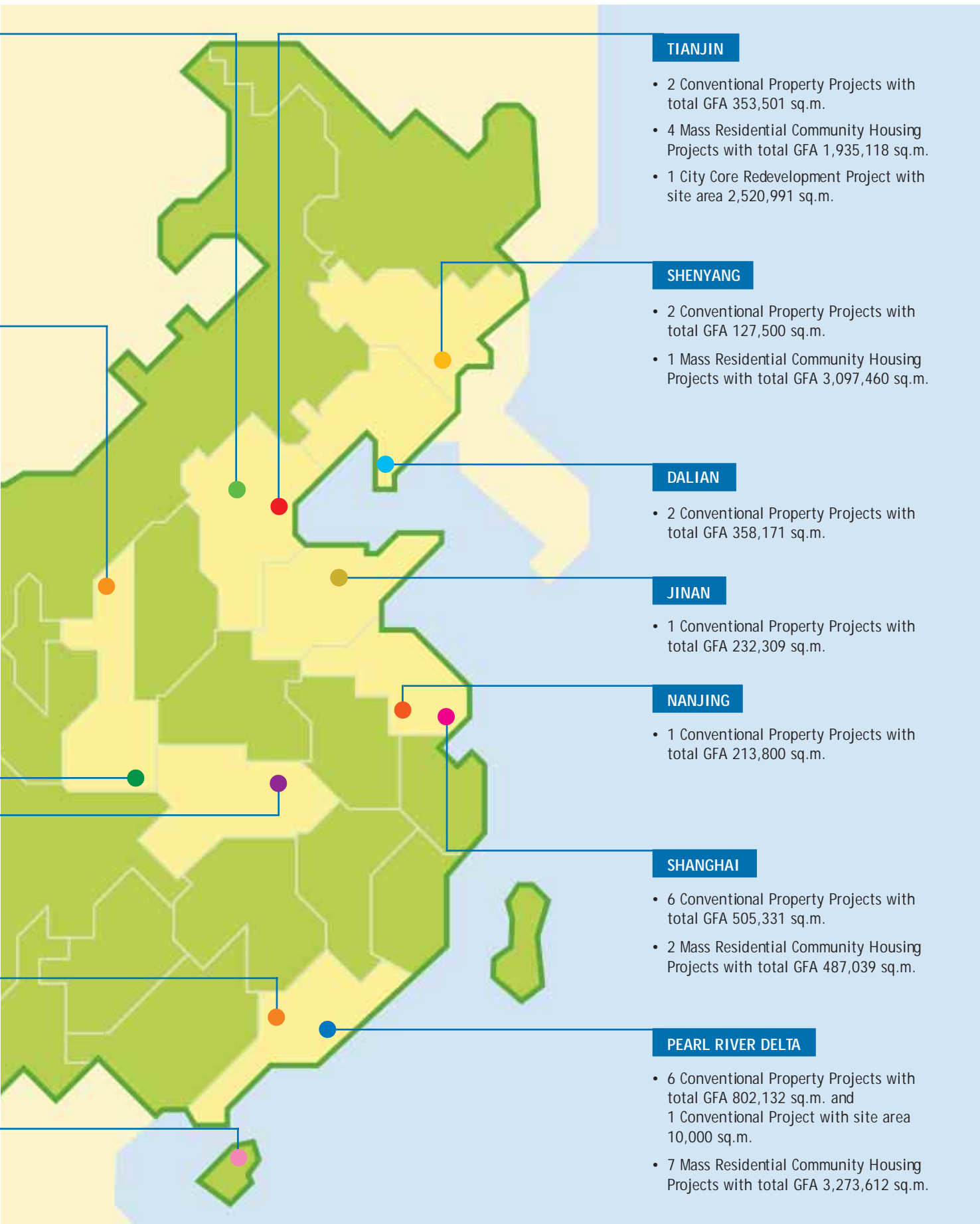
- 1 Mass Residential Community Housing Projects with total GFA 134,709 sq.m.

GUANGZHOU

- 4 Conventional Property Projects with total GFA 249,392 sq.m.
- 7 Mass Residential Community Housing Projects with total GFA 3,817,401 sq.m.

HAIKOU

- 1 Mass Residential Community Housing Project with total GFA 290,252 sq.m.



BEIJING AND CHONGWEN DISTRICT MAP



- 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 New View Garden (Beijing Chongwen District Lot No.5 Development Phase I)
- ⑦ Beijing Chongwen District City Core Redevelopment Project — Lot No.5 and 6
- ⑧ Yanjing Building Development
- ⑨ Beijing Lai Loi Garden
- ⑩ Beijing Xin Kang Garden (Beijing Yizhuang Development)
- ⑪ Beijing Boxing Plaza
- ⑫ Beijing Lingal Garden

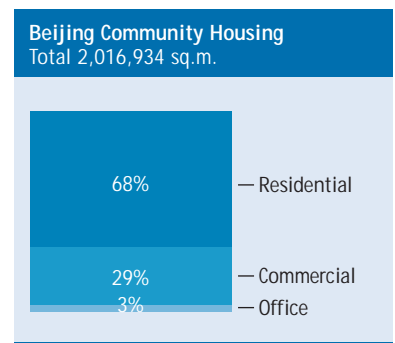
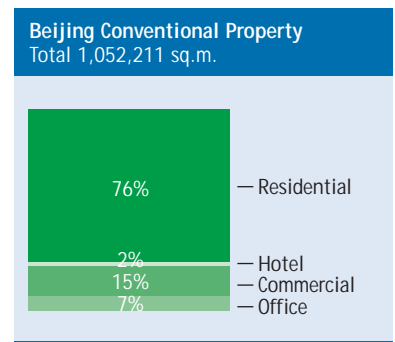
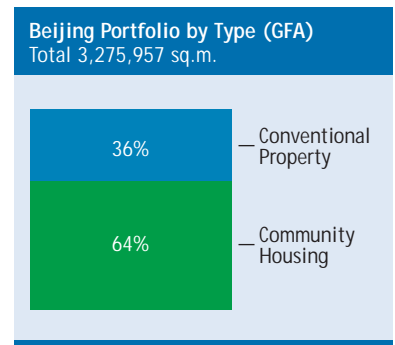


Beijing is the capital of China and the head of the four direct administration cities under State Council. It is also the nation's political, economical, cultural and transportation center. Major central government bodies, international embassy, banks and financial institutes, renowned scientific research institutes and the best Chinese universities are all located here. With its history linked to sites such as the Great Wall, Tian Anmen Square, The Forbidden City, The Temple of Heaven and many other famous building and museums, Beijing has always been a popular destination for thousands of tourists to visit each year.

Geographically, Beijing is divided into 13 districts and 5 counties covering 16,807.8 square kilometer and a population of 12.5 million. The hub of the City comprises eight districts with a population of about 7.8 million and an area of 1,369.9 square kilometer. The eastern part of the city is the commercial center. The high-tech and telecommunication hub is in the northwest, while the main residential areas are in the north.

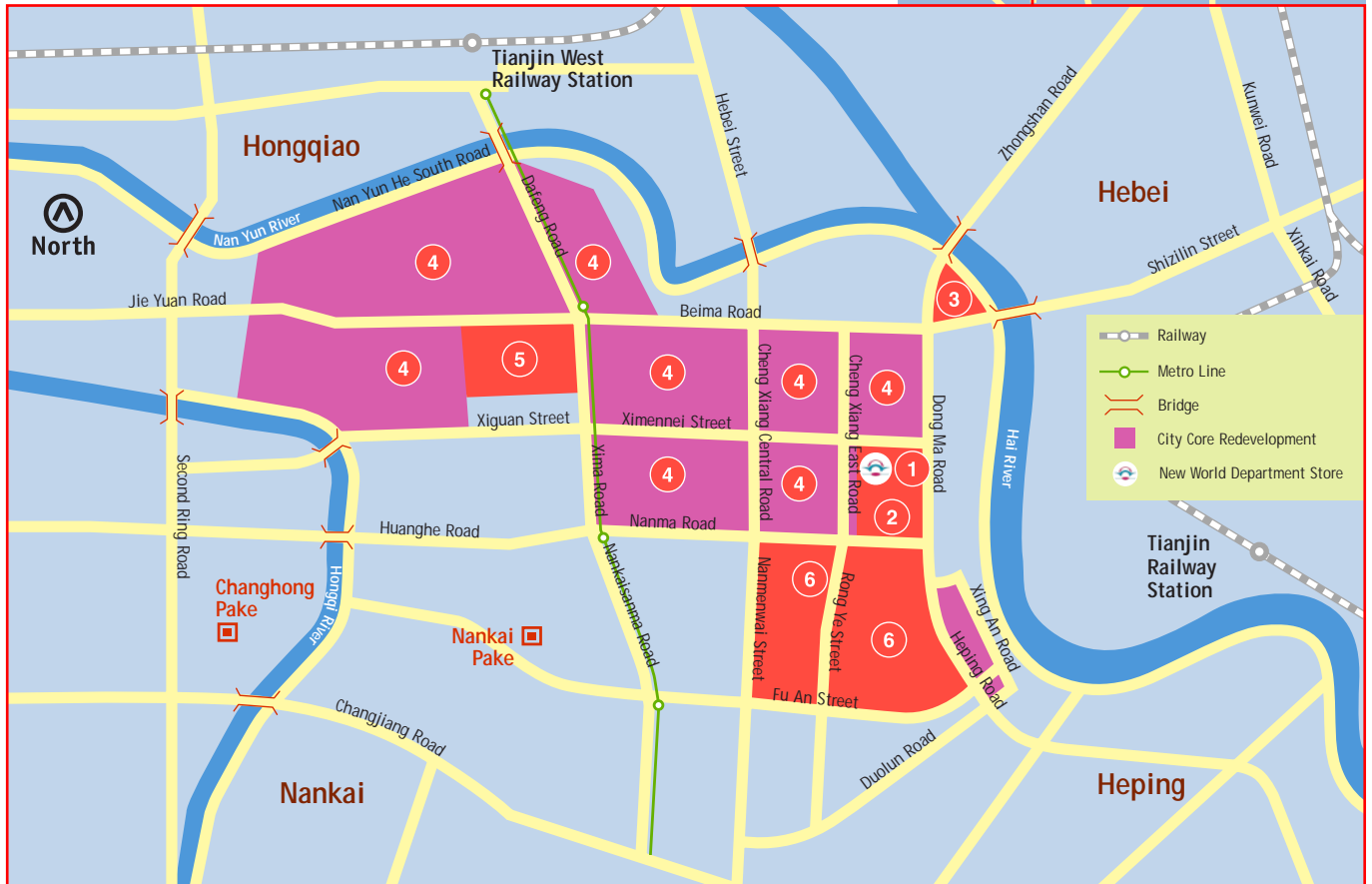
Beijing is one of strongest economic growth cities in China. In 1999, GDP reached RMB 217.45 billion, a year-on-year increase of 10.2%. Out of the total GDP, primary industry accounted for 4%, secondary industry accounted for 38.7% and tertiary industry accounted for 57.3%. In the same year, there were 645 new projects approved with a total investment of USD 3.07 billion. Foreign direct investment amounted to USD 2.94 billion. Currently, out of Fortune 500 companies, 154 companies have set up offices and made investment in Beijing.

The Forbidden City lies at the center of the city, surrounded by three highways known as the "Ring Road". Within the Second Ring Road are the old towns, occupied mostly by low-income families. With the City Core Redevelopment Program carried out by the Government in recent years, modern buildings have changed the face of the landscape here. As a result, living conditions have improved. In 1999, residential investment totaled RMB 35.39 billion, a year-on-year increase of 29.1%. Completion of residential areas amounted to 15.2 million sq.m., up 39%, while living area per capita by urban citizens increased 4.1% to 15.44 sq.m..



DATABANK : TIANJIN

TIANJIN AND HONGQIAO, NANKAI, HEPING DISTRICT MAP



- 1 Tianjin New World Anderson Centre
- 2 Tianjin Xin An Garden
- 3 Tianjin Yu Chang Shopping Mall (Tianjin Dahuting 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

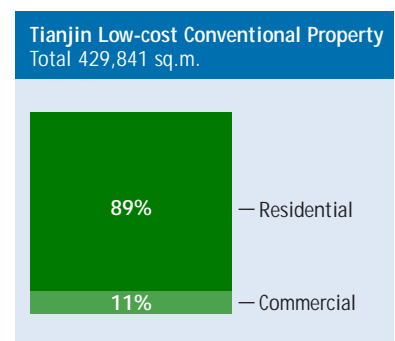
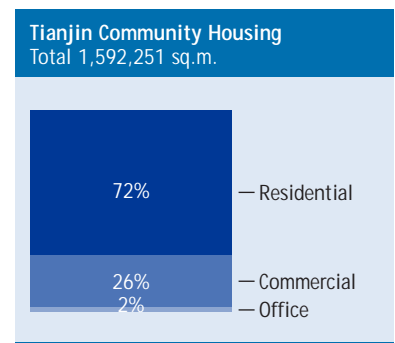
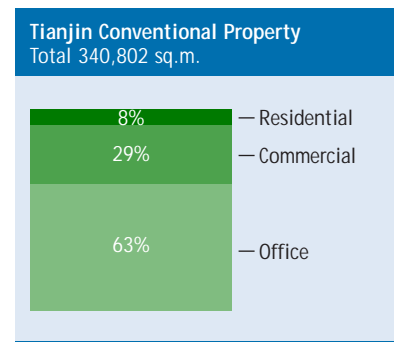
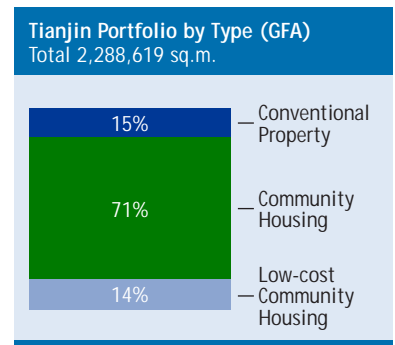
Tianjin is one of the four cities under State Council's direct administration. It is also the biggest open coastal city in the north region of China. It serves as the major port for the north and northeastern part of China. Tianjin comprises of 13 districts (6 districts in urban area, 3 districts in coastal region and 4 districts in new development areas) and 5 counties, with total site area of 11,919.70 square kilometers and a population of 9.59 million people. Urban area covered an area of 167.76 square kilometers with a population of 3.74 million people. Most of the government bodies and universities are located here.

Tianjin is the economic center along the Bohai Sea region, also known as the "Pearl of Bohai". It is also the base for overseas trading, industrial production, science research and technology development.

Tianjin is one of the few cities being the development origin of the modernization of China's industries and has developed full-fledged infrastructure and facilities. In 1999, Tianjin's gross domestic products reached RMB 145.0 billion, up 10.0% from previous year. Primary industry accounted for 4.9%, while Secondary and Tertiary industry accounted for 49.1% and 46.0% respectively. The substantial proportion of the Secondary industry stands out Tianjin's main characteristics as being an industrial city in the northern part of China.

For the whole year in 1999, there were 575 joint venture projects contracted with total investment amount of USD 3.93 billion. Actual capital injection totaled US\$ 2.53 billion, a slight 0.6% increase. At end of 1999, companies from over 90 countries had direct investments in Tianjin. Approved foreign joint ventures reached 12,989 entities accumulatively with contracted total investment of USD 26.7 billion. Actual capital injection had been USD 13.3 billion.

In recent years, Tianjin has beefed up the real estate development, particularly in the construction of residential units. In 1999, the area of new real estate construction was 23.8 million sq.m., out of which 16 million sq.m. were related to residential housing. The total completed development area amounted to 8.7 million sq.m. of which 5.96 million sq.m. involved residential housing property.



SHENYANG AND HEPING DISTRICT MAP



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



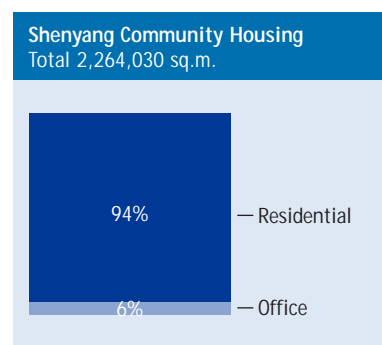
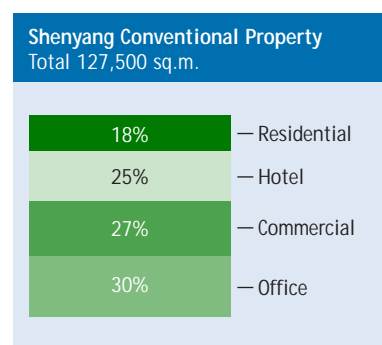
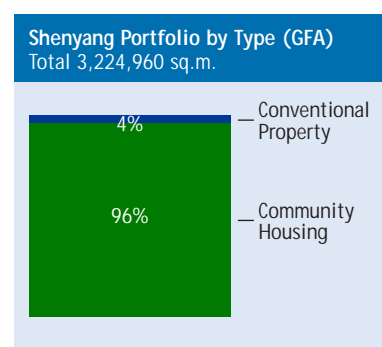
Shenyang is located at the south of the north-eastern part of China, in Liaoning province. It is the political, economical, cultural, and financial center of Liaoning province and the largest city in the northeastern China. It is also an important entrepot and transportation system hub. The city comprises 9 districts and 3 counties with site area of 12,980 square kilometers. In 1999, the population of the city is 6.77 million. The urban area amounts to 185 square kilometers and accommodates a population of 3.5 million people.

Shenyang was identified as an important industrial base in the first Five-Year Economic Planning by the State Council five decades ago. The industry base emphasized heavy industry, mainly mechanical, chemical, and metallic refinery industries. Many big companies in businesses like machinery production, ore refinery, petrochemical manufacturing, motor production, and navigation are based in here. The city has also built up its own light industry forces with textile and electronic industries. In 1999, Shenyang's gross domestic product amounted to RMB 131.31 billion, an annual growth of 10.0%. Primary industry accounted for 6.9%, while Secondary and Tertiary industry accounted for 44.0% and 49.1% respectively.

In 1999, as a result of housing reform policy the real estate development industry continued to show strong development growth. For the whole year, investment on real estate development amounted to RMB 5.18 billion, a year-on-year increase of 45.2%. The development of new construction areas equalled 7.2 million sq.m., a 17.8% increase against previous year. Housing development accounted for 4.96 million sq.m., up 27.6%. In 1999, the sale of commodity housing in term of gross floor area amounted to 1.49 million sq.m., increased by 23.7%. In urban areas, people's living condition continued to show improvement. Per capita living space in urban area ameliorated from 1998's 7.77 sq.m. to 1999's 8.12 sq.m..

Industrial production in 1999 also showed quick improvement. Total nominal value of industrial output reached RMB 153.25 billion, an annual increase of 16.8%. Of the total industrial output value, the city's 18 biggest companies accounted for 24.0% or RMB 36.8 billion and generated profit and tax amounting to RMB 2.1 billion. Collectively, their output-sales ratio reached 97.7%.

Shenyang has the largest and the best civil airport, railway network and highway system in the northeastern region of China. With three big harbors within a distance of 400 kilometers, Shenyang has become an important entrepot in the region and is one of the few cities with huge cargo throughput. In 1999, per capita annual disposal income of people living in urban areas amounted to RMB 5,364, an increase of 8.8% annually. Savings deposits of people in urban and rural areas stood at RMB 13,317, a rise of 10.9% when compared with previous year.



SHANGHAI MAP



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

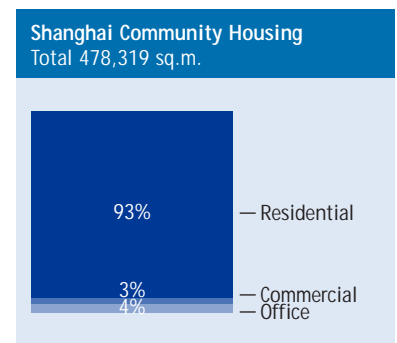
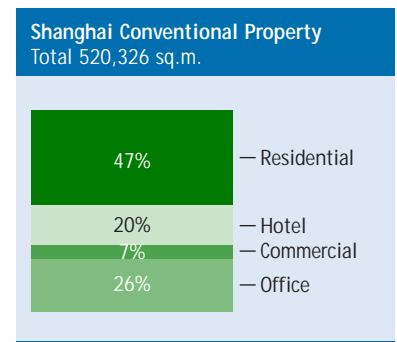
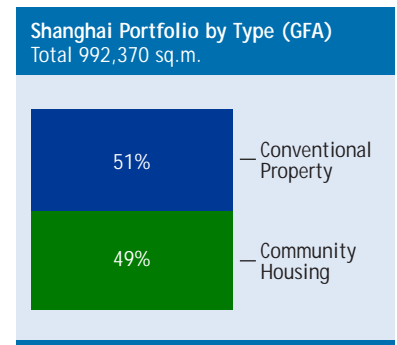
Shanghai is the economic and financial center of China, located at the mouth of the Yangtze River. It is made up of 16 districts and 4 counties. The city covers 6,340.5 square kilometer, while the urban area accounts for 3,924.2 square kilometer. It is the biggest city in China with a population of 13 million at the end of 1999.

In 1999, Shanghai's GDP amounted to RMB 403.5 billion, up 10.2% against previous year. Primary industries accounted for 2.0% of GDP, while the secondary and tertiary industry accounted for 48.4% and 49.6% respectively. New direct foreign investment of 2,028 projects were contracted with total investment amounting to US\$ 7.6 billion. Actual foreign capital injection totaled US\$6 billion in 1999. At end of 1999, Shanghai has contracted 25,539 foreign investment projects with overseas companies in 86 countries. Total investment amount reached US\$86.2 billion and actual foreign capital injection totaled US\$44.6 billion.

Financial, insurance, real estate development and services sectors had been developing at a full speed during the last decade. The weighting of tertiary industry in GDP growth rose from 37.2% in 1990 to 49% in 1999. In particular, insurance sector rose from 26.9% in 1991 to 28.9% in 1999. The real estate sector increased from 1.6% in 1990 to 10.5% in 1999. This growth is much higher than other sectors. Completed housing now covers 26.1 million sq.m..

China's biggest stock exchange, The Shanghai Stock Exchange, opened business at end of 1990. By 30 June 2000, there were 509 companies listed in the Stock Exchange with a total market capitalization of RMB 2,100 billion and transaction accounts for 26 million investors. At the end of 1999, 62 foreign financial institutions had set up offices. They came from over 20 countries. In early 2000, five more foreign banks were allowed to carry out local currency business, bringing to a total of 24 banks accounting for 75.0% of the nationwide total.

Shanghai is divided into two parts by the famous Huangpu River: Pudong and Puxi areas. The former Pudong is located at the east side of the Huangpu River with site area of 522.75 square kilometer and population of 1.6 million. It is a new development area supported by government policy bringing in high-tech industries, big foreign financial institutes and brokerage companies. It has become the new business center of the city. Puxi is the traditional commercial and residential center of the city, located at the western side of the Huangpu River with a site area of 289.44 square kilometer and population of 6.32 million. By the end of 1999, the residential space in Puxi had grown to 115.69 million sq.m., out of which villas accounted for 1.68 million sq.m., apartments 1.79 million sq.m. and staff dwellings 91.09 million sq.m.. In additions, the offices space and commercial space is 15.85 million sq.m. and 6.74 million sq.m. respectively in this area.



WUHAN AND WUHAN CHANGQING GARDEN AREA MAP



- ① Wuhan Changqing Garden
- 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 Xia Road Development
- ⑧ New World Courtyard, Wuhan



Wuhan is the metropolitan city of Wubei province. It is one of the most important city in China as it locates at the center of the nationwide transportation system The famous Jingguang Railway cuts across the city vertically, while the Yangtze River passes through the city horizontally. That makes the city the entrepot of the nation. It is also one of the few cities with well-developed infrastructure in terms of railways, highways, river transport, airport, and telecommunication facilities. Wuhan comprises 9 districts and 4 rural areas with site area of 8,467 square kilometers and a population of 7.40 million. It has an urban population of about 5 million.

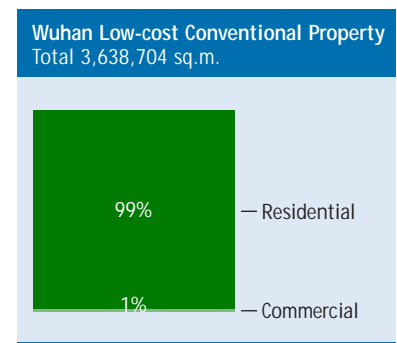
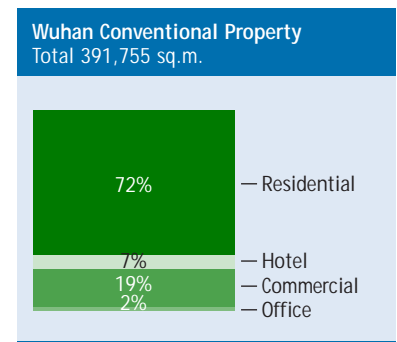
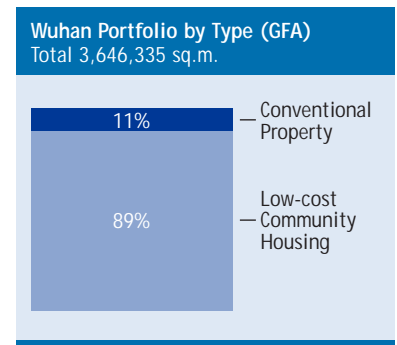
Wuhan is also known as the "River City".The world's third largest river, Yangtze Rvier, and its branches divide the city center into three big districts, viz : Hankou , Hanyang and Wuchang. Hankou is the political, commercial and cultural center of Wuhan; most of the government bodies and big shopping centers like New World Department Store are located here. While Hanyang and Wuchang are the industrial centers of the city with strong comprehensive industry bases.

With its long cultural history and many famous buildings, Wuhan is a popular travel destination visited. By thousands of local and overseas tourists each year.

In 1999, Wuhan's GDP amounted to RMB 108.6 billion, a year-on-year increase of 11%. Primary industry accounted for 7.2%, while secondary and tertiary industry accounted for 44.1% and 48.7% respectively. The industrial sector has developed steadily over the years. The total output of industry amounted to RMB 127.7 billion, up 9.7% against previous year. Of this, the output of light industry amounted to RMB 57.7 billion, while heavy industry accounted for RMB 70.0 billion. Industrial production and the output of pillar industries such as real estate development have been the main drivers for the whole city's economic growth in recent years.

The construction sector continues to grow. In 1999, completed housing amounted to 12.94 million sq.m.. There are total 868 approved real estate development companies with a total registered share capital RMB 22.5 billion. New development of low-cost housing amounted to 2.1 million sq.m., spiked up 163.0% against 1998. Completion of area amounted to 0.81 million sq.m., a rise of 68.3%. In 1999, the sale of state-owned housing reached 0.5 million sq.m., a growth of 42.8%. Sale of commodity housing to individuals amounted to 1.83 million sq.m., an increase of 32.4%. Per capita living space in the urban area reached 8.3 sq.m., a 0.2 sq.m. enhancement from previous year.

Utilization of foreign investment amounted to USD 1.2 billion in 1999, a 38.7% growth from previous year. Actual capital injection was USD 1.16 billion, up 10.4%. At year-end of 1999, accumulated approval of foreign direct investment totaled 4,752 projects with contracted total investment amounted to USD9.37 billion and accumulated actual capital injection of USD 6.88 billion. For the time being, 35 companies of the Fortune 500 companies have direct investments in Wuhan.



GUANGZHOU AND GUANGZHOU CITY CENTRE MAP



- 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

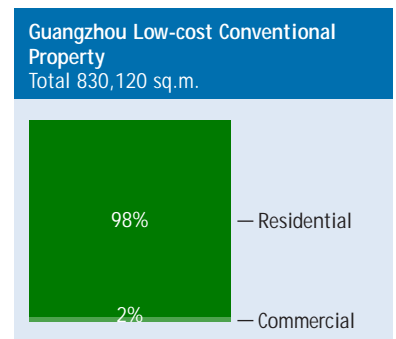
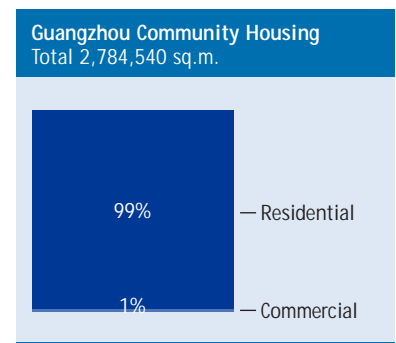
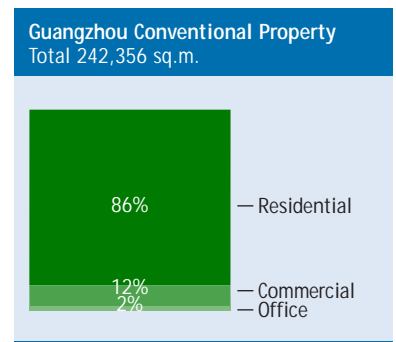
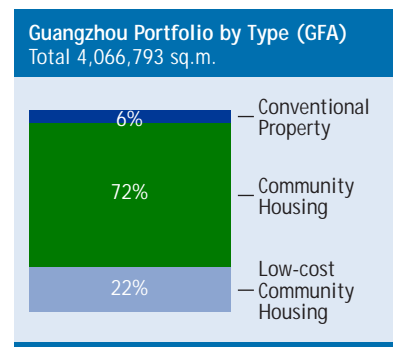


Guangzhou is the metropolitan city of Guangdong province, located at the southeastern part of China. It has long been an important political, economic, technical, educational and cultural center in Southern China. It comprises eight districts and four counties with total site area of 7,434.4 square kilometer and population of 6.85 million. The eight major districts have a total area of 1,443.6 square kilometer and a population of 4.05 million.

Guangzhou has well-developed infrastructure facilities and port terminals with highway and railway hubs to other major cities. It is also has the fastest economic growth of China's cities. In 1999, GDP reached RMB 205.67 billion, up 13.18% versus 1998. Per capita, GDP amounted to RMB 30,265, the highest among the top 10 cities. Primary industry accounts for 4.51% of GDP, while secondary and tertiary industry account for 45.67% and 49.82% respectively.

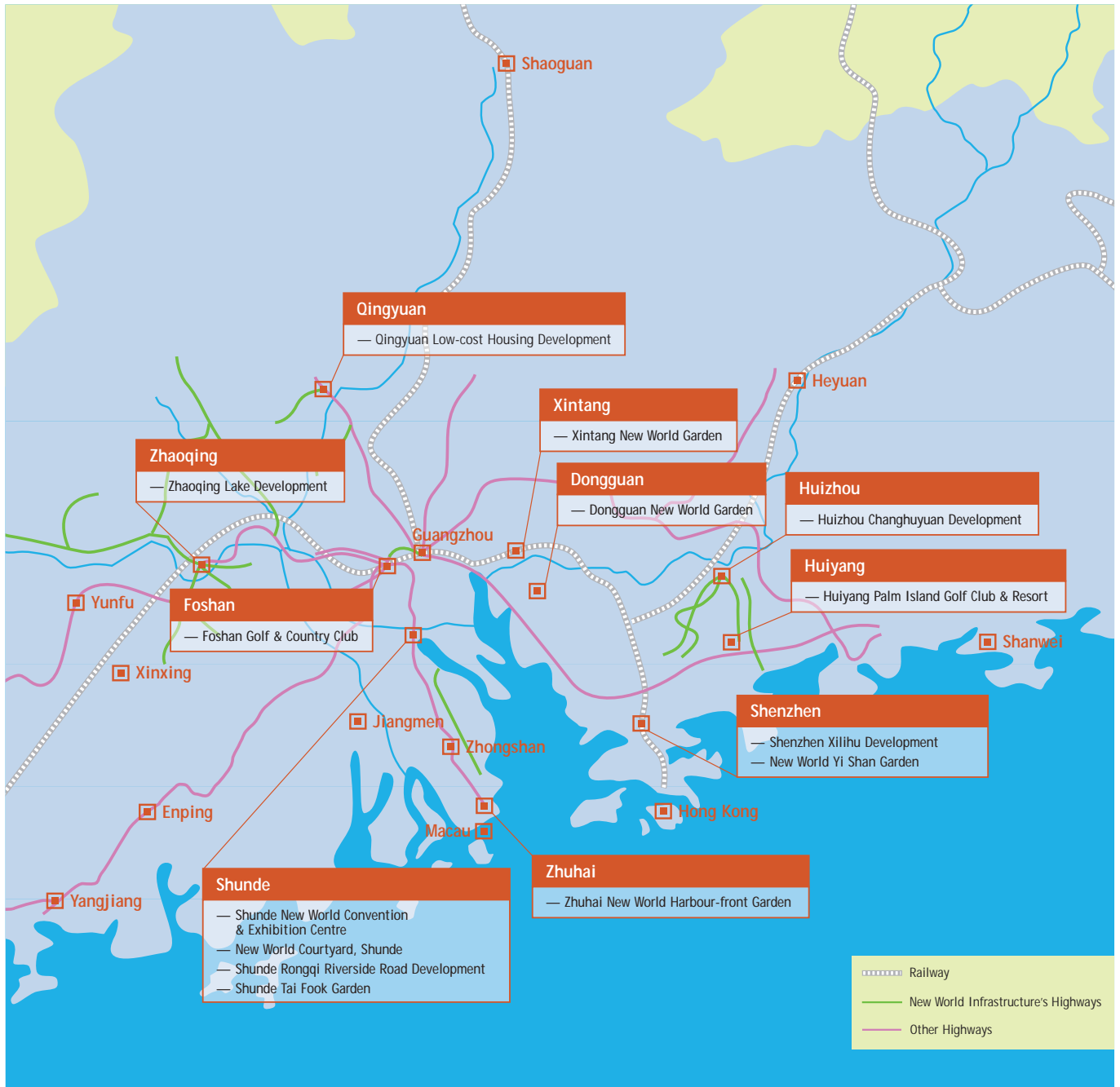
According to Guangzhou Bureau of Statistics, foreign investment in real estate increased by 64.8% in the first half of 2000. Currently there are more than 8,400 foreign entities established in Guangzhou. With the WTO entry, it is expected more foreign investments and expatriates will come into Guangzhou. It will definitely energize the property sector.

For the first seven months, Guangzhou's GDP reached RMB 123.51 billion, up 14% against previous year. It is also the highest level in the past three years.



DATABANK : PEARL RIVER DELTA

PEARL RIVER DELTA REGIONAL MAP



The Pearl River Delta is located at the southeastern part of Guangdong province. Many small rivers intertwine the region which abounds with fertile land for agriculture. With the metropolitan city, Guangzhou, at its north and supported by Hong Kong and Macau at its south, the delta region's economy grew tremendously after China adopted its open policy in the 1980s. Pearl river delta regions comprise various most affluent cities within the Guangdong provinces including Guangzhou, Shenzhen, Zhuhai, Dongguan, and Foshan. The whole region area amounted to 41,698 square kilometers with a total population of 22.6 million people (the total population of Guangdong province is 72.98 million people).

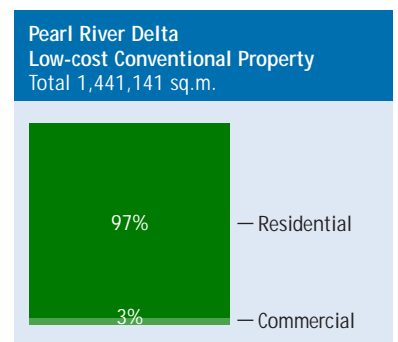
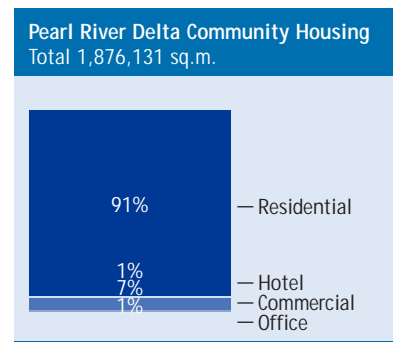
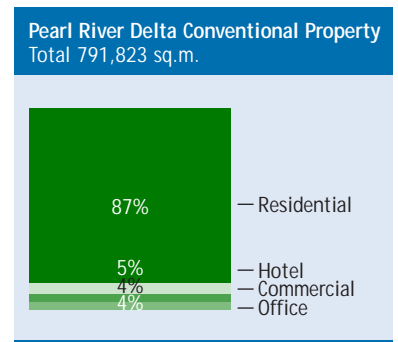
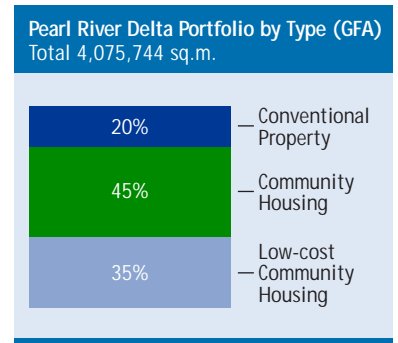
Over the years, the region has maintained stronger economic growth than the other regions in China. In 1999, the region's gross domestic product amounted to RMB 643.9 billion, a growth of 12.6% versus previous year (Guangdong province's GDP was RMB 846.4 billion, up 9.5%). Primary industry accounted for 6.4%, while Secondary and Tertiary industry accounted for 49.7% and 43.9% respectively. In 1999, the total income of township and village enterprises within the region reached RMB 614.6 billion, an increase of 31.6% against previous year. Total saving deposits totaled RMB 625.4 billion, which is 9.4% more than previous year. Per capita annual disposable income exceeds RMB 10,000. The region is the most affluence area in China.

Over the years, the Pearl River Delta region has succeed in attracting plenty of overseas companies to set up business and manufacturing factories with beneficial tax policies and low labor costs. Most foreign direct investments came from Hong Kong, Macau and Taiwan. In 1999, the total number of new contracted foreign investments amounted to 13,380 projects. Actual capital injection totaled USD 12.0 billion, a slight 1.8% increase. At the end of 1999, total number of foreign joint venture amounted to 38,876 companies.

The Pearl River Delta region is very easy accessible due to its well developed transportation infrastructure. Manufactured goods, raw materials and parts can be shipped in and out of the region quickly by sea, air, railway and highway.

Housing reform policies and the increasing trend of Hong Kong people buying a second house for retirement in the region have helped real estate development growth. In 1999, the new construction development area of merely three cities (Guangzhou, Shenzhen, and Zhuhai) reached 58.2 million sq.m.. Completed development area amounted to 15.1 million sq.m. of which 12 million sq.m. involved residential housing property. Total sales of commodity housing in term of gross floor area amounted to 9.1 million sq.m., within which 8.1 million sq.m. are residential housings, a growth of 17.5% and 21.1% respectively when compared with previous year.

The region recently is a hot spot for travellers as a result of theme parks like Miniature World in Shenzhen and Zhuhai's Yuan Ming Xin Yuan and the establishment of holiday resorts and golf and country clubs.



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, 1st July to 30th June

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 Organization

FINANCIAL TERMS

Attributable Operating Profit: Profit attributable to shareholders before head office items

Net Debt: The aggregate of bank loans, other loans, overdrafts, convertible bonds, debentures and finance leases, net of cash and bank balances

Net Debt to Equity Ratio:

$$\frac{\text{Net Debt}}{\text{Shareholders' funds}}$$

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 m²: Square metre

Sq.ft. or ft²: Square feet

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