



Annual Report 2002

Listed in 1999, New World China Land is the China property arm of New World Development. New World China Land now has an asset base of HK\$25 billion. Our portfolio comprises a developable floor area of 19 million sq.m. in 19 high-growth cities.

A truly national developer

Our property portfolio spans the nation. By maintaining this broad geographic presence in China, we seek to play a key role in fulfilling the nation's property needs.

Global expertise

Our professional management team from China and from overseas brings together diverse skills and expertise. We blend best international practice with home-grown vision and talent to deliver unrivalled results.

Serving the community

As we invest in a region, we recognise we have a responsibility as a good corporate citizen. We are dedicated to improving the lives of the local communities in which we operate.

30-year blue-chip heritage

Through our parent New World Development, a reputable and international conglomerate, we draw upon three decades of property investment experience, along with well-developed business networks and deep resources.

Best in class

Quality is at the heart of everything we do. Across the entire spectrum of our diverse property portfolio, we have demonstrated our dedication to product and service excellence for our customers.

Turning dreams into reality

We do more than build properties. We are helping a new generation aspire to a new way of living. Above all, we are leading Chinese to a new way of achieving their dreams.

a new way of living and working

The New World Group has been active in the China property market since the early 1980s. New World China Land is helping to transform the nation and its people by offering a wide variety of property projects, encompassing residential communities, hotels, offices, shopping malls and resorts.

We have always dedicated ourselves to delivering the highest quality developments. The Company is bringing new definitions of style and comfort, unprecedented levels of service and convenience. Together, these are creating distinctive environments for families or business. We stand for a whole new way of living and working.



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modern community living

An integral part of our business philosophy is to create attractive self-contained communities that nurture family life and provide a healthy and fulfilling living environment.



transforming city vistas

In Beijing and Tianjin, we have rejuvenated entire city districts through modern architecture and tree-lined boulevards – all complemented by first-class shopping, entertainment and leisure facilities.

Property portfolio by type

sq.m.

Major development projects for sale	17,569,689
Investment properties under development	660,689
Completed investment properties	490,927
Total	18,721,305

Property portfolio by location

sq.m.

Beijing	4,096,900
Tianjin	467,713
Shenyang	3,115,722
Shanghai	917,874
Wuhan	2,892,455
Guangzhou	4,161,818
Pearl River Delta	1,902,828
Other regions	1,165,995
Total	18,721,305

Property portfolio by usage

sq.m.

Residential	13,446,593
Commercial	1,304,090
Office	1,128,467
Hotel	200,237
Others	2,641,918
Total	18,721,305





Northeast

● Shenyang

● Beijing

● Dalian

● Tianjin

Northern

● Jinan

location...location...location

We seek the very best locations for our developments, prime downtown districts where – as China’s cities modernize and grow – our properties will become natural landmarks.

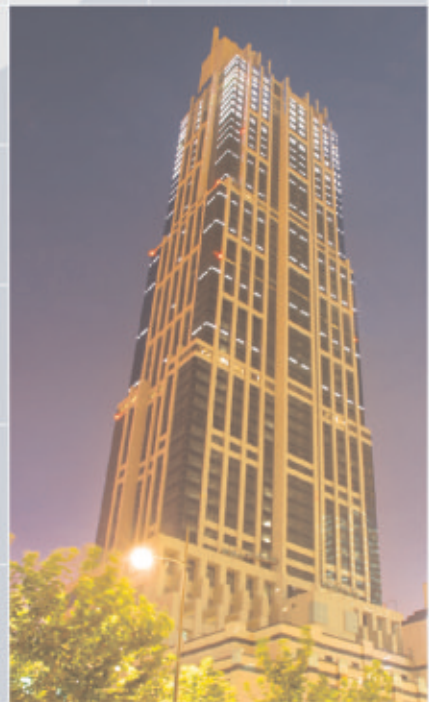
● Hefei

● Nanjing

● Shanghai

Central

● Wuhan



inspiring lifestyles

Our luxury residential and leisure developments set new standards in luxury and good taste, allowing prosperity and success to be enjoyed in comfort and style.



Southern

● Guangzhou

Pearl River Delta

● Haikou

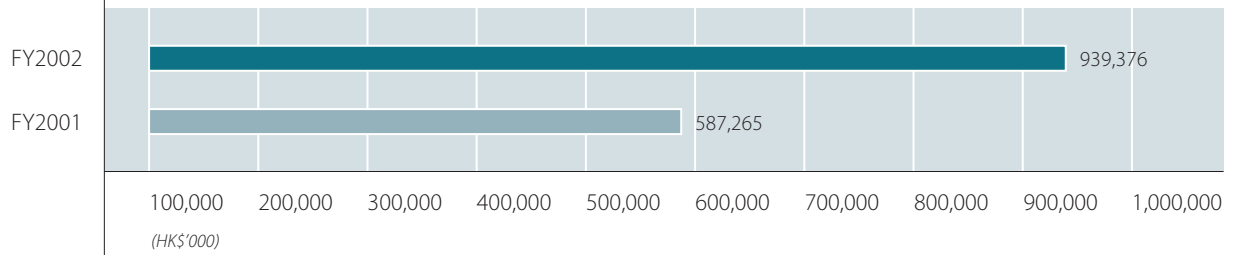
KEY FINANCIAL DATA

<i>in HK\$'000</i>	FY2002	FY2001
Operating results		
Turnover		
– Property sales	813,043	413,915
– Rental operation	102,467	172,531
– Other operations	23,866	819
Total turnover	939,376	587,265
Finance costs	(24,276)	(69,996)
Profit before taxation	133,008	79,615
Profit attributable to shareholders	137,127	53,610
Proposed final dividend <i>in HK cents</i>	2	–
Earnings per share		
– Basic <i>in HK cents</i>	9.26	3.66
– Diluted <i>in HK cents</i>	9.20	3.65
Financial position		
Cash and bank balances	1,450,958	1,252,375
Total assets	25,111,567	23,144,442
Total liabilities	7,230,067	5,674,690
Shareholders' funds	17,881,500	17,469,752
Financial ratios		
Current ratio	1.91	1.87
Net debt to equity ratio <i>in %</i>	22	17

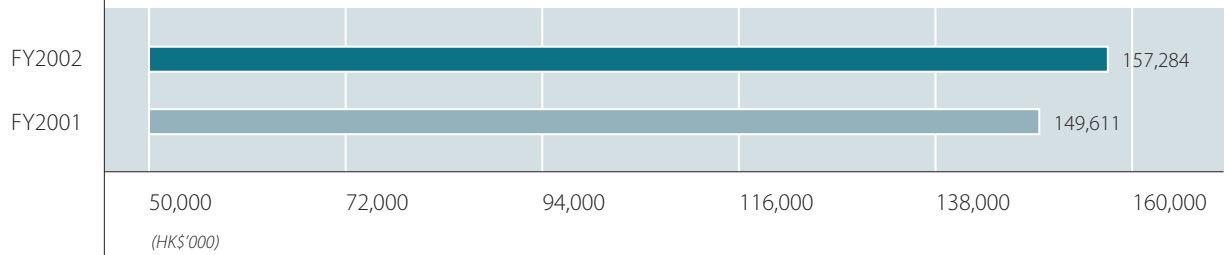
BANK BORROWINGS PROFILE

HK\$ million equivalent	30 June 2002	30 June 2001
Outstanding amount		
Hong Kong dollar loans	500	–
Renminbi loans	2,082	1,035

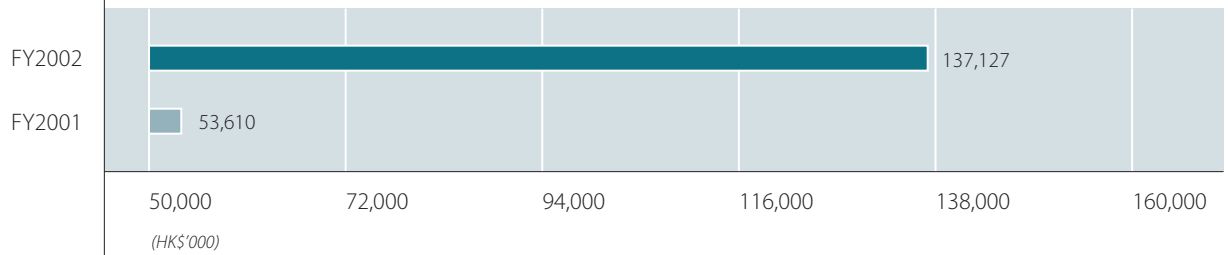
TURNOVER



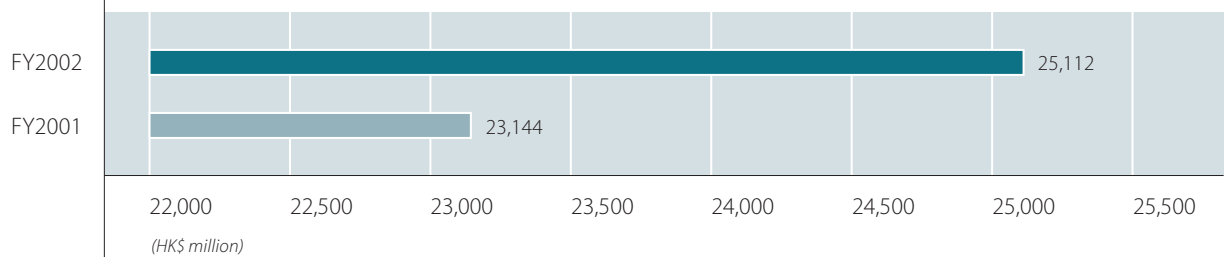
OPERATING PROFIT BEFORE INTEREST AND TAXATION



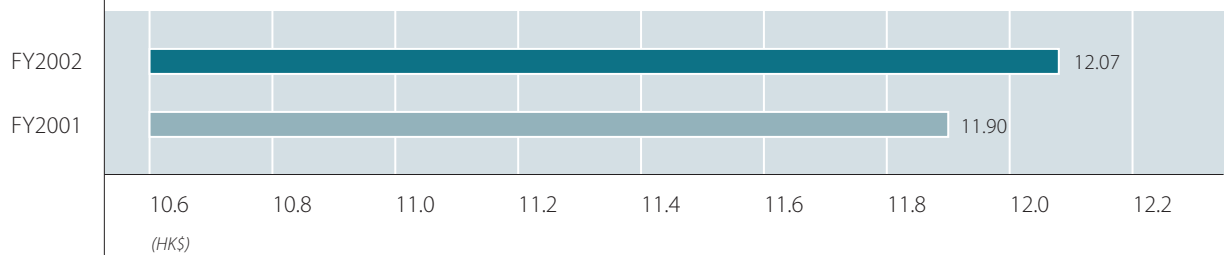
PROFIT ATTRIBUTABLE TO SHAREHOLDERS



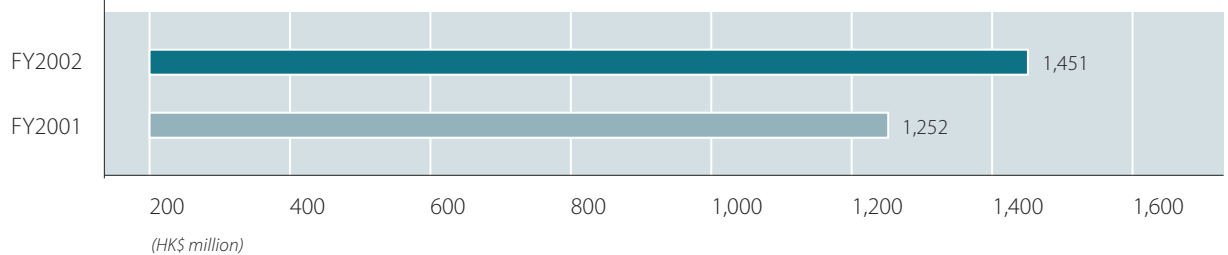
TOTAL ASSETS



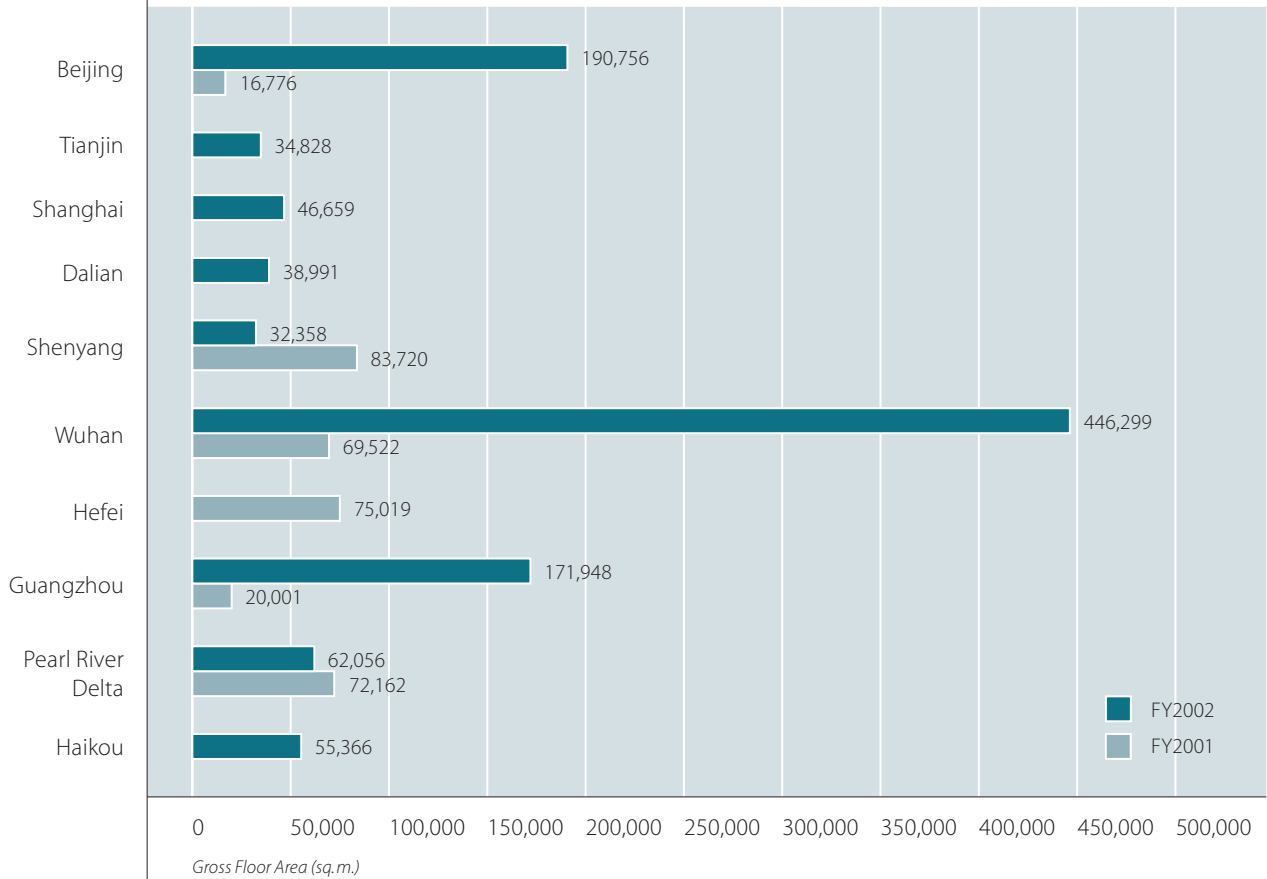
NET ASSET VALUE PER SHARE



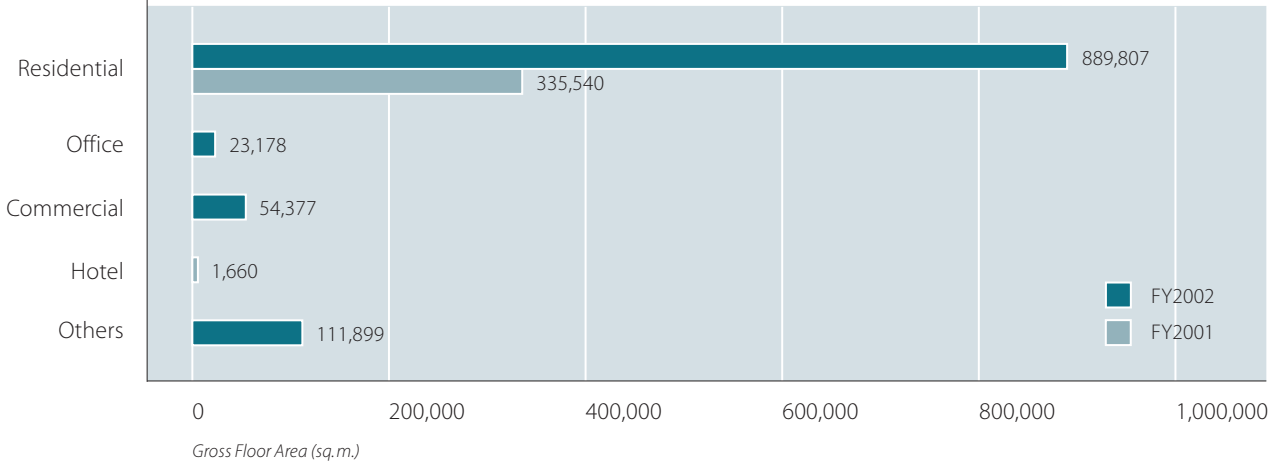
CASH AND BANK BALANCES

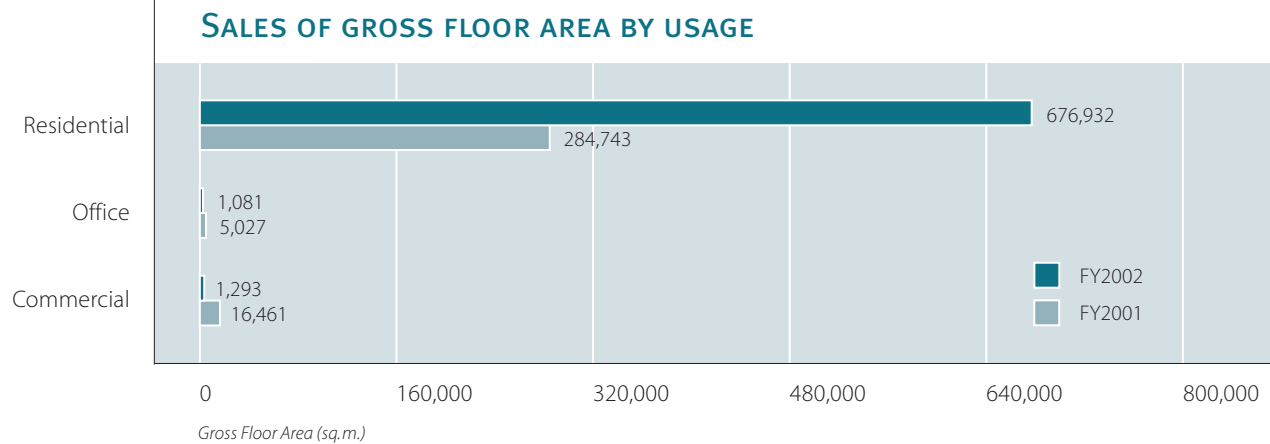


COMPLETION OF GROSS FLOOR AREA BY LOCATION



COMPLETION OF GROSS FLOOR AREA BY USAGE





PROJECT DISPOSAL

The Group disposed of its interest in Beijing Boxing Plaza, Shijiazhuang New World Plaza and Qingyuan Low-Cost Housing Development in December 2001.

LAND DISPOSAL

The Group entered into an agreement with a local consortium in late December 2001 to sell a land lot for which the Group had earlier completed land improvement work. The sale of this 61,659-sq.m. lot with its ensuing commercial development will complement the residential development of Tianjin New World Garden perfectly.

New World China Land had a record year of property sales to end June 2002.



Fellow Shareholders,

New World China Land had a record year of property sales to end June 2002.

This successful sales performance resulted in a significant increase in turnover to HK\$939.4 million, an improvement of 60% on the previous year. Profit attributable to shareholders amounted to HK\$137.1 million.

With the continued increase in cash flow from property sales, the Group proposed a first-time dividend of HK\$0.02 per share.

RECORD YEAR OF SALES

Our sales set a new record for the year to 30 June 2002, providing strong cash flow to the Group. We benefited from the fact that more projects entered the market and that they covered a much wider range of cities than in previous years, with demand for each project remaining strong. We sold a total of 679,306 sq.m. Gross Floor Area, a 122% increase.

STRENGTHENING THE NEW WORLD BRAND

The record sales performance also reflects the success of our efforts to build a cohesive property brand in China. With more of our projects coming on stream in more cities, the marketplace is seeing compelling evidence of our ability to deliver quality projects. As New World China Land grows, we will gain stronger critical mass across the country. Our brand is becoming increasingly recognized. Improved brand equity is translating into premium pricing and this is now clearly reflected at the sales level.

A good example of this is in Wuhan at Changqing Garden – one of the largest residential developments in the PRC – where we have completed the first four phases and sold nearly 13,000 units. In Beijing, Beijing New World Centre received recognition under the *Beijing City New Top 10 Architectural Awards in the 1990s* scheme, a welcome accolade. The project is helping to improve the image of Chongwen District and pave the way for further success in our future development in this vicinity. In Guangzhou, our Casa California luxury resort-style residential development that sets new standards in landscaping and design is now finished with nearly all units sold.

These completed developments are reinforcing our reputation. New World China Land stands for professionalism and commitment to quality. They see proof of our ability to exceed customer expectations and create truly aspirational properties.

GOOD PROGRESS IN OUR STRATEGY

Our strategy is to accelerate the completion of our developments in order to increase sales revenue, while growing our investment portfolio and enhancing the rental performance of existing properties.

More projects entered the market and covered a much wider range of cities than in previous years.

Our accelerated completion programme has shown good momentum. We will continue focusing on completion of our residential property developments. Our property schedule for the financial years to end June 2003 and 2004 sees completion of more than 1.11 million and 1.53 million sq.m. GFA respectively, compared to the current year of 0.95 million sq.m. GFA.

Expansion of our investment property portfolio will increase the recurrent revenue stream. Currently, the Group has 10 completed investment properties comprising hotels, offices, shopping malls, and resorts with a total GFA of over 490,000 sq.m.. The Group expects to make sound progress in this respect in the coming year when major projects come on stream. Going forward, four investment projects with a total GFA of 406,294 sq.m. are scheduled to be completed in FY2003. These include the Hong Kong New World Tower and Ramada Plaza in Shanghai, Nanjing New World Centre and the shopping mall at our Dalian New World Plaza development.

PROSPECTS

We remain very positive on the overall property market in China. Robust demand for housing, liberal mortgage policies and the emergence of a secondary market, coupled with continuing economic growth and increasing disposable incomes, are all providing excellent conditions for a rising market. This is further supported by high levels of foreign capital inflow and sustainable domestic investments and consumption, along with China's WTO accession and 2008 Olympics.

New World China Land's strategy is to differentiate its brand by maintaining a reputation for best-in-class product and service quality. The projected increase in completions for properties intended for sale and for investment over the next few years should yield strong cash flow and profits.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank the Directors, our dedicated management and staff for their steadfast loyalty and commitment throughout the year. Their hard work continues to play a key role in the Group's success.

Dr. Cheng Kar-shun, Henry
Chairman and Managing Director
Hong Kong, 18 October 2002

Why is New World China Land focusing so heavily on brand equity?

To achieve differentiation. Corporate branding is a long-term strategy that allows us to respond vigorously to competitive pressures. Building a brand that commands respect and recognition will underpin our market leadership. Brand loyalty will allow us to achieve pre-sales at a much earlier date and to set pricing above prevailing market levels. There is no long-term value in competing on price. Indeed, differentiation on price is a recipe for failure. But by placing New World China Land at the leading edge of the market in terms of quality and image, we are building foundations for long-term success and prosperity.

What is the significance of the sales improvement in the past year?

It reflects the success of our brand to date and helps to strengthen our brand going forward. A key component of our strategy is to create lively communities, with services and facilities that make for a total living environment. Our successes in the year under review underlines our lifestyle vision. It proves to the market our ability to deliver a new kind of development that blends quality design with comprehensive facilities to create a coherent and attractive communal living environment. When people see our completed developments, they see for themselves what we stand for. Each sale cements our vision of creating a new way of living, of setting the standard for a luxurious, aspirational lifestyle. Each sale enriches our brand.

From a financial standpoint, it means that substantial cash flow has been generated from the Group's asset base, allowing the Group's value to be truly reflected in cash terms. In addition, by strengthening the Group's financial position, it paves the way in the future for consistent and growing dividend payments.

What are NWCL's competitive strengths?

We are a nation builder playing a key role in China's continued economic progress. We are a blue-chip organization backed by New World Development's 30 years of experience. We blend international knowledge and best practice with home-grown talent and resources. And we are building a reputation for unrivalled quality. All the while, New World China Land continues to assist the economic and social well-being of the communities in which it operates.

Corporate branding is a long-term strategy that allows us to respond vigorously to competitive pressures.

We are a nation builder playing a key role in China's continued economic progress.

transforming city v

Far right, New World Centre Phase I incorporates this extremely popular shopping mall.

Bottom right, modern and sporty – the ice-rink at New World Centre Phase II.

Below, the rooftop of Beijing New World Centre Phase II.



Right, when the new Metro Route No.5 commences in 2007, it will run beneath Chongwenmenwai Street and connect with the existing Route No.1 and loop line, significantly enhancing transport links.



istas

In Beijing and Tianjin, we have rejuvenated entire city districts through modern architecture and tree-lined boulevards – all complemented by first-class shopping, entertainment and leisure facilities.



Beijing

HIGHLIGHTS

Chongwen District illustrates our ability to transform key areas in major Chinese cities. The Group first invested here in 1993, focusing initially on infrastructure and widening Chongwenmenwai Street. The Group holds land in Chongwen District providing some 2 million sq. m. GFA for future development. Our anchor projects at the northern end of Chongwenmenwai Street – Beijing New World Centre Phase I and II – have paved the way for successful redevelopment. During the year, the Group progressed site clearance to release additional development land in this major commercial hub.

The government's development of neighbouring Chaoyang District into Beijing's future CBD will help boost demand for residential units. Our upscale apartments in Chongwen District are the closest residential area to the CBD and are well positioned for further success. There is clear evidence of this with sales at Beijing New World Garden Phase I, which made excellent progress during the year.



We continue to benefit from Chongwen District's infrastructure improvements. The widening of Guangan Street and opening of Metropolitan Walk, with its retail, food and beverage outlets, has increased pedestrian traffic through our shopping mall at Beijing New World Centre. Continuing occupancy of almost 100% at this property provided a stable rental income. Continuing development is expected to bring further benefits, by strengthening links to prosperous outlying areas and increasing daily traffic into and out of Chongwen District.

Right, the view from the roof garden of Beijing New World Centre Phase I, the cornerstone of our achievements at the northern end of Chongwenmenwai Street.

Far right, the shopping mall accounts for nearly two-thirds of the total rentable GFA of 126,740 sq. m. in this development.





-  Railway station
 -  Beijing Xin Kang Garden
- (For project details, please refer to 'Major project profiles' starting from page 132)

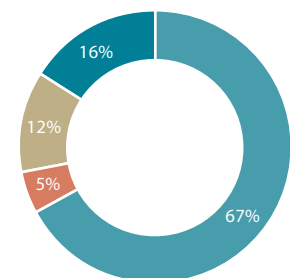
PROPERTY PORTFOLIO AND TARGETED COMPLETION

In Beijing, the Group has seven major property development projects with a total GFA of 4,022,762 sq.m. and three completed investment properties with a total GFA of 284,749 sq.m.. During the year, the Group completed total saleable GFA amounting to 158,053 sq.m. of residential space and 2,150 sq.m. of commercial space.

In the coming financial year, the Group plans to complete 124,828 sq.m. of residential space and 10,092 sq.m. of office space. In the financial year following that, the Group plans to complete 220,699 sq.m. of residential space, 91,111 sq.m. of commercial space, and 44,550 sq.m. of office space.

Beijing development properties for sale

Total GFA 3,847,706 sq.m.



-  Residential
-  Commercial
-  Office
-  Others

-  Railway station
-  Metro line
-  Proposed metro line
-  Subway
-  Completed development
-  To be completed next two years
-  Future development
-  Beijing New World Centre Phase II
-  Beijing New World Garden
-  Beijing New View Garden
-  Beijing Xin Fu Garden
-  Beijing New World Centre Phase I
-  New World Courtyard Hotel, Beijing

(For project details, please refer to 'Major project profiles' starting from page 132)



Beijing completion schedule

sq. m.

FY2002	Beijing New World Garden Phase I	Residential	42,276
	Beijing New View Garden Phase I	Residential	43,822
	Beijing New View Garden Phase I	Commercial	2,150
	Beijing Xin Kang Garden Phase II	Residential	71,955
Total			160,203
FY2003	Chateau Regalia Beijing (Formerly known as Beijing Lingal Garden)	Residential	124,828
	Beijing New World Garden Phase I	Office	10,092
Total			134,920
FY2004	Beijing New World Garden Phase II	Residential	61,000
	Beijing New View Garden Phase II	Commercial	60,571
	Beijing New View Commercial Centre	Office	44,550
	Beijing New View Commercial Centre	Commercial	12,404
	Beijing Lianguang Road Blocks 3 & 4	Residential	66,269
	Beijing Lianguang Road Blocks 3 & 4	Commercial	4,971
	Beijing Xin Kang Garden Phase III	Residential	93,430
	Beijing Xin Kang Garden Phase III	Commercial	13,165
Total			356,360

INVESTMENT PROPERTIES

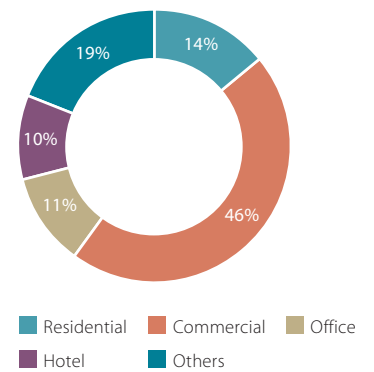
Beijing New World Centre Phase I The shopping mall remains one of the most popular destinations and almost full occupancy secured a strong rental income during the year. The office space performed well recording 75% occupancy at the end of the financial year.

Beijing New World Centre Phase II Leasing of the service apartments continued and maintained a steady improvement. The shopping area achieved close to 100% occupancy.

New World Courtyard Hotel, Beijing The only international standard four-star hotel in this district, this 16-storey building with 293 guest rooms recorded average monthly occupancy of over 85%.

Beijing completed investment properties

Total GFA 249,194 sq. m.



Beijing New World Centre has become a focus of activity.

Far left, these children are parading with drums outside Phase I.

Left, the ice skating rink is a key feature of Phase II.

Tianjin

HIGHLIGHTS

Since the Group commenced redevelopment of Tianjin's core urban area in 1996, this city has continued to hold more potential for our operations than any other region in Northern China. We have worked closely with the district governments to provide a major transformation to the districts of Heping, Hongqiao and Nankai by creating high-end, self-contained urban residential communities.

The year under review was a milestone for our operations in Tianjin. Phase I of our Tianjin New World Garden development in Heping at the heart of the city was well received by the market following its official launch in May 2002. Comprising 308 residential flats, Phase I is part of a large-scale, high-end project providing 106,408 sq. m. of residential space and 17,480 sq. m. of commercial space.

The Group entered into an agreement with a local consortium in December 2001 to sell a 61,659 sq. m. land lot for which the Group had earlier completed improvement works. The ensuing commercial development on this site will complement our Tianjin New World Garden residential development.

Right, Tianjin New World Garden was launched in May 2002.

Far right, this showflat at Tianjin New World Garden creates a sleek, minimalist look.





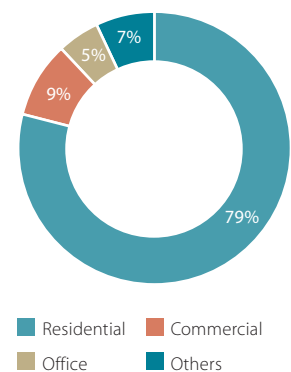
Comprehensive facilities at New World Xin An Shopping Centre helped to account for 100% leasing of the retail space and high occupancy in the office portion of this development.

PROPERTY PORTFOLIO AND TARGETED COMPLETION










In Tianjin, the Group has four major property development projects with a total GFA of 428,455 sq.m.. It also has one completed investment property with a total GFA of 116,730 sq.m.. During the year, the Group completed a total saleable GFA of 34,585 sq.m. comprising 32,985 sq.m. of residential space and 1,600 sq.m. of commercial space. In the coming financial year, the Group plans to complete 39,267 sq.m. of residential space and 15,480 sq.m. of commercial space. In the financial year following that, the Group plans to complete 67,141 sq.m. of residential space.

Tianjin development properties for sale

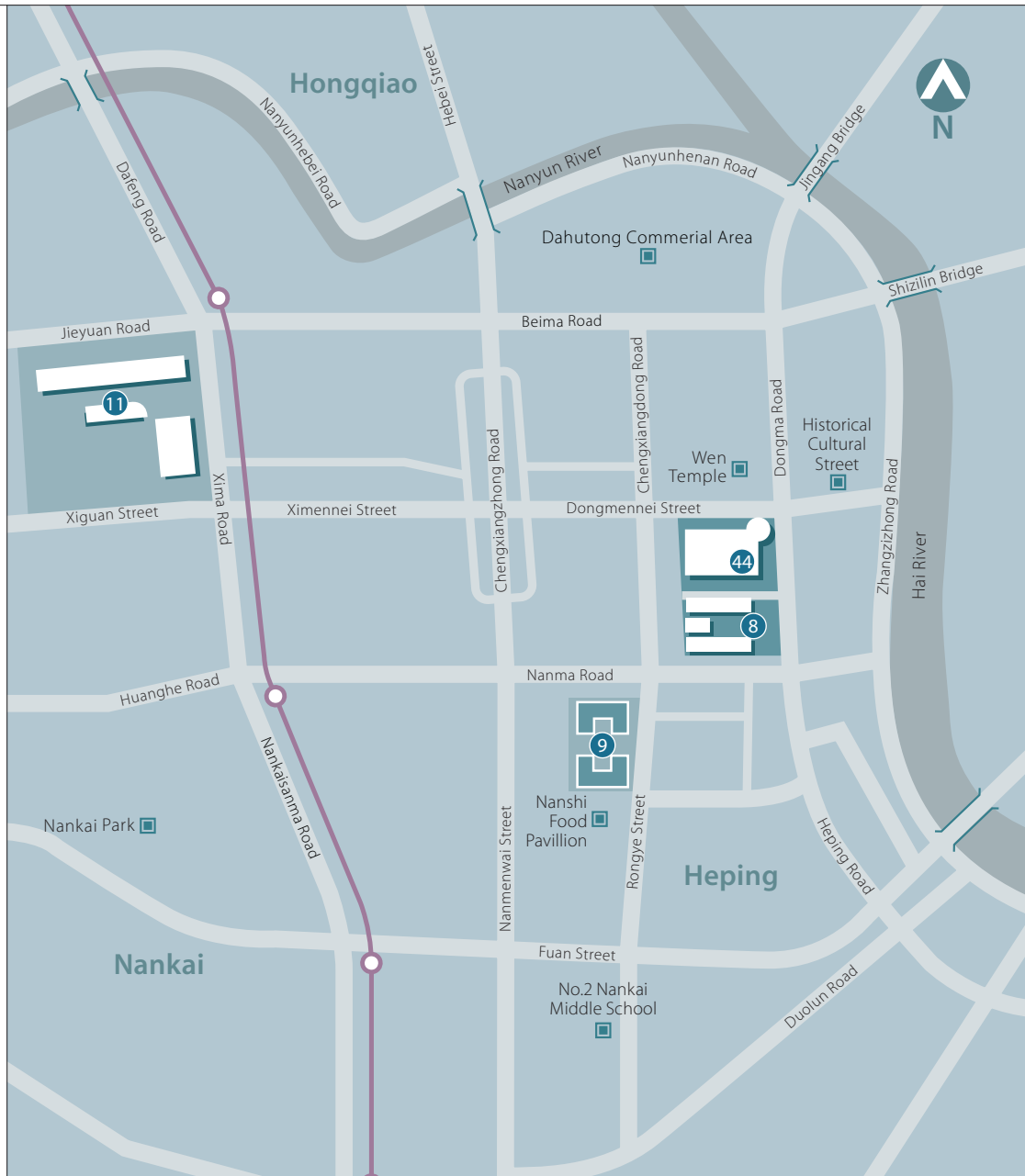
Total GFA 365,779 sq.m.



Tianjin completion schedule				sq.m.
FY2002	Tianjin Xin Chun Hua Yuan Development Phase II	Residential	32,985	
	Tianjin Xin Chun Hua Yuan Development Phase II	Commercial	1,600	
Total			34,585	
FY2003	Tianjin New World Garden Phase I	Residential	39,267	
	Tianjin New World Garden Phase I	Commercial	15,480	
Total			54,747	
FY2004	Tianjin New World Garden Phase II	Residential	67,141	

-  Metro Line
-  Bridge
-  Completed development
-  To be completed next two years
-  Future development
-  Tianjin Xin An Garden
-  Tianjin New World Garden
-  Tianjin Xin Chun Hua Yuan Development
-  Tianjin New World Xin An Shopping Centre

(For project details, please refer to 'Major project profiles' starting from page 132)

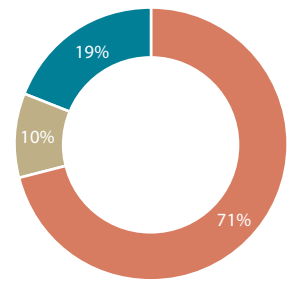


INVESTMENT PROPERTIES

New World Xin An Shopping Centre in Nankai District comprises a mega-shopping area of 71,998 sq.m. and a 19,471 sq.m. car park. A commercial landmark in the city with comprehensive shopping and entertainment, the retail centre was fully leased and the office space also enjoyed high occupancy during the year under review.

Tianjin completed investment properties

Total GFA 101,934 sq.m.



Commercial Office
Others



Far left, a view of Phase I of Tianjin Xi An Garden, a high-end residential project with integral commercial space. **Left**, one of our showrooms at the development.

location..location...



location

We seek the very best locations for all our developments, prime downtown districts where – as China's cities modernize and grow – our properties will become natural landmarks.

Bottom left, commanding an excellent location, Shanghai Ramada Plaza combines service apartments, shopping malls and a four-star hotel.



Left, Manhattan Towers I and II at Dalian New World Plaza, our high-end, multi-use complex mixes apartments, offices and shopping malls in the heart of the city.

Shenyang

HIGHLIGHTS

The Group's flagship in Shenyang is Shenyang New World Garden. This large-scale residential project continued to be a market leader in Shenyang property market. Shenyang New World Garden is set to be the single largest residential development in all of Shenyang and one of the Group's major standalone projects over the next decade. Since the launch of the first phase, the project has received an overwhelming response and has appreciated in price.



Our landmark development in Shenyang with an attractive riverside setting, Shenyang New World Garden is a city within a city.



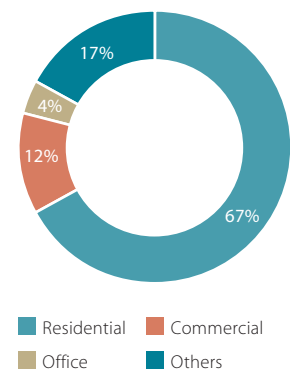
Far left, Shenyang New World Garden has enjoyed clear success since its launch. Left, spacious gardens give this major development a family oriented ambience.

PROPERTY PORTFOLIO AND TARGETED COMPLETION






In Shenyang, the Group has one major property development project with a total GFA of 3,109,232 sq.m.. It also has one completed investment property with a total GFA of 32,200 sq.m.. During the year, the Group completed 28,294 sq.m. of residential space. In the coming financial year, the Group plans to complete 86,667 sq.m. of residential space. In the financial year following that, the Group plans to complete 89,782 sq.m. of residential space.

Shenyang development properties for sale

Total GFA 3,083,522 sq.m.



Shenyang completion schedule			sq.m.
FY2002	Shenyang New World Garden Phase IB	Residential	28,294
FY2003	Shenyang New World Garden Phase IB	Residential	17,460
	Shenyang New World Garden Phase IC	Residential	69,207
Total			86,667
FY2004	Shenyang New World Garden Phase IC	Residential	89,782

-  Bridge
 -  Completed development
 -  To be completed next two years
 -  Future development
 -  Shenyang New World Garden
- (For project details, please refer to 'Major project profiles' starting from page 132)



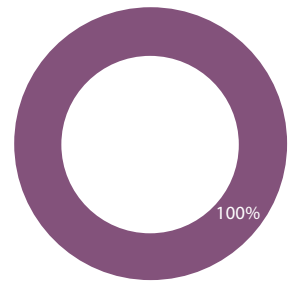
INVESTMENT PROPERTIES

Shenyang New World Department Store in the city centre continued to be fully leased and contributed stable rental income to the Group.

The adjacent New World Hotel, Shenyang, is a 22-storey four-star hotel with 261 guest rooms. The hotel continued to enjoy high occupancy during the year.

Shenyang completed investment properties

Total GFA 32,200 sq.m.



■ Hotel



Shenyang New World Garden has enjoyed unprecedented success. Further phases are planned.

Dalian

HIGHLIGHTS

In Dalian, our high-end development Dalian New World Plaza has a prime city-centre location on the well-known Tianjin Street. This multi-use complex consists of a seven-level retail podium surmounted by two towers providing offices and apartments. The residential space amounts to 80,623 sq.m. During the year, Manhattan Tower I, the main residential tower, recorded successful sales with about 50% of the units sold. Manhattan Tower II, comprising offices and apartments, is expected to be well received by the market when it is launched in the fourth quarter of 2002. The office portion of Manhattan Tower II is set for completion in the first half of 2003, while the residential portion is expected to be ready before the end of 2003.



This penthouse underlines the Group's determination to provide truly inspirational residential space.

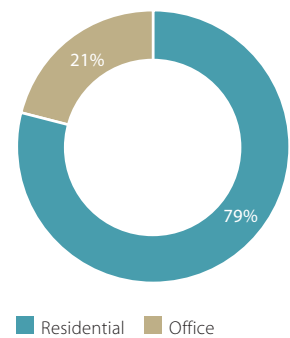


Far left, the two towers in this development – Manhattan Tower I and Manhattan Tower II. **Left**, residents at Dalian New World Plaza enjoy first-class facilities and services.

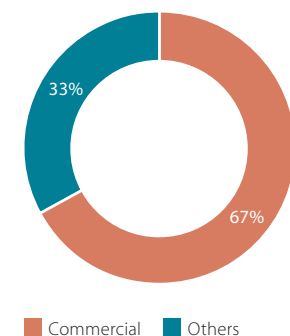
PROPERTY PORTFOLIO AND TARGETED COMPLETION

In Dalian, the Group has one major property development project with a total GFA of 98,624 sq. m.. It also has one investment property under development with a total GFA of 73,946 sq. m.. During the year, the Group completed 38,991 sq. m. of residential space. In the coming financial year, the Group plans to complete 49,413 sq. m. of commercial space. In the financial year following that, the Group plans to complete 41,632 sq. m. of residential space and 18,000 sq. m. of office space.

Dalian development properties for sale
Total GFA 85,355 sq. m.



Dalian investment properties under development
Total GFA 73,946 sq. m.



Dalian completion schedule			sq. m.
FY2002	Dalian Manhattan Tower I <i>(Formerly known as Dalian New World Plaza Phase I)</i>	Residential	38,991
FY2003	Dalian New World Plaza Phase II	Commercial	49,413
FY2004	Dalian Manhattan Tower II <i>(Formerly known as Dalian New World Plaza Phase III)</i>	Residential	41,632
	Dalian Manhattan Tower II <i>(Formerly known as Dalian New World Plaza Phase III)</i>	Office	18,000
Total			59,632

Shanghai

HIGHLIGHTS

Shanghai Hong Kong New World Tower, the Group's flagship project in Shanghai, has a total GFA of 137,760 sq. m. and is scheduled for completion by the end of 2002. Located on the prestigious central Huaihai Road, this 60-level building is Shanghai's latest Grade-A office tower. With high-end retail and dining, it enjoys an excellent location with direct access to the Shanghai Metro system and cosmopolitan Xintiandi just a short walk away. When completed, the project will be a major component of the Group's rental income base.

Hong Kong New World Tower is a major landmark, providing world-class office accommodation at the very heart of the Puxi business district.





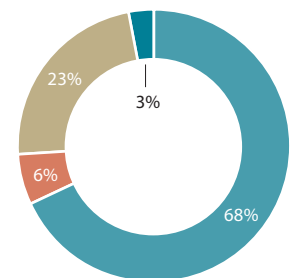
Far left, close to Zhongshan Park Metro Station, Shanghai Ramada Plaza has a prime location. **Left**, the apartments provide ample opportunity to create stylish living spaces too.

PROPERTY PORTFOLIO AND TARGETED COMPLETION

In Shanghai, the Group has two major property development projects with a total GFA of 673,613 sq.m.. It also has two investment properties under development with a total GFA of 264,959 sq.m.. In FY2002, the Group completed a total saleable GFA 45,485 sq.m. comprising 21,520 sq. m. of residential space, 787 sq. m. of commercial space, and 23,178 sq.m. of office space. In the coming financial year, the Group plans to complete 42,939 sq.m. of residential space, 66,155 sq. m. of commercial space, 49,737 sq. m. for the hotel, and 75,286 sq.m. of office space.

Shanghai development properties for sale

Total GFA 652,915 sq.m.



■ Residential ■ Commercial
■ Office ■ Others

Shanghai completion schedule

sq. m.

FY2002	Shanghai Hong Kong New World Garden Phase I	Residential	21,520
	Shanghai Hong Kong New World Garden Phase I	Office	23,178
	Shanghai Hong Kong New World Garden Phase I	Commercial	787

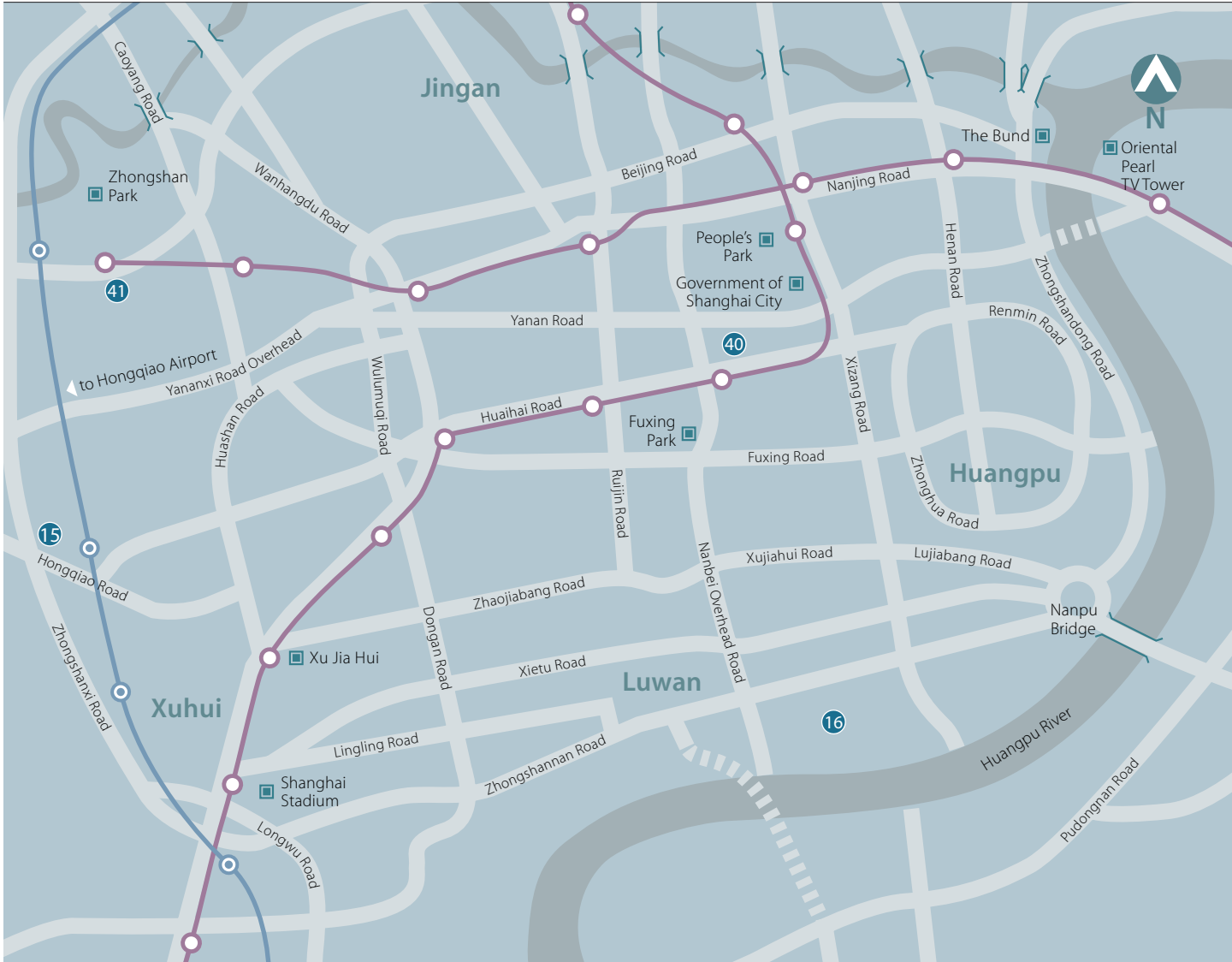
Total









45,485

FY2003	Shanghai Hong Kong New World Tower	Commercial	44,043
	Shanghai Hong Kong New World Tower	Office	75,286
	Shanghai Ramada Plaza Lot A <i>(Formerly known as Shanghai Changning Ramada Square Lot A)</i>	Commercial	12,801
	Shanghai Ramada Plaza Lot A <i>(Formerly known as Shanghai Changning Ramada Square Lot A)</i>	Hotel	49,737
	Shanghai Ramada Plaza Lot B <i>(Formerly known as Shanghai Changning Ramada Square Lot B)</i>	Residential	42,939
	Shanghai Ramada Plaza Lot B <i>(Formerly known as Shanghai Changning Ramada Square Lot B)</i>	Commercial	9,311

Total

234,117



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

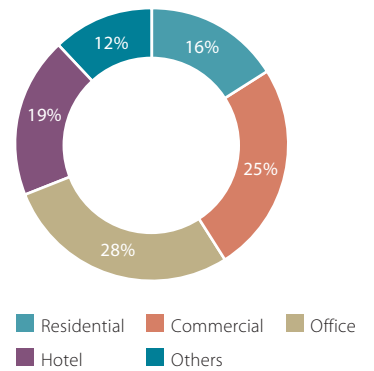
(For project details, please refer to 'Major project profiles' starting from page 132)

INVESTMENT PROPERTIES

In addition to Shanghai Hong Kong New World Tower, Shanghai Ramada Plaza is another major component of the Group's Shanghai investment property portfolio. Situated in the prime location of Changning District and close to Zhongshan Park Metro station, the project comprises two 33-storey towers with 42,939 sq.m. of service apartments, a 22,112 sq.m. shopping arcade and a four-star hotel of 49,737sq.m. with 600 guest rooms. The project will be completed at the end of October 2002 and is expected to achieve a high occupancy rate in the near future after its official launch. Both Shanghai Hong Kong New World Tower and Shanghai Ramada Plaza are expected to significantly enhance the Group's rental income.

Shanghai investment properties under development

Total GFA 264,959 sq.m.



Far left, part of the residential portion of Shanghai Hong Kong New World Garden. Left, this spacious and well-designed kitchen is typical of the high-quality interiors at this development.

modern communi

Far right, our high quality residential projects lend themselves to sleek, modern interior design.

Bottom right, attractive ornamental features are always an integral part of our luxury developments.

Right, residents enjoy a game of pool in the clubhouse.



Above, our successful New World Casa California development, in the heart of Guangzhou, is next to the American International School.



ty living

An integral part of our business philosophy is to create attractive self-contained communities that nurture family life and provide a healthy and fulfilling living environment.



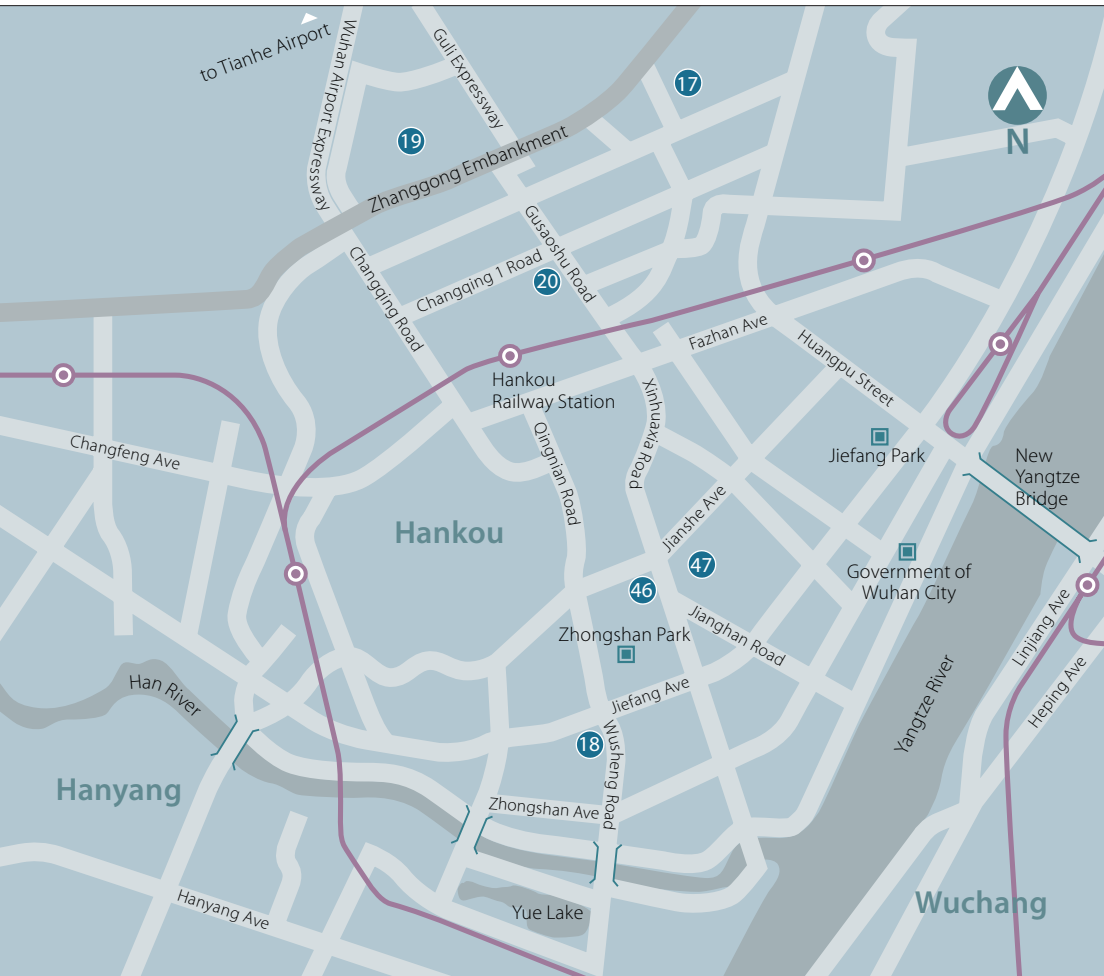
Wuhan

HIGHLIGHTS

The Group has been active in the Wuhan property market since the early 1990s when it commenced Changqing Garden. With a total GFA of 3,640,000 sq. m., this is one of the largest residential developments in Mainland China. This project underlines the Group's ability to create lively and dynamic communities. Developed as a self-contained residential district, the award-winning Changqing Garden is a cornerstone of this locality housing over 10,000 families as of December 2001. Comprehensive community facilities and amenities ensure local residents enjoy a comfortable and secure living environment as well as excellent value-for-money. Phases I-III with a total GFA of 1,018,883 sq. m. are already completed and have been fully sold. Some 70% of the launched portion of Phase IV, comprising 300,967 sq. m. out of a total GFA of 476,982 sq. m., was sold as at the end of the financial year. The balance of Phase IV is still under construction. Work on Phase V, which will have a GFA of 142,400 sq. m., is expected to commence in FY2003.

With unrivalled facilities, Changqing Garden is a cohesive community that leads the property market in Wuhan.



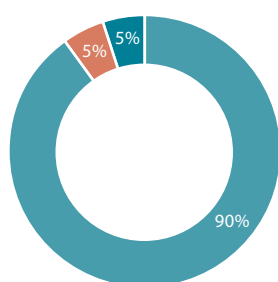


- Railway station
- Bridge
- Embankment
- Wuhan Menghu Garden
- Wuhan New World Centre
- Wuhan Changqing Garden
- Wuhan Xin Hua Garden
- Wuhan International Trade and Commerce Centre Annex Building
- New World Courtyard Hotel, Wuhan

(For project details, please refer to 'Major project profiles' starting from page 132)

Wuhan development properties for sale

Total GFA 2,693,353 sq.m.



■ Residential ■ Commercial
■ Others

PROPERTY PORTFOLIO AND TARGETED COMPLETION

In Wuhan, the Group has four major property development projects with a total GFA of 3,028,848 sq.m.. It also has two completed investment properties with a total GFA of 20,213 sq.m. and one investment property under development with a total GFA of 178,889 sq.m.. During the year, the Group completed a total saleable GFA of 392,232 sq.m. comprising 351,995 sq.m. of residential space and 40,237 sq.m. of commercial space.

In the coming financial year, the Group plans to complete 145,233 sq.m. of residential space and 35,186 sq.m. of commercial space. In the financial year following that, the Group plans to complete 154,900 sq.m. of residential space and 1,530 sq.m. of commercial space.

Wuhan completion schedule			sq.m.
FY2002	Wuhan Xin Hua Garden Phase I	Residential	77,504
	Wuhan Xin Hua Garden Phase I	Commercial	36,069
	Wuhan Changqing Garden Phase IV	Residential	274,491
	Wuhan Changqing Garden Phase IV	Commercial	4,168
Total			392,232
FY2003	Wuhan Menghu Garden Phase I	Residential	12,264
	Wuhan Changqing Garden Phase IV	Residential	132,969
	Wuhan Changqing Garden Phase IV	Commercial	35,186
Total			180,419
FY2004	Wuhan Menghu Garden Phase I	Residential	12,500
	Wuhan Changqing Garden Phase V	Residential	142,400
	Wuhan Changqing Garden Phase V	Commercial	1,530
Total			156,430



These children at Changqing Garden have plenty of space to join communal activities and other outdoor events.

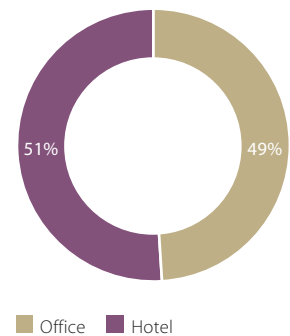
INVESTMENT PROPERTIES

Wuhan New World Centre Construction of Wuhan New World Centre commenced during the year. This project will provide a total GFA of 268,889 sq.m. combining apartments, shopping arcade, offices and a hotel in an attractive downtown location. The Wuhan New World Centre is expected to be a landmark project replacing the former Wuhan Hotel. Construction is progressing extremely well with Phase II scheduled for completion in 2005.

Wuhan International Trade and Commerce Centre The Wuhan International Trade and Commerce Centre comprises offices and a high-end department store. The 9,963 sq.m. office portion of this property achieved 84% occupancy during the year.

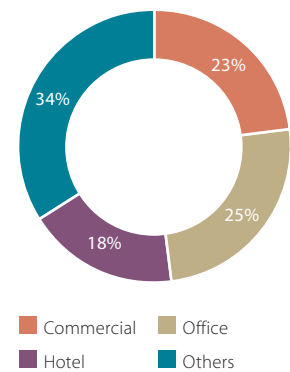
Wuhan completed investment properties

Total GFA 20,213 sq.m.



Wuhan investment properties under development

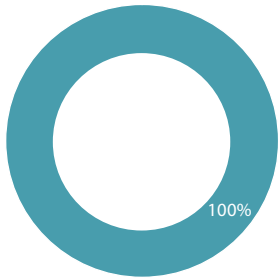
Total GFA 178,889 sq.m.



Nanjing

Nanjing development properties for sale

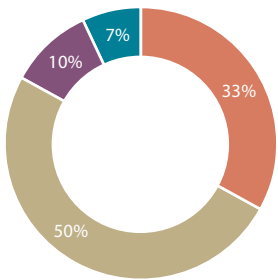
Total GFA 73,940 sq.m.



■ Residential

Nanjing investment properties under development

Total GFA 132,250 sq.m.



■ Commercial ■ Office
■ Hotel ■ Others

HIGHLIGHTS

Our landmark project in Nanjing is Nanjing New World Centre, a 206,190 sq.m. multi-use complex situated in Xuanwu, the city's central business district. The project combines commercial and residential portions with a 38-storey hotel/office tower and a 38-storey apartment building on a six-level commercial podium. The complex provides 73,940 sq.m. of residential space, 43,795 sq.m. of retail space, 65,653 sq.m. of office space, 13,316 sq.m. for the hotel, and other facilities accounting for a further 9,486 sq.m.. In the coming financial year, the Group plans to complete all the residential, office and retail portions.

Nanjing completion schedule

sq. m.

FY2003	Nanjing New World Centre	Residential	73,940
	Nanjing New World Centre	Office	65,653
	Nanjing New World Centre	Hotel	13,316
	Nanjing New World Centre	Commercial	43,795
Total			196,704

Hefei

HIGHLIGHTS

Hefei New World Garden is located near Meiling Dai Road, a major artery close to the railway station. The total GFA of 118,848 sq. m. comprises 97,997 sq. m. of residential space and 3,142 sq. m. of commercial space. Phase I of the project was successfully completed in 2002 and over 90% of the residential portion was sold as of 30 June 2002.

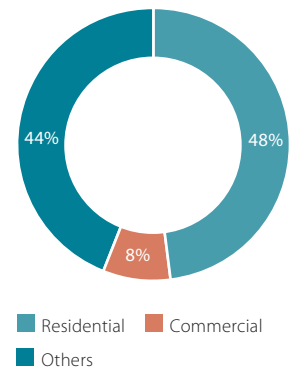
PROPERTY PORTFOLIO AND TARGETED COMPLETION

In Hefei, the Group has one major property development project with a total GFA of 118,848 sq. m. In the coming financial year, the Group plans to complete 17,719 sq. m. of residential space and 323 sq. m. of commercial space.

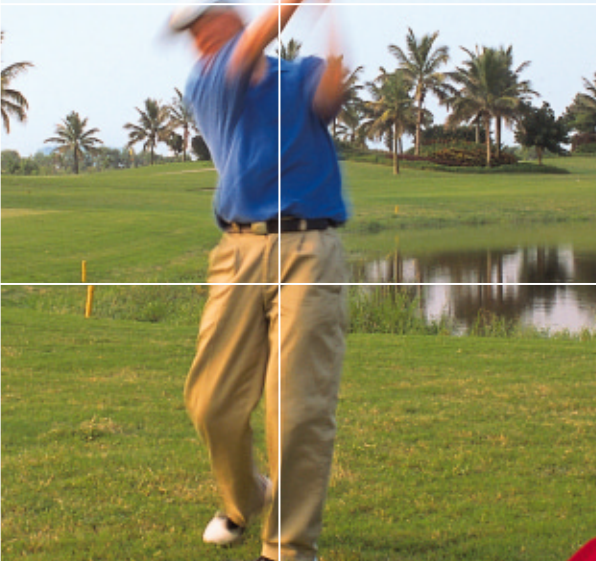
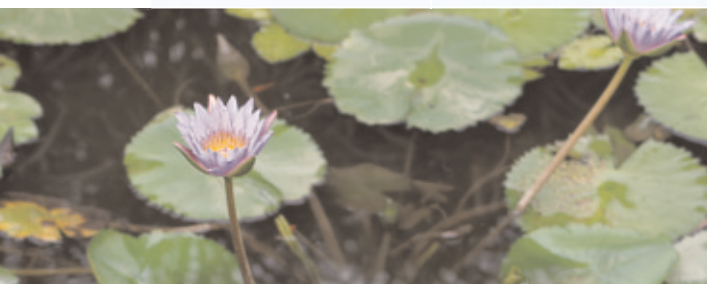
Hefei completion schedule			sq. m.
FY2003	Hefei New World Garden Phase II	Residential	17,719
	Hefei New World Garden Phase II	Commercial	323
Total			18,042

Hefei development properties for sale

Total GFA 40,222 sq. m.



inspiring lifestyles



Our superb residential and leisure developments set new standards in luxury and good taste, allowing prosperity and success to be enjoyed in comfort and style.

Far left, water lilies growing in a pool at New World Casa California, where we have used water to help create a tranquil and natural environment.



Left & above, water features, wood sculptures and sleek, modern furniture grace the hotel reception area at Huiyang Palm Island Golf Resort.

Bottom left, at Huiyang Palm Island Golf Resort, our architects have carefully blended their work with the surroundings.

Guangzhou

HIGHLIGHTS

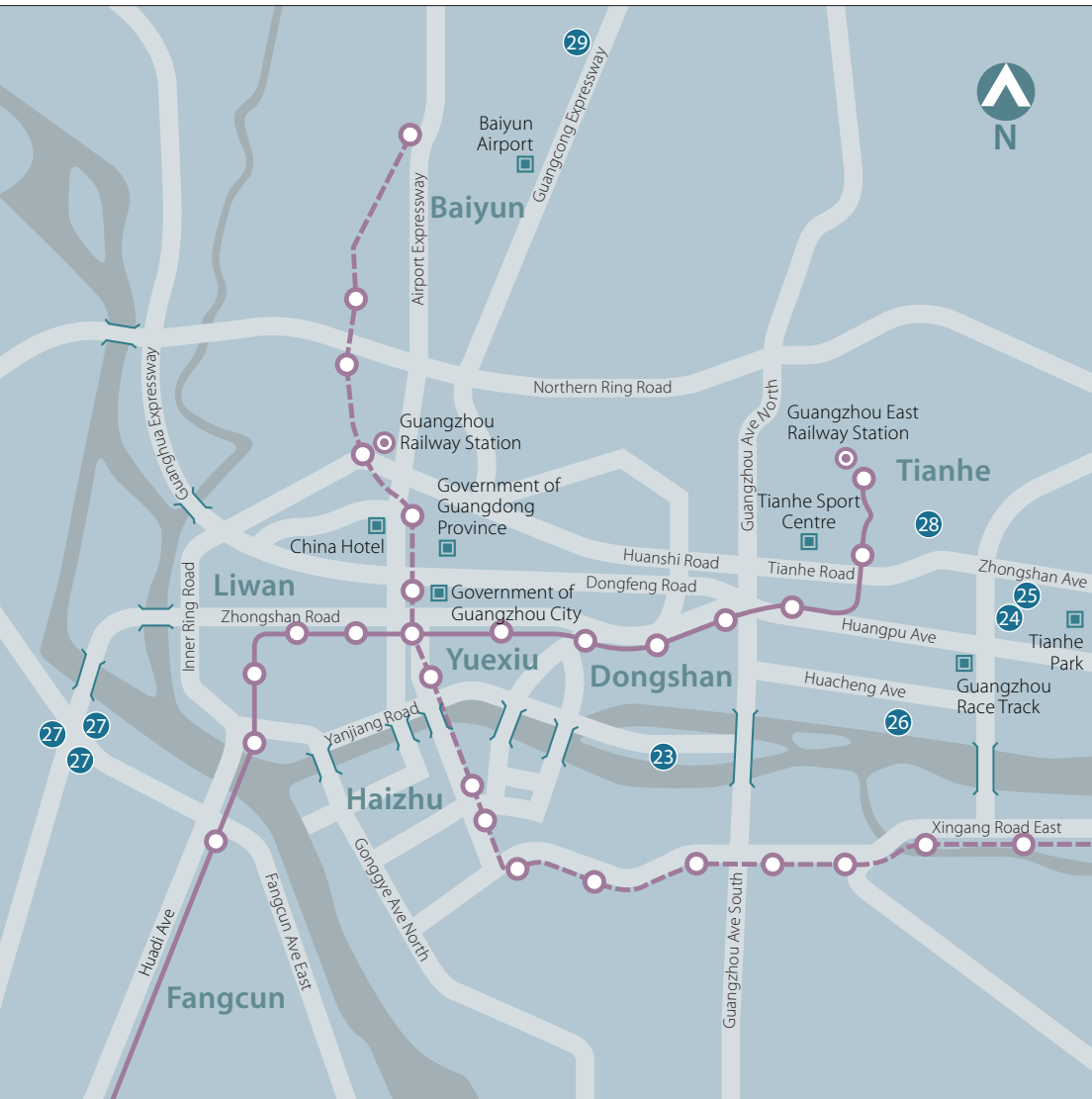
The New World Group chose Guangzhou for its first significant investment in China in the early 1980s. The Group has benefited from early entry into this market, enjoying consistent success across a range of projects.

The Group's property interests are spread across a number of key hubs in Guangzhou. Major projects include Guangzhou Central Park-view (formerly known as New World Triumph Plaza) with a total GFA of 373,837 sq. m. in Pearl River New City – Guangzhou's CBD. Guangzhou Park Paradise (formerly known as New World South City) with a total GFA of 1,740,578 sq. m. is in the Baiyun District near the airport. Guangzhou Dong Yi Garden with a total GFA of 259,753 sq. m. is in Tianhe District. Guangzhou Covent Garden with a total GFA of 1,206,999 sq. m. is in Fangcun District. Guangzhou Xintang New World Garden with a total GFA of 391,515 sq. m. is located in Xintang Town. Completion of the Group's projects is expected to peak in the coming years.

Benefiting both from the New World Group's established and respected brand, and New World China Land's strong emphasis on product quality, the Group's projects received a favourable market response during the year.

Blending style and tranquillity. **Right**, the lobby at Dong Yi Garden. **Far right**, the landscaped grounds at New World Casa California.

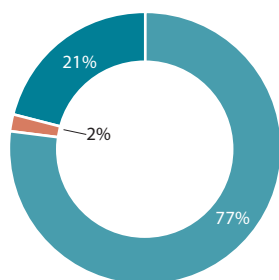




-  Railway station
 -  Metro Line No.1
 -  Metro Line No.2 (under construction)
 -  Bridge
 -  Guangzhou New World Casa California
 -  Guangzhou Dong Yi Garden
 -  Guangzhou New World Oriental Garden
 -  Guangzhou Central Park-view
 -  Guangzhou Covent Garden
 -  Guangzhou Fangcao Garden
 -  Guangzhou Park Paradise
- (For project details, please refer to 'Major project profiles' starting from page 132)

Guangzhou development properties for sale

Total GFA 4,161,817 sq.m.



■ Residential ■ Commercial
■ Others

PROPERTY PORTFOLIO AND TARGETED COMPLETION

In Guangzhou, the Group has eight major property development projects with a total GFA of 4,247,691 sq.m.. During the year, the Group completed 151,407 sq.m. of residential space and 7,866 sq.m. of commercial space. In the coming year, the Group plans to complete 325,342 sq.m. of residential space and 23,905 sq.m. of commercial space. In the financial year following that, the Group plans to complete 490,014 sq.m. of residential space and 22,546 sq.m. of commercial space.

Guangzhou completion schedule

sq.m.

FY2002	Guangzhou Dong Yi Garden Phase II	Residential	33,934
	Guangzhou Dong Yi Garden Phase II	Commercial	7,366
	Guangzhou Covent Garden Phase IA	Residential	27,516
	Guangzhou Park Paradise Phase IIA	Residential	37,736
	Guangzhou Park Paradise Phase IIA	Commercial	500
	Guangzhou Xintang New World Garden Phase IB	Residential	27,482
	Guangzhou Xintang New World Garden Phase II	Residential	24,739

Total

159,273

Guangzhou completion schedule <i>(continued)</i>			<i>sq.m.</i>
FY2003	Guangzhou New World Oriental Garden Phase I	Residential	118,925
	Guangzhou New World Oriental Garden Phase I	Commercial	20,169
	Guangzhou Dong Yi Garden Phase III	Residential	49,589
	Guangzhou Covent Garden Phase IB & II	Residential	21,970
	Guangzhou Fangcao Garden Phase I	Residential	38,960
	Guangzhou Fangcao Garden Phase I	Commercial	3,736
	Guangzhou Park Paradise Phase IIB1	Residential	46,517
	Guangzhou Park Paradise Phase IIB 2	Residential	7,767
	Guangzhou Xintang New World Garden Phase II	Residential	41,614
Total			349,247
FY2004	Guangzhou Central Park-view Phase I	Residential	147,019
	Guangzhou Central Park-view Phase I	Commercial	15,962
	Guangzhou Covent Garden Phase II	Residential	90,846
	Guangzhou Fangcao Garden Phase II	Residential	42,602
	Guangzhou Park Paradise Phase IIB3	Residential	43,682
	Guangzhou Park Paradise Phase IIC1	Residential	116,240
	Guangzhou Park Paradise Phase IIC1	Commercial	500
	Guangzhou Xintang New World Garden Phase II	Residential	49,625
	Guangzhou Xintang New World Garden Phase II	Commercial	6,084
Total			512,560

Pearl River Delta

On opposite page, *Huiyang Palm Island Golf Resort is the perfect place to rest and relax.*

Right, *the entrance to the Club House. Far right,* *eating al fresco in the Club House restaurant.*

HIGHLIGHTS

The Pearl River Delta has consistently recorded one of the highest levels of economic growth among any of China's regions for the past decade. Increased spending power among local people and residents originally from Hong Kong has created demand for a higher standard of living in the Pearl River Delta. The Group's medium to high-end property projects in the region have all been greeted with an excellent market response. These projects include Shenzhen New World Yi Shan Garden, Dongguan New World Garden, Shunde New World Convention & Exhibition Centre, and Huiyang Palm Island Golf Resort.

--- Railway

— Highway

- 30 Guangzhou Xintang New World Garden
- 31 Shenzhen Xilihu Development
- 32 Shunde New World Convention & Exhibition Centre
- 33 Huiyang Palm Island Golf Resort
- 34 Zhaoqing New World Garden
- 35 Shenzhen New World Yi Shan Garden
- 36 Dongguan New World Garden
- 37 Zhuhai New World Riviera Garden
- 38 Huizhou Changhuyuan Development
- 48 New World Courtyard Hotel, Shunde

(For project details, please refer to 'Major project profiles' starting from page 132)





PROPERTY PORTFOLIO AND TARGETED COMPLETION

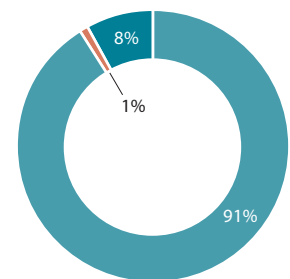
In the Pearl River Delta, the Group has eight major property development projects with a total GFA of 1,944,136 sq.m.. It also has three completed investment properties with a total GFA of 87,386 sq.m. and one investment property under development with a total GFA of 10,645 sq.m.. During the year, the Group completed 41,579 sq.m. of residential space. In the coming financial year, the Group plans to complete 114,686 sq.m. of residential space. In the financial year following that, the Group plans to complete 115,406 sq.m. of residential space and 4,003 sq.m. of commercial space.

Pearl River Delta completion schedule

		<i>sq.m.</i>	
FY2002	Shenzhen New World Yi Shan Garden Phase I	Residential	7,596
	Zhuhai New World Riviera Garden Phase I	Residential	22,337
	Dongguan New World Garden Phase IX	Residential	11,646
Total			41,579
FY2003	Huiyang Palm Island Golf Resort Phase II <i>(Formerly known as Huiyang Palm Island Golf Club & Resort Phase II)</i>	Residential	1,505
	Huiyang Palm Island Golf Resort Phase III <i>(Formerly known as Huiyang Palm Island Golf Club & Resort Phase III)</i>	Residential	16,535
	Zhaoqing New World Garden Phase I	Residential	36,706
	Shunde New World Convention & Exhibition Centre Phase II	Residential	20,173
	Zhuhai New World Riviera Garden Phase II	Residential	39,767
Total			114,686
FY2004	Zhaoqing New World Garden Phase II	Residential	73,051
	Shenzhen New World Yi Shan Garden Phase II	Residential	42,355
	Shenzhen New World Yi Shan Garden Phase II	Commercial	4,003
Total			119,409

Pearl River Delta development properties for sale

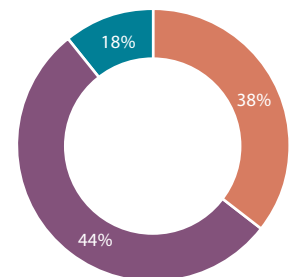
Total GFA 1,804,797 sq.m.



■ Residential ■ Commercial ■ Others

Pearl River Delta completed investment properties

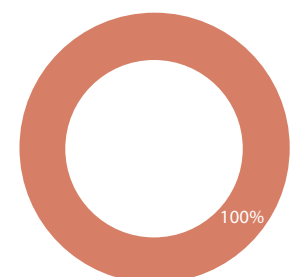
Total GFA 87,386 sq.m.



■ Commercial ■ Hotel ■ Others

Pearl River Delta investment properties under development

Total GFA 10,645 sq.m.



■ Commercial

FINANCIAL STATEMENTS ANALYSIS

Consolidated profit & loss account

	FY2002 HK\$ million	<i>(As restated)</i> FY2001 HK\$ million
Turnover		
– Property sales	813.0	413.9
– Rental operation	102.5	172.5
– Others	23.9	0.8
1 Total turnover	939.4	587.2
Other revenue	67.1	48.2
Other charges	(45.3)	(79.5)
2 Operating expenses	(801.7)	(445.1)
3 Operating profit before financing	159.5	110.8
4 Finance costs	(24.3)	(70.0)
5 Share of results of associated companies & JCE	(2.2)	38.8
Profit before taxation	133.0	79.6
Taxation	(20.5)	(30.3)
Minority interests	24.6	4.3
6 Profit attributable to shareholders	137.1	53.6

Consolidated balance sheet

	30th June 2002 HK\$ million	30th June 2001 HK\$ million
Assets		
7 Fixed assets	3,703.1	3,248.2
8 Properties held for development	3,268.1	2,812.6
9 Associated companies	1,422.9	781.2
10 Jointly controlled entities	10,099.5	9,305.7
11 Other investments	1,973.0	2,925.1
Other non-current assets	50.3	111.6
	20,516.9	19,184.4
Current assets		
Debtors, deposits and other receivables	486.7	425.2
Properties under development	2,244.0	2,254.1
Completed properties held for sale	458.8	139.2
12 Cash and bank balances	1,405.1	1,141.6
	4,594.6	3,960.1
Current liabilities		
Creditors and accruals	319.9	470.6
Deposits received on sale of properties	190.7	231.4
Amounts due to fellow subsidiaries	272.8	221.3
Short term loans	679.4	801.9
Current portion of long term liabilities	834.0	287.8
Taxes payable	105.8	104.5
	2,402.6	2,117.5
13 Net current assets	2,192.0	1,842.6
EMPLOYMENT OF FUNDS	22,708.9	21,027.0
Shareholders' Equity & Liabilities		
Share capital	148.2	146.9
14 Reserves	17,703.7	17,322.9
Proposed final dividend	29.6	–
Shareholders' funds	17,881.5	17,469.8
15 Long term liabilities	4,334.1	3,019.3
Deferred income	407.8	475.0
Minority interests	85.5	62.9
FUNDS EMPLOYED	22,708.9	21,027.0

Consolidated cashflow statement

	FY2002 HK\$ million	FY2001 HK\$ million
16 Net cash (outflow)/inflow from operating activities	(671.7)	229.5
Interest received	22.8	55.1
17 Interest paid	(54.9)	(67.2)
Dividend received from a JCE	43.0	–
PRC tax paid	(11.7)	–
Purchase of fixed assets	(470.7)	(718.0)
18 Increase in investments in associates and joint ventures	(1,211.2)	(324.2)
Acquisition of subsidiaries & additional interests in subsidiaries	(1.9)	(123.6)
19 Other net cash inflow from investing activities	834.2	694.3
Increase in loan financing	1,634.4	776.6
20 Other net cash inflow/(outflow) from financing activities	232.3	(401.5)
Net increase in cash & cash equivalents	344.6	121.0
Cash & cash equivalents at year end	847.8	503.2

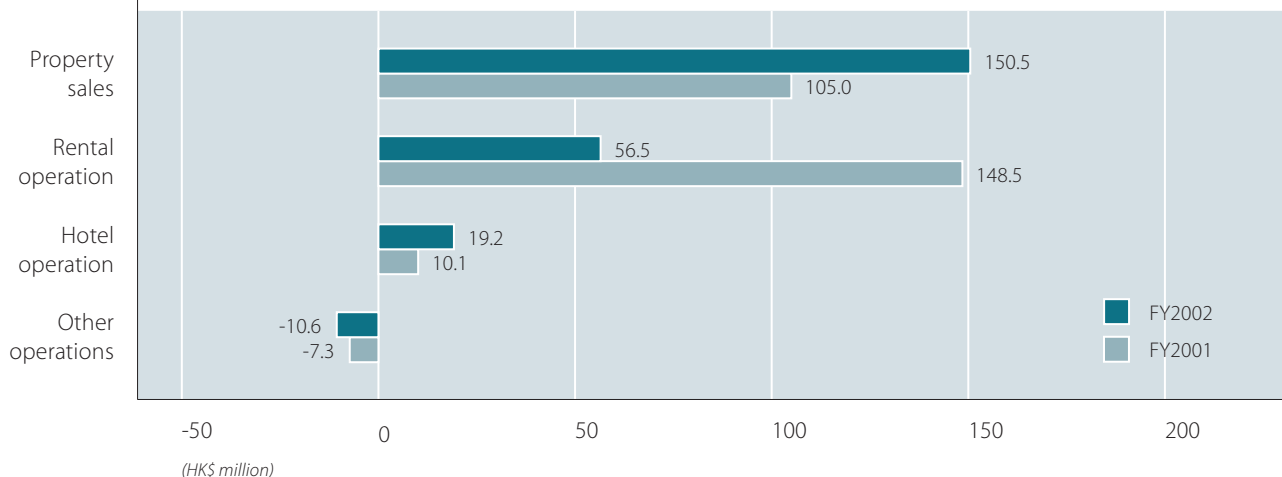
- 1 The Group's turnover increased over 60%, was mainly due to the increase in sales of property projects in Guangzhou, Shenyang, Wuhan, Tianjin and Dalian. Property sales in commodity housing recorded significant growth of 125% to HK\$690 million.
- 2 Operating expenses increased over 80% to HK\$802 million, were mainly due to the increase in cost of properties sold which posted a 127% increase to HK\$554 million.
- 3 The increase of operating profit before financing was mainly due to impairment of goodwill in FY2001 of HK\$153 million by means of prior year adjustment following the Group's adoption of HKSSAP31.
- 4 Finance costs recorded a 65.3% decrease benefited from the fall of interest rate and refinancing of loans with more favourable terms.
- 5 The fall on the contributions of associated companies and JCE was mainly due to loss incurred in the sales of certain property projects.
- 6 Details are shown in analysis of 'Attributable Operating Profit'
- 7 Fixed assets reported a 14% increase due to further development costs incurred for equipping our investment properties in Shanghai, Dalian and Nanjing.
- 8 Properties held for development showed a 16.2% increase mainly due to the increased development cost incurred for properties in Guangzhou and Shenzhen.
- 9 The increase in the carrying cost of associated companies was mainly due to additional investment to a newly-invested 50% owned associated company engaging in property investment in Shanghai.
- 10 The increase in carrying cost of jointly controlled entities mainly comprised further injection of remaining registered capital for projects in Jinan, Haikou, Wuhan and Beijing, and decrease in investment of disposed projects.
- 11 Decrease in other investments was mainly due to repayment of shareholders' loans from Wuhan Changqing Garden and reclassification of Guangzhou Park Paradise and Xintang New World Garden to jointly controlled entities.
- 12 The Group's cash position showed a rise of 23.1% mainly due to increase in property sales.
- 13 Net current assets showed a 19% increase due to increase in cash and bank balances.
- 14 Increase in reserves was mainly due to increase in revaluation surplus of investment properties.
- 15 Long term liabilities increased by 43.5% was mainly due to drawdown of HK\$500 million corporate bank loan for refinancing purpose and the drawdown of project loans mainly for financing projects in Nanjing, Guangzhou and Shenzhen.
- 16 The sharp fall on the net cash flow from operating activities was mainly due to increase in property under development to catch the improving property market in China.
- 17 Decrease in interest paid resulting from the fall of interest rate and getting more favourable terms for new projects financing.
- 18 Investments in associates and joint ventures had increased significantly during the year due to investment in newly-invested 50% owned associated company engaging in property investment project in Shanghai and acceleration of property completion.
- 19 Increase in other net cash inflow from investing activities was mainly due to the increase of the repayment from associated companies and joint ventures which contributed HK\$443 million.
- 20 The Group's substantial increase in other net cash inflow from financing activities was mainly related to the increase of bank loans and other borrowings in order to accelerate property completion.

ATTRIBUTABLE OPERATING PROFIT (“AOP”) ANALYSIS

Breakdown by business activities

	FY 2002 HK\$ million	(As restated) FY 2001 HK\$ million	Review
Property sales	150.5	105.0	Major contributors to AOP came from the successful sale of Beijing New World Centre, Beijing Xin Kang Garden, Wuhan Changqing Garden, Dongguan New World Garden and land disposal in Tianjin.
Rental operation	56.5	148.5	The decrease in this sector was mainly due to (1) the disposal of podium floors of Wuhan International Trade and Commerce Centre in FY2001; (2) the high start-up costs of the Group's newly completed investment property, Ramada Plaza, located in Shanghai.
Hotel operation	19.2	10.1	The substantial improvement of AOP in our hotel sector was mainly due to Shunde New World Courtyard Hotel's improvement of operating results after a successful cost control.
Other operations	(10.6)	(7.3)	Higher maintenance costs incurred from our newly established property management teams in Beijing and Shanghai to provide property management services to our completed properties. These costs are expected to be lower after the establishment of landlord management committees.
AOP	215.6	256.3	
Finance costs	(24.3)	(70.0)	Finance costs recorded a 65.3% decrease benefited from the fall of interest rates and refinancing of loans with more favourable terms.
Bank and other interest income	67.2	48.2	
Impairment of goodwill	-	(153.4)	
(Net loss)/gain on disposal of subsidiaries	(5.2)	93.8	
Corporate expenses	(116.2)	(121.3)	With our Group's mission to control costs, we have endeavoured to reduce the expenses level by watching closely on the Group's headcounts and saving unnecessary administrative costs.
Profit attributable to shareholders	137.1	53.6	

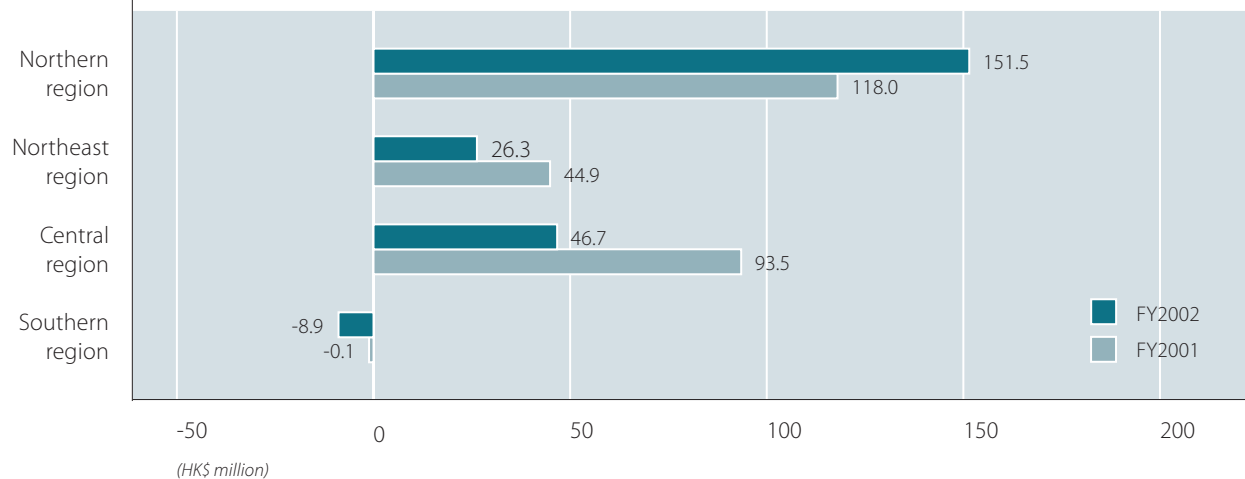
ATTRIBUTABLE OPERATING PROFIT BY BUSINESS ACTIVITIES



Breakdown by region

	FY 2002 HK\$ million	(As restated) FY 2001 HK\$ million	Review
Northern region	151.5	118.0	
– Beijing	39.7	37.0	The successful sale of Beijing New World Centre Phase II, Beijing Xin Kang Garden Phase I and II, and improvement in operating results of New World Courtyard Hotel, Beijing caused a steady AOP growth.
– Tianjin	112.8	83.7	The successful land disposal caused a remarkable AOP growth.
– Shijiazhuang	(1.0)	(2.7)	
Northeast region	26.3	44.9	
– Shenyang	28.1	46.7	The construction cyclical effect caused less GFA completed for sale during the year resulted in smaller contribution of AOP from Shenyang New World Garden.
– Dalian	(1.8)	(1.8)	
Central region	46.7	93.5	
– Shanghai	(36.4)	(12.8)	The decrease of AOP from Shanghai was mainly due to the high start-up costs of the Group's newly completed investment property, Ramada Plaza.
– Wuhan	89.6	109.2	The drop of AOP from Wuhan was mainly due to the disposal of podium floors of Wuhan International Trade and Commerce Centre in FY2001.
– Nanjing	(6.5)	(2.9)	
Southern region	(8.9)	(0.1)	
– Guangzhou	(9.7)	26.0	The drop in AOP was mainly due to smaller contribution of New World Casa California.
– Pearl River Delta	0.8	(26.1)	The region posted increased AOP from property sales, rental and hotel operation as a result of strengthened marketing campaign and financial control on operating costs.
AOP	215.6	256.3	

ATTRIBUTABLE OPERATING PROFIT BY REGION



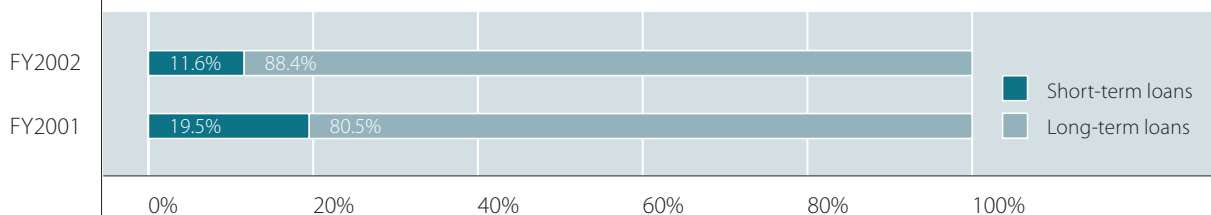
LIQUIDITY & CAPITAL RESOURCES

As at 30 June 2002, the Group's cash and bank deposits amounted to HK\$1,451 million (2001: HK\$1,252 million). Its consolidated net debt amounted to HK\$4,017 million (2001: HK\$2,524 million), translating into a gearing ratio of 22% (2001: 17%). The increase in net debt reflected the Group's financing requirement to match the accelerated development pace. The borrowing requirements thus bear no direct connection to any seasonality factors.

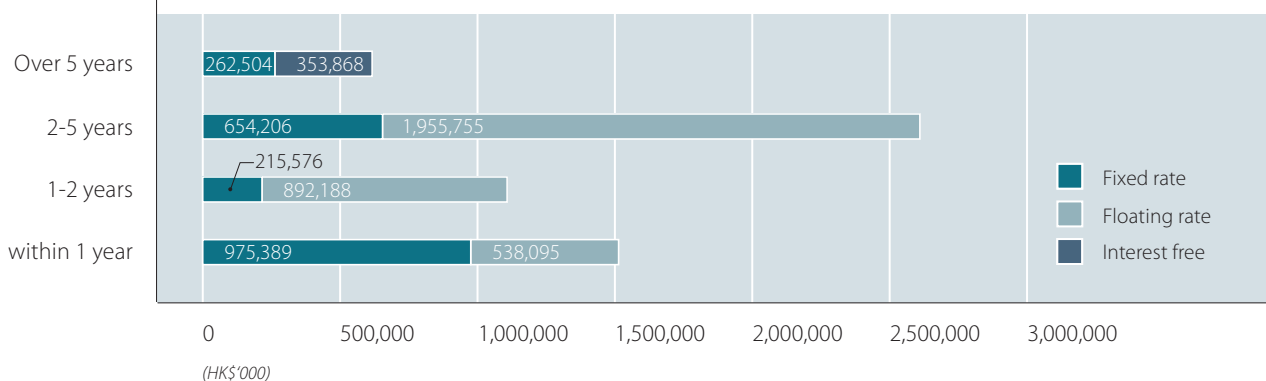
The Group maintained a balanced debt profile with adequate risk diversification through specifying the preferred mix of fixed and floating rate debt, the permitted currency exposure and a well-balanced spread of maturity. The Group's capital structure strikes a balance between equity, bank loans, loans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

The amount of debt due within the FY2003 amounts to HK\$1,513 million, which should be comfortably served by our cash on hand of HK\$1,451 million and by improved property sales proceeds and rental income.

SOURCE OF BORROWINGS



INTEREST RATE AND MATURITY PROFILE



As at 30 June 2002, 25% (2001: 23%) of the total outstanding loans were secured by the Group's assets.

Over 57% (2001:66%) of the Group's total debts are on a floating rate basis, whilst fixed rate borrowings are mainly related to the Renminbi loan facilities. As at 30 June 2002, the Group's committed unutilised bank loan facilities amounted to HK\$514 million (2001:HK\$46 million).

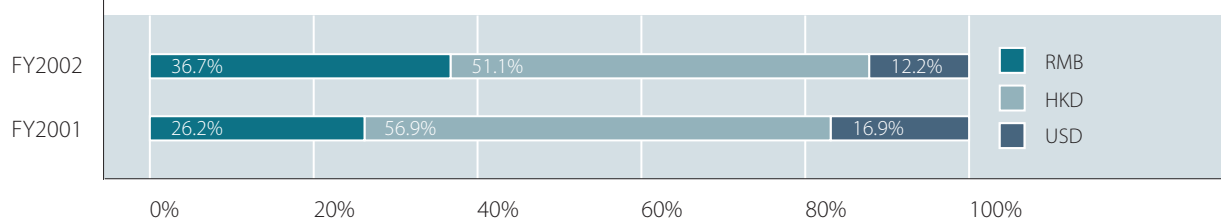
FOREIGN CURRENCY EXPOSURE

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

CONTINGENT LIABILITIES

As at 30 June 2002, the Group has contingent liabilities of approximately HK\$1,381 million (2001:HK\$844 million) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities and an other joint venture. The rise in contingent liabilities indicates that there are continuing financing requirements for the Group's property projects undertaken by the Group's associated companies and jointly controlled entities.

CURRENCY PROFILE OF BORROWINGS





CHAIRMAN AND MANAGING DIRECTOR

Dr. Cheng Kar-shun, Henry (aged 55). 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 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 and HKR International 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. Dr. Cheng is the brother of Mr. Cheng Kar-shing, Peter and the brother-in-law of Mr. Doo Wai-hoi, William.



From left to right

*Mr. Doo Wai-hoi, William
Mr. Cheng Kar-shing, Peter
Mr. Leung Chi-kin, Stewart
Mr. Chan Kam-ling*

VICE-CHAIRMAN

Mr. Doo Wai-hoi, William (aged 58). 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 Services Limited and Tai Fook Securities Group Limited. He is the Managing Director of Fung Seng Diamond Company Limited and a Director of NWD (Hotels Investments) Limited. Mr. Doo has served as a Governor of the Canadian Chamber of Commerce in Hong Kong. In addition, he is a Member of the Executive Committee of the Chinese People's Political Consultative Conference in Shanghai. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter.

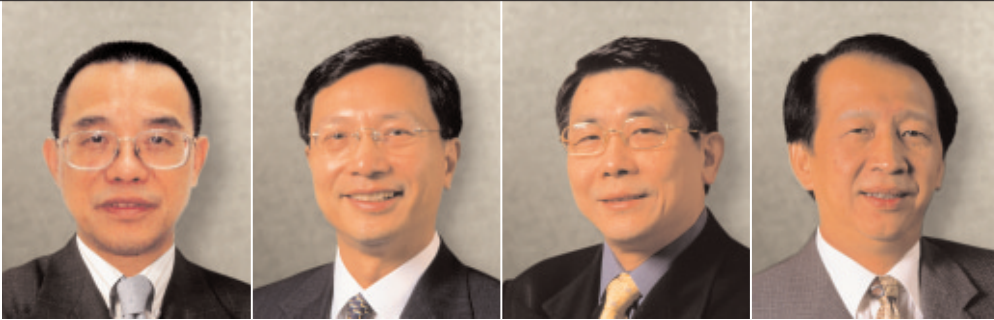
EXECUTIVE DIRECTORS

Mr. Cheng Kar-shing, Peter (aged 50). 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 Services Limited, NWD (Hotels Investments) Limited, Macao Water Supply Company Limited and Polytown Company Limited. He is also an Executive

Director of New World Infrastructure Limited. Mr. Cheng is the brother of Dr. Cheng Kar-shun, Henry and the brother-in-law of Mr. Doo Wai-hoi, William.

Mr. Leung Chi-kin, Stewart (aged 63). 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, Executive Director of New World Infrastructure Limited, and Director of New World Hotel Company Limited, New World First Bus Services Limited and Hip Hing Construction Company Limited.

Mr. Chan Kam-ling (aged 62). Mr. Chan was appointed an 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 New World Services Limited, Hip Hing Construction Company 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.

**From left to right***Mr. Chow Kwai-cheung**Mr. Chow Yu-chun, Alexander**Mr. Chan Wing-tak, Douglas**Mr. So Ngok*

Mr. Chow Kwai-cheung (aged 60). Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is currently a Director of New World Development Company Limited and Hip Hing Construction Company Limited. He has over 30 years' experience in property development and investment businesses. Mr. Chow joined the New World Group in 1974 and is responsible for the construction and engineering operations of the Company and the New World Group.

Mr. Chow Yu-chun, Alexander (aged 55). 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 27 years of experience in property development and investment in Hong Kong. Mr. Chow joined the New World Group in 1973 and is responsible for the financial operations of the Company and the New World Group. Mr. Chow is the Company Secretary of New World China Land Limited.

Mr. Chan Wing-tak, Douglas (aged 53). Mr. Chan was appointed Executive Director of New World China Land Limited in 1996. He is the Deputy Chairman of Pacific Ports Company Limited, the Managing Director of New World Infrastructure Limited and a Director of china.com

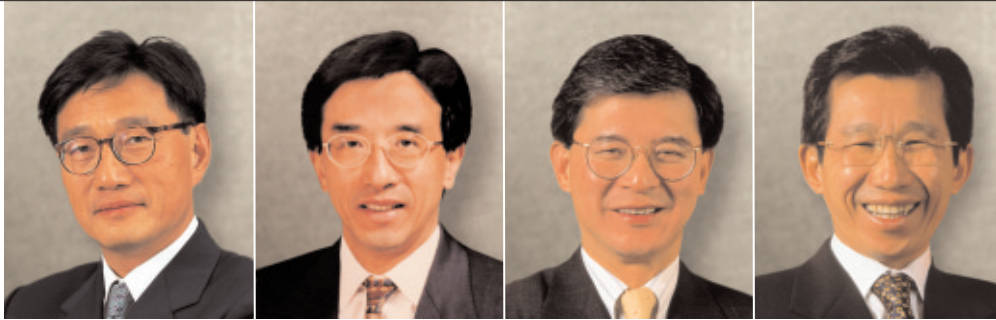
Corporation and Macao Water Supply Company Limited.

Mr. Chan is a Member of the Third Hainan Province Committee of the Chinese People's Political Consultative Conference.

Mr. So Ngok (aged 55). 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

Mr. Cheng Wai-chee, Christopher (aged 54). Mr. Cheng is the Chairman of USI Holdings Limited and Winsor Properties Holdings Limited and director of New World Infrastructure Limited, Dao Heng Bank Group Limited and Gieves & Hawks plc. Mr. Cheng plays an active role in the public services. He is a member of The Exchange Fund Advisory Committee of the HKSAR Government and a steward of the Hong Kong Jockey Club. He presently serves on the following public organisations: Council of the Hong Kong Trade Development Council, Public Service Commission, The Town Planning Board, Court of the Hong Kong University of Science and Technology and Council of the University of Hong Kong. He is the Chairman of the Hong Kong General Chamber of Commerce. Mr. Cheng holds an MBA degree from Columbia University.

**From left to right***Mr. Cheng Wai-chee, Christopher**Mr. Tien Pei-chun, James**Dr. Lo Hong-sui GBS JP**Mr. Fu Sze-shing*

Mr. Tien Pei-chun, James (aged 55). 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. He is a member of the Executive Council, and has been 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 Constitutional Affairs 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, a Court Member of the Hong Kong Polytechnic University and a Council Member of The Chinese University of Hong Kong.

Dr. Lo Hong-sui GBS JP (aged 54). 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 the Shanghai-Hong Kong

Council for the Promotion and Development of Yangtze, and Adviser to the Chinese Society of Macroeconomics, a Member of HK US Business Council – HK Section, a Council Member of the China Overseas Friendship Association, a Court Member of the Hong Kong University of Science and Technology and a Director of Great Eagle Holdings Limited. He also acts as a Non-Executive Director of Hang Seng Bank Limited and a Director of the 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.

Mr. Fu Sze-shing (aged 53). 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.

NOTICE IS HEREBY GIVEN that an 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 Tuesday, 26th November 2002 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 2002.
2. To declare final dividend.
3. To elect Directors and to fix their remuneration.
4. To appoint Auditors and to fix their remuneration.
5. As special business, to consider and if thought fit, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

(1) 'THAT:

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

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

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

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

(2) ‘THAT:

(a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with Cayman Islands law and all applicable laws and/or the Rules Governing the Listing of Securities on the Stock Exchange or the rules of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of the shares to be repurchased by the Directors of the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(c) for the purposes of this resolution:

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

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

(3) ‘THAT:

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

(4) 'THAT:

subject to and conditional upon (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the shares in the capital of the Company to be issued pursuant to the exercise of options which may be granted under the new share option scheme, a copy of which is produced to this meeting and signed by the chairman of this meeting for the purpose of identification (the "New Scheme") and (ii) the passing of an ordinary resolution approving the New Scheme by the shareholders of New World Development Company Limited, the Company's holding company, at its general meeting,

- (a) the rules of the New Scheme be and are hereby approved and adopted and that the Directors of the Company be and they are hereby authorised:
- (i) to administer the New Scheme under which the options will be granted to eligible participants under the New Scheme to subscribe for shares in the Company;
 - (ii) to modify and/or amend the rules of the New Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Scheme relating to modification and/or amendment;
 - (iii) to issue and allot from time to time such number of the shares in the Company as may be required to be issued pursuant to the exercise of the options under the New Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;
 - (iv) to do all such things and acts as may be necessary or desirable to implement the New Scheme; and
- (b) upon the New Scheme becoming unconditional, the operation of the existing share option scheme (the "Existing Scheme") of the Company adopted on 18th December 2000 be terminated and that no further options will be granted under the Existing Scheme but in all other respects the provisions of the Existing Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Existing Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Scheme.'

By Order of the Board

Chow Yu-chun, Alexander

Company Secretary

Hong Kong, 18th October 2002

Notes:

1. The register of members of the Company will be closed from 22nd November 2002 to 26th November 2002, both days inclusive, during which period no share transfers will be effected. To qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrars, Standard Registrars Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on 21st November 2002.
2. 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, on a poll, vote instead of him. A proxy need not be a member of the Company.
3. 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 place of business of the Company in Hong Kong at 9th Floor, New World Tower 1, 18 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

The directors have pleasure in presenting their annual report and statement of accounts for the year ended 30th June 2002.

Group activities

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries, associated companies, jointly controlled entities and other joint ventures are shown in note 36 to the accounts on pages 121 to 130.

Accounts

The results of the Group for the year ended 30th June 2002 and the state of affairs of the Company and the Group at that date are set out in the accounts on pages 80 to 130.

Dividends

The directors have resolved to recommend a final dividend of 2 HK cents per share (2001: Nil) for the year ended 30th June 2002 to shareholders whose names appear on the register of members of the Company on 26th November 2002. The proposed final dividend will be paid on or about 20th December 2002 subject to approval at the forthcoming annual general meeting of the Company.

Share capital

Details of the movements in share capital during the year are set out in note 27 to the accounts.

Reserves

Details of the movements in reserves are set out in note 28 to the accounts.

Purchase, sale or redemption of listed securities

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

Fixed assets

Details of the movements in fixed assets are set out in note 13 to the accounts.

Donation

Donation made by the Group during the year amounted to HK\$15,000 (2001: HK\$109,000).

Directors

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

Dr. Cheng Kar-shun, Henry
Mr. Doo Wai-hoi, William
Mr. Cheng Kar-shing, Peter
Mr. Leung Chi-kin, Stewart
Mr. Chan Kam-ling
Mr. Chow Kwai-cheung
Mr. Chow Yu-chun, Alexander
Mr. Chan Wing-tak, Douglas
Mr. So Ngok
Mr. Cheng Wai-chee, Christopher*
Mr. Tien Pei-chun, James*
Dr. Lo Hong-sui*
Mr. Fu Sze-shing

* Independent non-executive directors

Messrs. Doo Wai-hoi, William, Leung Chi-kin, Stewart, Chow Yu-chun, Alexander and Fu Sze-shing 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 and Sexon Enterprises Limited, fellow subsidiaries, had advanced HK\$2,886,037,000 (2001: HK\$2,741,175,000) in aggregate to the Group as at 30th June 2002. These loans are unsecured and carry interest ranging from three months HIBOR to 0.5% over LIBOR per annum and are repayable from February 2003 to December 2006. The interest charged by the fellow subsidiaries to the Group for the year ended 30th June 2002 in respect of these loans amounted to HK\$74,077,000 (2001: HK\$106,407,000).
- (2) The Company had paid New World Tower Company Limited, a fellow subsidiary, HK\$4,546,000 (2001: HK\$4,685,000) in rental for office premises occupied by the Group.

Connected transactions (continued)

- (3) Hip Hing Construction (China) Company Limited, a fellow subsidiary, had been appointed by Dalian New World Plaza International Co., Ltd. ("DNWP"), Beijing Lingal Real Estates Development Co., Ltd., Shenzhen Topping Real Estate Development Co., Ltd. and New World (Shenyang) Property Development Limited, all being subsidiaries of the Group, as main contractor for the construction of the property projects (the "Properties") undertaken by these subsidiaries. The aggregate accumulated contract fee paid at 30th June 2002 and included as part of the development costs of the Properties was HK\$572,555,000 (2001: HK\$259,494,000) of which HK\$313,061,000 (2001: HK\$115,650,000) was paid during the year.
- (4) Tridant Engineering Company Limited and Young's Engineering Company Limited, fellow subsidiaries, had been appointed by DNWP as main contractor of electrical and air-conditioning engineering work for the property project undertaken by DNWP. The accumulated fee paid at 30th June 2002 and included as part of the development cost of the property project was HK\$47,757,000 (2001: Nil) which was paid during the year.
- (5) Polytown Projects Limited, a fellow subsidiary, had been appointed by DNWP to provide project management services for construction of the property undertaken by DNWP. The accumulated project management fee in respect of its services rendered at 30th June 2002 and included as part of the development costs of the said property project was HK\$9,805,000 (2001: HK\$9,805,000). No amount was paid by DNWP for the year ended 30th June 2002 (2001: Nil).
- (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 2002 and included as part of the development costs of the related property developed by SHPCL were HK\$24,381,000 (2001: HK\$24,381,000). No amount was paid by SHPCL for the year ended 30th June 2002 (2001: Nil).
- (7) In July 1999, a deed of tax indemnity was entered into between New World Development Company Limited ("NWD") and the Group whereby NWD 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\$7,059 million (2001: HK\$7,783 million). The tax indemnity is also given in respect of LAT and IT payable in consequence of the disposal of any low-cost community housing in the event the relevant company in the Group is unable to pay such taxes. During the year, no such tax indemnity was effected (2001: Nil).
- (8) On 27th July 2001, the Company executed a corporate guarantee in respect of the full obligation and liabilities of a HK\$455,000,000 Standby Letter of Credit Facility ("L/C Facility") extended by a bank for a period of 49 months to New World Development (China) Limited ("NWDC"), a wholly owned subsidiary. The L/C Facility was granted to support a 48-month credit facility of RMB500,000,000 extended by a bank in PRC to Nanjing Huawei Real Estate Development Company Limited ("NHRED"), a 92% owned subsidiary of NWDC. NWDC had also provided a completion and funding guarantee to procure the construction and completion of the property project undertaken by NHRED. The provision of the aforesaid guarantees by the Company and NWDC constituted connected transactions for the Company pursuant to rule 14.25(2)(a) of the Listing Rules.
- (9) On 3rd September 2001, Shanghai Ramada Plaza Ltd. ("SRP") was granted a bridging loan by a bank for principal amounts of US\$10,000,000 and RMB50,000,000 ("Bridging Loan") for a term of five years. The Bridging Loan was part of a loan facility of US\$10,000,000 and RMB300,000,000 ("Loan Facility") which was subsequently granted to SRP by two banks on 25th July 2002 for a term of five years to finance the development cost of its property project and as general working capital. Upon each of the granting of the Bridging Loan and the Loan Facility, the Company provided guarantee in respect of the full obligation and liabilities of SRP under the Bridging Loan and the Loan Facility as well as the completion of Shanghai Ramada Plaza and undertook that the funding agreement relating to the completion of its construction would be fulfilled.

SRP is owned as to 95% by Ramada Property Ltd. ("RPL") which in turn is indirectly owned as to 60% by the Company, 20% by Stanley Enterprises Limited ("Stanley") and 20% by independent third parties. The other shareholders of RPL have agreed to indemnify the Company in respect of its liability under the guarantees in proportion to their shareholding in RPL and pay to the Company a guarantee fee of 0.25% per annum on the amount of the banking facilities being utilised by SRP.

By virtue of the fact that Stanley is a substantial shareholder of certain subsidiaries of the Group, the provision of the guarantees by the Company in respect of the Bridging Loan and the Loan Facility and the payment of guarantee fee by Stanley constituted connected transactions for the Company and announcements relating to the provision of the guarantees were published on 4th September 2001 and 26th July 2002.

- (10) On 28th November 2001, Shenzhen Topping Real Estate Development Co., Ltd. ("STRED"), a 90% owned subsidiary, entered into a loan agreement with a bank whereby the bank agreed to grant to STRED a loan facility of RMB250,000,000 for a term of 2 years to finance a property development project and as general working capital.

The Company had provided a corporate guarantee in respect of the full repayment of the principal and interest payable under the facility. The provision of the aforesaid guarantee constituted a connected transaction for the Company pursuant to rule 14.25(2)(a) of the Listing Rules.

- (11) On 27th December 2001, NWDC and NW China Homeowner Development Limited ("NWCHD"), both are subsidiaries of the Group, entered into agreements with Solar Leader Limited ("Solar Leader"), a fellow subsidiary, pursuant to which NWDC and NWCHD agreed to sell and assign and Solar Leader agreed to purchase the entire issued share capital of each of Business Talent Limited ("Business Talent"), Mariss Investments Limited ("Mariss Investments") and Million Shine Property Limited ("Million Shine"), being 1 ordinary share of US\$1 each respectively (collectively, the "Sale Shares"), together with shareholder's loans of each of Business Talent, Mariss Investments and Million Shine owing to NWDC and/or NWCHD amounting to HK\$50,723,680, HK\$137,280,457 and HK\$230,465,990 respectively (collectively, the "Shareholder's Loans"). The consideration for the Sale Shares and the Shareholder's Loans, which was paid by Solar Leader to NWDC and NWCHD in cash, was HK\$155,569,231 in respect of Business Talent, HK\$136,123,077 in respect of Mariss Investments and HK\$109,384,615 in respect of Million Shine.

The agreements relating to the disposal of Business Talent, Mariss Investments and Million Shine ("Disposal") were made pursuant to a buy-back undertaking, which was given by NWD to the Company in the spin-off agreement relating to the separate listing of the Company, in respect of those properties of which the Group was unable to obtain land use right certificates or other similar or analogous certificates conferring rights to use certain properties in the PRC which included Beijing Boxing Plaza, Shijiazhuang New World Plaza and Qingyuan Low-Cost Housing Development owned by Business Talent, Mariss Investments and Million Shine, respectively.

By virtue of the fact that Solar Leader is a wholly-owned subsidiary of NWD which in turn is a controlling shareholder of the Company, the Disposal constituted a connected transaction for the Company. An announcement relating to the Disposal was published on 28th December 2001.

- (12) On 10th June 2002, STRED entered into a loan agreement with a bank whereby the bank agreed to grant to STRED a loan facility of RMB100,000,000 for a term of 3 years to finance a property development project and as general working capital.

The Company had provided a corporate guarantee in respect of the full repayment of the principal and interest payable under the facility. The provision of the aforesaid guarantee constituted a connected transaction for the Company pursuant to rule 14.25(2)(a) of the Listing Rules.

Connected transactions (continued)

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

Since CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD, CTF is deemed to be a connected person of the Company. The provision of the aforesaid guarantee by the Company constituted a connected transaction for the Company pursuant to rule 14.25(2)(b) of the Listing Rules.

(14) On 19th July 2002, the Company executed a corporate guarantee in respect of the full obligation and liabilities of Shanghai Ju Yi Real Estate Development Co., Ltd. ("SJYRED") under loan facilities as granted by a bank of up to an aggregate principal amount of RMB100,000,000 for a term of 7 years to finance the property project undertaken by SJYRED. SJYRED is beneficially owned as to 80% and 20% by NWDC and Stanley respectively. Stanley has agreed to indemnify the Company in respect of its liability under the guarantee as to 20% and pay to the Company a guarantee fee of 0.25% per annum on the amount of the loan facilities being utilised by SJYRED.

By virtue of the fact that Stanley is a substantial shareholder of certain subsidiaries of the Group, the granting of the aforesaid guarantee and the payment of guarantee fee by Stanley constituted connected transactions for the Company and an announcement was published on 22nd July 2002.

The Company had been granted a conditional waiver by The Stock Exchange of Hong Kong Limited ("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 (7) above which constituted connected transactions as defined in the Listing Rules. These 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;
- (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.

The aforesaid conditional waiver in respect of transactions (2) to (6) above was expired on 30th June 2002. The Company had applied for, and the Stock Exchange had granted, renewal of the conditional waiver in respect of the construction services being provided or to be provided by the group companies of NWD to the Group, including transactions (3) and (4) above, for three financial years ending 30th June 2005. The relevant announcement was published on 2nd July 2002.

Save as disclosed above, a summary of significant related party transactions that do not constitute connected transactions made during the year is disclosed in note 33 to the accounts.

Directors' interests in securities

As at 30th June 2002, the interests of the directors and their associates in the securities of the Company and its associated corporations within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

	Personal interests	Family interests	Corporate interests (note 2)
New World China Land Limited			
(Ordinary shares of HK\$0.10 each)			
Mr. Doo Wai-hoi, William	700,000	–	–
Mr. Chan Kam-ling	100,000	–	–
Mr. Chow Kwai-cheung	126	–	–
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	–	–
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	–	–
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	–	–
HH Holdings Corporation			
(Ordinary shares of HK\$1.00 each)			
Mr. Chan Kam-ling	15,000	–	–

Directors' interests in securities (continued)

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

Notes:

- (1) Details of the directors' interests in share options of the Company, New World Infrastructure Limited and Pacific Ports Company Limited, are disclosed under the sections "Directors' rights to acquire shares or debentures" and "Share option scheme".
- (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 2002, none of the directors, chief executive or any of their associates had any beneficial or non-beneficial interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

Directors' rights to acquire shares or debentures

- (A) Directors' rights to acquire shares in the Company were disclosed under the section "Share option scheme" below.
- (B) 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 2002 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.

The cash consideration paid by each director for each grant of the share options is HK\$10. No share option has been exercised by the directors under the share option scheme of NWI for the year ended 30th June 2002.

Directors' rights to acquire shares or debentures (continued)

(C) 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 2002 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.

No share option has been exercised by the director under the share option scheme of PPCL for the year ended 30th June 2002.

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.

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	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

Name of directors	Name of entities with competing businesses	Business activities of the entities	Nature of interest of directors in the entities
Mr. Doo Wai-hoi, William	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
	上海新華美大酒店有限公司	Hotel operation in Shanghai	Director
	天津新世界房地產有限公司	Property development in Tianjin	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
Mr. Chan Kam-ling	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
Mr. Chow Kwai-cheung	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
	北京市天竺花園別墅發展有限公司	Property development in Beijing	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 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the following parties had interests of 10% or more of the issued share capital of the Company:

Name	Number of shares held
Chow Tai Fook Enterprises Limited	1,050,768,800 (note 1)
New World Development Company Limited ("NWD")	1,050,768,800 (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 1,011,714,293 shares directly held by NWD, 22,508,064 shares held by Great Worth Holdings Limited ("GWH") and 16,546,443 shares held by High Earnings Holdings Limited ("HEH"). GWH and HEH are 59% and 51.3% indirectly owned subsidiaries of NWD respectively. NWD is deemed to have interests in the shares held by GWH and HEH.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 16(1) of the SDI Ordinance as at 30th June 2002.

Share option scheme

The share option scheme of the Company ("Share Option Scheme") was adopted pursuant to a resolution passed on 18th December 2000 and will remain in force for 10 years from that date. The purpose of adopting the Share Option Scheme is to provide incentive to the eligible participants, being the executive directors and employees of the Group, to contribute further to the success of the Group.

The maximum number of shares of the Company in respect of which share options may be granted (together with the number of shares issued pursuant to share options exercised and number of shares in respect of which share options remain outstanding) under the Share Option Scheme, shall not, when aggregate with any shares subject to any other scheme, exceed 10% of the issued share capital of the Company from time to time, excluding the number of shares issued and allotted pursuant to the Share Option Scheme. The maximum entitlement of each participant under the Share Option Scheme is 25% of the aggregate number of all shares of the Company for the time being issued and issuable under the Share Option Scheme.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of HK\$10 by way of consideration for the grant of the offer. The exercise period of the share options granted is to be determined by the directors of the Company, and shall not exceed 5 years commencing on the expiry of one month after the date of acceptance of the grant of the share options and expiring on the last day of the 5-year period and notwithstanding that the period of the Share Option Scheme may have expired.

The subscription price of the share options shall be determined by the directors of the Company, being not less than the higher of (i) 80% of the average of the closing price of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of the offer of the share options and (ii) the nominal value of the shares of the Company.

As at 30th June 2002, the total number of shares of the Company that may be issued pursuant to the exercise of the outstanding share options granted under the Share Option Scheme was 54,811,600 shares, representing 3.7% of the issued share capital of the Company as at 30th June 2002.

In view of the new requirements of Chapter 17 of the Listing Rules which came into effect on 1st September 2001, a resolution will be proposed at the forthcoming annual general meeting to be held on 26th November 2002 to adopt a new share option scheme and to terminate the operation of the existing Share Option Scheme.

Movements of share options granted to the directors and employees of the Group under the Share Option Scheme during the year ended 30th June 2002 were as follows:

(A) Share options to directors

Name of director	Date of grant	Exercisable period (note 1)	Number of share options with exercise price per share of HK\$1.955		
			Balance as at 1st July 2001	Exercised during the year	Outstanding as at 30th June 2002
Dr. Cheng Kar-shun, Henry	7th February 2001	8th March 2001 to 7th March 2006	5,000,000	–	5,000,000
Mr. Doo Wai-hoi, William	8th February 2001	9th March 2001 to 8th March 2006	3,500,000	(700,000) (note 2)	2,800,000
Mr. Cheng Kar-shing, Peter	9th February 2001	10th March 2001 to 9th March 2006	2,500,000	–	2,500,000
Mr. Chow Yu-chun, Alexander	8th February 2001	9th March 2001 to 8th March 2006	2,500,000	–	2,500,000
Mr. Leung Chi-kin, Stewart	7th February 2001	8th March 2001 to 7th March 2006	500,000	–	500,000
Mr. Chan Kam-ling	9th February 2001	10th March 2001 to 9th March 2006	500,000	(100,000) (note 3)	400,000
Mr. Chow Kwai-cheung	9th February 2001	10th March 2001 to 9th March 2006	500,000	–	500,000
Mr. Chan Wing-tak, Douglas	12th February 2001	13th March 2001 to 12th March 2006	500,000	–	500,000
Mr. So Ngok	9th February 2001	10th March 2001 to 9th March 2006	500,000	–	500,000
Total			16,000,000	(800,000)	15,200,000

Share option scheme (continued)

(A) Share options to directors (continued)

Notes:

- (1) The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of grant when the offers of share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous years.
- (2) The exercise date was 27th July 2001. On 26th July 2001, being the trading date immediately before the share options were exercised, the weighted average closing price per share was HK\$2.92.
- (3) The exercise date was 26th October 2001. On 24th October 2001, being the trading day immediately before the share options were exercised, the weighted average closing price per share was HK\$2.33.
- (4) The cash consideration paid by each director for each grant of the share options is HK\$10.

(B) Share options to employees

Date of grant	Number of share options					Subscription price per share HK\$
	Balance as at 1st July 2001	Granted during the year (note 2)	Exercised during the year (note 3)	Lapsed during the year	Outstanding as at 30th June 2002	
5th February 2001 to 2nd March 2001	37,044,000	–	(1,659,200)	(2,757,200)	32,627,600	1.955
2nd May 2001 to 29th May 2001	458,400	–	–	–	458,400	2.605
29th June 2001 to 26th July 2001	–	2,485,200	–	(157,200)	2,328,000	3.192
31st August 2001 to 27th September 2001	–	2,149,200	(19,200)	–	2,130,000	2.380
26th March 2002 to 22nd April 2002	–	2,067,600	–	–	2,067,600	2.265
Total	37,502,400	6,702,000	(1,678,400)	(2,914,400)	39,611,600	

Notes:

- (1) The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of grant when the offers of share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous years.
- (2) The closing prices per share immediately before 29th June 2001, 31st August 2001 and 26th March 2002, the dates of grant, were HK\$3.75, HK\$2.75 and HK\$2.23, respectively.
- (3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$2.51.

(B) Share options to employees (continued)

The fair value of the share options granted during the year with the exercise price per share of HK\$3.19, HK\$2.38 and HK\$2.27 is estimated at HK\$0.81, HK\$0.99 and HK\$1.08, respectively using the Black-Scholes option pricing model. Value is estimated based on the risk-free rate of 4.1% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 0.60, assuming no dividend and an expected option life of 5 years.

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

Management contracts

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

Major customers and suppliers

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

Code of best practice

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

Practice Note 19 of the Listing Rules – Supplementary information**(A) Financial assistance and guarantees to affiliated companies**

In accordance with the requirements under paragraph 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 2002, the Company and its subsidiaries had advanced an aggregate amount of HK\$8,456,687,000 (2001: HK\$7,108,520,000) 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\$1,322,568,000 (2001: HK\$796,307,000) (included in the amounts disclosed in note 30 to the accounts) and contracted to further provide an aggregate amount of HK\$1,117,119,000 (2001: HK\$2,422,672,000) in capital and loans to affiliated companies. The advances are unsecured, interest free except for an aggregate amount of HK\$6,535,232,000 (2001: HK\$5,755,929,000) which carry interest ranging from 4% to 12% per annum (2001: 4% to 12% per annum). Other than an amount of HK\$361,371,000 (2001: Nil) which is repayable by instalments up to December 2016, the advances have no fixed repayment terms. Contracted capital and loan contributions to affiliated companies would be funded by proceeds from internal resources and bank and other borrowings of the Group.

Practice Note 19 of the Listing Rules – Supplementary information (continued)

(A) Financial assistance and guarantees to affiliated companies (continued)

In addition, in accordance with the requirements under paragraph 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 2002, the Group's total exposure on the combined indebtedness reported by such affiliated companies (including amounts owing to the Group) amounted to approximately HK\$16,232,310,000 (2001: HK\$15,195,395,000). Such affiliated companies reported no capital commitments and contingent liabilities as at 30th June 2002 (2001: Nil).

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

In accordance with the requirements under paragraph 3.9 of PN 19 of the Listing Rules, the directors of the Company reported below the details of loan facilities which include conditions relating to specific performance of the controlling shareholder of the Company.

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

Auditors

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

On behalf of the Board

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 18th October 2002



羅兵咸永道會計師事務所

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

(incorporated in the Cayman Islands with limited liability)

We have audited the accounts on pages 80 to 130 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 2002 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, 18th October 2002

80 **Consolidated profit and loss account**

For the year ended 30th June 2002

	Note	2002 HK\$'000	As restated 2001 HK\$'000
Turnover	2	939,376	587,265
Other revenue	3	67,149	48,185
Other charges	4	(45,334)	(79,512)
Operating expenses	5	(801,677)	(445,111)
Operating profit before financing	6	159,514	110,827
Finance costs	7	(24,276)	(69,996)
Share of results of			
Associated companies		(3,557)	(11,737)
Jointly controlled entities		1,327	50,521
Profit before taxation		133,008	79,615
Taxation	10	20,501	30,270
Profit after taxation		112,507	49,345
Minority interests		24,620	4,265
Profit attributable to shareholders	28	137,127	53,610
Dividend	11	29,639	–
Earnings per share	12		
Basic		9.26 cents	3.66 cents
Diluted		9.20 cents	3.65 cents

As at 30th June 2002

	Note	2002 HK\$'000	2001 HK\$'000
Fixed assets	13	3,703,088	3,248,168
Properties held for development	15	3,268,128	2,812,556
Associated companies	16	1,422,852	781,179
Jointly controlled entities	17	10,099,496	9,305,700
Other investments	18	1,973,041	2,925,136
Other non-current assets	19	50,311	111,634
Total non-current assets		20,516,916	19,184,373
Current assets			
Debtors, deposits and other receivables	20	486,737	425,234
Properties under development	21	2,244,030	2,254,051
Completed properties held for sale	22	458,790	139,196
Cash and bank balances	23	1,405,094	1,141,588
		4,594,651	3,960,069
Current liabilities			
Creditors and accruals	24	319,924	470,556
Deposits received on sale of properties		190,713	231,382
Amounts due to fellow subsidiaries	25	272,790	221,341
Short term bank loans			
Secured		518,691	801,897
Unsecured		160,748	–
Current portion of bank and other borrowings	29	834,045	287,848
Taxes payable	26	105,786	104,445
		2,402,697	2,117,469
Net current assets		2,191,954	1,842,600
Employment of funds		22,708,870	21,026,973
Financed by:			
Share capital	27	148,190	146,851
Reserves	28	17,703,671	17,322,901
Proposed final dividend	28	29,639	–
Shareholders' funds		17,881,500	17,469,752
Bank and other borrowings	29	4,334,097	3,019,375
Deferred income		407,788	474,968
Minority interests		85,485	62,878
Funds employed		22,708,870	21,026,973

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

82 **Balance sheet**

As at 30th June 2002

	Note	2002 HK\$'000	2001 HK\$'000
Subsidiaries	14	16,262,801	15,970,436
Other non-current assets	19	3,408	–
Total non-current assets		16,266,209	15,970,436
Current assets			
Debtors, deposits and other receivables		7,017	9,949
Cash and bank balances	23	239,669	74,980
		246,686	84,929
Current liabilities			
Creditors and accruals		5,330	1,969
Amounts due to fellow subsidiaries	25	22,424	23,438
		27,754	25,407
Net current assets		218,932	59,522
Employment of funds		16,485,141	16,029,958
Financed by:			
Share capital	27	148,190	146,851
Reserves	28	15,807,312	15,883,107
Proposed final dividend	28	29,639	–
Shareholders' funds		15,985,141	16,029,958
Bank loan	29	500,000	–
Funds employed		16,485,141	16,029,958

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

For the year ended 30th June 2002

	Note	2002 HK\$'000	2001 HK\$'000
Net cash (outflow)/inflow from operating activities	32(a)	(671,662)	229,545
Returns on investments and servicing of finance			
Interest received		22,804	55,086
Interest paid		(54,903)	(67,218)
Dividend received from a jointly controlled entity		42,998	–
Net cash inflow/(outflow) from returns on investments and servicing of finance		10,899	(12,132)
Taxation			
PRC taxation paid		(11,665)	–
Investing activities			
Additions to fixed assets		(470,702)	(717,978)
Deferred expenditure incurred		(8,901)	(1,323)
Increase in investments in associated companies		(583,744)	(45,518)
Increase in investments in joint ventures		(627,450)	(278,677)
Repayment of investments in joint ventures		406,459	276,883
Repayment of investments in associated companies		36,810	32,340
Acquisition of additional interests in subsidiaries		(2,669)	(121,745)
Acquisition of interests in subsidiaries	32(c)	726	(1,837)
Disposal of interests in subsidiaries	32(e)	399,015	386,010
Disposal of fixed assets		827	305
Net cash outflow from investing activities		(849,629)	(471,540)
Net cash outflow before financing activities		(1,522,057)	(254,127)
Financing activities			
Increase in long term bank loans		1,690,655	93,458
Repayment of long term bank loans		(21,807)	(494,935)
Net (decrease)/increase in short term bank loans		(106,570)	307,691
Contribution from minority shareholders		1,095	31,656
Increase in loans from minority shareholders		45,065	6,672
Repayment of loans from fellow subsidiaries		(818,276)	(208,655)
Increase in loans from fellow subsidiaries		890,434	1,079,023
Issue of shares		40,044	9,290
Decrease/(increase) in restricted bank balances		146,019	(449,109)
Net cash inflow from financing activities	32(f)	1,866,659	375,091
Increase in cash and bank balances		344,602	120,964
Cash and bank balances at beginning of year		503,242	382,278
Cash and bank balances at end of year		847,844	503,242

84 **Consolidated statement of recognised gains and losses**

For the year ended 30th June 2002

	Note	2002 HK\$'000	As restated 2001 HK\$'000
Revaluation surplus on investment properties	28	80,436	33,820
Share of revaluation surplus/(deficit) of associated companies	28	106,507	(15,219)
Share of revaluation surplus of jointly controlled entities	28	47,378	170,184
Exchange differences arising on translation of subsidiaries, associated companies and joint ventures	28	(11,364)	(26,199)
Net gains not recognised in the profit and loss account		222,957	162,586
Profit for the year		137,127	53,610
Total recognised gains		360,084	216,196
Capital reserve on acquisition of additional interests in a subsidiary	28	–	108,682
Goodwill written off on acquisition of a subsidiary	28	–	(9,620)
Release of reserves upon disposal of subsidiaries	28	9,520	3,301
Release of goodwill upon impairment	28	2,100	153,384
		371,704	471,943

1 Principal accounting policies

(a) Basis of preparation

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

During the year, the Group adopted the following revised or new Statements of Standard Accounting Practices ("SSAPs") issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2001:

SSAP 9 (revised)	Events after the balance sheet date
SSAP 26	Segment reporting
SSAP 28	Provisions, contingent liabilities and contingent assets
SSAP 29	Intangible assets
SSAP 30	Business combinations
SSAP 31	Impairment of assets
SSAP 32	Consolidated financial statements and accounting for investments in subsidiaries

A summary of the accounting policies and the effect of adopting these new/revised standards is set out below:

(b) Basis of consolidation

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

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

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

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

(c) Goodwill

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

In previous years, goodwill on acquisitions of subsidiaries, associated companies or jointly controlled entities was written off directly to reserves in the year of acquisition.

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

1 Principal accounting policies (continued)

(c) Goodwill (continued)

The Group has adopted the transitional provisions of SSAP 30 and goodwill previously written off to reserves has not been restated. However, any impairment arising on such goodwill is required to be accounted for in accordance with provisions of SSAP 31 "Impairment of assets".

The adoption of provisions of SSAP 31 represents a change in accounting policy and accordingly, the Group has made an assessment on any impairment in goodwill previously written off to reserves and considered that an amount of HK\$153,384,000 was impaired during the year ended 30th June 2001. The write-off of impaired goodwill by means of a prior year adjustment has the effect of reducing the profit attributable to shareholders for the year ended 30th June 2001 by HK\$153,384,000.

(d) Negative goodwill

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

For acquisitions prior to 1st July 2001, negative goodwill on acquisitions of subsidiaries, associated companies or jointly controlled entities was taken directly to reserves in the year of acquisition.

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

The Group has adopted the transitional provisions in SSAP 30 and such negative goodwill has not been restated.

(e) Subsidiaries

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

(f) Associated companies

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

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

(g) Jointly controlled entities

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

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

(i) Equity joint ventures

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

(ii) Co-operative joint ventures

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

(iii) Companies limited by shares

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

(h) Joint ventures in the 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 has the power to exercise control governing the financial and operating policies) or as jointly controlled entities (where the Group and the other venturers of the equity joint venture established joint control over the economic activity thereof).

(ii) Co-operative joint ventures

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

1 Principal accounting policies (continued)

(i) Other investments

Other investments 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 investments, net asset value of the respective investment. Changes in the fair value of individual investments are credited or debited to the investment revaluation reserve until the investment is sold or determined to be impaired. Where the directors determine that there is impairment loss, the accumulated changes in fair value are removed from the investment revaluation reserve and recognised in the profit and loss account. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant investment, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the profit and loss account.

(ii) *Other joint ventures*

Other joint ventures are held for the long term and they give fixed rate returns which are predetermined in accordance with the provisions of the joint venture contracts. Other joint ventures are carried at cost less provision for diminution in value other than temporary in nature.

Income from other joint ventures is recognised as set out in note(s) (ii) below.

(j) Fixed assets and depreciation

(i) *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential. The investment properties are stated at open market value based on an annual professional valuation at the balance sheet date. Increases in valuation are credited to the investment property revaluation reserve; decreases in value are first set off against earlier revaluation surpluses 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.

(j) Fixed assets and depreciation (continued)**(iii) Assets under construction**

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

(iv) Other fixed assets

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

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

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

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

(k) Deferred expenditure

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

(l) Properties held for/under development

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

(m) Completed properties held for sale

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

(n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

1 Principal accounting policies (continued)

(o) Operating leases

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

(p) 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.

(q) Capitalisation of interest and finance charges

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

(r) Foreign currencies

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

The 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.

(s) 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.

(s) Revenue recognition (continued)**(ii) Income from other joint ventures**

Income from other joint ventures is in respect of the Group's interest in low-cost community housing and is calculated by reference to a predetermined rate on the aggregate qualifying construction and development costs as provided by the respective joint venture agreements.

Income from other joint ventures 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 income 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 periods is deferred and recognised on the same basis as property sales (note **(s) (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 other 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 or on a specified basis according to the terms of lease agreements in respect of contingent rental income.

(v) Project management fee income

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

(vi) Property management services fee income

Property management services fee income is recognised upon provision of property management services.

(vii) Dividend income

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

2 Turnover and segment information

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

	2002 HK\$'000	2001 HK\$'000
Sales of properties	561,521	291,459
Rental income	102,467	172,531
Income from other joint ventures	67,251	14,662
Property management services fee income	23,843	–
Project management fee income	23	819
	755,105	479,471
Interest income less withholding tax	184,271	107,794
	939,376	587,265

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

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

	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Other operations HK\$'000	Total HK\$'000
Year ended 30th June 2002					
Segment revenues	813,066	101,387	–	24,923	939,376
Segment results	169,395	53,193	(148)	(8,728)	213,712
Bank and other interest income					67,149
Net loss on disposal of subsidiaries					(5,177)
Corporate administrative expenses					(116,170)
Operating profit before financing					159,514
Finance costs					(24,276)
Share of results of					
Associated companies	(5,835)	2,392	(114)	–	(3,557)
Jointly controlled entities	(27,547)	11,264	19,490	(1,880)	1,327
Profit before taxation					133,008
Taxation					20,501
Profit after taxation					112,507
Minority interests					24,620
Profit attributable to shareholders					137,127
	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Other operations HK\$'000	As restated total HK\$'000
Year ended 30th June 2001					
Segment revenues	414,734	171,467	–	1,064	587,265
Segment results	121,183	131,231	(2,024)	(6,841)	243,549
Bank and other interest income					48,185
Gain on disposal of a subsidiary					93,760
Impairment of goodwill					(153,384)
Corporate administrative expenses					(121,283)
Operating profit before financing					110,827
Finance costs					(69,996)
Share of results of					
Associated companies	(2,412)	(2,887)	(6,438)	–	(11,737)
Jointly controlled entities	12,735	21,481	16,710	(405)	50,521
Profit before taxation					79,615
Taxation					30,270
Profit after taxation					49,345
Minority interests					4,265
Profit attributable to shareholders					53,610

2 Turnover and segment information (continued)

	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	Other operations HK\$'000	Total HK\$'000
As at 30th June 2002					
Segment assets	8,882,904	3,878,358	500,291	61,630	13,323,183
Associated companies and joint ventures	5,883,531	4,653,599	984,213	1,005	11,522,348
Unallocated assets					266,036
Total assets					25,111,567
Segment liabilities	3,490,682	2,393,316	900,197	9,358	6,793,553
Minority interests					85,485
Unallocated liabilities					351,029
Total liabilities and minority interests					7,230,067
Capital expenditure	4,169	490,370	8,886	–	503,425
Depreciation	3,765	16,515	117	–	20,397
Provision for amounts due from joint ventures	27,644	14,700	–	–	42,344
As at 30th June 2001					
Segment assets	9,022,281	2,995,996	790,655	139,999	12,948,931
Associated companies and joint ventures	5,224,446	3,914,826	945,733	1,874	10,086,879
Unallocated assets					108,632
Total assets					23,144,442
Segment liabilities	2,975,386	1,170,448	1,113,431	13,390	5,272,655
Minority interests					62,878
Unallocated liabilities					339,157
Total liabilities and minority interests					5,674,690
Capital expenditure	61,505	558,638	142,716	–	762,859
Depreciation	5,412	2,741	–	–	8,153
Provision for diminution in value of properties	19,888	–	–	–	19,888

3 Other revenue

	2002 HK\$'000	2001 HK\$'000
Bank and other interest income	67,149	48,185

4 Other charges

	2002 HK\$'000	2001 HK\$'000
Provision for amounts due from joint ventures	(42,344)	–
(Net loss)/gain on disposal of subsidiaries	(5,177)	93,760
Impairment of goodwill	(2,100)	(153,384)
Write-back of provision for diminution in values of completed properties held for sale	4,287	–
Provision for diminution in value of properties held for development and completed properties held for sale	–	(19,888)
	(45,334)	(79,512)

5 Operating expenses

	2002 HK\$'000	2001 HK\$'000
Cost of properties sold	(553,772)	(243,946)
Staff costs	(107,449)	(92,840)
Depreciation	(23,056)	(10,942)
Amortisation of deferred expenditure	(5,301)	(5,397)
Other operating expenses	(112,099)	(91,986)
	(801,677)	(445,111)

6 Operating profit before financing

	2002 HK\$'000	2001 HK\$'000
Operating profit before financing is arrived at after crediting:		
Gross rental income from investment properties	99,064	170,379
and after charging:		
Operating leases rental in respect of land and buildings	23,085	5,915
Retirement benefit costs	4,135	3,847
Outgoings in respect of investment properties	3,483	7,188
Auditors' remuneration	4,052	4,161
Guarantee fee paid to ultimate holding company	–	5,290
Total contingent rents included in rental income amounted to HK\$18,930,000 (2001:HK\$20,101,000).		
	2002 HK\$'000	2001 HK\$'000
The future minimum rental payments receivable under non-cancellable leases are as follows:		
Within one year	90,881	67,987
Between two and five years	47,617	63,140
Beyond five years	82,143	3,558
	220,641	134,685

Generally the Group's operating leases are for terms of two to five years except for a long term lease which is beyond five years.

7 Finance costs

	2002 HK\$'000	2001 HK\$'000
Interest on bank loans	36,737	58,792
Interest on loans from fellow subsidiaries		
Wholly repayable within five years	74,077	90,370
Not wholly repayable within five years	–	16,037
Interest on loans from minority shareholders	4,831	2,171
Interest on short term bank loans	16,793	8,426
	132,438	175,796
Amount capitalised in properties held for/under development and assets under construction	(88,044)	(97,056)
Amount capitalised in investments in jointly controlled entities and an associated company (note)	(9,339)	(8,744)
Reimbursement from an associated company (note 16(i))	(10,779)	–
	24,276	69,996

Note:

To the extent funds are borrowed generally and used for the purpose of financing certain qualifying investments in an associated company and 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 2.2% (2001: 6.9%) for the year.

8 Retirement benefit costs

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

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

The assets of all retirement schemes are held separately from those of the Group in independently administered funds. The total cost charged to the profit and loss account amounted to HK\$4,135,000 (2001: HK\$3,847,000).

9 Directors' and senior management remuneration

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

	2002 HK\$'000	2001 HK\$'000
Fees	800	–
Salaries, discretionary bonus, other allowances and other benefits in kind	3,333	2,632
Contribution to retirement benefit scheme	226	132
	4,359	2,764

The emoluments of the directors fall within the following bands:

		Number of directors	
		2002	2001
Nil	– HK\$500,000	12	12
HK\$2,500,001	– HK\$3,000,000	1	1
		13	13

Fees include HK\$300,000 paid to independent non-executive directors during the year (2001: Nil). There were no other emoluments paid to independent non-executive directors during the year (2001: Nil).

None of the directors has waived his right to receive his emoluments (2001: Nil).

(ii) The five individuals whose emoluments were the highest in the Group for the year include one (2001: one) director whose emoluments are reflected in the analysis presented above. Details of the emoluments paid to the remaining individuals in the Group are as follows:

	2002 HK\$'000	2001 HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	6,847	7,780
Contribution to retirement benefit scheme	509	336
	7,356	8,116

The emoluments fall within the following bands:

		Number of individuals	
		2002	2001
HK\$1,000,001	– HK\$1,500,000	1	–
HK\$1,500,001	– HK\$2,000,000	2	3
HK\$2,000,001	– HK\$2,500,000	–	1
HK\$2,500,001	– HK\$3,000,000	1	–
		4	4

10 Taxation

	2002 HK\$'000	2001 HK\$'000
PRC income tax		
Company and subsidiaries	2,049	11,835
Associated companies	1,148	–
Jointly controlled entities	17,304	18,435
	20,501	30,270

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 (2001: Nil). PRC income tax has been provided on the estimated assessable profits of a subsidiary operating in the PRC at the applicable rate of taxation.

The Group's associated companies and jointly controlled entities established in the PRC are required to pay income tax at the rate of 33% (2001: 33%).

In July 1999, a deed of tax indemnity was entered into between the ultimate holding company and the Group whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC income tax ("IT") and Land Appreciation Tax ("LAT") payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999 and in respect of which the aggregate amount of LAT and IT is estimated at approximately HK\$7,059 million (2001: HK\$7,783 million). The tax indemnity is also given in respect of LAT and IT payable in consequence of the disposal of any low-cost community housing in the event the relevant company in the Group is unable to pay such taxes. During the year, no such tax indemnity was effected (2001: 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 has also been given by the ultimate holding company in respect of these properties.

11 Dividend

	2002 HK\$'000	2001 HK\$'000
Final, proposed, of 2 HK cents (2001: Nil) per share	29,639	–

At a meeting held on 18th October 2002, the directors proposed a dividend of 2 HK cents per share. This proposed dividend is not reflected as dividend payable in these accounts but will be reflected as an appropriation of reserves for the year ending 30th June 2003.

12 Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$137,127,000 (2001 as restated: HK\$53,610,000) and the weighted average of 1,480,792,307 shares (2001: 1,464,741,432 shares) in issue during the year.

Diluted earnings per share for the year is based on profit attributable to shareholders of HK\$137,127,000 (2001 as restated: HK\$53,610,000) divided by 1,480,792,307 shares (2001: 1,464,741,432 shares) which is the weighted average number of shares in issue during the year plus the weighted average of 9,739,304 shares (2001: 5,428,030 shares) deemed to be issued at no consideration as if all outstanding share options had been exercised.

13 Fixed assets

Group

	Investment properties HK\$'000	Other properties HK\$'000	Leasehold improve- ments 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 2001	1,207,667	18,113	12,533	44,274	16,213	1,984,542	3,283,342
Additions	6,678	117	–	11,222	2,580	483,278	503,875
Disposals	–	–	–	(1,210)	(945)	–	(2,155)
Disposal of subsidiaries	–	–	–	(3,033)	(517)	–	(3,550)
Transfer from properties under development	76,112	–	–	–	–	–	76,112
Transfer to completed properties held for sale	–	–	–	–	–	(224,570)	(224,570)
Reclassifications	122,387	35,307	185,293	–	–	(342,987)	–
Revaluation surplus	125,546	–	–	–	–	–	125,546
At 30th June 2002	1,538,390	53,537	197,826	51,253	17,331	1,900,263	3,758,600
Accumulated depreciation							
At 30th June 2001	–	3,756	3,415	19,748	8,255	–	35,174
Charge for the year	–	817	12,648	6,941	2,650	–	23,056
Disposals	–	–	–	(771)	(524)	–	(1,295)
Disposal of subsidiaries	–	–	–	(1,146)	(277)	–	(1,423)
At 30th June 2002	–	4,573	16,063	24,772	10,104	–	55,512
Net book value							
At 30th June 2002	1,538,390	48,964	181,763	26,481	7,227	1,900,263	3,703,088
At 30th June 2001	1,207,667	14,357	9,118	24,526	7,958	1,984,542	3,248,168

Notes:

- (i) Investment properties were revalued on 30th June 2002 on an open market value basis by Chesterton Petty Limited, independent professional valuers and are held in the PRC under the following leases:

	2002 HK\$'000	2001 HK\$'000
Long term leases	84,112	84,112
Medium term leases	1,454,278	1,123,555
	1,538,390	1,207,667

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

	2002 HK\$'000	2001 HK\$'000
Long term leases	2,973	2,856
Medium term leases	50,564	15,257
	53,537	18,113

- (iii) Certain interests in investment properties and assets under construction pledged as securities for short term loans and long term loans amount to HK\$220,484,000 (2001: HK\$240,832,000) and HK\$340,779,000 (2001: HK\$112,149,000), respectively.

- (iv) Included in assets under construction is interest capitalised of HK\$103,479,000 (2001: HK\$78,740,000).

14 Subsidiaries

	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost (2002 and 2001: HK\$10)	–	–
Amounts due from subsidiaries	16,262,801	15,970,436
	16,262,801	15,970,436

Details of principal subsidiaries are given in note 36.

15 Properties held for development

	2002 HK\$'000	Group 2001 HK\$'000
Leasehold land, at cost less provision		
Long term	1,365,589	1,178,025
Medium term	1,212,338	1,216,852
Development and incidental costs	557,290	289,734
Interest capitalised	132,911	127,945
	3,268,128	2,812,556

16 Associated companies

	Group	
	2002 HK\$'000	2001 HK\$'000
Group's shares of net assets	137,633	35,975
Amounts due from associated companies (note (i))	1,424,036	762,247
Amounts due to associated companies (note (i))	(138,817)	(17,043)
	1,422,852	781,179

Notes:

- (i) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms except for an amount receivable of HK\$361,371,000 (2001: Nil) which carries interest at 6.21% per annum and is repayable by instalments up to December 2016.
- (ii) Details of principal associated companies are given in note 36.

17 Jointly controlled entities

	Group	
	2002 HK\$'000	2001 HK\$'000
Equity joint ventures		
Group's share of net liabilities	(74,752)	(57,322)
Amounts due from joint ventures		
Interest bearing (note (i))	452,989	510,329
Non-interest bearing (note (ii))	154,479	130,126
	532,716	583,133
Co-operative joint ventures		
Cost of investments	3,524,114	3,146,615
Goodwill (Less: amortisation of HK\$747,000)	14,199	–
Share of undistributed post-acquisition results and reserves	(211,625)	(150,111)
	3,326,688	2,996,504
Amounts due from joint ventures		
Interest bearing (note (iii))	5,537,017	5,047,282
Non-interest bearing (note (ii))	287,595	71,738
Amounts due to joint ventures (note (ii))	(44,950)	(12,458)
	9,106,350	8,103,066
Companies limited by shares		
Group's share of net liabilities	(143,506)	(148,232)
Amounts due from joint ventures		
Interest bearing (note (iv))	183,855	198,318
Non-interest bearing (note (ii))	416,716	388,480
	457,065	438,566
Deposits for proposed joint ventures (note (v))	3,365	180,935
	10,099,496	9,305,700

Notes:

- (i) The amounts receivable are unsecured, carry interest ranging from 5.85% to 12% per annum (2001:5.85% 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 amounts receivable are unsecured, carry interest ranging from 8.5% to 12% per annum (2001:8.5% to 12% per annum) and have repayment terms as specified in the joint venture contracts.
- (iv) The amounts receivable are unsecured, carry interest ranging from 4% to 1.5% above prime rate per annum (2001:4% to 1.5% above prime rate per annum) and have repayment terms as specified in the joint venture contracts.
- (v) The balances represent payments on account of proposed joint ventures for which only preliminary agreements have been signed and the joint venture companies have not been established as at the balance sheet date. Upon the establishment of the relevant joint venture companies, the relevant amounts will be reclassified to respective joint venture balances.
- (vi) Details of principal jointly controlled entities are given in note 36.
- (vii) A summary of the financial information of the significant jointly controlled entities is set out in note 34.

18 Other investments

	Group	
	2002 HK\$'000	2001 HK\$'000
Investment security		
Unlisted shares, at cost	350	350
Amount due from investee company	207,826	207,826
	208,176	208,176
Other joint ventures		
Cost of investments	212,449	593,132
Amounts due from joint ventures		
Interest bearing (note (i))	1,526,356	2,084,620
Non-interest bearing (note (ii))	108,044	125,185
Amounts due to joint ventures (note (ii))	(81,984)	(85,977)
	1,764,865	2,716,960
	1,973,041	2,925,136

Notes:

- (i) The amounts receivable are unsecured, carry interest at 10% per annum (2001:10% 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.
- (iii) Details of principal other joint ventures are given in note 36.

19 Other non-current assets

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Deferred expenditure				
Loan procurement expenses	10,327	1,426	6,004	–
Accumulated amortisation	(5,880)	(579)	(2,596)	–
	4,447	847	3,408	–
Cash and bank balances, restricted (note 23)	45,864	110,787	–	–
	50,311	111,634	3,408	–

20 Debtors, deposits and other receivables

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

The ageing analysis of trade debtors is as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
0 to 30 days	36,628	6,890
31 to 60 days	29,909	5,874
61 to 90 days	9,733	7,238
Over 90 days	24,673	9,213
	100,943	29,215

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

21 Properties under development

	Group	
	2002 HK\$'000	2001 HK\$'000
Leasehold land, at cost		
Long term	1,389,244	1,509,695
Medium term	58,830	82,892
Development and incidental costs	757,226	628,244
Interest capitalised	38,730	33,220
	2,244,030	2,254,051

In 2001, properties under development of HK\$82,243,000 which had been pledged to secure a short term loan were released during the year upon full repayment of the loan.

22 Completed properties held for sale

The aggregate carrying value of completed properties held for sale that were carried at net realisable value amounts to HK\$36,285,000 (2001: HK\$112,662,000).

The aggregate carrying value of completed properties held for sale pledged as securities for short term loans amounts to HK\$116,808,000 (2001: Nil).

23 Cash and bank balances

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Restricted balances	603,114	749,133	–	–
Unrestricted balances	847,844	503,242	239,669	74,980
Cash and bank balances	1,450,958	1,252,375	239,669	74,980
Restricted balances included under other non- current assets (note 19)	(45,864)	(110,787)	–	–
	1,405,094	1,141,588	239,669	74,980

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

24 Creditors and accruals

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

	Group	
	2002 HK\$'000	2001 HK\$'000
0 to 30 days	39,988	76,726
31 to 60 days	283	9,207
61 to 90 days	6,126	1,997
Over 90 days	71,324	101,618
	117,721	189,548

25 Amounts due to fellow subsidiaries

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

26 Taxes payable

	Group	
	2002 HK\$'000	2001 HK\$'000
Income tax payable	10,895	9,965
Withholding tax payable	84,686	78,779
Other PRC taxes payable	10,205	15,701
	105,786	104,445

27 Share capital

	2002 HK\$'000	2001 HK\$'000
Authorised:		
8,000,000,000 shares of HK\$0.1 each	800,000	800,000
Issued and fully paid:		
1,481,901,894 shares of HK\$0.1 each (2001: 1,468,511,738 shares of HK\$0.1 each)	148,190	146,851

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

	Number of shares of HK\$0.1 each	HK\$'000
At 30th June 2000	1,463,772,938	146,377
Exercise of share options	4,738,800	474
At 30th June 2001	1,468,511,738	146,851
Issue of shares for the acquisition of additional interests in subsidiaries (note (i))	10,911,756	1,091
Exercise of share options (note (ii))	2,478,400	248
At 30th June 2002	1,481,901,894	148,190

Notes:

- (i) On 3rd July 2001, 8,790,616 new shares of the Company were issued at an issue price of HK\$3.225 each and credited as fully paid for the acquisition of a further 30% interest in a subsidiary completed in June 2001.

On 3rd July 2001, 2,121,140 new shares of the Company were further issued at an issue price of HK\$3.225 each and credited as fully paid for the acquisition of a further 12% interest in a subsidiary completed in June 2001.

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

Date of offer to grant	Exercise price per share HK\$	Number of shares				
		At 30th June 2001	Granted during the year (note)	Exercised during the year	Lapsed during the year	At 30th June 2002
5th February 2001	1.955	53,044,000	–	(2,459,200)	(2,757,200)	47,827,600
2nd May 2001	2.605	458,400	–	–	–	458,400
29th June 2001	3.192	–	2,485,200	–	(157,200)	2,328,000
31st August 2001	2.380	–	2,149,200	(19,200)	–	2,130,000
26th March 2002	2.265	–	2,067,600	–	–	2,067,600
		53,502,400	6,702,000	(2,478,400)	(2,914,400)	54,811,600

Note: Divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.

28 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 2000	14,751,973	1,234,787	–	104,110	5,763	44,628	700,881	16,842,142
Profit retained for the year	–	–	–	–	–	–	53,610	53,610
Premium on issue of shares	–	8,816	–	–	–	–	–	8,816
Release of goodwill upon impairment	–	–	153,384	–	–	–	–	153,384
Capital reserve on acquisition of additional interest in a subsidiary	–	–	108,682	–	–	–	–	108,682
Goodwill written off on acquisition of a subsidiary	–	–	(9,620)	–	–	–	–	(9,620)
Revaluation surplus/(deficit)								
Company and subsidiaries	–	–	–	33,820	–	–	–	33,820
Associated companies	–	–	–	(10,734)	(4,485)	–	–	(15,219)
Jointly controlled entities	–	–	–	169,982	202	–	–	170,184
Disposal of a subsidiary	–	–	–	(9,071)	–	12,372	–	3,301
Transfer to capital reserve	–	–	(252,446)	–	–	–	252,446	–
Translation difference	–	–	–	–	–	(26,199)	–	(26,199)
As at 30th June 2001	14,751,973	1,243,603	–	288,107	1,480	30,801	1,006,937	17,322,901
Retained by:								
Company and subsidiaries	14,751,973	1,243,603	–	32,453	–	13,948	1,676,456	17,718,433
Associated companies	–	–	–	57,818	–	12,095	(61,527)	8,386
Jointly controlled entities	–	–	–	197,836	1,480	4,758	(607,992)	(403,918)
	14,751,973	1,243,603	–	288,107	1,480	30,801	1,006,937	17,322,901

	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 2001	14,751,973	1,243,603	-	288,107	1,480	30,801	1,006,937	17,322,901
Profit retained for the year	-	-	-	-	-	-	137,127	137,127
Premium on issue of shares	-	38,705	-	-	-	-	-	38,705
Release of goodwill upon impairment	-	-	2,100	-	-	-	-	2,100
Release of reserves upon disposal of subsidiaries	-	-	9,520	-	-	-	-	9,520
Revaluation surplus								
Company and subsidiaries	-	-	-	80,436	-	-	-	80,436
Associated companies	-	-	-	106,507	-	-	-	106,507
Jointly controlled entities	-	-	-	41,946	5,432	-	-	47,378
Transfer to capital reserve	-	-	(11,620)	-	-	-	11,620	-
Translation difference	-	-	-	-	-	(11,364)	-	(11,364)
As at 30th June 2002 before proposed final dividend	14,751,973	1,282,308	-	516,996	6,912	19,437	1,155,684	17,733,310
Proposed final dividend	(29,639)	-	-	-	-	-	-	(29,639)
As at 30th June 2002 after proposed final dividend	14,722,334	1,282,308	-	516,996	6,912	19,437	1,155,684	17,703,671
Retained by:								
Company and subsidiaries	14,751,973	1,282,308	-	112,889	-	4,993	1,853,499	18,005,662
Associated companies	-	-	-	164,325	-	11,246	(66,126)	109,445
Jointly controlled entities	-	-	-	239,782	6,912	3,198	(631,689)	(381,797)
	14,751,973	1,282,308	-	516,996	6,912	19,437	1,155,684	17,733,310

28 Reserves (continued)

Company

	Contributed surplus (note (i)) HK\$'000	Share premium HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
As at 30th June 2000	14,772,134	1,234,787	(55,649)	15,951,272
Premium on issue of new shares	–	8,816	–	8,816
Loss retained for the year	–	–	(76,981)	(76,981)
As at 30th June 2001	14,772,134	1,243,603	(132,630)	15,883,107
Premium on issue of new shares	–	38,705	–	38,705
Loss retained for the year	–	–	(84,861)	(84,861)
As at 30th June 2002 before proposed final dividend	14,772,134	1,282,308	(217,491)	15,836,951
Proposed final dividend	(29,639)	–	–	(29,639)
As at 30th June 2002 after proposed final dividend	14,742,495	1,282,308	(217,491)	15,807,312

Notes:

- (i) The contributed surplus of the Company represents the excess of the consolidated net asset value of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange thereof as a result of a reorganisation in 1999.
- (ii) Under the Companies Law in the Cayman Islands, the contributed surplus and share premium are both distributable. Accordingly, distributable reserves of the Company amount to HK\$15,836,951,000 (2001: HK\$15,883,107,000) as at 30th June 2002 before the proposed final dividend of HK\$29,639,000.

29 Bank and other borrowings

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Bank loans (note (i))				
Secured	940,810	140,187	–	–
Unsecured	961,683	93,458	500,000	–
Loans from fellow subsidiaries (note (ii))	2,886,037	2,741,175	–	–
Loans from minority shareholders (note (iii))	379,612	332,403	–	–
	5,168,142	3,307,223	500,000	–
Current portion included in current liabilities	(834,045)	(287,848)	–	–
	4,334,097	3,019,375	500,000	–

Notes:

(i) The bank loans are repayable as follows:

	Secured		Group Unsecured		Total	
	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	155,763	–	140,187	–	295,950	–
Between one and two years	24,922	140,187	190,654	93,458	215,576	233,645
Between two and five years	523,365	–	630,842	–	1,154,207	–
After five years	236,760	–	–	–	236,760	–
	940,810	140,187	961,683	93,458	1,902,493	233,645

(a) The Company's bank loan was wholly repayable between two and five years.

(b) Included in the total bank loan balance is an amount of HK\$361,371,000 which is repayable by instalments up to December 2016 and has been on-lent to an associated company (note 16(i)).

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

	Group	
	2002 HK\$'000	2001 HK\$'000
Within one year	538,095	287,848
Between one and two years	892,188	1,883,248
Between two and five years	1,455,754	277,429
After five years	–	292,650
	2,886,037	2,741,175

The loans from fellow subsidiaries are unsecured and bear interest ranging from three months HIBOR to 0.5% above LIBOR and are wholly repayable within five years.

(iii) Except for loans of HK\$25,744,000 (2001: HK\$38,980,000) which are unsecured, bear interest at 10% per annum (2001: 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.

30 Contingent liabilities

Group

- (i) The Group has contingent liabilities of approximately HK\$1,381,447,000 (2001: HK\$844,307,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies, jointly controlled entities and an other joint venture. As at 30th June 2002, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the associated companies, jointly controlled entities and an other joint venture was approximately HK\$965,049,000 (2001: HK\$549,044,000).
- (ii) As 30th June 2001, the Group had contingent liabilities relating to counter-guarantee given to the ultimate holding company of approximately HK\$42,991,000 in respect of bank loan facilities extended to an other joint venture of the Group in respect of which the ultimate holding company had given guarantee. The counter guarantee was released during the year.

Company

- (i) The Company has contingent liabilities relating to corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries, associated companies, jointly controlled entities and other joint ventures of approximately HK\$1,066,682,000 (2001: HK\$196,729,000), HK\$139,115,000 (2001: HK\$45,430,000), HK\$1,183,453,000 (2001: HK\$742,807,000) and HK\$46,729,000 (2001: HK\$48,000,000), respectively.
- (ii) As at 30th June 2001, the Company had contingent liabilities relating to counter-guarantee given to the ultimate holding company of approximately HK\$42,991,000 in respect of the bank loan facilities extended to an other joint venture in respect of which the ultimate holding company had given guarantee. The counter guarantee was released during the year.

31 Commitments

(i) Capital expenditure commitments

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

	Group	
	2002 HK\$'000	2001 HK\$'000
Contracted but not provided for		
Fixed assets	330,326	–
Investments in associated companies	49,544	–
Investments in jointly controlled entities	47,001	142,971
Investments in other joint ventures	–	15,600
	426,871	158,571
Authorised but not contracted for	–	–
	426,871	158,571

(b) The Group did not have any share of capital commitments of the jointly controlled entities and associated companies not included in (a) above (2001: Nil).

(ii) Lease commitments

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:				
The first year	38,170	6,969	4,916	5,938
The second to fifth years	139,165	1,030	9,833	–
After five years	473,492	–	–	–
	650,827	7,999	14,749	5,938

(iii) Other commitments

As at 30th June 2002, the Group had issued performance guarantees amounting to HK\$316,199,000 (2001: HK\$166,228,000) in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of property projects developed by subsidiaries 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.

32 Notes to consolidated cash flow statement

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

	2002 HK\$'000	2001 HK\$'000
Operating profit before financing	159,514	110,827
Finance costs	(24,276)	(69,996)
Interest income	(251,420)	(155,979)
Interest expense	24,276	69,996
Depreciation	23,056	10,942
Amortisation of deferred expenditure	5,301	5,397
Loss on disposal of fixed assets	33	21
Impairment of goodwill	2,100	153,384
Provision for amounts due from joint ventures	42,344	–
Net loss/(gain) on disposal of subsidiaries/a subsidiary	5,177	(93,760)
(Write-back of)/provision for diminution in value of completed properties held for sale and properties held for development	(4,287)	19,888
Exchange differences	(10,232)	(6,250)
Increase in properties held for/under development	(338,443)	(197,932)
Increase in debtors, deposits and other receivables	(162,551)	(140,675)
Increase in amounts due to fellow subsidiaries	30,013	270,956
(Decrease)/increase in deposits received on sale of properties	(40,669)	204,483
(Decrease)/increase in creditors and accruals	(131,598)	48,243
Net cash (outflow)/inflow from operating activities	(671,662)	229,545

(b) Acquisition of interests in subsidiaries

	2002 HK\$'000	2001 HK\$'000
Net assets acquired		
Fixed assets	–	2,675
Debtors, deposits and other receivables	4,505	57,405
Properties under development	261,511	993,119
Completed properties held for sale	–	10,017
Cash and bank balances	726	49,511
Bank loans	–	(20,000)
Creditors and accruals	(296)	(66,732)
	266,446	1,025,995
Interest originally held by the Group as jointly controlled entities	(266,446)	(984,267)
	–	41,728
Goodwill on acquisition	–	9,620
Satisfied by cash	–	51,348

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

	2002 HK\$'000	2001 HK\$'000
Cash consideration	–	(51,348)
Cash and bank balances acquired	726	49,511
Net inflow/(outflow) of cash and cash equivalents in respect of acquisition of subsidiaries	726	(1,837)

The subsidiaries acquired during the year utilised HK\$119,846,000 (2001: HK\$101,038,000) of the Group's net operating cash flows, paid HK\$295,000 (2001: HK\$152,483,000) for investing activities, received HK\$190,654,000 (2001: HK\$73,458,000) for financing activities, paid HK\$510,000 (2001: Nil) for servicing of finance. The subsidiaries did not pay any amount in respect of taxation (2001: Nil).

(d) Disposal of interests in subsidiaries/a subsidiary

	2002 HK\$'000	2001 HK\$'000
Net assets disposed		
Fixed assets	2,127	478,401
Debtors, deposits and other receivables	5,536	655
Cash and bank balances	12,662	22,401
Creditors and accruals	(23,096)	(18,275)
Taxation	(602)	–
Amount due from/(to) a fellow subsidiary	10,412	(85,178)
Bank loans	(15,888)	(74,766)
Investments in associated companies	409,157	–
Investments in jointly controlled entities	7,026	–
Minority interests	–	(8,587)
	407,334	314,651
Capital reserve	9,520	–
(Net loss)/gain on disposal of interests in subsidiaries/a subsidiary	(5,177)	93,760
Consideration satisfied by cash	411,677	408,411

32 Notes to consolidated cash flow statement (continued)

(e) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	2002 HK\$'000	2001 HK\$'000
Cash consideration	411,677	408,411
Cash and bank balances disposed	(12,662)	(22,401)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	399,015	386,010

(f) Analysis of changes in financing during the year

	Share capital, share premium and contributed surplus HK\$'000	Short term bank 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 2000	16,133,137	548,972	3,365,712	(300,024)	118,539	19,866,336
Net cash inflow/(outflow)						
from financing	9,290	307,691	475,563	(449,109)	31,656	375,091
Minority interests' share of loss and reserves	–	–	–	–	(2,041)	(2,041)
Acquisition of subsidiaries	–	20,000	–	–	–	20,000
Acquisition of additional interests in subsidiaries	–	–	(642,630)	–	(76,689)	(719,319)
Disposal of a subsidiary	–	(74,766)	–	–	(8,587)	(83,353)
Accrual of interest payable	–	–	108,578	–	–	108,578
Balance at 30th June 2001	16,142,427	801,897	3,307,223	(749,133)	62,878	19,565,292
Net cash inflow/(outflow)						
from financing	40,044	(106,570)	1,786,071	146,019	1,095	1,866,659
Minority interests' share of loss and reserves	–	–	–	–	21,494	21,494
Acquisition of additional interests in subsidiaries	–	–	(2,687)	–	18	(2,669)
Disposal of subsidiaries	–	(15,888)	–	–	–	(15,888)
Accrual of interest payable	–	–	77,535	–	–	77,535
Balance at 30th June 2002	16,182,471	679,439	5,168,142	(603,114)	85,485	21,512,423

33 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	2002 HK\$'000	2001 HK\$'000
Interest on loans from fellow subsidiaries	(a)	74,077	106,407
Rental for leased premises to a fellow subsidiary	(b)	4,546	4,685
Rental for leased premises to an associated company	(b)	16,900	–
Guarantee fee paid to ultimate holding company	(c)	–	5,290
Interest income from jointly controlled entities	(d)	(118,380)	(8,004)
Estate management fee income from a fellow subsidiary and jointly controlled entities	(e)	(9,501)	(2,019)
Rental income from a fellow subsidiary	(f)	(4,435)	–
Rental income from an associated company	(f)	(3,271)	–

Notes:

- (a) Interest is charged at rates as specified in note 29(ii) on the outstanding balances due to certain fellow subsidiaries.
- (b) The rental is charged at a fixed monthly/annual fee in accordance with the terms of the tenancy agreement.
- (c) The guarantee fee in 2001 was charged at 2% per annum on the average daily amount outstanding of the loan facility on which the ultimate holding company had provided the guarantee. The loan was fully repaid in 2001.
- (d) 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.
- (e) The estate management fees are charged at fixed amounts to a fellow subsidiary and certain jointly controlled entities as specified in the respective management contracts.
- (f) The rental income are charged at fixed monthly fees in accordance with the terms of the tenancy agreements.
- (ii) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries amount to HK\$360,818,000 (2001: HK\$142,275,000). 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 contract 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\$166.6 million (2001: HK\$157.3 million) of which approximately HK\$137.1 million (2001: HK\$117.7 million) had been incurred as at 30th June 2002.
- (iv) A deed of tax indemnity was entered into between NWD and the Group whereby NWD undertakes to indemnify the Group in respect of IT and LAT payable in consequence of the disposal of certain properties (note 10).

33 Related party transactions (continued)

- (v) During the year, the Group disposed of its entire interests in five subsidiaries to a fellow subsidiary for a consideration of approximately HK\$406,077,000, resulting in a loss on disposal of HK\$3,920,000.

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

- (i) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain property projects of certain associated companies and jointly controlled entities of the Group and payable to certain fellow subsidiaries amount to HK\$17.9 million (2001: HK\$156.1 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 for these contracts amount to approximately HK\$308.7 million (2001: HK\$311.2 million) of which approximately HK\$183.2 million (2001: HK\$134.1 million) had been incurred as at 30th June 2002.
- (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 (2001: US\$52,730,000), bear interest ranging from 0.5% above LIBOR to 15% per annum (2001: 0.5% above LIBOR to 15% per annum) and have repayment terms as specified in the loan agreements. The total interest charged for the year ended 30th June 2002 by the fellow subsidiary and included as part of the development costs of properties developed by these associated companies was HK\$53.8 million (2001: HK\$45.2 million).

34 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

	2002 HK\$'000	2001 HK\$'000
Turnover	190,822	47,408
Operating (loss)/profit	(7,657)	21,003
Group's share of operating (loss)/profit	(5,360)	12,182

(b) Net assets as at year end

	2002 HK\$'000	2001 HK\$'000
Fixed assets	1,197,475	1,207,504
Other assets	3,427,390	2,977,572
Current assets	536,387	359,412
Current liabilities	(696,429)	(273,156)
Long term liabilities (other than amounts due to the Group)	(1,244,271)	(976,479)
	3,220,552	3,294,853

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

(a) Results for the year

	2002 HK\$'000	2001 HK\$'000
Turnover	390,639	122,120
Operating loss	(70,186)	(9,813)
Group's share of operating loss	(49,130)	(6,869)

(b) Net assets as at year end

	2002 HK\$'000	2001 HK\$'000
Fixed assets	1,447,442	1,209,495
Other assets	605,413	1,040,166
Current assets	835,853	709,903
Current liabilities	(461,802)	(667,043)
Long term liabilities (other than amounts due to the Group)	(717,906)	(558,855)
	1,709,000	1,733,666

34 Significant jointly controlled entities (continued)

(3) China New World Electronics Ltd.

(a) Results for the year

	2002 HK\$'000	2001 HK\$'000
Turnover	23,469	31,663
Operating profit	19,821	35,561
Group's share of operating profit	13,875	24,893

(b) Net assets as at year end

	2002 HK\$'000	2001 HK\$'000
Fixed assets	809,862	783,082
Other assets	696,157	848,424
Current assets	140,307	65,443
Current liabilities	(227,659)	(253,764)
Long term liabilities (other than amounts due to the Group)	–	–
	1,418,667	1,443,185

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 other joint ventures

Details of the principal subsidiaries, associated companies, jointly controlled entities and other joint ventures which materially affect the results for the year and/or assets of the Group as at 30th June 2002 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		
		2002	2001	2002	2001	
<i>Subsidiaries</i>						
<i>Incorporated and operated in Hong Kong</i>						
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares of HK\$1 each	–	–	100%	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	–	–	78.6%	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares of HK\$1 each	–	–	100%	100%	Investment holding
Lingal Limited	HK\$2,000 1,800 ordinary shares of HK\$1 each 200 non-voting deferred shares of HK\$1 each	–	–	100%	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares of HK\$1 each	–	–	100%	100%	Investment holding
New World Development (China) Limited	HK\$4 2 ordinary shares of HK\$1 each 2 non-voting deferred shares of HK\$1 each	100%	100%	100%	100%	Investment holding
Sunny Trend Development Limited	HK\$2 2 ordinary shares of HK\$1 each	–	–	100%	100%	Investment holding

36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other 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		
		2002	2001	2002	2001	
<i>Subsidiaries (continued)</i>						
<i>Incorporated and operated in Hong Kong (continued)</i>						
Trend Island Limited	HK\$2 2 ordinary shares of HK\$1 each	–	–	100%	100%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Banyan Developments Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
Conful Enterprises Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
Ever Brisk Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
Hinto Developments Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
Kiwi Profits Limited	US\$10 10 shares of US\$1 each	–	–	100%	100%	Investment holding
Magic Chance Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
Radiant Glow Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
Sparkling Rainbow Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
Steady Profits Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2002	2001	2002	2001	
<i>Subsidiaries (continued)</i>						
<i>Incorporated in the British Virgin Islands (continued)</i>						
Sweet Prospects Enterprises Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
Team Foundation Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
True Blue Developments Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
Twin Glory Investments Limited	US\$1 1 share of US\$1	–	–	100%	100%	Investment holding
<i>Incorporated in the Cayman Islands and operated in Hong Kong</i>						
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%	100%	Investment holding
<i>Incorporated and operated in the PRC</i>						
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	–	–	100%	100%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	–	–	88%	88%	Property investment and development

36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other 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		
		2002	2001	2002	2001	
<i>Subsidiaries (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Fung Seng Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	–	–	80%	80%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	–	–	90.5%	90.5%	Property development
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	–	–	100%	100%	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	–	–	100%	100%	Property development
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	–	–	92%	92%	Property investment and development
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	–	–	100%	100%	Property investment and development
New World Development (Wuhan) Co., Ltd.	US\$12,000,000	–	–	100%	100%	Property development
New World (Shenyang) Property Development Limited	RMB97,720,000	–	–	90%	90%	Property development
New World (Shenyang) Property Development No. 2 Limited	RMB97,720,000	–	–	90%	90%	Property development
New World (Shenyang) Property Development No. 3 Limited	RMB164,600,000	–	–	90%	90%	Property development
New World (Shenyang) Property Development No. 4 Limited	RMB97,720,000	–	–	90%	90%	Property development

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2002	2001	2002	2001	
<i>Subsidiaries (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
New World (Shenyang) Property Development No. 5 Limited	RMB99,320,000	–	–	90%	90%	Property development
New World (Shenyang) Property Development No. 6 Limited	RMB97,720,000	–	–	90%	90%	Property development
Shanghai Ramada Plaza Ltd.	US\$34,000,000	–	–	57%	57%	Property investment and hotel operation
Shanghai Heyu Properties Co., Ltd.	US\$12,000,000	–	–	64%	64%	Property investment and development
Shanghai Ju Yi Real Estate Development Co., Ltd.	RMB350,000,000	–	–	80%	80%	Property development
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$182,000,000	–	–	90%	70%	Property development
Wuhan New Eagle Enterprises Co., Limited	US\$2,830,000	–	–	95%	95%	Property investment
<i>Associated companies</i>						
<i>Incorporated and operated in Hong Kong</i>						
Global Perfect Development Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	–	–	50%	50%	Investment holding
Niceline Company Limited	HK\$1,000 1,000 ordinary shares of HK\$1 each	–	–	35%	35%	Investment holding
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	–	–	30.6%	30.6%	Investment holding

36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other 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		
		2002	2001	2002	2001	
<i>Associated companies (continued)</i>						
<i>Incorporated in the British Virgin Islands</i>						
Faith Yard Property Limited	US\$2 2 shares of US\$1 each	–	–	50%	–	Property investment
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	–	–	40%	40%	Investment holding
Grand Make International Limited	US\$100 100 shares of US\$1 each	–	–	45%	45%	Investment holding
Sinclair Profits Limited	US\$10 10 shares of US\$1 each	–	–	50%	50%	Investment holding
<i>Incorporated and operated in the PRC</i>						
Beijing Chang Le Real Estates Development Co., Ltd.	US\$12,000,000	–	–	35%	35%	Property development
Beijing Fu Wah Real Estates Development Co., Ltd.	US\$8,000,000	–	–	35%	35%	Property development
Beijing Niceline Real Estates Development Co., Ltd.	US\$8,000,000	–	–	35%	35%	Property development
Beijing Po Garden Real Estates Development Co., Ltd.	US\$12,000,000	–	–	35%	35%	Property development
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	–	–	44.1%	44.1%	Property investment

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2002	2001	2002	2001	
<i>Jointly controlled entities</i>						
<i>Incorporated and operated in Hong Kong</i>						
New World Sun City Limited	HK\$1,000 1,000 ordinary shares of HK\$1 each	–	–	49.2%	49.2%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Concord Properties Holding (Guangzhou) Limited	US\$10 10 shares of US\$1 each	–	–	40%	40%	Investment holding
<i>Incorporated and operated in the PRC</i>						
Beijing Chong Wen-New World Properties Development Co., Ltd.	US\$104,100,000	–	–	70%	58%-70%	Property investment and development
Beijing Chong Yu Real Estate Development Co., Ltd.	US\$81,840,000	–	–	70%	70%	Property investment and development
Beijing Xin Kang Real Estate Development Co., Ltd.	US\$12,000,000	–	–	70%	70%	Property development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	–	–	59%	59%	Hotel operation

36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other 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		
		2002	2001	2002	2001	
<i>Jointly controlled entities (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
China New World Electronics Ltd.	US\$57,000,000	–	–	70%	70%	Property investment and development
Dongguan New World Garden Trade Construction Co., Ltd.	US\$12,000,000	–	–	38%	38%	Property development
Dongguan New World Square Trade Construction Co., Ltd.	US\$12,000,000	–	–	38%	38%	Property development
Guangzhou Fong Chuen New World Properties Development Co., Ltd.	RMB330,000,000	–	–	60%	60%	Property development
Guangzhou Fucheng Property Development Co. Ltd.	HK\$80,000,000	–	–	60%	60%	Property development
Guangzhou Heng Sheng Properties Development Limited	RMB99,600,000	–	–	60%	60%	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	–	–	60%	60%	Property development
Jinan New World Sunshine Development Ltd.	US\$10,000,000	–	–	65%	65%	Property development

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2002	2001	2002	2001	
<i>Jointly controlled entities</i>						
<i>(continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Shanghai Trio Property Development Co., Ltd.	US\$75,000,000	–	–	34.2%	34.2%	Property development
Shenyang New World Lumingchun Building Co., Ltd.	RMB68,000,000	–	–	70%	70%	Hotel operation
Shijiazhuang New World Properties Development Co., Ltd.	RMB88,000,000	–	–	–	55%	Property investment
Tianjin New World Properties Development Co., Ltd.	US\$12,000,000	–	–	70%	70%	Property redevelopment
Wuhan Taibei & New World Hotel Co., Ltd.	US\$14,160,000	–	–	50%	50%	Hotel operation
Wuhan Wuxin Hotel Co., Ltd.	US\$13,500,000	–	–	60%	60%	Property development
Wuhan Xinhan Development Co., Ltd.	RMB55,000,000	–	–	50%	50%	Property development
<i>Other joint ventures</i>						
<i>Incorporated and operated in the PRC</i>						
Huizhou New World Housing Development Limited	RMB80,000,000	–	–	note 2	note 2	Development of low-cost community housing

36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other 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		
		2002	2001	2002	2001	
<i>Other joint ventures (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	–	–	note 2	note 2	Development of low-cost community housing
Wuhan New World Housing Development Limited	RMB96,000,000	–	–	note 2	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 fixed rate returns which are predetermined in accordance with the provisions of the joint venture contracts in respect of the development of low-cost community housing.

37 Approval of accounts

The accounts were approved by the board of directors on 18th October 2002.

Results

	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000
Turnover	939,376	587,265	607,031	545,076	409,068
Operating profit after finance costs	135,238	40,831	341,259	464,898	201,405
Share of results of					
Associated companies	(3,557)	(11,737)	(2,213)	(20,465)	(22,951)
Jointly controlled entities	1,327	50,521	(118,509)	(263,297)	39,169
Profit before taxation	133,008	79,615	220,537	181,136	217,623
Taxation	20,501	30,270	11,620	17,353	38,191
Profit after taxation	112,507	49,345	208,917	163,783	179,432
Minority interests	24,620	4,265	(5,388)	2,536	10,516
Profit attributable to shareholders	137,127	53,610	203,529	166,319	189,948

Assets and liabilities

	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000
Fixed assets	3,703,088	3,248,168	2,924,107	1,926,775
Properties held for development	3,268,128	2,812,556	2,660,433	3,185,966
Associated companies	1,422,852	781,179	909,645	1,143,932
Jointly controlled entities	10,099,496	9,305,700	10,166,450	9,708,262
Other investments	1,973,041	2,925,136	2,934,454	2,636,149
Other non-current assets	50,311	111,634	108,914	10,260
Net current assets	2,191,954	1,842,600	718,013	388,026
Total assets less current liabilities	22,708,870	21,026,973	20,422,016	18,999,370
Bank and other borrowings	(4,334,097)	(3,019,375)	(2,783,617)	(2,501,237)
Deferred income	(407,788)	(474,968)	(531,341)	(421,452)
Minority interests	(85,485)	(62,878)	(118,539)	(126,126)
	17,881,500	17,469,752	16,988,519	15,950,555

Notes:

- (1) The financial summary of the Group for the years 1998 to 1999 has been prepared on the basis that the structure and business activities of the Group immediately after the completion of a reorganisation took place in 1999 had been in existence throughout the relevant years.
- (2) Certain comparatives have been restated as a result of the adoption of SSAP30 "Business combinations" and SSAP31 "Impairment of assets" whereby goodwill previously written off to reserves was charged to the profit and loss account in the period in which impairment occurred.

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interest (%)	Site Area (sq. m.)	Total GFA (sq. m.)
Development projects for sale						
1	Beijing New World Centre Phase II	CJV	JCE	70	16,224	36,280
2	Beijing Lai Loi Garden	CJV	Assoc. Co.	35	1,270,998	762,600
3	Chateau Regalia Beijing (formerly known as Beijing Lingal Garden)	CJV	Subsidiary	100	214,800	127,400
4	Beijing New World Garden Phase I	CJV	JCE	70	52,800	78,747
	Beijing New World Garden Phase II				26,930	122,838
	Beijing New World Garden Phase III				85,000	382,800
5	Beijing New View Garden Phase I	CJV	JCE	70	20,730	41,672
	Beijing New View Garden Phase II				204,270	618,046
	Beijing New View Commercial Centre				7,000	70,050
6	Beijing Xin Fu Commercial Centre	CJV	JCE	70	20,000	123,990
	Beijing Lianguang Road Blocks 3 & 4					82,624
	Beijing Lianguang Road Blocks 2, 5, 6 & 7				11,600	170,112
	Beijing Xin Fu Garden				435,800	1,084,983
7	Beijing Xin Kang Garden Phase I	CJV	JCE	70	101,893	386
	Beijing Xin Kang Garden Phase II					10,572
	Beijing Xin Kang Garden Phase III					134,606
8	Tianjin Xin An Garden Phase I	WFE	Subsidiary	100	17,148	18,545
	Tianjin Xin An Garden Phase II				3,000	19,000
9	Tianjin New World Garden Phase I	CJV	Other Joint Venture	60 (note)	46,469	58,859
	Tianjin New World Garden Phase II					74,440
10	Tianjin Huayuan Residential Area Development Sub Area 8	CJV	Other Joint Venture	60 (note)	21,470	60,000
11	Tianjin Xin Chun Hua Yuan Development Phase II	CJV	Other Joint Venture	60 (note)	72,800	34,828
	Tianjin Xin Chun Hua Yuan Development Remaining Phases					100,108
12	Jinan Sunshine Garden Phase I	EJV	JCE	65	249,335	401,254
	Jinan Sunshine Garden Phase II					100,000
13	Shenyang New World Garden Phase IB	CJV	Subsidiary	90	80,342	32,064
	Shenyang New World Garden Phase IC				66,380	216,330
	Shenyang New World Garden Phase ID				24,689	67,300
	Shenyang New World Garden Remaining Phases				1,719,354	2,767,828
14	Dalian Manhattan Tower I (formerly known as Dalian New World Plaza Phase I)	EJV	Subsidiary	88	9,800	25,723
	Dalian Manhattan Tower II (formerly known as Dalian New World Plaza Phase III)					59,632
15	Shanghai Zhongshan Square Phase III	CJV	JCE	34	16,171	127,956

Residential (sq. m.)	Commercial (sq. m.)	Office (sq. m.)	Hotel (sq. m.)	Others (sq. m.)	Development Status	Expected Completion Date
31,084		2,829		2,367	Completed	N/A
724,470				38,130	Under Development	TBD
124,828				2,572	Under Development	Mar, 2003
3,145	21,105	25,360		29,137	Under Development	Jul, 2002
61,000		35,000		26,838	Under Development	Dec, 2004
205,000	7,570	108,330		61,900	Under Planning	TBD
23,255	1,663			16,754	Completed	Oct, 2001
432,277	60,571	34,647		90,551	Under Development	Apr, 2004
	12,404	44,550		13,096	Under Planning	Feb, 2005
	29,730	64,800		29,460	Under Planning	Feb, 2005
66,269	4,971			11,384	Under Planning	Feb, 2004
135,102	10,904			24,106	Under Planning	TBD
650,253	18,530	164,000		252,200	Under Planning	TBD
386					Completed	N/A
8,472				2,100	Completed	N/A
93,430	13,165			28,011	Under Planning	Dec, 2003
9,706	3,944			4,895	Completed	N/A
		19,000			Under Planning	TBD
27,966	15,480			15,413	Under Development	Jun, 2003
67,141	2,000			5,299	Under Development	TBD
60,000					Under Planning	TBD
32,985	1,600			243	Completed	N/A
91,612	8,496				Under Planning	TBD
332,984	15,993			52,277	Under Development	Dec, 2005
		100,000			Under Planning	Dec, 2006
21,246				10,818	Under Development	Jun, 2003
187,046				29,284	Under Development	Dec, 2004
67,300					Under Planning	Jun, 2005
1,780,301	367,232	126,660		493,635	Under Planning	TBD
25,723					Completed	N/A
41,632		18,000			Under Development	Aug, 2003
		127,956			Under Planning	TBD

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interest (%)	Site Area (sq. m.)	Total GFA (sq. m.)
Development projects for sale						
16	Shanghai Hong Kong New World Garden Phase I	EJV	Subsidiary	80	114,269	25,961
	Shanghai Hong Kong New World Garden Phase II					156,633
	Shanghai Hong Kong New World Garden Remaining Phases					249,800
	Shanghai Hong Kong New World Garden – Mengzi Road				24,684	92,565
17	Wuhan Menghu Garden Phase I	CJV	JCE	50	399,335	24,764
	Wuhan Menghu Garden Remaining Phases					153,734
18	Wuhan New World Centre Phase I	CJV	JCE	60	37,235	90,000
19	Wuhan Changqing Garden Phase IV	CJV	Other	60 (note)	2,311,331	253,699
			Joint Venture			
	Wuhan Changqing Garden Phase V					151,930
	Wuhan Changqing Garden Remaining Phases					1,743,012
20	Wuhan Xin Hua Garden Phase I	CJV	JCE	60	92,909	99,360
	Wuhan Xin Hua Garden Remaining Phases					176,854
21	Nanjing New World Centre	EJV	Subsidiary	92	11,219	73,940
22	Hefei New World Garden Phase I	CJV	JCE	60	82,660	30,168
	Hefei New World Garden Phase II					10,054
23	Guangzhou New World Casa California	CJV	JCE	60	18,930	9,499
24	Guangzhou Dong Yi Garden Phase II	CJV	Subsidiary	100	74,585	26,004
	Guangzhou Dong Yi Garden Phase III					57,928
	Guangzhou Dong Yi Garden Phase IV					129,401
25	Guangzhou New World Oriental Garden Phase I	CJV	Subsidiary	100	96,567	182,133
	Guangzhou New World Oriental Garden Phase II					149,513
	Guangzhou New World Oriental Garden Phase III					94,837
26	Guangzhou Central Park-view Phase I (formerly known as New World Triumph Plaza Phase I)	CJV	Subsidiary	91	107,876	227,941
	Guangzhou Central Park-view Phase II (formerly known as New World Triumph Plaza Phase II)					145,896
27	Guangzhou Covent Garden Phase IA	CJV	JCE	60	370,383	8,144
	Guangzhou Covent Garden Phase IB					10,000
	Guangzhou Covent Garden Phase II					172,671
	Guangzhou Covent Garden Remaining Phases					996,812
28	Guangzhou Fangcao Garden Phase I	CJV	JCE	20	44,516	29,569
	Guangzhou Fangcao Garden Phase II					51,200

Residential (sq. m.)	Commercial (sq. m.)	Office (sq. m.)	Hotel (sq. m.)	Others (sq. m.)	Development Status	Expected Completion Date
822	787	23,178		1,174	Completed	Oct, 2001
131,036	19,097			6,500	Under Planning	Dec, 2004
219,534	21,440			8,826	Under Planning	TBD
92,565					Under Planning	TBD
24,764					Under Development	Dec, 2003
146,134		300		7,300	Under Planning	Dec, 2005
90,000					Under Planning	Mar, 2005
176,015	4,168			73,516	Under Development	Jun, 2003
142,400	900			8,630	Under Development	TBD
1,612,312	109,000			21,700	Under Planning	TBD
48,011	36,069			15,280	Completed	Sep, 2001
176,854					Under Planning	Dec, 2005
73,940					Under Development	Jan, 2003
9,640	2,819			17,709	Completed	Jun, 2002
9,731	323				Under Development	Sep, 2002
5,772				3,727	Completed	N/A
10,842	7,366			7,796	Completed	N/A
49,589				8,339	Under Development	Aug, 2002
99,722	1,590			28,089	Under Planning	May, 2006
118,925	20,169			43,039	Under Development	Jun, 2003
115,757				33,756	Under Planning	Aug, 2005
82,963				11,874	Under Planning	Dec, 2007
147,019	15,962			64,960	Under Development	Sep, 2003
112,908				32,988	Under Planning	Oct, 2005
8,144					Completed	Jun, 2002
10,000					Under Development	Jul, 2002
150,418				22,253	Under Planning	Dec, 2005
893,385				103,427	Under Planning	TBD
19,888	1,996			7,685	Under Development	Jul, 2002
42,602				8,598	Under Planning	TBD

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interest (%)	Site Area (sq. m.)	Total GFA (sq. m.)
Development projects for sale						
29	Guangzhou Park Paradise Phase IIA (formerly known as New World South City Phase IIA)	CJV	JCE	60	660,760	43,571
	Guangzhou Park Paradise Phase IIB (formerly known as New World South City Phase IIB)					114,991
	Guangzhou Park Paradise Phase IIC (formerly known as New World South City Phase IIC)					228,338
	Guangzhou Park Paradise Remaining Phases (formerly known as New World South City Remaining Phases)					388,566
	Guangzhou Park Paradise Remaining Phases (formerly known as New World South City)	CJV	Subsidiary	80	451,859	771,012
30	Guangzhou Xintang New World Garden Phase IIA	CJV	JCE	60	283,335	17,033
	Guangzhou Xintang New World Garden Phase IIB					108,441
	Guangzhou Xintang New World Garden Phase III					90,713
	Guangzhou Xintang New World Garden Phase IV					107,604
31	Shenzhen Xilihu Development	CJV	JCE	70	58,121	29,000
32	Shunde New World Convention & Exhibition Centre Phase II	CJV	Assoc. Co.	35	14,171	30,758
	Shunde New World Convention & Exhibition Centre Phase III-V					64,792
33	Huiyang Palm Island Golf Resort Phase I (formerly known as Huiyang Palm Island Golf Club & Resort Phase I)	EJV	JCE	34	31,205	2,438
	Huiyang Palm Island Golf Resort Phase II (formerly known as Huiyang Palm Island Golf Club & Resort Phase II)				2,160	1,505
	Huiyang Palm Island Golf Resort Phase III (formerly known as Huiyang Palm Island Golf Club & Resort Phase III)				19,450	16,535
	Huiyang Palm Island Golf Resort Remaining Phases (formerly known as Huiyang Palm Island Golf Club & Resort Remaining Phases)				215,418	252,811
34	Zhaoqing New World Garden Phase I	CJV	Assoc. Co.	32	160,367	42,435
	Zhaoqing New World Garden Remaining Phases					308,830
35	Shenzhen New World Yi Shan Garden Phase I	CJV	Subsidiary	90	89,300	8,182
	Shenzhen New World Yi Shan Garden Phase II					58,369
	Shenzhen New World Yi Shan Garden Phase III					110,839
36	Dongguan New World Garden Phase V-IX	CJV	JCE	38	504,563	23,858
	Dongguan New World Garden Remaining Phases					673,514
37	Zhuhai New World Riviera Garden Phase IA	CJV	JCE	60	41,004	16,431
	Zhuhai New World Riviera Garden Phase IB					9,469
	Zhuhai New World Riviera Garden Phase II					29,031
38	Huizhou Changhuyuan Development Remaining Phases	CJV	Other Joint Venture	63 (note)	70,000	126,000
39	Haikou New World Garden Phase I	CJV	JCE	60	246,801	54,643
	Haikou New World Garden Phase II					64,127
	Haikou New World Garden Phase III					140,258
	Sub-total					17,569,689

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

Residential (sq. m.)	Commercial (sq. m.)	Office (sq. m.)	Hotel (sq. m.)	Others (sq. m.)	Development Status	Expected Completion Date
37,736	500			5,335	Completed	Apr, 2002
90,199				24,792	Under Development	Oct, 2003
187,581	500			40,257	Under Development	Aug, 2004
282,799				105,767	Under Planning	TBD
449,971				321,041	Under Planning	TBD
17,033					Completed	N/A
91,239	6,084			11,118	Under Development	Jun, 2004
84,880	3,700			2,133	Under Planning	Jun, 2005
100,620	4,223			2,761	Under Planning	Jun, 2007
23,800	5,200				Under Planning	TBD
24,099				6,659	Under Development	Mar, 2003
64,792					Under Planning	TBD
2,438					Completed	N/A
1,505					Under Development	Oct, 2002
16,535					Under Development	Dec, 2002
225,011				27,800	Under Planning	TBD
33,885				8,550	Under Development	Oct, 2002
271,112	4,000			33,718	Under Planning	TBD
6,155				2,027	Completed	N/A
42,355	4,003			12,011	Under Development	Nov, 2003
92,501				18,338	Under Planning	TBD
21,272	241	578		1,767	Completed	N/A
673,514					Under Planning	TBD
16,431					Completed	Jul, 2001
6,524				2,945	Under Development	Jun, 2003
28,018				1,013	Under Planning	TBD
97,850	4,000			24,150	Under Planning	TBD
50,927				3,716	Completed	Jun, 2002
62,535				1,592	Under Planning	Jun, 2004
140,025				233	Under Planning	Apr, 2005
13,369,647	869,495	895,188	-	2,435,359		

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interest (%)	Site Area (sq. m.)	Total GFA (sq. m.)
Investment properties under development						
21a	Nanjing New World Centre	EJV	Subsidiary	92	11,219	132,250
14a	Dalian New World Plaza Phase II	EJV	Subsidiary	88	9,800	73,946
40	Shanghai Hong Kong New World Tower	CJV	Assoc. Co.	44	9,953	137,760
41	Shanghai Ramada Plaza (formerly known as Shanghai Changning Ramada Square)	CJV	Subsidiary	57	9,084	127,199
32a	Huiyang Palm Island Golf Resort Remaining Phases (formerly known as Huiyang Palm Island Golf Club & Resort Remaining Phases)	EJV	JCE	30	215,418	10,645
18a	Wuhan New World Centre Phase II	CJV	JCE	60	37,235	178,889
Sub-total						660,689
Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interest (%)	Site Area (sq. m.)	Total GFA (sq. m.)
Completed investment property projects						
42	Beijing New World Centre Phase I	CJV	JCE	70	19,533	126,265
1a	Beijing New World Centre Phase II	CJV	JCE	70	16,224	98,941
43	New World Courtyard Hotel, Beijing	CJV	JCE	59	N/A (included in Beijing New World Centre Phase I)	23,988
44	Tianjin New World Xin An Shopping Centre	WFE	Subsidiary	100	23,127	101,933
45	New World Hotel, Shenyang	EJV	JCE	70	7,847	32,200
46	Wuhan Int'l Trade & Comm. Centre Annex Building	EJV	Subsidiary	95	3,806	9,963
47	New World Courtyard Hotel, Wuhan	CJV	JCE	50	5,201	10,250
31a	Shunde New World Convention & Exhibition Centre Phase I	CJV	Assoc. Co.	35	14,171	49,203
32b	Huiyang Palm Island Golf Resort Phase I (formerly known as Huiyang Palm Island Golf Club & Resort Phase I)	EJV	JCE	30	15,525	1,660
48	New World Courtyard Hotel, Shunde	CJV	Assoc. Co.	33	5,000	36,524
Sub-total						490,927
Total						18,721,305

Residential (sq. m.)	Commercial (sq. m.)	Office (sq. m.)	Hotel (sq. m.)	Others (sq. m.)	Development Status	Expected Completion Date
	43,795	65,653	13,316	9,486	Under Development	Jan, 2003
	49,413			24,533	Under Development	Oct, 2002
	44,043	75,286		18,431	Under Development	Dec, 2002
42,939	22,112		49,737	12,411	Under Development	Nov, 2002
	10,645				Under Planning	TBD
	41,200	45,527	32,562	59,600	Under Planning	Nov, 2006
42,939	211,208	186,466	95,615	124,461		
Residential (sq. m.)	Commercial (sq. m.)	Office (sq. m.)	Hotel (sq. m.)	Others (sq. m.)		Expected
5,691	74,232	26,386		19,956		
28,315	43,902		23,988	26,724		
	71,998	10,464		19,471		
		9,963	32,200			
	33,254		10,250	15,949		
			1,660			
			36,524			
34,006	223,386	46,813	104,622	82,100		
13,446,592	1,304,089	1,128,467	200,237	2,641,920		

General Terms

AGM: Annual General Meeting

BVI: British Virgin Islands

Company or NWCL: New World China Land Limited

FY: Fiscal year, July 1 to June 30

GFA: Gross floor area

Group: New World China Land Limited and its subsidiary companies

HK: Hong Kong

HK\$: Hong Kong dollar(s), the lawful currency of Hong Kong

HPF: Housing Provident Fund

ICBC: The Industrial and Commercial Bank of China

IPO: Initial Public Offering

N/A: Not applicable

PBoC: People's Bank of China

China, PRC or Mainland China: The People's Republic of China

RMB: Renminbi, the lawful currency of The People's Republic of China

SAR or HKSAR: Special Administrative Region – A status granted to Hong Kong to own an independent government and legislative system and to enjoy a degree of autonomy from the PRC Government under the principle of "one country, two systems"

SEHK: The Stock Exchange of Hong Kong Limited

SOEs: State-owned Enterprises

US: The United States of America

US\$: United States dollar(s), the lawful currency of the United States of America

WTO: World Trade Organisation

Financial Terms

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

Basic Earnings Per Share or EPS:

$$\frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$$

HIBOR: Hong Kong Interbank Offered Rate

LIBOR: London Interbank Offered Rate

Net Debt: The aggregate of bank loans and other borrowings, net of cash and bank balances

Net Debt to Equity Ratio:

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

Technical Terms

CJV: Co-operative 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 meter

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. Cheng Wai-chee, Christopher
Mr. Tien Pei-chun, James
Dr. Lo Hong-sui GBS JP
Mr. Fu Sze-shing

Company Secretary Mr. Chow Yu-chun, Alexander

Auditors PricewaterhouseCoopers

Principal Bankers Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
The Industrial and Commercial Bank of China
Bank of China (Hong Kong) Limited

Share Registrars and Transfer Office Standard Registrars Limited
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