New World China Land Limited
新世界中國地產有限公司
(incorporated in the Cayman Islands with limited liability)

Annual Results Announcement 2002/2003

RESULTS

The directors of New World China Land Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30th June 2003:

	Note	Audited For the year ended 30th June 2003 HK$'000	2002 HK$'000
Turnover	2	545,584	939,376
Cost of sales		(434,104)	(559,111)
Gross profit		111,480	380,265
Other revenue		7,824	67,149
Other charges	3	(1,035,658)	(45,334)
Selling expenses		(64,781)	(5,185)
Administrative expenses		(41,753)	(37,863)
Other operating expenses		(221,975)	(199,518)
Operating (loss)/profit before financing	4	(1,244,863)	159,514
Finance costs	5	(90,058)	(24,276)
Share of results of			
Associated companies		(99,443)	(3,557)
Jointly controlled entities		(410,194)	1,327
(Loss)/profit before taxation		(1,844,558)	133,008
Taxation	6	2,793	20,501
(Loss)/profit after taxation		(1,847,351)	112,507
Minority interests		136,323	24,620
(Loss)/profit attributable to shareholders		(1,711,028)	137,127
Final dividend	7	—	29,639
(Loss)/earnings per share	8		
Basic		(115.5) cents	9.26 cents
Diluted		N/A	9.20 cents

Notes:

1. Basis of preparation

In the current year, the Group adopted the following revised or new Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1(revised)	Presentation of financial statements
SSAP 11(revised)	Foreign currency translation
SSAP 15(revised)	Cash flow statements
SSAP 34	Employee benefits

The adoption of the above new/revised SSAPs has no material effect on the financial statements of the Group for the year ended 30th June 2003. Certain presentational changes have been made upon implementation of SSAP 1(revised) and SSAP 15(revised).

In addition, certain comparative figures for the consolidated profit and loss account have been reclassified for the purpose of presenting an extended analysis of expenses. The directors consider that this extended analysis provides a more meaningful presentation of the Group's results.

2. Turnover and segment information

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 operation, revenue from hotel operation, 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.

	2003 HK$'000	2002 HK$'000
Sales of properties	373,814	561,521
Rental income	127,107	102,467
Income from other joint ventures	—	67,251
Property management services fee income	20,253	23,843
Project management fee income	5,129	23
Income from hotel operation	2,188	—
	528,491	755,105
Interest income less withholding tax	17,093	184,271
	545,584	939,376

The Group is organised into four main business segments, comprising property sales, rental operation, hotel operation and property management operation. There is no other significant identifiable separate business segment.

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

Year ended 30th June 2003	Property sales HK$'000	Rental operation HK$'000	Hotel operation HK$'000	Property management operation HK$'000	Other operations HK$'000	Total HK$'000
Segment revenues	390,817	143,331	7,317	3,759	360	545,584
Segment results	(661,015)	12,599	(481,320)	(6,547)	7,903	(1,128,380)
Bank and other interest income						7,824
Corporate administrative expenses						(124,307)
Operating loss before financing						(1,244,863)
Finance costs						(90,058)
Share of results of						
Associated companies	(26,450)	6,358	(78,495)	(856)	—	(99,443)
Jointly controlled entities	(280,950)	(20,906)	(101,675)	(5,505)	(1,158)	(410,194)
Loss before taxation						(1,844,558)
Taxation						(2,793)
Loss after taxation						(1,847,351)
Minority interests						136,323

Loss attributable to shareholders						(1,711,028)

Year ended 30th June 2002	Property sales HK$'000	Rental operation HK$'000	Hotel operation HK$'000	Property management operation HK$'000	Other operations HK$'000	Total HK$'000
Segment revenues	813,066	101,387	—	23,843	1,080	939,376
Segment results	168,238	57,364	(148)	(8,728)	(8,191)	208,535
Bank and other interest income						67,149
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	(1,612)	(268)	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

3. Other (charges)/income

	2003 HK$'000	2002 HK$'000
Impairment of fixed assets	(295,044)	—
Provision for diminution in value of properties under development and completed properties	(217,638)	—
Revaluation deficit of a hotel property	(178,315)	—
Provision against other investments	(281,021)	—
Provision for investment in amounts due by joint ventures	(134,695)	(42,344)
Provision for amount due by an associated company	(16,806)	—
Net loss on disposal of jointly controlled entities	(21,266)	—
Net gain/(loss) on disposal and partial disposal of subsidiaries	109,127	(5,177)
Impairment of goodwill previously written off to reserves	—	(2,100)
Write back of provision for diminution in value of completed properties held for sale	—	4,287
	(1,035,658)	(45,334)

4. Operating (loss)/profit before financing

	2003 HK$'000	2002 HK$'000
Operating (loss)/profit before financing is arrived at after charging:		
Rental for leased premises	33,997	23,085
Outgoings in respect of investment properties	13,673	3,483
Depreciation	50,992	23,056
Amortisation of deferred expenditure	9,634	5,301
Staff costs including directors' emoluments	117,901	107,449
Retirement benefits costs	4,138	4,135
Auditors' remuneration	3,682	4,052

5. Finance costs

	2003 HK$'000	2002 HK$'000
Interest on bank loans	144,589	36,737
Interest on loans from fellow subsidiaries wholly repayable within five years	39,831	74,077
Interest on loans from minority shareholders	4,495	4,831
Interest on short term loans	6,063	16,793
	194,978	132,438
Amount capitalised	(83,019)	(97,383)
Reimbursement from an associated company	(21,901)	(10,779)
	90,058	24,276

6. Taxation

	2003 HK$'000	2002 HK$'000
PRC income tax		
Company and subsidiaries	711	2,049
An associated company	(44)	1,148
Jointly controlled entities	2,126	17,304
	2,793	20,501

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 (2002: Nil). PRC income tax has been provided on the estimated assessable profits of subsidiaries 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% (2002: 33%).

7. Dividend

	2003 HK$'000	2002 HK$'000
Final, paid, 2 HK cents per share	—	29,639

The directors have resolved that no dividend be proposed for the year ended 30th June 2003.

8. (Loss)/earnings per share

The calculation of (loss)/earnings per share is based on the loss attributable to shareholders of HK$1,711,028,000 (2002: HK$137,127,000) and the weighted average of 1,481,944,294 shares (2002: 1,480,792,307 shares) in issue during the year.

Diluted earnings per share for 2002 was based on profit attributable to shareholders of HK$137,127,000 divided by 1,480,792,307 shares which was the weighted average number of shares in issue during the year plus the weighted average of 9,739,304 shares deemed to be issued at no consideration as if all outstanding share options had been exercised. The share options have no dilutive effect on loss per share for the year ended 30th June 2003.

REVIEW OF 2003 RESULTS

During the financial year under review, the Group posted a loss of HK$1,711.0 million as compared to profit of HK$137.1 million during 2002. The substantial setback in operating performance was the consequence of increased provisions required, revaluation deficits suffered and decline in operating results from the Group's operating segments.

Analysis of FY2003 Attributable operating profit ("AOP")/(loss)

	FY2003 HK$'000	FY2002 HK$'000
Property sales		
Commodity housing	(181,586)	(10,657)
Fixed-return properties	—	124,476
Rental operation	66,510	71,236
Hotel operation	4,225	21,658
Land sales	2,565	65,811
Property management services	(12,843)	(10,609)
Attributable operating (loss) ("AOL")/profit before provisions, revaluation deficits and finance costs	(121,129)	261,915
Less: Provisions and revaluation deficits	(1,327,966)	(45,251)
Finance costs — project loans	(103,468)	(16,872)
AOL/AOP	(1,552,563)	199,792
Finance costs — corporate loans	(41,982)	(13,644)
Corporate administrative expenses	(124,307)	(116,170)
Bank and other interest income	7,824	67,149
(Loss)/profit attributable to shareholders	(1,711,028)	137,127

Property Sales

Commodity housing

During the year, the Group completed 717,600 sq.m. of commodity housing, an increase of 50% from that of FY2002. The overall sales volume of commodity housing also increased by 49% to 560,900 sq.m., 71% of which was from sales of projects completed during the current year. Despite the increase in both completion and sales volume, the Group was not able to achieve improvement in AOP. The AOL recorded was primarily attributable to unsatisfactory sale margin of both inventory and newly completed projects as compared with that of FY2002's. Over 59% of prior years' inventory sold and 32% of current year's completed projects sold during the year had negative sale margin. Faced with the pressure of increasing supply, the real estate market in China has continued to operate under a challenging and competitive environment. This stringent market condition has prevailed especially in Guangzhou and Beijing, and the competitive pricing effect further undermined the slim sale margin of our property units.

Development of commodity projects completed during FY2003

Projects	Usage	Total GFA (Sq.m.)	Attributable Interest (%)
Beijing New World Garden Phase I	O	13,000	70
Tianjin Xin Chun Hua Yuan Development Phase II	R, C	34,585	60
Shenyang New World Garden Phase IB	R	19,102	90
Wuhan Changqing Garden Phase IV	R, C, O	294,874	60
Jinan Sunshine Garden Phase I	R	37,014	65
Hefei New World Garden Phase II	R, C	16,257	60
Guangzhou Covent Garden Phase IB	R	10,000	60
Guangzhou Covent Garden Phase II	R	12,484	60
Guangzhou Fangcao Garden Phase I	R, C	48,202	40
Guangzhou Dong Yi Garden Phase III	R	52,683	100
Guangzhou Park Paradise Phase IIA & IIB portion	R, C	92,711	60
Guangzhou Xintang New World Garden Phase II	R	13,918	60
Huiyang Palm Island Golf Resort Phase II	R	4,484	34
Huiyang Palm Island Golf Resort Phase III	R	18,734	34
Zhuhai New World Riviera Garden Phase I	R	8,992	60
Zhaoqing New World Garden Phase I	R	40,542	40
Total		**717,582**	

R : Residential
C : Commercial
O : Office

During the year under review, the Group had successfully sold out inventory units of over 162,000 sq.m., with an increase of 63% as compared to that of previous year. The remaining inventory as at 30th June 2003 reached 563,000 sq.m. It is imperative that the Group should endeavour to clear up the inventory in the immediate short run. The Group has adopted the strategy to sell the inventory units below market price and sacrifice trading losses to achieve the benefit of quicker return of cash flows, immense inventory sales generated inevitable higher AOL.

For the preparation of launching the first phase of a number of sizable projects in Guangzhou and Beijing in May 2003, a series of marketing campaign were launched after Chinese New Year in anticipation of the usual seasonal bloom around May. We had incurred comparatively higher marketing expenses during the period but the effect of these marketing campaigns could not be materialised as the launching of these projects were ultimately deferred after the outbreak of SARS since March. The SARS epidemic caused temporary delay and disruption to our sales plan, the launching activities were nevertheless resumed after July and the marketing sentiment was then gradually picked up.

In FY2004, the Group will complete 14 projects in 10 cities with a total GFA of 1,109,600 sq. m.. Of the projects to be completed in FY2004, almost 40% of the launched area was pre-sold as of September 2003. Completion of the Group’s projects in the Pearl River Delta is expected to reach a peak in coming years with five projects in Guangzhou and four projects in Zhuhai, Shunde, Huiyang and Zhaoqing. These projects are just on time to cater the increasing demand from the fast-growing Pearl River Delta Region.

Development of commodity projects to be completed in FY2004

Projects	Usage	Total GFA (Sq. m.)	Attributable Interest (%)
Chateau Regalia Beijing	R	121,505	100
Beijing Xin Kang Garden Phase III	R, C	105,270	70
Beijing Liang Guang Road Blocks 3 & 4	R, C, O	82,625	70
Tianjin New World Garden Phase I	R, C	70,300	60
Tianjin New World Garden Phase II	R, C	82,000	60
Shenyang New World Garden Phase IC	R	118,336	90
Dalian Manhattan Tower II	R, O	52,327	88
Wuhan Menghu Garden Phase I	R, O	12,186	100
Nanjing New World Centre Phase I	R	68,680	92
Guangzhou Covent Garden Phase II	R, C	102,089	60
Guangzhou Xintang New World Garden Phase II	R	49,721	60
Guangzhou Central Park-view Phase I	R, C, O	190,879	91
Huiyang Palm Island Golf Resort Phase IV	R	33,504	34
Shunde New World Convention & Exhibition Centre Phase II	R	20,173	35
Total		**1,109,595**	

Fixed-return properties

In September 2002, the State Council had announced that all the guaranteed return arrangement between PRC enterprises and their foreign partners had to be cancelled by the end of 2002. The cessation of contribution from fixed-return properties during the year has further crippled the Group's AOP from property sales. The Group had taken steps to re-negotiate with the relevant Chinese partner the new profit sharing arrangement of undeveloped site of fixed-return projects. Consequently, no contribution was posted in FY2003 against the HK$124.5 million AOP in property sales of fixed-return projects in FY2002.

Rental Operation

The Group continued to place emphasis in building up strong rental base and achieved the completion of over 116,000 sq.m. of investment properties during the year comprising a well-mix of shopping arcades located in Dalian and Guangzhou and a phase-completed office premise located in a prime location of Shanghai city centre. The Group immediately secured full tenancy of the shopping arcades and had posted positive contributions to AOP from the successful leasing of Guangzhou New World Oriental Garden shopping mall and Dalian New World Plaza Phase II. However, the above increase in AOP was not sufficient to mitigate the AOL from the leasing of Apartment Belvedere in Shanghai, which has remained low occupancy albeit slowly picking up since its launching in March 2002.

Investment properties completed during FY2003

Projects	Usage	Total GFA (Sq. m.)	Attributable Interest (%)
Dalian New World Plaza Phase II	C	69,196	88
Shanghai Hong Kong New World Tower	C, O	28,343	44
Guangzhou New World Oriental Garden Phase I	C	18,889	100
Total		**116,428**	

Currently, the Group has 6 investment property projects under construction, with a total GFA of 504,200 sq.m..

In FY2004, two investment projects located in Nanjing and Shanghai, with a total GFA of 218,100 sq. m. are scheduled to be completed. After the completion, it will enhance the Group's rental income.

Investment properties to be completed in FY2004

Projects	Usage	Total GFA (Sq.m.)	Attributable Interest (%)
Nanjing New World Centre	C ,O	108,092	92
Shanghai Hong Kong New World Tower remaining portion	C ,O	110,049	44
Total		**218,141**	

Hotel Operation

The Group's hotel operating result was disappointing in FY2003 with an 80% decrease in AOP to HK$4.2 million. The SARS outbreak during the last quarter caused material adverse impact on our hotel operations. The hotel occupancy rate in our hotels in Beijing, Shenyang and Shunde had sharply dropped to single digits and our immediate cost saving measures taken could not mitigate the overall decrease in AOP owing to the sustained level of fixed costs. Apart from downward adjustments in AOP of our existing hotels, the Group had run into this unexpected bad timing to soft-open a nearly-completed hotel, Shanghai Mayfair Hotel, in March 2003. Owing to the SARS epidemic, the soft operation was consequently suspended after few weeks' operation but its start-up costs were inevitably absorbed in the current year.

Apart from SARS effect, it was a challenging year for both the New World Hotel Shenyang and New World Courtyard Shunde Hotel with the keen competition from the newly opened hotels in close proximity. The over supply of guest rooms resulted in the reduction of room rates achieved, which directly affected the revenue stream.

Land Sales

The Group entered into an agreement with a local consortium in January 2003 to sell a 12,900 sq.m. land lot in Tianjin.

Property Management

The increase in AOL from property management to HK$12.8 million during the period under review arose from continued increase in scope of services provision for newly completed projects. We have established our own property management teams in Beijing, Shenyang, Shanghai and Guangzhou to ensure provision of quality property management services to our residents of our completed projects.

Provisions and Revaluation Deficits

The emergence of a number of challenging but unavoidable factors in the real estate market and hotel industry in China during the year under review led to the necessity to take up provisions and revaluation deficits which dampened our current year's results.

Breakdown of provisions and revaluation deficits

	FY2003 HK$'000	FY2002 HK$'000
Provision for completed properties	(70,894)	(17,228)
Provision for properties under development	(495,917)	3,200
Revaluation deficits of hotel properties	(584,109)	(2,430)
Revaluation deficits of investment properties	(41,412)	(14,700)
Provision for fixed-return receivables	(45,643)	(14,093)
Provision for fixed-return properties	(89,991)	—
	(1,327,966)	(45,251)

Provision for completed properties

As a result of the Group's strategy to expedite the turn-around of inventory even at negative margin to improve cash return from the projects, provisions of HK$70.9 million was required for completed properties as at 30th June 2003. Guangzhou, which tops the Group's property completion schedule by region in the next two years, has a very competitive and matured property market. In 2002, the property transactions reached a record high of over 10 million sq.m., up 32.4% against 2001. The competitive market condition coupled with the over supply of commodity properties in Guangzhou inevitably resulted in fierce price-cut among developers to achieve faster turn-around of stock. Thus, provisions on unsold inventory from Guangzhou Dong Yi Garden, Guangzhou Park Paradise Phase II, accounting for 59% of current year's provision for completed properties, are required.

Provision for properties under development

Provision for properties under development of HK$495.9 million had been made for the potential losses arising from the launched pre-sale projects and for those properties under development with intended pre-sale price or open market prices below their carrying costs. As at 30th June 2003, the Group's assessment reflected that such provisions were required for Tianjin New World Garden, Nanjing New World Centre, and Guangzhou Park Paradise Phase II portion, Beijing New World Garden Phase II and Shenzhen New World Yi Shan Garden. The Group's pricing strategy had been adopted with a view to maximising the market penetration and to sustain high sales momentum. In an effort to achieve marketable atmosphere and which must be assisted by gradual establishment of community synergy in our projects, the Group has determined to launch the properties to market with intended selling price setting below the expected market price in order to assure successful kick-off with penetrating tendency. As reaction to take the edge off the imminent pressure of increasing imbalance of supply, the Group has been resolute to maintain this pricing strategy to avoid piling-up of new inventory and to forgo the opportunity to attain higher return.

Revaluation deficits of hotel properties

The Group had suffered from down-turn of hotel industry in Mainland China, an aggregate amount of HK$584.1 million revaluation deficits on valuation of our portfolio was taken up during the current year.

The hotel industry in China has been competitive. The continuing increase in establishment of hotel operations in China by both foreign and local hoteliers has posed great imbalance in supply and demand in hospitality sector of China. The outbreak of SARS in March further caused disastrous impact to the industry. The devaluation of our hotel portfolio has indicated the tough operation environment and the SARS-induced prolonged adverse impact. The carrying costs of our hotel portfolio could no longer be sustainable and comparable to the existing unfavourable open market value of the hotels, a downward adjustment on the hotel's costs were required to reflect the existing down-falling situations.

Revaluation deficits of investment properties

As at 30th June 2003, the Group had recorded HK$41.4 million revaluation deficits on valuation of our investment property portfolio with reference to open market value at year end.

Provision for fixed-return properties

Upon the official enforcement to abolish fixed-return arrangement between PRC enterprises and their foreign partners, the Group had actively initiated discussion with the joint venture partners of projects with fixed-return covenant agreed in the original joint venture contracts. As part of the negotiation to deal with this change, the Group had to nullify the fixed-return covenants and it had been agreed that the remaining undeveloped phases of these projects would be developed as commodity housing and the profit sharing ratio would follow that of commodity housing as previously defined in the original contracts. Such change in profit sharing ratio were applied retrospectively from the date of establishment of the respective joint ventures and hence applied to previous completed phases. Driven by this change in legal status, we had carefully reviewed all carrying values of inventories of completed phases of previous fixed-return projects. The results of our assessment revealed that a provision of HK$89.9 million on the carrying value of Tianjin Xin Chun Hua Yuan was required and an outstanding fixed-return receivable of HK$45.6 million from Guangzhou Park Paradise Phase I was considered not recoverable, full provision has been made.

Finance Costs

In FY2003, finance costs increased to HK$103.5 million and HK$42.0 million for project loans and for corporate loans respectively. The effort put to speed up completion and development pace increased unavoidably the higher absorption of finance costs. Upon the Group's decision to cease further capitalisation of interest expenses into future phases of some sizable projects, especially for projects in Beijing, Guangzhou and Shenyang, higher proportion of interest expenses were charged off directly in the current year. This cessation of capitalisation of interest costs revealed the Group's determination to eliminate the interest cost burden for our future phases of projects.

LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2003, the Group's cash and bank deposits amounted to HK$1,330 million. (30th June 2002: HK$1,451 million). Its consolidated net debt amounted to HK$5,122 million (30th June 2002: HK$4,017 million), translating into a gearing ratio of 32% (30th June 2002: 22%).

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.

Amount of debt due within the FY2004 amounts to HK$2,464 million, which should be served by our cash on hand of HK$1,330 million and by improved property sales proceeds and rental income.

As at 30th June 2003, the Group's committed unutilized bank loan facilities amounted to HK$734 million (30th June 2002: HK$514 million).

CONTINGENT LIABILITIES

As at 30th June 2003, the Group has contingent liabilities of approximately HK$2,068,623,000 (30th June 2002: HK$1,381,447,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The rise in contingent liabilities indicates the continuing financing requirements of the Group's property projects.

MAJOR ACQUISITIONS AND DISPOSAL

On 24th February 2003, the Group disposed of its entire interest in Beijing Lai Loi Garden to Chow Tai Fook Enterprises Limited for a consideration of approximately HK$347.8 million resulting in a net gain on disposal of HK$47.0 million.

DETAILS OF THE CHARGES ON GROUP'S ASSETS

As at 30th June 2003, the Group's investment properties, assets under construction, completed properties held for sale, property held for development, property under development and bank deposits of HK$297,862,000 (2002: HK$220,484,000), HK$910,412,000 (2002: HK$340,779,000), HK$116,642,000 (2002: HK$116,808,000) HK$91,215,000 (2002: Nil), HK$808,478,000 (2002: Nil) and HK$427,635,000 (2002: HK$603,114,000) respectively have been pledged as securities for short term and long term loans.

EMPLOYEE'S INFORMATION

As at 30th June 2003, the Group had 1,505 full-time employees. Remuneration of the employees are reviewed annually based on the assessment of individual performance.

OUTLOOK

The Group currently has 37 major development property projects with a total GFA of 16 million sq.m.. Of the projects to be completed in FY2004, almost 40% was pre-sold as of September 2003. Completion of the Group's projects in the Pearl River Delta is expected to reach a peak in coming years with five projects in Guangzhou and four projects in Zhuhai, Shunde, Huiyang and Zhaoqing. These projects are just on time to cater the increasing demand from the fast-growing Pearl River Delta Region.

The Group aims to gradually expand our investment portfolio catering for the induced demand as driven from the newly signed Closer Economic Partnership Arrangement ("CEPA"). In particular, our remaining portion of Shanghai Hong Kong New World Tower with GFA 110,000 sq.m. is expected to be completed by FY2004. Currently, the building is 70% leased at competitive market rate.

While expanding our recurrent income base in the next few years, our primary business focus is on residential developments. The continuing growing PRC economy provides an excellent condition for a rising property market. While increased demand will naturally accompany the growing supply for property and the increasing competition, NWCL's strategy is to differentiate its brand by maintaining a reputation for best-in-class product and service quality.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange of Hong Kong Limited.

Dr. Cheng Kar Shun, Henry
Chairman and Managing Director
Hong Kong, 16th October 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the shareholders of the Company will be held at Meeting Room 201A (New Wing), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Tuesday, 2nd December 2003 at 2:30 p.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 2003.
2. To elect Directors and to fix their remuneration.
3. To appoint Auditors and to fix their remuneration.
4. As special business, to consider and if thought fit, pass the following resolutions as ordinary resolutions and special resolutions respectively:—

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 recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with Cayman Islands law and all applicable laws and/or the Rules Governing the Listing of Securities on the Stock Exchange 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."

SPECIAL RESOLUTIONS

(4) "THAT "新世界中國地產有限公司" be adopted as the Chinese name of the Company for identification purposes only, and any one Director of the Company be and is hereby authorised to take all necessary action to implement such adoption of Chinese name."

(5) "THAT the existing articles of association of the Company be and are hereby amended as follows:

(a) By deleting the definition of "recognised clearing house" in Article 2 of the Articles of Association of the Company and substituting therefor the following:

"recognised clearing house" shall mean a recognised clearing house within the meaning of Part 1 of Schedule 1 of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as from time to time supplemented, amended or substituted, or a clearing house recognised by the laws of any other jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction; and

(b) By inserting the following new article as Article 167(c):

167(c) Except as otherwise provided in these Articles, any notice or document may be served by the Company and any notices may be served by the Board on any member either in the English language only or the Chinese language only provided that the Company has obtained the member's prior express positive confirmation in writing to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company either in the English language only or the Chinese language only subject to due compliance with these Articles, the law and all applicable rules and regulations. Where no express positive confirmation in writing has been received from the member before the date set by the Company for receiving such confirmation, the Board and the Company may adopt the following procedures:

(i) Serve notices and documents in the English language only to (aa) all overseas members and (bb) all Hong Kong members other than natural persons with a Chinese name; and

(ii) Serve notices and documents in the Chinese language only to all Hong Kong members who are natural persons with a Chinese name.

Whether a member is a Hong Kong or an overseas member will be determined by his or its address as appearing in the register."

By Order of the Board
Chow Yu Chun, Alexander
Company Secretary
Hong Kong, 16th October 2003

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (who must be individuals) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

2. To be effective, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the principal 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.

Please also refer to the published version of this announcement in the ***(South China Morning Post)***