



New World China Land Limited

Annual Report 2005



BRAND VALUES AND ESSENCE

Unsurpassed Quality and Long Term Value

No matter what product or services we are offering, "Quality" is always at our heart. Our continuous adherence to excellent quality has won NWCL long term reliable reputation in the market. We choose the best location in town to develop world-class properties with quality property management services. Our determination in providing the best contributes to preserving our property value in the long run.

Comprehensive Property Development

We develop wide ranges and types of properties to cater for varying demands on sizes and functions from different market segments. Our dedicated professionalism in our approach to projects and wide embracing experiences enable us to handle the stringent demand of multi-product lines with ease.

Building City and Corporate Citizenship

We value corporate citizenship and are actively involved in continuous development of the society. We commit ourselves to long term urban redevelopment projects, and participate enthusiastically in national charity programs, demonstrating our good corporate citizenship, which inspires the locals to join us in creating a more harmonious society.

Localised Hong Kong Brand

As a Hong Kong grown and well recognised brand, we can fully apply our advanced and wide embracing property development experience in Hong Kong to the property development in Mainland China, and build properties appropriate to the needs of the city. We value local concepts, marketing techniques and culture; adopt staff localisation, and as a result, we become an integral part of the local community.

Reliability and Reputation

With over 30 years of experience in property development and 20 years of investment experience in Mainland China, we are undoubtedly a matured and reliable developer with outstanding reputation in complying with local market rules and government regulations.



Property portfolio by type	sq.m.
Major development projects for sale	15,475,269
Investment properties under development	367,681
Completed investment properties	937,763
Hotel properties under development	73,002
Completed hotel properties	153,058
Total	17,006,773

Property portfolio by location	sq.m.
Beijing	3,281,832
Tianjin	247,455
Shenyang	2,998,369
Dalian	104,766
Shanghai	941,866
Wuhan	3,169,790
Guangzhou	3,840,619
Pearl River Delta	1,319,446
Other regions	1,102,630
Total	17,006,773

Property portfolio by usage	sq.m.
Residential	11,058,917
Commercial	1,596,847
Office	956,582
Hotel	313,000
Others	3,081,427
Total	17,006,773



To Our Shareholders,

In the first half of 2005, Mainland China's total sales turnover of commodity housing amounted to RMB297.4 billion, up 41% year-on-year, while the average selling price of residential properties rose by 11.9%. An expanding economy and a growing middle-class are the key drivers for strong housing demand. Riding on a buoyant market, the Group recorded a profit of HK\$222 million for the year ended 30 June 2005, an increase of 74% compared to same period last year. Profit margins of both inventory and newly completed projects had improved. All major business operations, namely property sales, rental and hotel, enjoyed significant growth.

As a national developer, New World China Land's portfolio comprises of 46 major projects with a total GFA of 17 million sq.m. spanning over 17 high-growth cities, including 1.15 million sq.m. GFA of investment properties. Around 90% of our land bank will be developed into properties for sale, targeting medium to high end mass market segment.

The Group is optimistic about the outlook of Mainland China's property market. China's plan to rationalise its property market will provide a fertile ground for the sector to flourish. A series of macro control measures over the property market from State Council of China were released starting from March 2005 to direct the property market towards a healthy and stable development in the long run. The measures announced did have a drag on the sales volume across Mainland China at the beginning. However, cities with healthy property market soon retracted back to its normal pace starting from June 2005. Overall, the Mainland property market is still on its rising track.

Amid a fast-growing economy, the disposable income of China's rising middle-class will increase, and so will their demand for choices and better quality housing. All these developments are to the advantage of the Group, which commands a strong market reputation with its quality projects that meet a wide range of housing needs in Mainland China.

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

We believe that with operation scale and market presence we have established over these years, the Group is very well placed to capture future opportunities in China's burgeoning property market. The Group will continue to focus on developing residential units for sale while gradually building up our rental portfolio to generate stable recurrent income.

Dr Cheng Kar-shun, Henry
Chairman and Managing Director
Hong Kong, 6th October 2005

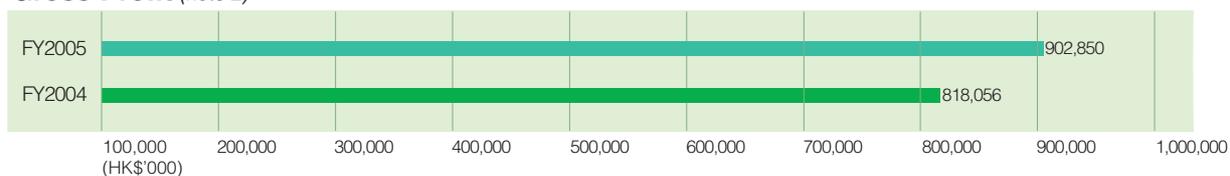
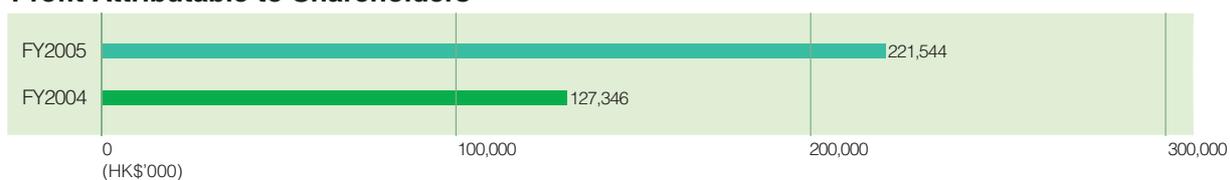
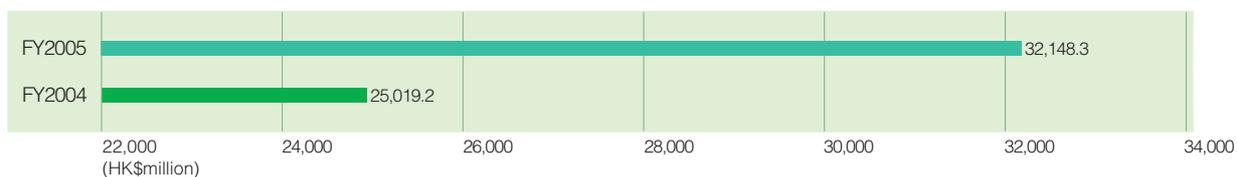
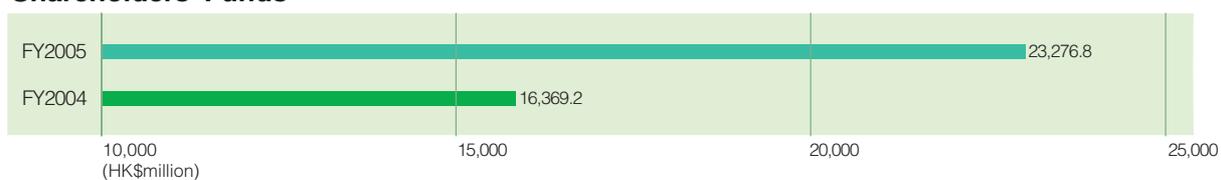
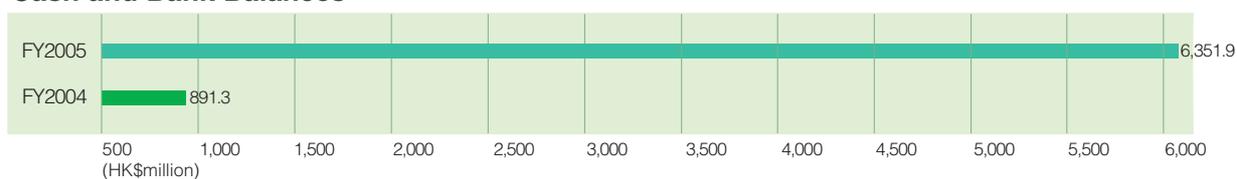
Financial highlights

KEY FINANCIAL DATA

	FY2005	FY2004
Operating Result (HK\$'000)		
Turnover		
Company and subsidiaries	1,657,674	2,521,784
Share of associated companies and jointly controlled entities (note 1)	1,722,109	1,368,974
	3,379,783	3,890,758
Representing:		
Sale of properties	2,635,332	3,300,378
Rental income	440,737	328,892
Income from hotel operations	219,953	155,784
Property management services fees income	43,815	42,335
Project management fee income	296	4,893
Interest income less withholding tax	39,650	58,476
	3,379,783	3,890,758
Gross Profit (HK\$'000)		
Company and subsidiaries	471,091	468,433
Share of associated companies and jointly controlled entities (note 2)	431,759	349,623
	902,850	818,056
Profit attributable to shareholders (HK\$'000)		
	221,544	127,346
Earnings per share (HK cents)		
Basic	11.18	8.57
Diluted	11.08	N/A
Dividend per share (HK cents)		
	3.00	—
Financial Position (HK\$ million)		
Cash and bank balances	6,351.9	891.3
Total assets	32,148.3	25,019.2
Total liabilities	8,351.1	8,240.8
Shareholders' funds	23,276.8	16,369.2
Financial Ratios		
Current ratio (times)	3.17	1.40
Net debt to equity ratio	—	29.8%

Note 1: It represents attributable share of turnover of associated companies and jointly controlled entities to the Group

Note 2: It represents attributable share of gross profit of associated companies and jointly controlled entities to the Group

Turnover (note 1)**Gross Profit (note 2)****Profit Attributable to Shareholders****Total Assets****Shareholders' Funds****Cash and Bank Balances**

Note 1: It represents turnover of the Company and subsidiaries plus share of associated companies and jointly controlled entities attributable to the Group as tabulated on page 6.

Note 2: It represents gross profit of the Company and subsidiaries plus share of associated companies and jointly controlled entities attributable to the Group as tabulated on page 6.





New Living

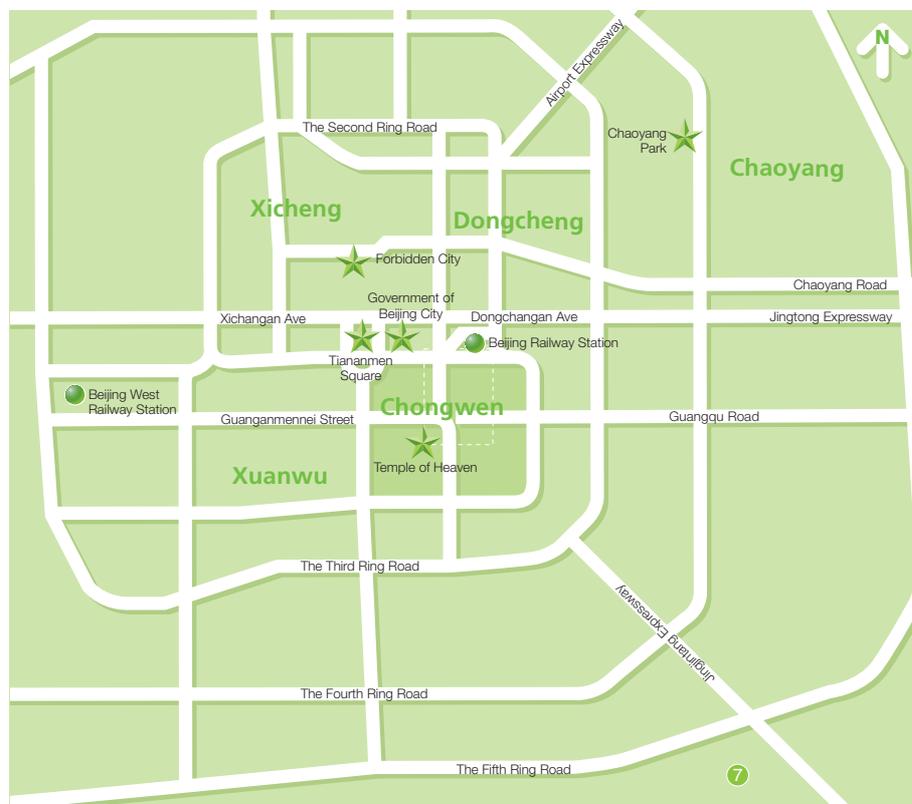
In the city, our residential developments including residential communities, luxurious apartments, serviced apartments and villas all have distinctive characteristics to cater for different housing needs. Our wide range of developments provides ideal living environments and enriched living experiences for the city dwellers who value the convenience of city life. The prime locations, top quality and craftsmanship, together with professional property management, preserve the long term value of the properties for their owners.





HIGHLIGHTS

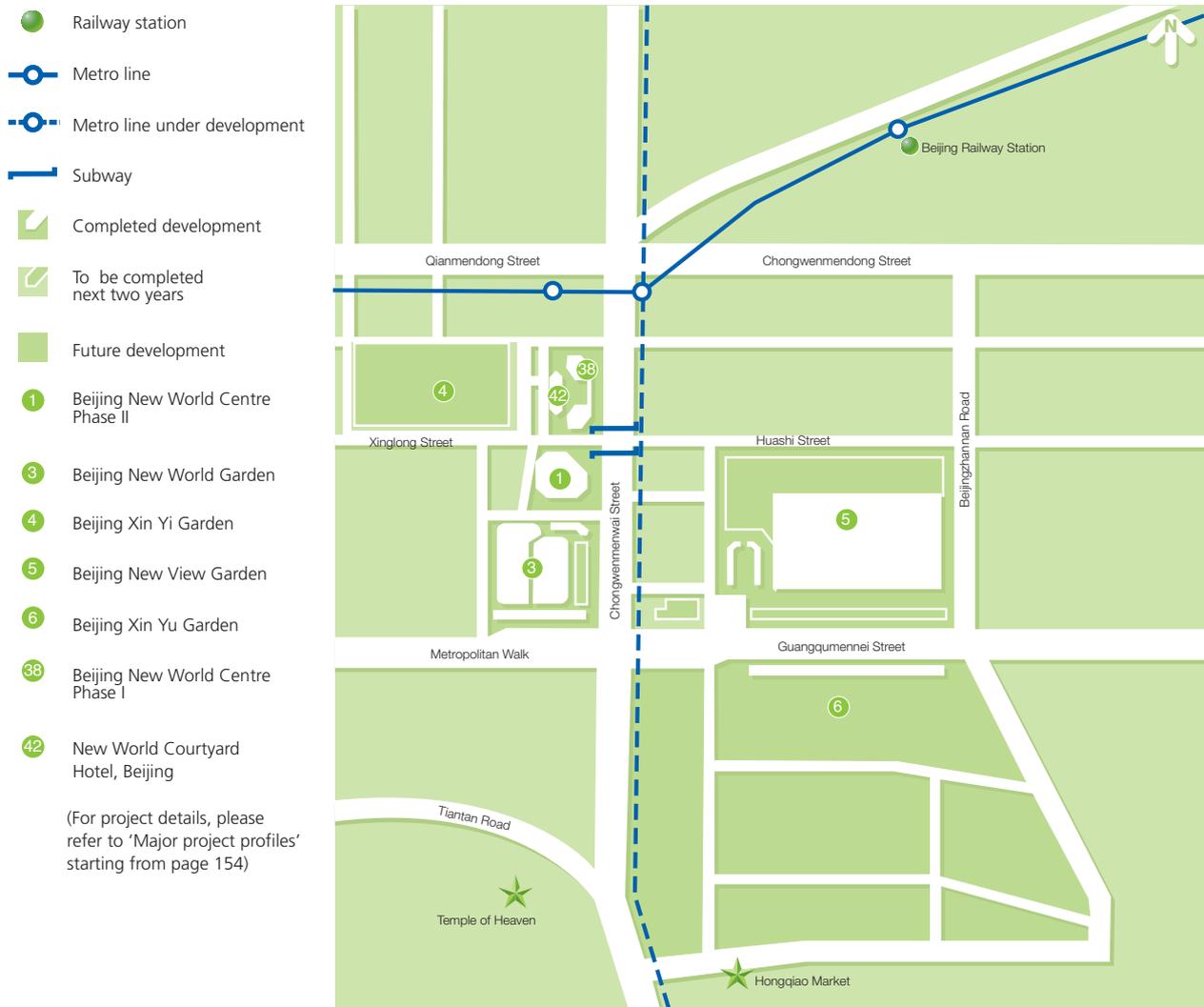
With the advent of the 2008 Beijing Olympic Games, Beijing substantiated its status as the national hub for cultural, political and economic activities of Mainland China. In the past few years, Beijing has accelerated its development, attracting more investments from overseas. Foreign developers bring new paradigm in property development, revitalising Beijing's urban landscape. Concurrently, the government has improved the public facilities and city infrastructure. The further development and beautification of downtown area increase the attractiveness of urban living. Core central area like Chongwen District, where the Group owns a comprehensive property portfolio, becomes one of the most sought after location for prime residential properties.



- Railway station
 - 7 Beijing Xin Kang Garden
- (For project details, please refer to 'Major project profiles' starting from page 154)

Beijing — completion schedule

			sq.m.
FY2005	Beijing New World Garden Phase II	Residential	57,416
	Beijing New World Garden Phase II	Carpark	26,606
	Beijing Xin Yang Commercial Building	Office	1,588
	Beijing New View Garden	Carpark	5,668
	Total		91,278
FY2006	Beijing Xin Cheng Commercial Building Phase I	Commercial	6,718
	Beijing Xin Cheng Commercial Building Phase I	Office	30,246
	Beijing Xin Cheng Commercial Building Phase I	Carpark	9,704
	Beijing Xin Yi Garden Phase I	Residential	107,796
	Beijing Xin Yi Garden Phase I	Commercial	3,647
	Beijing Xin Yi Garden Phase I	Carpark	24,415
	Beijing New View Garden Phase II	Residential	125,825
	Beijing New View Garden Phase II	Office	6,103
	Beijing New View Garden Phase II	Carpark	11,526
	Beijing Xin Kang Garden Phase III	Commercial	16,073
		Total	
FY2007	Beijing Xin Yi Garden Blocks 5-8	Residential	107,950
	Beijing Xin Yi Garden Blocks 5-8	Carpark	43,818
	Beijing Liang Guang Road Block 2	Residential	25,101
	Beijing Liang Guang Road Block 2	Office	10,832
	Beijing Liang Guang Road	Carpark	11,600
	Beijing Xin Kang Garden Phase III	Residential	7,000
	Total		206,301



Following the government’s plan to have a revitalised Beijing, Chongwen District repositioned itself as the new commercial focal point of Beijing. Apart from middle to high-end residential projects, the Group also develops prime office and retail properties in Chongwen District. The Group’s high-end apartments in Chongwen District, Beijing New World Garden Phase II and Beijing Xin Yi Garden, received overwhelming responses from the market, with 90% and 60% of units sold respectively despite minimal marketing efforts. Middle-class apartment, Beijing New View Garden Phase II, is the favourite choice of the younger generation.

Located next to the Wenyu River, Beijing Chateau Regalia, which is a prestigious residential development, had sold 80% of its villas and leased the service apartments at a satisfactory rate.

PROPERTY PORTFOLIO

There are seven major property development projects with GFA of 2,964,476 sq.m.. A saleable GFA of 59,004 sq.m. was completed during the year, including 57,416 sq.m. of residential space and 1,588 sq.m. of office space. We expect to build 233,621 sq.m. of residential space, 26,438 sq.m. of commercial space and 36,349 sq.m. of office space in FY2006, and 140,051 sq.m. of residential space and 10,832 sq.m. of office space in FY2007.

INVESTMENT PROPERTIES

There are five completed investment property projects with a total GFA of 317,356 sq.m..

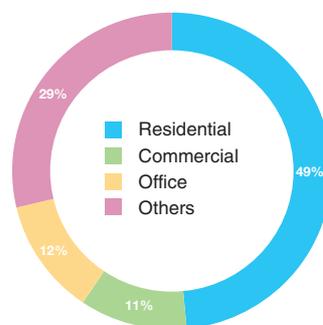
With the high pedestrian traffic in Chongwen District, the shopping space of Beijing New World Centre Phase I and Phase II are fully leased, while its office space recorded high occupancy.

New World Courtyard Hotel, Beijing in Chongwen District recorded an average occupancy rate of over 85% during the year.



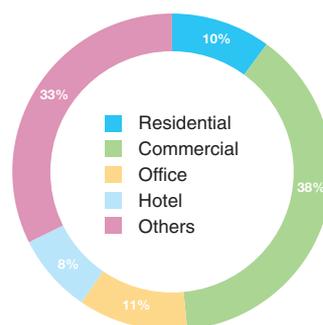
Beijing — development properties for sale

Total GFA 2,964,476 sq.m.



Beijing — completed investment properties

Total GFA 317,356 sq.m.

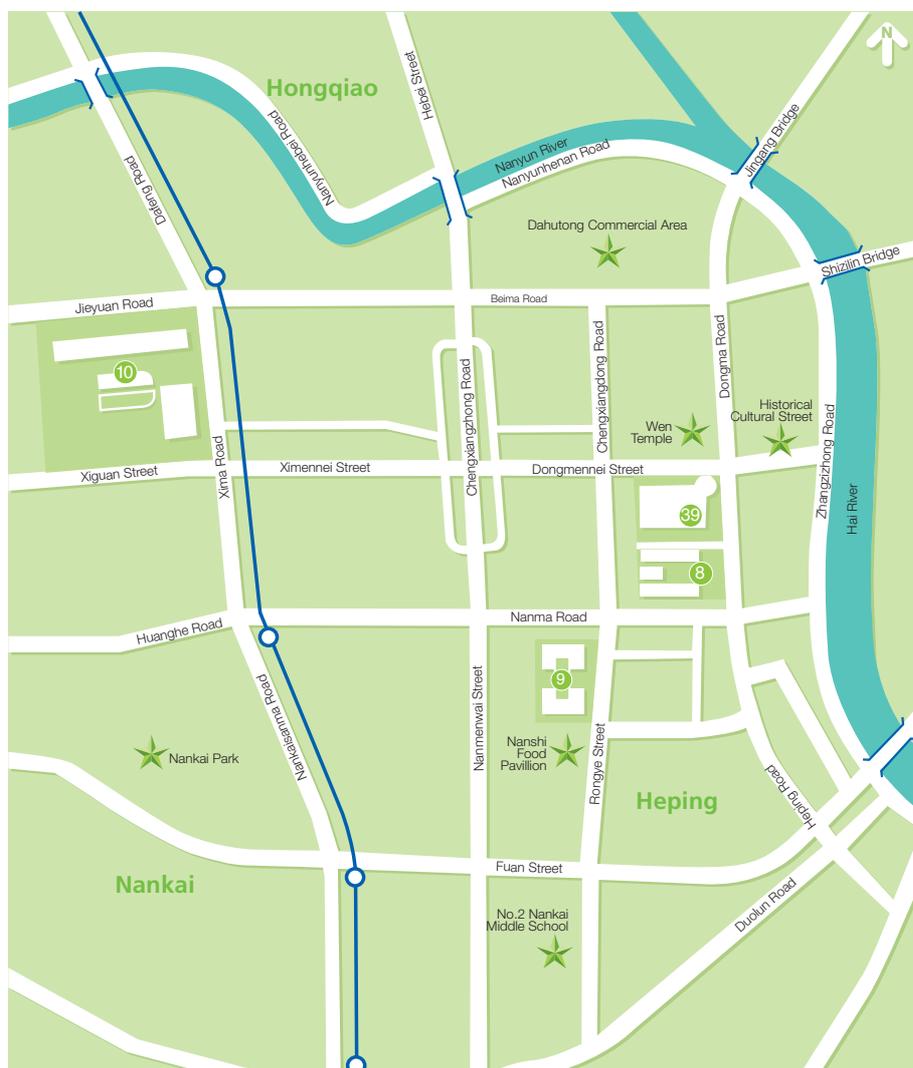




HIGHLIGHTS

As the co-host to the 2008 Beijing Olympics, Tianjin has benefited from the continual investments by local government in large scale urban infrastructure improvement projects such as the Hai River Banks Redevelopment and the construction of Subway Line No. 1, 2 and 3.

Municipal government's urban renewal projects have provided the existing residents with relocation compensations and mortgage finance to buy new homes. This arrangement has created a strong demand for residential property in Tianjin. As a result, first and second-hand property transaction volume had experienced remarkable 40% and 80% increase respectively in past 12 months.



- 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
 - Tianjin New World Plaza
- (For project details, please refer to 'Major project profiles' starting from page 154)

Tianjin — completion schedule

			sq.m.
FY2007	Tianjin Xin Chun Hua Yuan Phase III	Residential	39,769
	Tianjin Xin Chun Hua Yuan Phase III	Commercial	831
	Total		40,600



All residential units of Tianjin New World Garden Phase II were almost sold out during FY2005. Construction of Tianjin Xin Chun Hua Yuan Phase III is well underway to capture the surging demand of the market. The Group's remaining development projects is on the pipeline to meet Tianjin's growing demand for high-end residential properties.

As the main port serving Beijing and the rest of Hebei province, Tianjin's commercial property is far from sufficient to cater the local demand. The rental rates for retail and office properties in urban centre are on the rising track.

Located in the Central Business District and of proximity to famous historical tourists attractions, Palm Spring Shopping Arcade, the commercial portion of Tianjin New World Garden, launched to the market during the year under review.

PROPERTY PORTFOLIO

There are three major property development projects with GFA of 128,907 sq.m.. 39,769 sq.m. of residential space and 831 sq.m. of commercial space are expected to be completed in FY2007.

INVESTMENT PROPERTIES

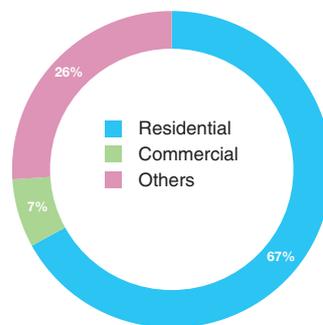
There are two completed investment properties with a total GFA of 118,548 sq.m..

Tianjin New World Plaza and Tianjin Xin Chun Hua Yuan Phase I consist of 98,824 sq.m. of commercial space and 9,540 sq.m. of office space. The occupancy rates in both sectors were satisfactory.



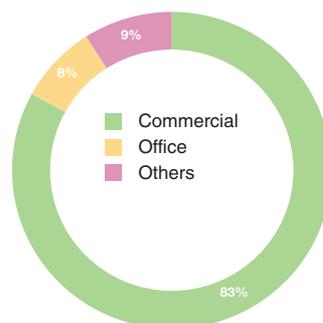
Tianjin — development properties for sale

Total GFA 128,907 sq.m.



Tianjin — completed investment properties

Total GFA 118,548 sq.m.







New Way to Work

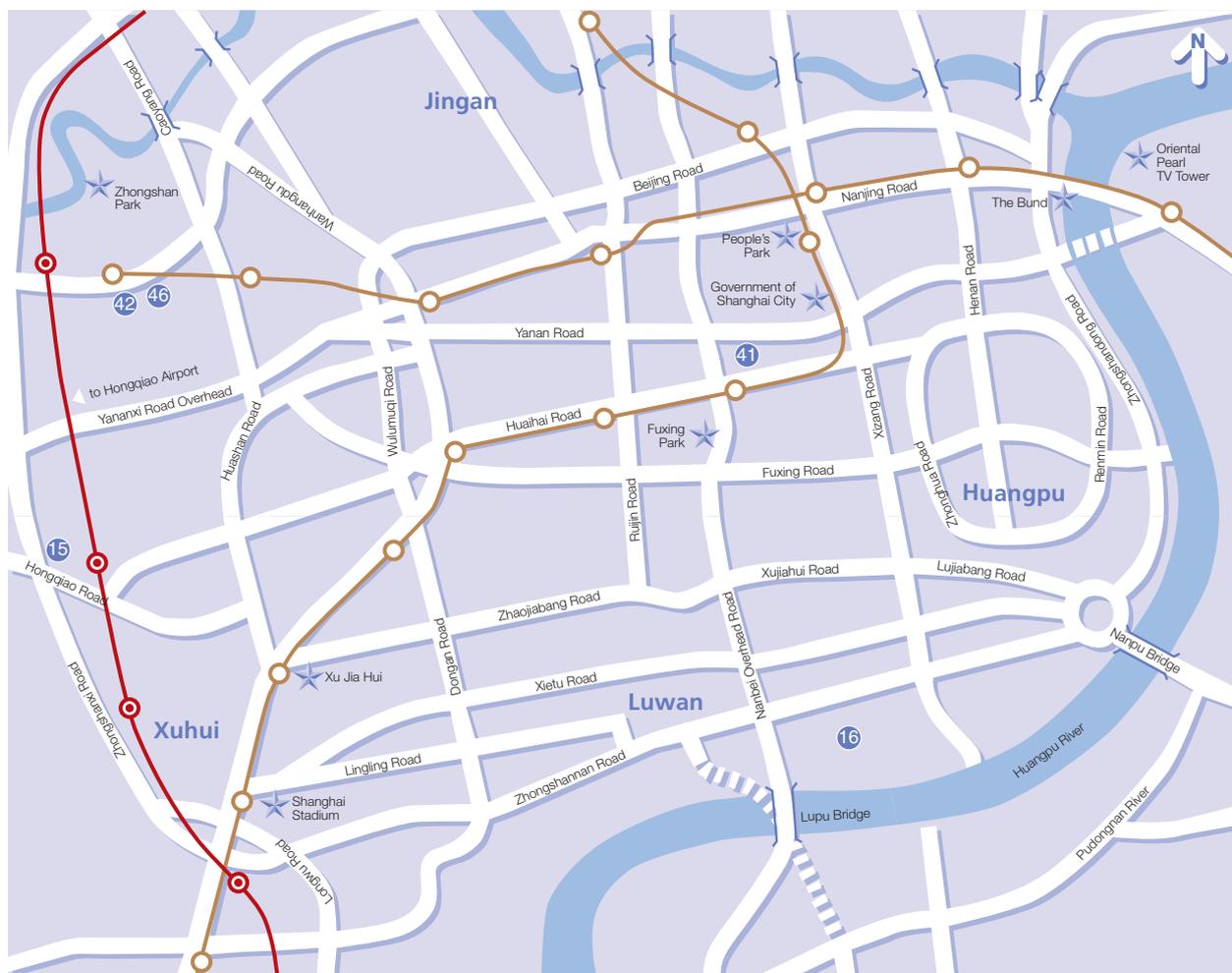
In major cities of Mainland China, we develop world-class offices and shopping arcades for professionals and entrepreneurs to make the best use of their talents. Our business ancillary facilities, such as hotels, service apartments and convention facilities, offer executives from all over the world the experience of efficient and delicate traditional Chinese services, demonstrating the world-class level of our professional business services.





HIGHLIGHTS

Shanghai is the leading commercial city of the Yangtze River Delta and is now decorated with stunning new urban architecture and vibrant metropolitan lifestyle. The hosting of the Year of France in China, which just ended in September 2005, has enhanced its image as an international modern city.



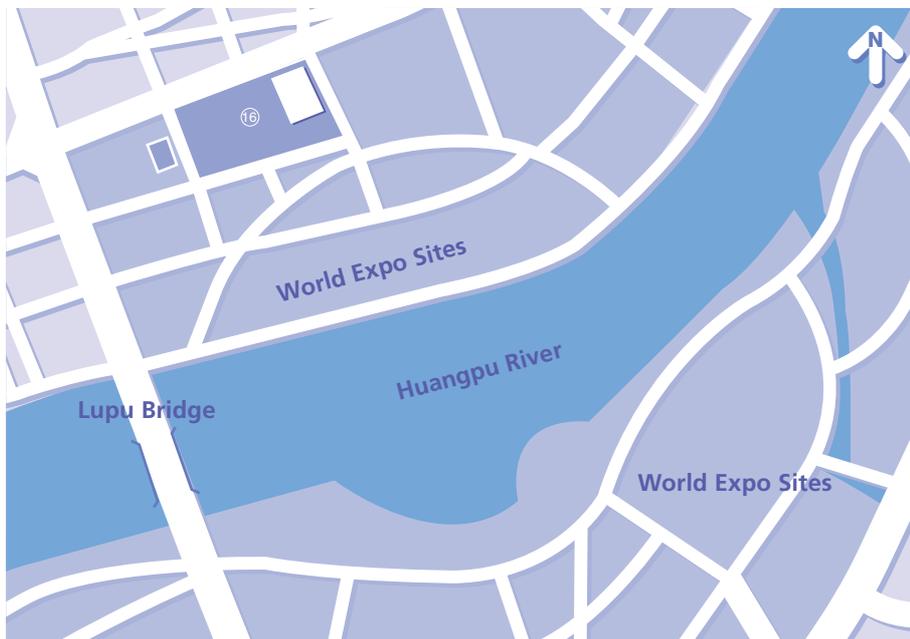
- Light rail transit
- Metro line
- ||— Bridge
- |||| Tunnel
- 15 Shanghai Zhongshan Square
- 16 Shanghai Hong Kong New World Garden
- 41 Shanghai Hong Kong New World Tower
- 42 Shanghai Ramada Plaza
- 46 Mayfair Hotel Shanghai

(For project details, please refer to 'Major project profiles' starting from page 154)

The continual influx of foreign companies, especially financial institution, into Shanghai had driven the vacancy rate of Grade A office down to only 5%.

Despite central government's new policies to curb rising property prices, projects at core urban area were able to avoid price plunge as witnessed in the outskirts areas because of lack of new supply. Urban centre redevelopment is facing the difficulties in relocating the existing residents. According to the Shanghai Administrative Bureau of Housing and Land Resources, only 5% of the new land supply was located in the core urban area in the past year.

-  Bridge
-  Completed development
-  Future development
-  World Expo Sites
-  Shanghai Hong Kong New World Garden

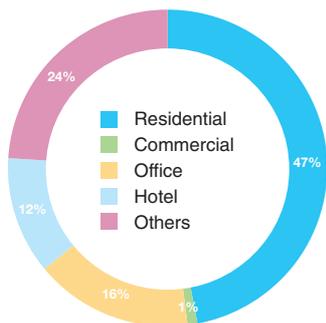


Shanghai Hong Kong New World Tower, the Group’s flagship investment property in Shanghai’s bustling Huaihai Road Central commercial area, was 83% leased by the end of FY2005. Shanghai Hong Kong New World Tower is situated at the golden CBD of Huaihai Road Central. Municipal government office, museum and Shanghai Theatre are all within 500 meters of the project. The exterior of the 60 storey building is equipped with a multi-colour neon lighting display system which is the first of its kind operating in Mainland China, providing a playful focus to the opposite Xintiandi tourist spot. Shanghai Hong Kong New World Tower has become the landmark in Puxi area and the focal point of community activities during public festivals.

Initial planning for the development of the remaining phases of Shanghai Hong Kong New World Garden is well underway. Overlooking the well-known Huangpu River and being part of the Shanghai World Expo 2010 site, the development is expected to be one of the largest luxurious residential developments in the core urban area of Shanghai.

Shanghai — development properties for sale

Total GFA 672,322 sq.m.



PROPERTY PORTFOLIO

There are two major property development projects with GFA of 672,322 sq.m.. Shanghai Zhongshan Square Phase III and Shanghai Hong Kong New World Garden Remaining Phases are under planning, it will comprise a large scale development complex of residential, commercial, office and hotel buildings.

INVESTMENT PROPERTIES

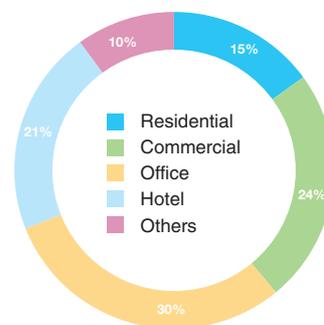
There are three completed investment properties with GFA of 269,544 sq.m..

Benefiting from the mature property market in Shanghai, the occupancy rates of the office space and shopping malls of Shanghai Hong Kong New World Tower and Shanghai Ramada Plaza recorded over 80% and 75% respectively during the year under review.

Mayfair Hotel Shanghai, the largest 4-star hotel in Shanghai with over 860 guest rooms recorded high occupancy rates during the year under review. Meanwhile, Apartment Belvedere of Shanghai Ramada Plaza recorded over 95% occupancy rate.

Shanghai completed investment properties

Total GFA 269,544 sq.m.





HIGHLIGHTS

With the growing economic environment in Liaoning Province and closer economic ties with Korea and Japan, property demand in Dalian is expected to sustain.



Dalian — completion schedule

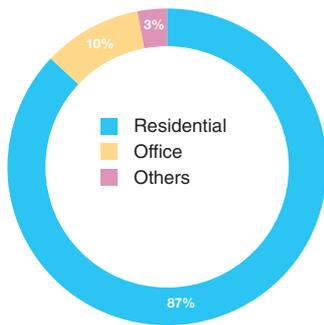
			sq.m.
FY2007	Dalian New World Tower	Commercial	42,870
	Dalian New World Tower	Carpark	33,520
	Total		76,390

The Group's portfolio in Dalian consists of Dalian New World Plaza, the completed high-end shopping arcade; Dalian Manhattan Towers, the completed twin residential and office tower complex standing on top of Dalian New World Plaza; and Dalian New World Tower, a hotel/retail/residential complex under development.

Sales and leasing activities for the residential units of Dalian Manhattan Towers enjoyed satisfactory results, with over 80% of the Tower II floor space already sold.

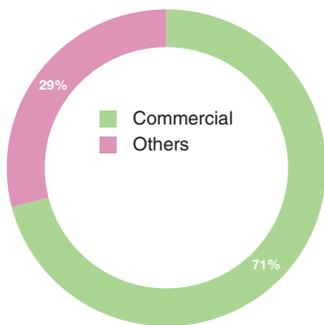
Dalian — development property for sale

Total GFA 153,447 sq.m.



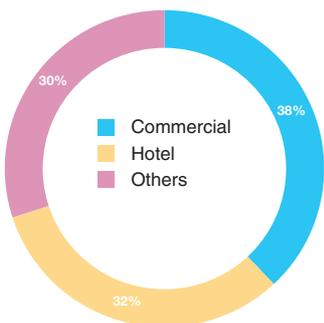
Dalian — completed investment property

Total GFA 69,196 sq.m.



Dalian — investment property under development

Total GFA 111,960 sq.m.



PROPERTY PORTFOLIO

There are two major property development projects, Dalian Manhattan Tower I and II and Dalian New World Tower, consists of 153,447 sq.m. of saleable GFA. We expect to build 42,870 sq.m. of commercial space in FY2007.

INVESTMENT PROPERTY

Dalian New World Plaza consists of 69,196 sq.m. of commercial space, of which around 32,000 sq.m. was leased by Dalian New World Department Store.

The hotel portion of Dalian New World Tower will enable the Group to enter into hospitality business in Dalian to provide 531 rooms.



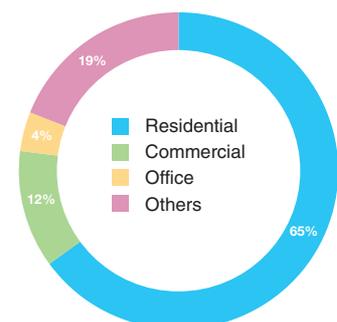
HIGHLIGHTS

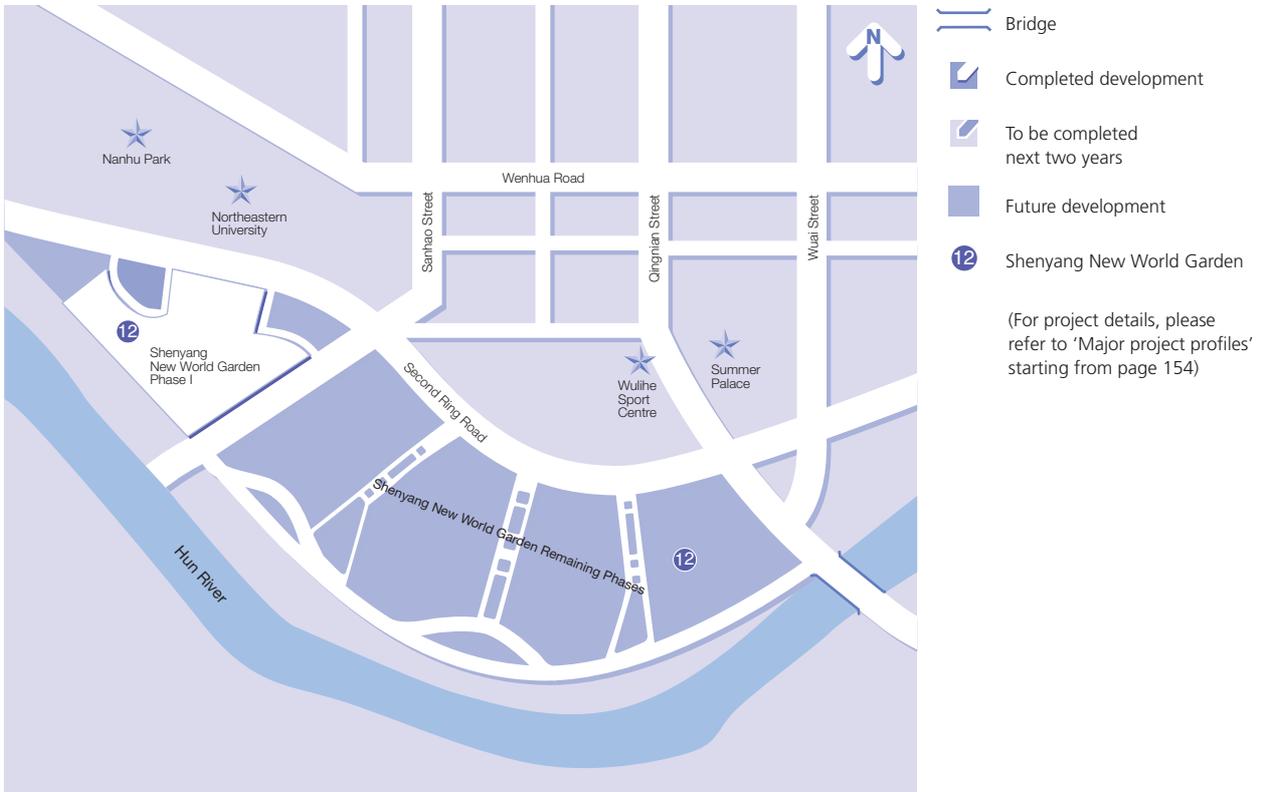
Shenyang New World Garden is the Group's large scale community development in Shenyang. Located right next to the city centre, the project is in close proximity to urban amenities such as restaurants, sports stadium, retail streets and parks. Its popularity among the home buyers in the city is well proven as all the single detached villas was sold out and majority of the completed high-rise residential apartments of the project was sold by the end of FY 2005.

Local government has planned the "Golden Corridor" Qingnian Street to be the new Central Business District of Shenyang. New mixed-use commercial projects are sprouting up along the region. Shenyang New World Garden's eastern entrance is directly connected to the "Golden Corridor". The master plan of the remaining phases of New World Garden is under a comprehensive study to capture this tremendous commercial opportunity.

Shenyang — development properties for sale

Total GFA 2,963,834 sq.m.





PROPERTY PORTFOLIO

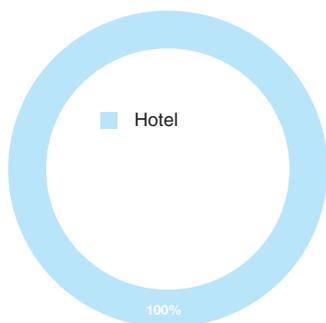
There is one major property development project with GFA of 2,963,834 sq.m..

INVESTMENT PROPERTY

Since October 2004, New World Hotel, Shenyang has been closed for renovation and is scheduled to be re-opened by the end of 2005.

Shenyang — completed investment property

Total GFA 34,535 sq.m.





HIGHLIGHTS

Sitting on top of a multi-storey retail podium, Nanjing New World Centre is a residential/office twin towers plus retail complex located in the city's prime business area. The project is situated at the intersection of the busy Zhujiang Road. Around 90% of Nanjing New World Centre Tower B was sold during the year under review.

Nanjing — completion schedule

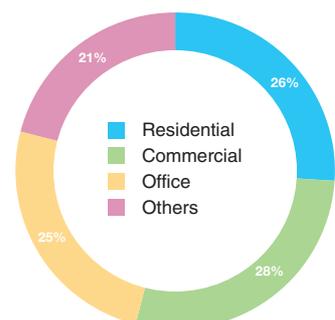
			sq.m.
FY2006	Nanjing New World Centre	Residential	72,503
	Nanjing New World Centre	Commercial	41,206
	Nanjing New World Centre	Carpark	19,601
Total			133,310

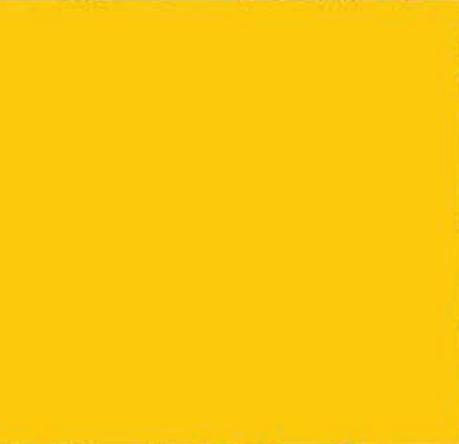
PROPERTY PORTFOLIO

There is one major property development project with a GFA of 148,496 sq.m.. We expect to build 72,503 sq.m. of residential space and 41,206 sq.m. of commercial space in FY2006.

Nanjing — development property for sale

Total GFA 148,496 sq.m.







New Culture and Entertainment

We develop and manage commercial projects such as shopping arcades, hotels, high-street shops and other commercial facilities in the urban centre, which are convenient and stylish places for shopping, dining and entertainment. These commercial properties provide extra hangouts for the city dwellers besides their offices and homes. The facilities and services in our commercial complexes, such as skating rinks, boutiques, side-walk cafes, chic restaurants and bars are all ideal rendezvous for people from different walks of life to mingle and socialise, and to catch up with the latest cultural trend.





HIGHLIGHTS

Wuhan had drawn the national attention with a series of mega land auctions in early 2005. Reaching over RMB3 billion per site, all major lands auctioned were acquired by Hong Kong developers spearheading the next hot spot in real estate development. With most of the major developers in town, the city's property market is in a rapid advancement both in terms of design concept and building quality. Geographically, Wuhan is at the heartland of Mainland China. It is expected that Wuhan will emerge as the most important trade city in central Mainland China amongst the other second-tier cities.



-  Railway station
 -  Bridge
 -  Embankment
 -  Wuhan Menghu Garden
 -  Wuhan New World Centre
 -  Wuhan Changqing Garden
 -  Wuhan Xin Hua Garden
 -  Wuhan New World International Trade Tower
- (For project details, please refer to 'Major project profiles' starting from page 154)

Wuhan — completion schedule

			sq.m.
FY2005	Wuhan Menghu Garden Phase IB	Residential	13,228
	Wuhan Changqing Garden Phase V	Residential	154,777
	Wuhan Changqing Garden Phase V	Commercial	2,676
	Wuhan Xin Hua Garden Phase II	Residential	39,151
	Wuhan New World International Trade Tower (formerly known as Wuhan Int'l Trade & Commerce Centre Phase III)	Office	44,190
	Wuhan New World International Trade Tower (formerly known as Wuhan Int'l Trade & Commerce Centre Phase III)	Carpark	17,400
	Total		271,422
	FY2006	Wuhan Menghu Garden Phase II	Residential
Wuhan Changqing Garden Phase VIA		Residential	62,353
Wuhan Xin Hua Garden Phase III		Residential	83,410
Wuhan Xin Hua Garden Phase III		Commercial	5,492
Wuhan Xin Hua Garden Phase III		Carpark	10,216
Wuhan New World International Trade Tower (formerly known as Wuhan Int'l Trade & Commerce Centre Phase III)		Office	60,366
Total			245,351
FY2007		Wuhan Menghu Garden	Residential
	Wuhan New World Centre	Residential	85,755
	Wuhan New World Centre	Commercial	80,924
	Wuhan New World Centre	Office	74,010
	Wuhan New World Centre	Carpark	36,222
	Wuhan Changqing Garden Phase VI	Residential	83,451
	Wuhan Changqing Garden Phase VI	Commercial	7,000
	Total		427,625



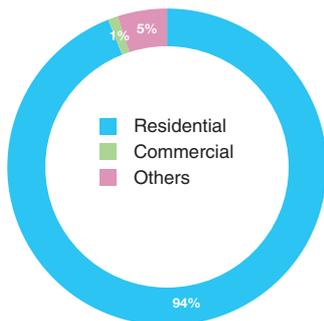
Wuhan New World International Trade Tower had launched office space for lease in early 2005 to fill up the gap in the under-supplied Grade A office market. Its comprehensive facilities and quality services are setting a new international benchmark for the local market.

Wuhan Menghu Garden enjoying the magnificent view of Tazi Lake, is the favorite residence of choice among the more affluent families in Wuhan. Almost all the duplexes and villas launched were sold out during the year under review.

Wuhan Changqing Garden, the largest self-contained community in the city, has grown into a small town with a population of over 80,000. The latest facility to be completed include the 140,000 sq.m. central garden designed by the renowned American landscape architect Belt Collins. There will also be a terminal station for Subway Line No. 2, which is planned to be completed by 2010.

Wuhan — development properties for sale

Total GFA 2,743,809 sq.m.



PROPERTY PORTFOLIO

There are four major property development projects with GFA of 2,743,809 sq.m.. A saleable GFA of 209,832 sq.m. was completed during the year. We expect to build 169,277 sq.m. of residential space, 5,492 sq.m. of commercial space and 60,366 sq.m. of office space in FY2006, and a further 229,469 sq.m. of residential space, 87,924 sq.m. of commercial space and 74,010 sq. m. of office space in FY2007.

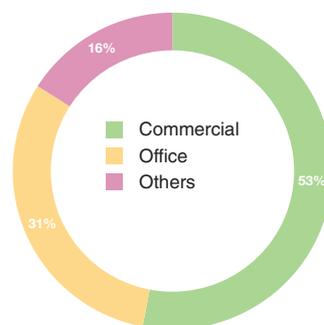
INVESTMENT PROPERTIES

There are three completed investment property projects and three investment properties under development with 174,459 sq.m. and 251,522 sq.m. respectively. During the period under review, 44,190 sq.m. of office space in Wuhan New World International Trade Tower was completed.



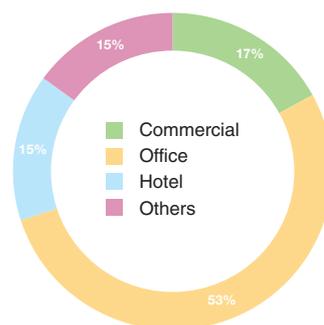
Wuhan — completed investment properties

Total GFA 174,459 sq.m.



Wuhan — investment properties under development

Total GFA 251,522 sq.m.





HIGHLIGHTS

Jinan Sunshine Garden, our residential project at the urban centre of the city, emphasises on well planned facilities and efficient floor layout. The design theme is to maximize sunlight into every unit in the property.

In FY2005, Phase I was almost sold out and planning for Phase II is well underway. During the year, various community cultural events had been organised to foster closer ties among the residents.

Jinan — completion schedule

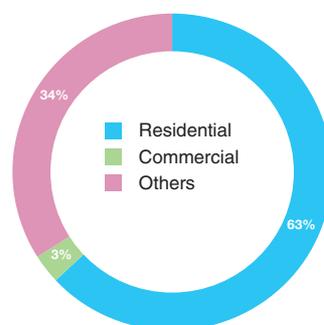
			sq.m.
FY2005	Jinan Sunshine Garden Phase I	Residential	31,784
	Total		31,784

PROPERTY PORTFOLIO

In Jinan, the Group has a major property development project with a GFA of 500,809 sq.m.. A saleable GFA of 31,784 sq.m. was completed during the year.

Jinan — development properties for sale

Total GFA 500,809 sq.m.







New Style of Leisure

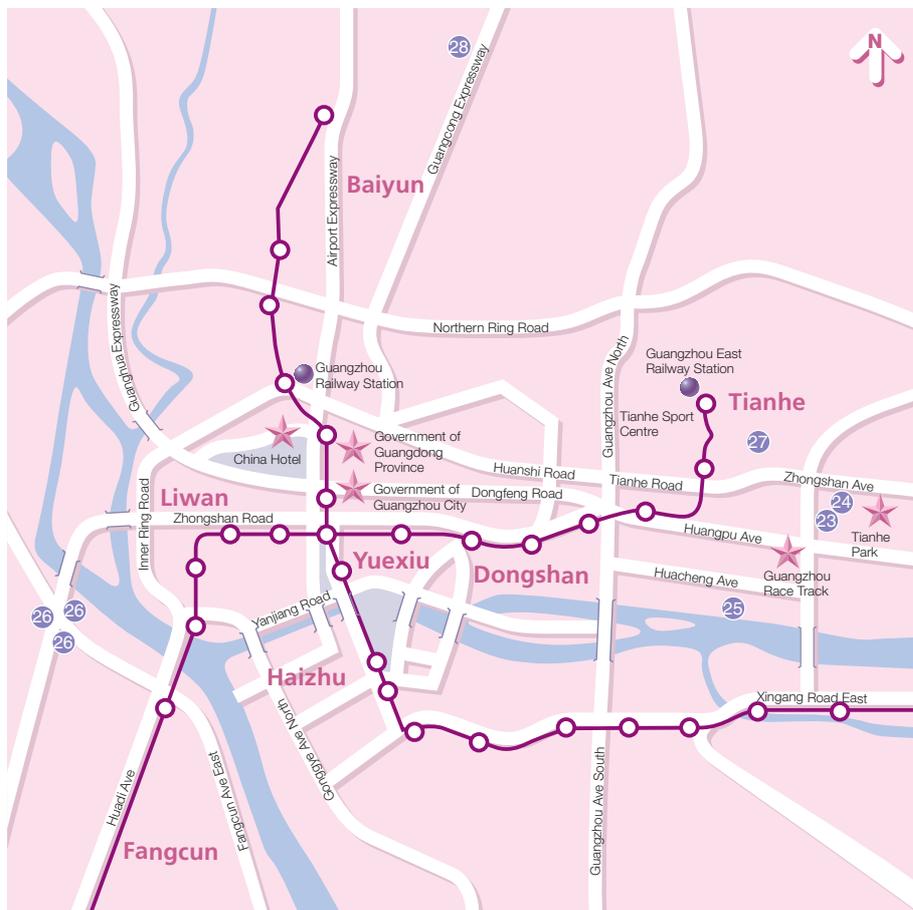
Our residential projects are full of water features and landscaped gardens. Residents can relax and enjoy the serene atmosphere of nature despite living in the city. Our club services and sports facilities enable the residents to enjoy their leisure without ever leaving the communities. In our resorts, golf clubs and outward bound camps, we offer various relaxation and outdoor activities such as organic plantation, spa and stargazing, allowing vacationers to fully unwind and to immerse their total physical senses with style.



Guangzhou

HIGHLIGHTS

Guangzhou is at the height of building new public landmark projects such as Guangdong Provincial Museum, Guangzhou Opera House and Subway Line No. 5 in the Pearl River New Town, signifying the transformation of the district into the new Central Business District of Guangzhou. Located in Pearl River New Town and developed with world-class design and quality, Guangzhou Central Park-view, the Group's luxurious residential project in Guangzhou, is the favorite among foreign buyers.



- Railway station
- Metro Line
- Bridge
- Guangzhou Dong Yi Garden
- Guangzhou New World Oriental Garden
- Guangzhou Central Park-view
- Guangzhou Covent Garden
- Guangzhou Concord New World Garden
- Guangzhou Park Paradise

(For project details, please refer to 'Major project profiles' starting from page 154)



Guangzhou — completion schedule

			sq.m.
FY2005	Guangzhou Central Park-view Phase I	Residential	62,704
	Guangzhou Covent Garden Phase II	Residential	26,702
	Guangzhou Covent Garden Phase II	Carpark	3,276
	Guangzhou Park Paradise Phase IIB	Residential	46,408
	Guangzhou Park Paradise Phase IIB	Commercial	370
	Guangzhou Park Paradise Phase IIB	Carpark	9,157
	Guangzhou Park Paradise Phase IIC	Residential	22,085
	Guangzhou Park Paradise Phase IIC	Commercial	600
	Guangzhou Park Paradise Phase IIC	Carpark	6,203
	Guangzhou Park Paradise Phase IID1	Residential	9,146
	Guangzhou Park Paradise Phase IID1	Carpark	2,565
	Guangzhou Xintang New World Garden Phase II	Residential	37,273
	Guangzhou New World Oriental Garden Phase I	Commercial	2,560
Total			229,049
FY2006	Guangzhou Concord New World Garden Phase II	Residential	38,340
	Guangzhou Concord New World Garden Phase II	Carpark	1,979
	Guangzhou Park Paradise Phase IIC	Residential	92,790
	Guangzhou Xintang New World Garden Phase III	Residential	70,354
	Guangzhou Xintang New World Garden Phase III	Office	1,083
	Guangzhou Central Park-view Phase IB	Residential/ Commercial/ Carpark	77,201
	Guangzhou Covent Garden Phase II	Residential	40,234
Total			321,981
FY2007	Guangzhou Dong Yi Garden	Residential	73,344
	Guangzhou Dong Yi Garden	Commercial	2,335
	Guangzhou Dong Yi Garden	Carpark	10,215
	Guangzhou Park Paradise Phase IID2	Residential	20,777
	Guangzhou Xintang New World Garden	Residential	70,000
Total			176,671





Launched at the second quarter of 2005, Guangzhou Dong Yi Garden phase IV was well received by the market. Its well-designed living environment has already earned a reputation among the middle-class home buyers in Tianhe District.

Park Paradise in Baiyun District is the largest residential community project in Guangzhou urban district. The community is vibrant with all sorts of cultural events organized for the residents. The open layout of the project and its close proximity to the Baiyun Mountain ensures the residents enjoy a natural living environment.

Covent Garden gets its namesake from the adjacent floral wholesale market, the largest one in Southern China. The opening of the New Pearl River Bridge, connecting the project directly to the Liwan District, raised the project's attractiveness.

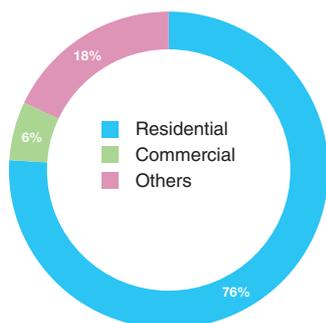
Located in Xintang Township, Xintang New World Garden launched new phase at the end of FY2005. With new design such as more spacious entrance hallway and modern aesthetics, the 30 blocks 6-storey apartments cater to the housing demand of the staffs working for multi-national companies in the surrounding Guangzhou Economic and Technological Development Zone.

PROPERTY PORTFOLIO

There are seven major property development projects with a GFA of 3,821,730 sq.m.. A total of 229,049 sq.m. of saleable GFA were completed during the year. We expect to build 321,981 sq.m. GFA in FY2006, and a further 176,671 sq.m. GFA in FY2007.



Guangzhou — development properties for sale
Total GFA 3,821,730 sq.m.



INVESTMENT PROPERTIES

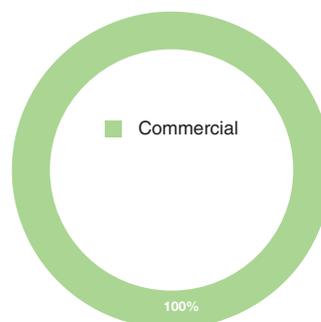
There is one completed investment property project with GFA of 18,889 sq.m. commercial area and one investment property is under development.

Commercial area of Guangzhou New World Oriental Garden Phase I recorded full tenancy during the period under review.



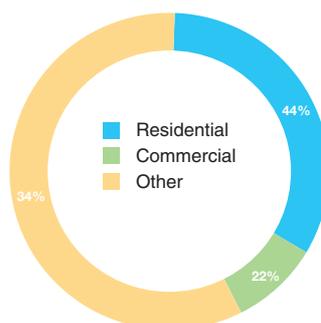
Guangzhou — completed investment property

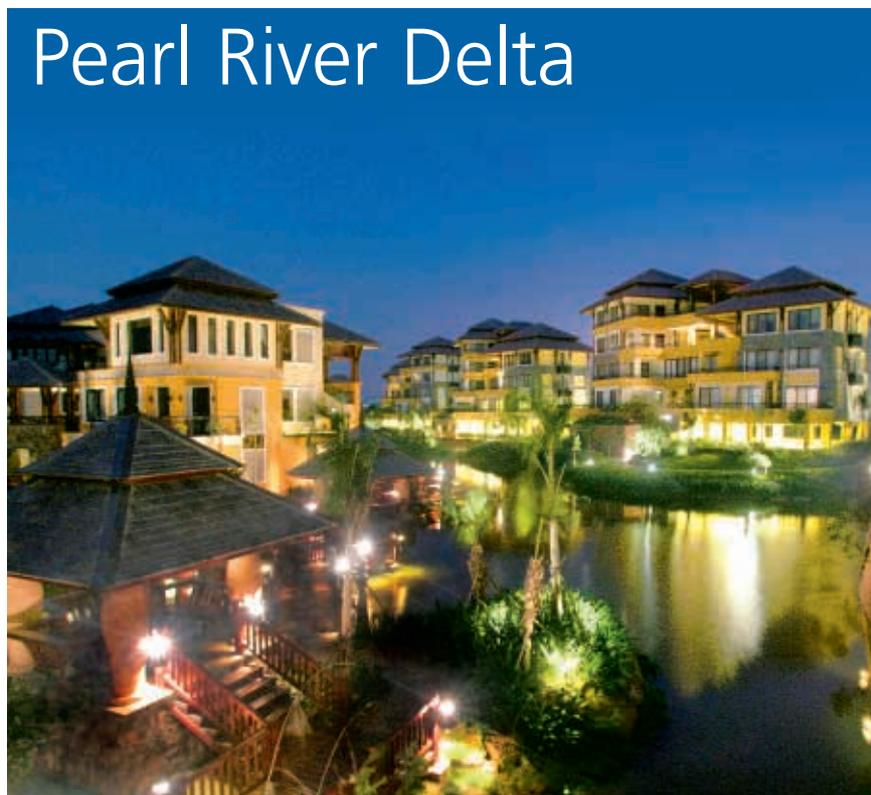
Total GFA 18,889 sq.m.



Guangzhou — investment property under development

Total GFA 77,201 sq.m.

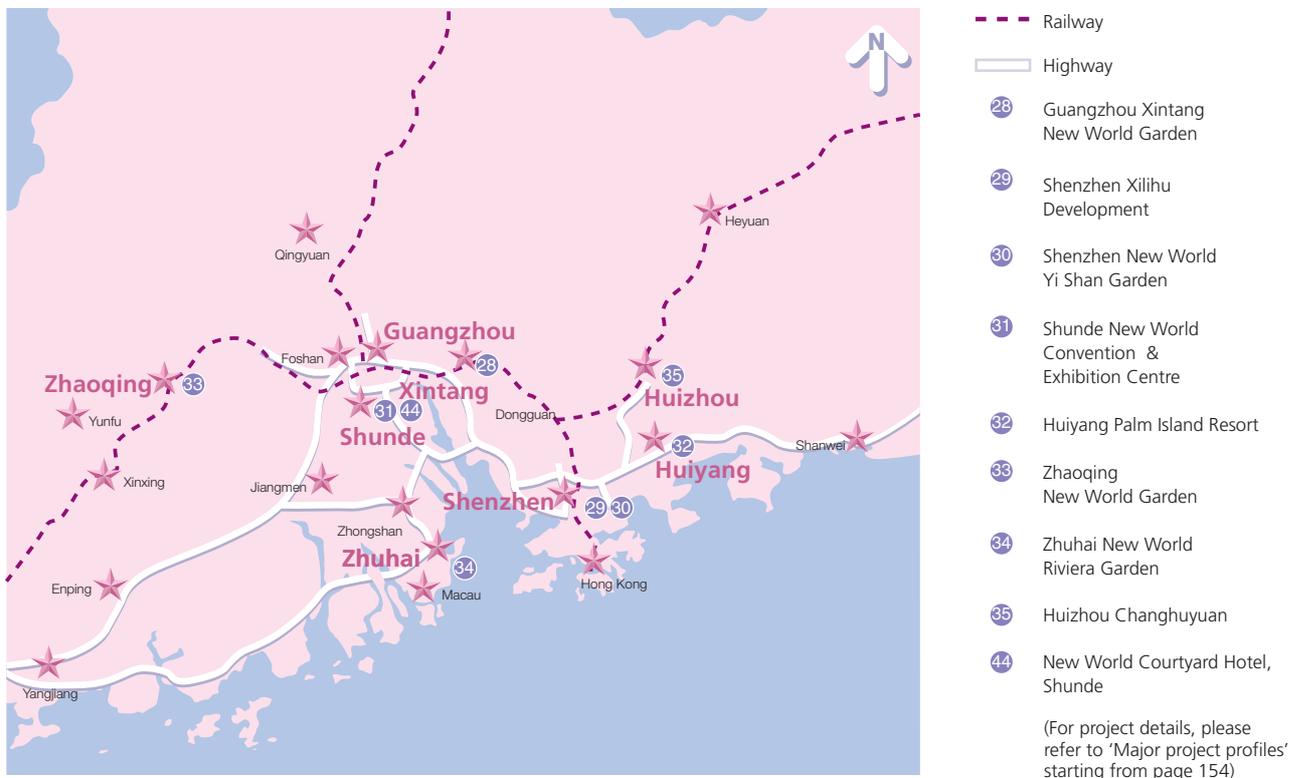




Pearl River Delta

HIGHLIGHTS

The Group's major projects in the Pearl River Delta include Shenzhen New World Yi Shan Garden, Huiyang Palm Island Resort, Shunde New World Convention and Exhibition Centre, Huizhou New World Changhuyuan, Zhaoqing New World Garden and Zhuhai New World Riviera Garden.



Pearl River Delta — completion schedule

FY2005	Shenzhen New World Yi Shan Garden Phase II	Residential	34,382	sq.m.
	Shenzhen New World Yi Shan Garden Phase II	Carpark	9,249	
	Zhuhai New World Riviera Garden Phase II	Residential	29,624	
	Huizhou Changhuyuan Phase IIA	Residential	59,866	
	Huizhou Changhuyuan Phase IIA	Commercial	1,693	
	Huizhou Changhuyuan Phase IIA	Carpark	9,654	
	Total		144,468	
FY2007	Huiyang Palm Island Resort	Residential	15,000	
	Zhaoqing New World Garden Phase II	Residential	58,445	
	Zhuhai New World Riviera Garden Phase III	Residential	81,340	
	Zhuhai New World Riviera Garden Phase III	Commercial	1,684	
	Huizhou Changhuyuan Phase IIB	Residential	60,894	
	Huizhou Changhuyuan Phase IIB	Commercial	3,836	
	Huizhou Changhuyuan Phase IIB	Carpark	6,136	
Total		227,335		



With high quality craftsmanship and Southeast Asia resort theme, Shenzhen New World Yi Shan Garden is the most sought-after property by home buyers looking for serene blue-coast lifestyle in the eastern part of Shenzhen.

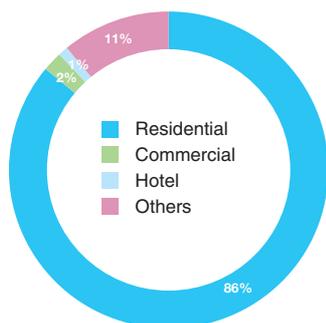
With its magnificent lake view and comprehensive facilities such as the club house, 80% of Zhaoqing New World Garden Phase I units were sold by the end of FY 2005.

Huizhou Changhuyuan Phase II applied the Group’s experience in developing well-equipped community, bringing unprecedented tropical design aesthetics to the mundane residential market of the city.

Zhuhai New World Riviera Garden is the largest seaside residential development in Jinwan District, the project has comprehensive facilities such as club house, swimming pool and landscaped plaza which are uncommon in the district. Over 60% of the launched units of Phase II have been sold during FY 2005.

Pearl River Delta — development properties for sale

Total GFA 1,153,951 sq.m.



PROPERTY PORTFOLIO

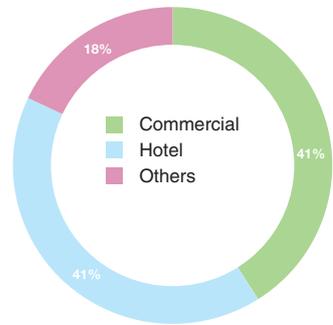
There are seven major property development projects with total GFA of 1,153,951 sq.m.. A saleable residential GFA of 125,565 sq.m. were completed during the year. We expect to build 215,679 sq.m. of residential space and 5,520 sq.m. of commercial space in FY2007.

INVESTMENT PROPERTIES

There are two completed investment property projects with GFA of 88,294 sq.m..

Pearl River Delta — completed investment properties

Total GFA 88,294 sq.m.





HIGHLIGHTS

With its tropical resort design and facilities, Haikou New World Garden is the largest low-rise residential-cum-resort development in the city, and has always been a favorite among local residents and retirees from other provinces. Phase I were fully sold in FY2005, and Phase II has already lodged a stunning 30% internal pre-sale before its formal launch in the market. The latest facility being added is a challenging outward bound camp run by reputed professional trainers from Hong Kong.

Haikou — completion schedule

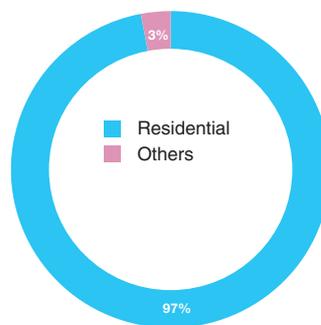
			sq.m.
FY2006	Haikou New World Garden Phase II	Residential	7,666
	Total		7,666
FY2007	Haikou New World Garden Phase II	Residential	72,551
	Total		72,551

PROPERTY PORTFOLIO

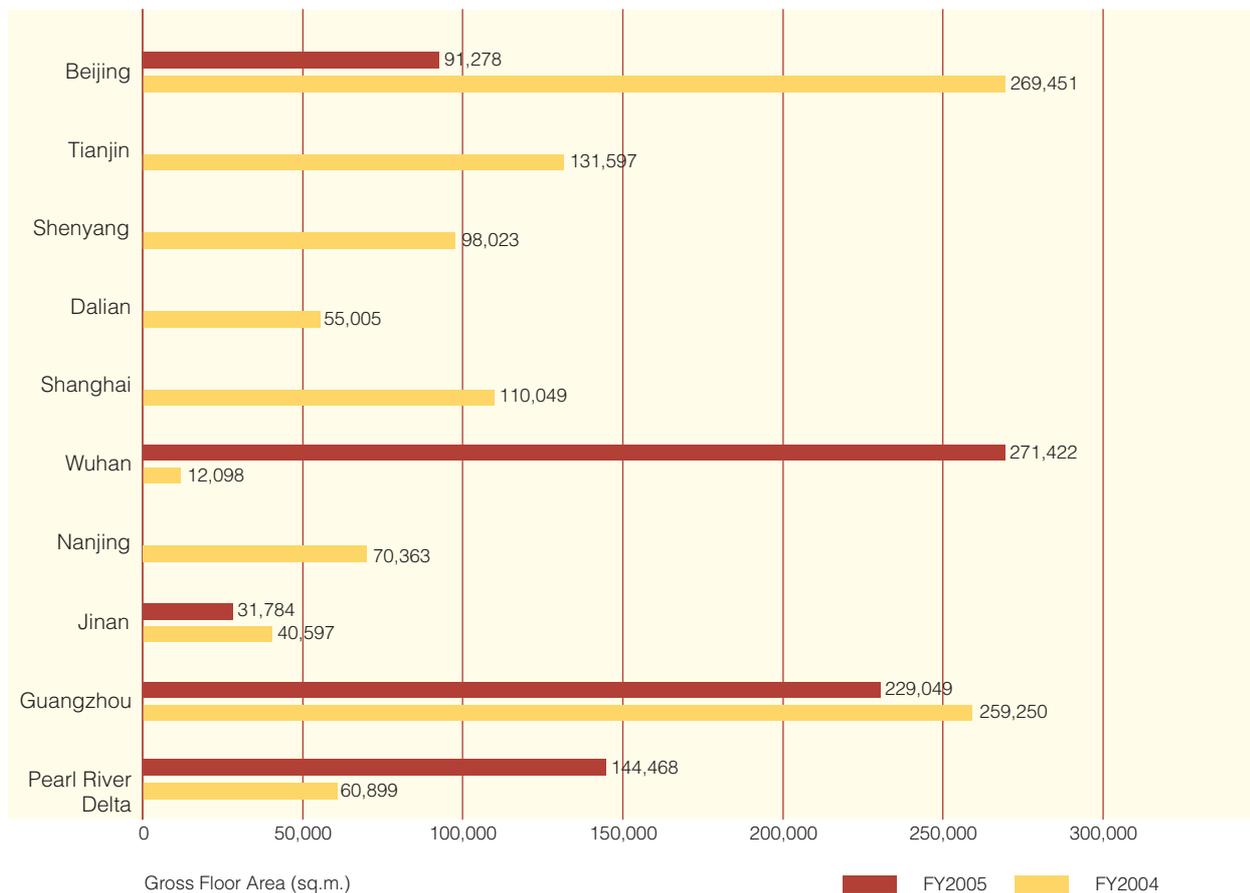
There is one major property development project with a GFA of 210,940 sq.m.. We expect to build 7,666 sq.m. and 72,551 sq.m. of residential space in FY2006 and FY2007 respectively.

Haikou — development property for sale

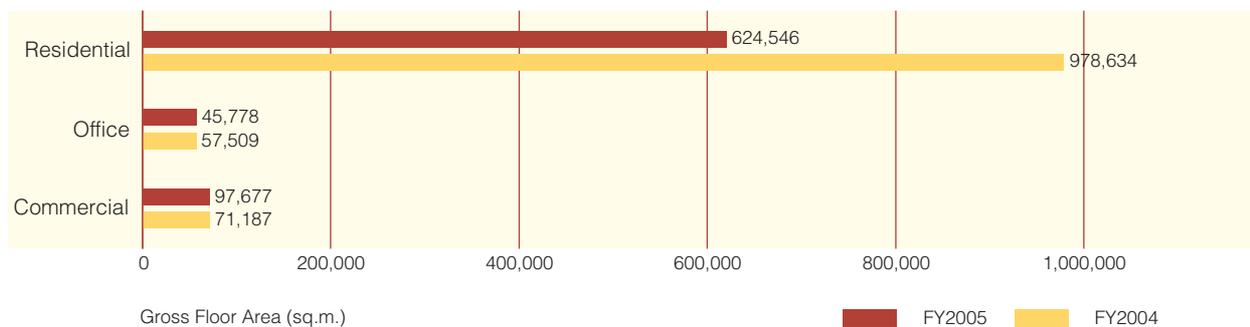
Total GFA 210,940 sq.m.



Completion of Gross Floor Area by Location



Completion of Gross Floor Area by Usage



REVIEW OF FY2005 RESULTS

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

Analysis of Attributable operating profit ("AOP")		
	FY2005	FY2004
	HK\$'000	HK\$'000
Property sales	164,607	146,460
Rental operation	150,973	93,762
Hotel operation	20,902	18,684
Property management services	(3,033)	(5,566)
Others	(1,575)	(1,813)
AOP before provisions, revaluation deficits and finance costs	331,874	251,527
Provisions and revaluation deficits	(54,956)	(160,298)
Provisions and revaluation deficits written back	93,970	223,743
Finance costs - project loans	(108,106)	(75,189)
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	46,853	—
AOP	309,635	239,783
Finance costs — corporate loans	(31,249)	(14,605)
Corporate administrative expenses	(107,306)	(117,685)
Bank and other interest income	50,464	19,853
Profit attributable to shareholders	221,544	127,346

Property Sales

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

In FY2005, 754,474 sq.m. were sold to generate an attributable cash proceeds of approximately HK\$2.60 billion to the Group. Over 70% of the FY2005's completion were sold and the inventory on hand was depleted around 284,293 sq.m.. The total inventory as at 30 June 2005 amounted to 433,123 sq.m..

By region	Total GFA	Inventory	
	available for sale in FY2005 (sq.m.)	Sold in FY2005 (sq.m.)	as at 30/6/2005 (sq.m.)
Beijing	204,932	116,301	88,631
Tianjin	45,528	36,398	9,130
Shenyang	38,927	24,962	13,965
Dalian	52,659	16,886	35,773
Shanghai	3,662	541	3,121
Wuhan	249,757	211,137	38,620
Jinan	38,680	29,075	9,605
Nanjing	16,151	9,020	7,131
Guangzhou	331,105	225,726	105,379
Pearl River Delta	190,606	70,486	120,120
Others	15,590	13,942	1,648
Total	1,187,597	754,474	433,123

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

Development property projects completed during FY2005	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing New World Garden Phase II (北京新世界家園二期)	R	57,416	70%
Beijing Xin Yang Commercial Building (北京新陽商務樓)	O	1,588	70%
Jinan Sunshine Garden Phase II (濟南陽光花園二期)	R	31,784	65%
Wuhan Changqing Garden Phase V (武漢常青花園五期)	R, C	157,453	60%
Wuhan Menghu Garden Phase IB (武漢夢湖香郡一期B)	R	13,228	70%
Wuhan Xin Hua Garden Phase II (武漢新華家園二期)	R	39,151	60%
Guangzhou Park Paradise Phase IIB, IIC & IID (廣州嶺南新世界家園二期B、二期C及二期D)	R, P	80,204	60%
Guangzhou Central Park-view Phase I (廣州凱旋新世界廣場一期)	R	62,704	91%
Guangzhou Xintang New World Garden Phase II (廣州新塘新世界花園二期)	R	37,273	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	R	26,702	60%
Shenzhen New World Yi Shan Garden Phase II (深圳新世界倚山花園二期)	R	34,382	90%
Huizhou Changhuyuan Phase IIA (惠州長湖苑二期A)	R, C	61,559	63%
Zhuhai New World Riviera Garden Phase II (珠海新世界海濱花園二期)	R	29,624	100%
Total		633,068	

R : Residential
 C : Commercial
 O : Office
 P : Carpark

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

Development property projects to be completed in FY2006	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Yi Garden Phase I (北京新怡家園一期)	R	111,443	70%
Beijing Xin Cheng Commercial Building (北京新成文化大廈)	O	30,246	70%
Beijing New View Garden Phase II (北京新景家園二期)	R, O	131,928	70%
Wuhan Changqing Garden Phase VIA (武漢常青花園六期A)	R	62,353	60%
Wuhan Menghu Garden Phase II (武漢夢湖香郡二期)	R	23,514	70%
Wuhan Xin Hua Garden Phase III (武漢新華家園三期)	R	83,410	60%
Nanjing New World Centre (南京新世界中心)	R	72,503	92%
Guangzhou Park Paradise Phase IIC (廣州嶺南新世界家園二期C)	R	92,790	60%
Guangzhou Concord New World Garden Phase II (廣州協和•新世界二期)	R, C	40,319	40%
Guangzhou Xintang New World Garden Phase III (廣州新塘新世界花園三期)	R, O	71,437	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	R	40,234	60%
Haikou New World Garden Phase II (海口新世界花園二期)	R	7,666	60%
Total		767,843	

Rental Operation

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

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

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

Investment property completed during FY2005	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing New World Garden Phase II (北京新世界家園二期)	P	26,606	70%
Beijing New View Garden (北京新景家園)	P	5,668	70%
Wuhan New World International Trade Tower (武漢新世界國貿大廈) (formerly known as Wuhan International Trade & Commerce Centre Phase III (武漢國貿大廈三期))	O, P	61,590	100%
Guangzhou New World Oriental Garden Phase I (廣州東方新世界花園一期)	C	2,560	100%
Guangzhou Park Paradise Phase II (廣州嶺南新世界家園二期)	C, P	16,330	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	P	3,276	60%
Shenzhen New World Yi Shan Garden Phase II (深圳新世界倚山花園二期)	P	9,249	90%
Huizhou Changhuyuan Phase IIA (惠州長湖苑二期A)	P	9,654	63%
Total		134,933	

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

Investment properties to be completed in FY2006	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Kang Garden Phase III (北京新康家園三期)	C, P	16,073	70%
Beijing Xin Cheng Commercial Building Phase I (北京新成文化大廈一期)	C, P	16,422	70%
Beijing Xin Yi Garden Phase I (北京新怡家園一期)	P	24,415	70%
Beijing New View Garden Phase II (北京新景家園二期)	P	11,526	70%
Wuhan New World International Trade Tower (武漢新世界國貿大廈) (formerly known as Wuhan International Trade & Commerce Centre Phase III (武漢國貿大廈三期))	O	60,366	100%
Wuhan Xin Hua Garden Phase III (武漢新華家園三期)	C, P	15,708	60%
Nanjing New World Centre (南京新世界中心)	C, P	60,807	92%
Guangzhou Central Park-view Phase IB (廣州凱旋新世界廣場一期B)	R, C, P	77,201	91%
Total		282,518	

Hotel Operation

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

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

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

Provision

Further provision attributable to the Group of HK\$54.96 million had been made on certain projects with reference to valuation as at 30th June 2005 and latest selling price of our launched projects. The major projects involved were certain development projects in Tianjin and Huizhou.

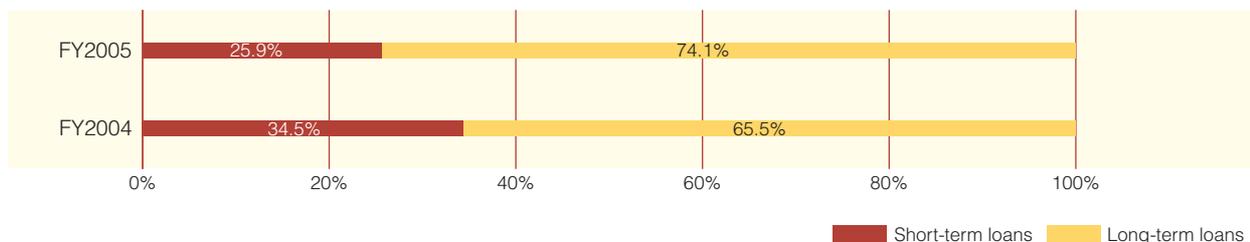
Whereas, with reference to open market valuation of properties under development, completed properties for

sale and hotels as at 30th June 2005 and the prevailing market condition, provisions attributable to the Group of HK\$93.97 million previously provided were written back in FY2005.

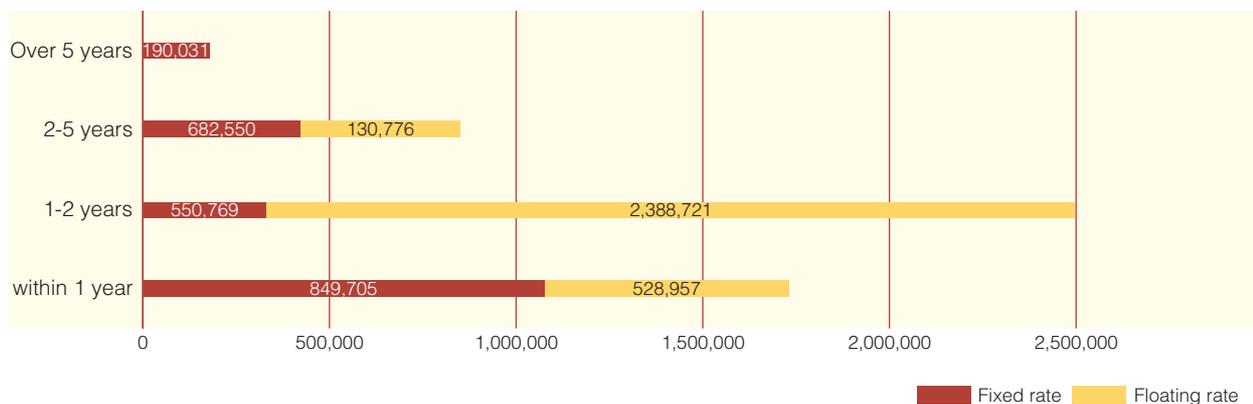
Finance Costs

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

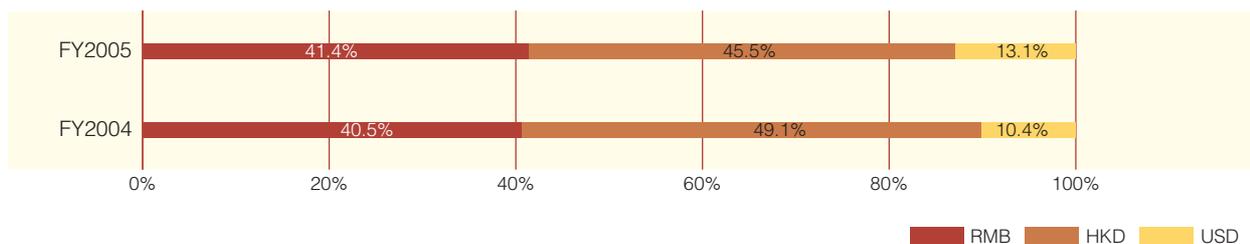
Source of Borrowings



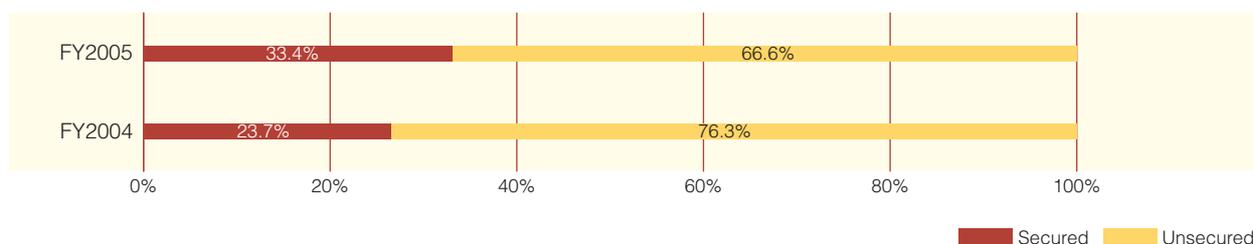
Interest Rate and Maturity Profile (HK\$'000)



Currency Profile of Borrowings



Nature of Debt



LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

FOREIGN CURRENCY EXPOSURE

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

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

CONTINGENT LIABILITIES

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

DETAILS OF THE CHARGES ON GROUP'S ASSETS

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

EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2005, the Group had 2,259 full-time employees. Total staff costs including director's emoluments and retirement benefits amounted to HK\$127.6 million for the year ended 30th June 2005 (2004: HK\$121.4 million). Remuneration of the employees are reviewed annually based on the assessment of individual performance. Discretionary year-end bonus shall be paid to employees based on individual performance.

MAJOR ACQUISITION AND DISPOSAL

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

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

There was no major disposal by the Group during the year.

The board believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. In November 2004, The Stock Exchange of Hong Kong Limited promulgated a new comprehensive Code on Corporate Governance Practices (“the Code”) to implement various corporate governance measures. The board will strive to comply with the Code provisions and adopt other suitable measures to uphold the principles of corporate governance, with particular emphasis on areas such as internal control, fair disclosure and accountability. Such measures will be regularly reviewed and updated to be consistent with the legal and commercial standards.

(A) DIRECTORS AND BOARD PRACTICES

Composition and responsibilities

Currently, the board comprises seven executive directors, one non-executive director and three independent non-executive directors. They are responsible for oversight of the management, businesses, strategic directions and financial performance of the Group. Each board member possesses wide range of experience relevant to the business of the Group and is committed to act bona fide in the interests of the Company and its shareholders as a whole. The biographical details of the directors are set out on pages 62 to 65 of this annual report.

The posts of the Chairman and Managing Director are held by Dr. Cheng Kar Shun, Henry. He is responsible for effective running of the board and formulating business strategies. He also provides leadership for effective running of the Company’s business and implementing the policies devised by the board. The board believes that Dr. Cheng Kar-shun, Henry, in his dual capacity as the Chairman and Managing Director of the Company, can provide strong and consistent leadership for the development of the Group.

Independent non-executive director(s) (“INED”)

INED have a significant role in the board by virtue of their independent judgement and their views carry significant weight in the board’s decisions. On 7th December 2004, Mr. Lee Luen-wai, John was appointed an INED of the Company following the retirement of Mr. Lo Hong-sui as an INED of the Company at the annual general meeting of the Company held on 6th December 2004. Messrs. Cheng Wai-chee, Christopher and Tien Pei-chun, James continue to act as INED of the Company.



In this respect, the Company has complied with rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of sufficient number of INED and is having INED with relevant professional qualifications or accounting or relating financial management expertise. An annual confirmation of independence has been received from each of the INED pursuant to rule 3.13 of the Listing Rules and the Company considers each of the INED to be independent.

Meetings

Six full board meetings were convened in the year under review. All directors are supplied with relevant materials relating to the matters brought before the meetings and have access to professional advices at the Company's expense. All directors have the opportunity to include matters in the agenda for board meetings. Reasonable notices of board meetings are given to the directors and board procedures, which are compliant with the relevant rules and regulations in relation to, amongst other things, disclosure of interests in the matters to be considered at board meetings, are followed.

Committees

The board has set up three committees, namely, the Executive Committee, the Audit Committee and the Remuneration Committee.

The Executive Committee serves as an executive arm of the board in implementing the policies laid down by the board and handling the day-to-day businesses of the Company. They are responsible for considering issues regarding finance, investments, merger and acquisition, corporate governance and corporate communication. Members of the Executive Committee include Dr. Cheng Kar-shun, Henry as Chairman, Messrs. Doo Wai-hoi, William, Cheng Kar-shing, Peter and Chow Yu-chun, Alexander as members. Meetings of the Executive Committee are held frequently as and when required.

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and monitoring the relationship with the Company's auditors. It currently comprises Mr. Cheng Wai-chee, Christopher as Chairman, Messrs. Tien Pei-chun, James and Lee Luen-wai, John, the INED, as members. The Audit Committee met twice during the fiscal years with the attendance of management staff and auditors. Full minutes of meetings are kept and sent to all members of the Committee. Matters raised at the meetings are reported back to the board so that due consideration is given as to the action to be taken.

The Remuneration Committee is responsible for making recommendations with respect to the remuneration of the directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy. Their written terms of reference are in line with the Code provisions. Members of the Remuneration Committee comprise Mr. Cheng Wai-chee, Christopher as Chairman, Messrs. Tien Pei-chun, James, Lee Luen-wai, John and Chow Yu-chun, Alexander as members.

Remuneration

In recognition of their services with the Company, directors are paid directors' fees annually with the approval of the shareholders of the Company. Monthly salaries are also paid to a director commensurable with his duties in the Group. To provide an opportunity for the directors to participate in the equity of the Company as well as to motivate them to optimize their performance, executive directors have been granted share options to subscribe for shares of the Company under the share option schemes of the Company. In addition, all directors are covered by appropriate insurance on directors' liabilities from their risk exposure arising from the management of the Group.

(B) FINANCIAL REPORTING AND INTERNAL CONTROL

The board, supported by the accounts department, is responsible for the preparation of the financial statements of the Company and the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted together with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants and appropriate accounting policies have been used and applied consistently.

The board is responsible for internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, to ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance of applicable laws, rules and regulations. The procedures provide reliable assurance against material errors, losses or fraud.

An internal audit department has been established to conduct audits of the Company, its subsidiaries, associated companies and jointly controlled entities. The internal audit department performs risk-based audits to review the effectiveness of the Group's material internal controls so as to provide assurance that key business and operational risks are identified and managed. The work carried out by the internal audit department will ensure the internal controls are in place and functioning as intended. The internal audit department reports to the board with its findings and makes recommendations to improve the internal control of the Group. The department also sent their reports to the Audit Committee for review and discussion.

During the course of audit performed by the external auditors, they will report on the weaknesses in the Group's internal control and accounting procedures which have come to their notice. Results of their finding and recommendations will be reported to the board through the Audit Committee which will monitor the corrective action to be taken.

Fees for auditing services and non-auditing services amounting to HK\$4,184,000 and HK\$1,324,000 respectively were provided in the Group's consolidated profit and loss account for the year ended 30th June 2005.

(C) COMMUNICATION WITH SHAREHOLDERS

The Company has established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information relating to the Company's financial results, corporate details, notifiable transactions, property projects and major events are disseminated through publication of interim and annual report, press announcements, circulars, press release and newsletters. These publication can also be obtained from the Company's website. In addition, the Chairman, members of the board and external auditors will attend the annual general meetings of the Company where the directors will answer questions raised by the shareholders on the performance of the Group. The Company also holds press and analysts conferences at least twice a year following the release of interim and full year results announcements at which the executive directors and senior management of the Group are available to answer questions regarding the performance of the Group. The Group has participated in a number of roadshows and meetings with investors and organised a number of site visits during the fiscal year 2005.





Dr. Cheng Kar-shun, Henry

Mr. Doo Wai-hoi, William

CHAIRMAN AND MANAGING DIRECTOR

Dr. Cheng Kar-shun, Henry GBS (aged 58). 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 TMT Limited, NWS Holdings Limited, Tai Fook Securities Group Limited, New World Mobile Holdings Limited and International Entertainment Corporation. He is the Managing Director of NWD (Hotels Investments) Limited and a Director of Chow Tai Fook Enterprises Limited and HKR International Limited. He also acts as a Non-Executive Director of Lifestyle International Holdings Limited. Dr. Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation, a Committee Member of the Tenth Chinese People's Political Consultative Conference of the People's Republic of China. In 2001, Dr. Cheng was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the brother of Mr. Cheng Kar-shing, Peter and the brother-in-law of Mr. Doo Wai-hoi, William.

VICE-CHAIRMAN

Mr. Doo Wai-hoi, William JP (aged 61). Mr. Doo was appointed the Vice-Chairman of New World China Land Limited in June 1999. He is currently the Deputy Chairman of NWS Holdings Limited and Tai Fook Securities Group Limited as well as the Vice-Chairman of New World Mobile Holdings Limited. He also acts as an Executive Director of Lifestyle International Holdings Limited, a Director of NWD (Hotels Investments) Limited and Fung Seng Diamond Company Limited. Mr. Doo has served as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. In addition, he is a Member of the Executive Committee of the Tenth Chinese People's Political Consultative Conference in Shanghai, and the Convener of the Shanghai Committee in Hong Kong. In May 2005, he was appointed as the Honorary Consul of the Kingdom of Morocco in Hong Kong. Mr. Doo is the brother-in-law of Dr. Cheng Kar-shun, Henry and Mr. Cheng Kar-shing, Peter.



Mr. Cheng Kar-shing, Peter

Mr. Leung Chi-kin, Stewart

Mr. Chow Kwai-cheung

EXECUTIVE DIRECTORS

Mr. Cheng Kar-shing, Peter (aged 53). Mr. Cheng was appointed an Executive Director of New World China Land Limited in June 1999. He is a Director of Chow Tai Fook Enterprises Limited, New World Development Company Limited, NWS Service Management Limited, NWD (Hotels Investments) Limited, Macao Water Supply Company Limited and Polytown Company Limited. Mr. Cheng is the brother of Dr. Cheng Kar-shun, Henry and the brother-in-law of Mr. Doo Wai-hoi, William.

Mr. Leung Chi-kin, Stewart (aged 66). Mr. Leung was appointed an Executive Director of New World China Land Limited in June 1999. He is an Executive Director and the Group General Manager of New World Development Company Limited, a Director of New World Hotel Company Limited and Hip Hing Construction Company Limited. He also acts as the Vice-Chairman of the Executive Committee of The Real Estate Developers Association of Hong Kong.

Mr. Chow Kwai-cheung (aged 63). 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

Mr. Fong Shing-kwong, Michael

Mr. Cheng Wai-chee, Christopher

Mr. Chow Yu-chun, Alexander (aged 58). Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is also a Director of New World Mobile Holdings Limited. He is a fellow of the Chartered Association of Certified Accountants (UK) and a CPA of the Hong Kong Institute of Certified Public Accountants and has over 30 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. Fong Shing-kwong, Michael (aged 57). Mr. Fong was appointed an Executive Director of New World China Land Limited in January 2003. He is currently a Director of NWS Service Management Limited, NWD (Hotels Investments) Limited, Kiu Lok Service Management Co. Ltd., Kiu Lok Property Services (China) Ltd. and Urban Property Management Limited and the Owner's Representative of CTF Hotel Holdings, Inc.. Mr. Fong joined the New World Group in 1978 and was appointed an Executive Director of New World Hotels International Limited from 1983 to 1997. He is responsible for hotel corporate management and project development of the Company and the New World Group. Besides his over 30 years experience in the hospitality industry, Mr. Fong has extensive experience in property development, asset & facility management and investment business in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Wai-chee, Christopher GBS OBE JP (aged 57). Mr. Cheng is the Chairman of USI Holdings Limited and Winsor Properties Holdings Limited and an independent non-executive director of several listed and unlisted companies in Hong Kong, including NWS Holdings Limited, PICC Property and Casualty Company Limited, and DBS Bank (Hong Kong) Limited. Mr. Cheng plays an active role in the public services, particularly noteworthy are his efforts in promoting the development of Hong Kong as an international trade, commercial and financial center. He currently serves as a non-executive director of the Hong Kong Securities and Futures Commission and a member of the boards of the Hong Kong Trade Development Council and the Hong Kong Monetary Authority. He is also the Chairman of the Competition Policy Review Committee and a former Chairman of the Hong Kong General Chamber of Commerce. Mr. Cheng also has a keen interest in management of the public services. He is the Chairman of the Standing Committee on Judicial Salaries and Conditions of Service. As a long-serving former member of the Public Service Commission, he provided advice to the Government on the formulation of human resources management policies and practices for the civil service. Mr. Cheng is a Steward of the Hong Kong Jockey Club and serves on the Council of the University of Hong Kong. Mr. Cheng holds a BBA from the University of Notre Dame, Indiana, USA, and an MBA from Columbia University, New York.



Mr. Tien Pei-chun, James

Mr. Lee Luen-wai, John

Mr. Fu Sze-shing

Mr. Tien Pei-chun, James (aged 58). Mr. Tien is the Chairman of Manhattan Holdings Ltd., Manhattan Garments (International) Ltd., Manhattan Realty Ltd. and a Director of a number of private companies. A Legislative Councillor since 1988, Mr. Tien is very active in the community and serves on government committees as well as non-government boards in Hong Kong. He is the Chairman of the Legislative Council Panel on Economic Services, Chairman of the Liberal Party, a 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.

Mr. Lee Luen-wai, John, JP (aged 56). Mr. Lee was appointed an Independent Non-Executive Director of New World China Land Limited in December 2004. He is the managing director of Lippo Limited, a director of Lippo China Resources Limited, Hongkong Chinese Limited and Auric Pacific Group Limited as well as an independent non-executive director of New World Development Company Limited. He is a qualified accountant and was a partner of one of the leading international accounting firms in Hong Kong. He has extensive experience in corporate finance and capital markets. Mr. Lee serves as a member on a number of Hong Kong Government Boards and Committees including Hospital Authority, Council of the City University of Hong Kong, Solicitors Disciplinary Tribunal Panel and Appeal Board on Closure Orders (Immediate Health Hazard).

NON-EXECUTIVE DIRECTOR

Mr. Fu Sze-shing (aged 56). Mr. Fu is a Non-Executive Director of New World TMT Limited and a Director of New World Development (China) Limited and a number of companies with investments in the PRC. He has over 20 years experience in PRC property development and investment businesses.

Senior management profile



Back from left to right: CHEONG Chak-lon, Allan / LAM Siu-fung, Eric / LAU Chung-chun, Desmond / LEUNG Wai-kai, William / CHAU Lam-cheung, Benjamin / NGAN Man-ying, Lynda / GENG Shusen, Kenneth / PUN Lap-fu, Alex
Front from left to right: FAN Chor-kwok, Ambrose / CHOW Yu-chun, Alexander / AU Wai-chuen, Albert

FAN Chor-kwok, Ambrose (aged 61). Mr. Fan is an Assistant General Manager of the Group, whose primary responsibility is to oversee the Group's projects in Wuhan. Mr. Fan graduated from the University of Hong Kong with a Bachelor Degree in Architecture and the University of Toronto with a Master Degree in Business Administration. Mr. Fan is a Registered Architect in Hong Kong, Member of The Royal Architectural Institute of Canada and The Hong Kong Institute of Architects. Mr. Fan has more than 30 years of experience in architecture, project management and property development and has held a number of senior positions in international consulting firms, property development companies and financial institutions. Mr. Fan joined the New World Group in 1992, appointed as a Director of New World Project Management Limited in 1993 and appointed as an Assistant General Manager of New World Development (China) Limited in 1997.

CHOW Yu-chun, Alexander (aged 58) Mr. Chow was appointed an Executive Director of New World China Land Limited in June 1999. He is also a Director of New World Mobile Holdings Limited. He is a fellow of the Chartered Association of Certified Accountants (UK) and a CPA of the Hong Kong Institute of Certified Public Accountants and has over 30 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.

AU Wai-chuen, Albert (aged 58). Mr. Au is a Regional Executive of the Group who primarily oversees the Group's projects in Beijing and Jinan. Mr. Au has over 30 years of experience in real estate development and finance in Hong Kong and the PRC. Mr. Au is the Committee Member of the 10th Chinese People's Political Consultative Conference of Beijing, Executive Director of China Association of Enterprises with Foreign Investment and Executive Director of Beijing Association of Enterprises with Overseas Chinese Investment. Mr. Au joined the Group in 1995.

CHEONG Chak-lon, Allan (aged 43). Mr. Cheong is a Regional Executive of the Group who primarily oversees the Group's projects in Tianjin. Mr. Cheong graduated from the University of London with a Bachelor Degree in Engineering. Mr. Cheong has over 20 years of real estate development experience in Hong Kong and the PRC. Mr. Cheong joined the New World Group in 1994.

LAM Siu-fung, Eric (aged 34). Mr. Lam is a Regional Executive of the Group who primarily oversees the Group's projects in Zhuhai, Huizhou, Hefei and Haikou. Mr. Lam is a Director of a number of companies with investments in the PRC. Mr. Lam holds Bachelor Degree in Business Administration from Canada. Mr. Lam has over 10 years of experience in real estate development and finance in Hong Kong and the PRC. Mr. Lam joined the Group in 1994. Mr. Lam is the Committee Member of the Ninth Chinese People's Political Consultative Conference of Huizhou City, an advisor of the Sixth Zhuhai City Economic Committee of Chinese People's Political Consultative Conference and a Member of the Standing Committee of Zhuhai Youth Federation.

LAU Chung-chun, Desmond (aged 58). Mr. Lau is a Regional Executive of the Group who primarily oversees the Group's projects in Shenyang. Mr. Lau has over 20 years of experience in real estate development in Hong Kong and the PRC. Mr. Lau is a Model Worker of the City of Shenyang, an Honorary Citizen of the City of Shenyang, Committee Member of the 10th, 11th and 12th Chinese People's Political Consultative Conference of Shenyang and Vice-chairman of the Overseas Chinese Congress in Liaoning Province. Mr. Lau joined the Group in 1996.

LEUNG Wai-kai, William (aged 50). Mr. Leung is an Assistant to Managing Director of New World Development Company Limited and an Assistant General Manager of the Group. Mr. Leung graduated from the University of Minnesota with a Bachelor Degree in Architecture and from the Illinois Institute of Technology with a Master Degree in Architecture. Mr. Leung is a Registered Architect in the United States and has worked for architectural firms in both the United States and Hong Kong for nine years before joining the New World Group in 1986. Mr. Leung was also appointed a Director and the General Manager of New World Project Management Limited and has been responsible for the management and development of numerous property projects in Hong Kong, the PRC and Southeast Asia. Mr. Leung has started his career in Mainland China real estate sector since 1993 and was responsible for project planning and construction management of various projects in Beijing, Guangzhou, Dalian, Wuhan and Shenzhen with a total GFA of over 1 million sq. m.

CHAU Lam-cheung, Benjamin (aged 46). Mr. Chau is a Regional Executive of the Group who primarily oversees of the Group's projects in Shanghai. Mr. Chau is a Certified Practising Accountant of the CPA Australia and graduated from Curtin University of Technology of Australia with a Bachelor Degree in Commerce. Mr. Chau has over 20 years of experience in the international hotel business and real estate development. Mr. Chau joined the New World Group in 1989.

NGAN Man-ying, Lynda (aged 39). Ms. Ngan is the Financial Controller and committee member of the Group's Operation Committee, is responsible for overseeing the Group's financial accounting, treasury management and corporate governance monitoring. She joined the Group in 1999 with over 18 years of experience in auditing, accounting, business advisory and tax consultancy. Prior to joining the Company, she worked for an international accounting firm in Hong Kong and a tax consulting company in Australia. Ms. Ngan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants of United Kingdom.

GENG Shusen, Kenneth (aged 42). Mr. Geng is a Regional Executive of the Group who primarily oversees the Group's projects in Guangzhou. Mr. Geng holds Bachelor and Master Degrees in Science and is also a certified engineer in both the PRC and Australia. Mr. Geng has over 19 years of experience in real estate development in Hong Kong and the PRC. Mr. Geng joined the Group in 1999.

PUN Lap-fu, Alex (aged 44). Mr. Pun is an Assistant General Manager of the Group. Mr. Pun graduated from the Oklahoma City University of the United States with a Master Degree in Business Administration. Mr. Pun joined the New World Group in 1984 and has worked as Financial Controller in the hotels under the New World Group. Mr. Pun was appointed as an Assistant to Managing Director of New World Group in 1994. Mr. Pun is an Executive Director of the Group's investment company in Shanghai and a number of companies with real estate investments in the PRC. Mr. Pun is the Committee Member of the 11th Chinese People's Political Consultative Conference of Luwan District of Shanghai, Council Member of Shanghai Luwan District Commerce Committee, Council Member of the Overseas Chinese Congress of Luwan and Changning District of Shanghai, Vice-chairman of the Overseas Chinese Congress of Zhaoqing and Founding Vice-chairman of Hong Kong Association of China Business.



New World China Land is a national property developer with good corporate citizenship. Our active participation in Mainland China's charity campaigns demonstrated that we are an integral part of the community and hold social responsibility as our core value. During the past year, we initiated and organised a wide range of charity campaigns, educational, cultural, and sports events, which enriched community life and contributed in building a caring communities.

CHARITY CAMPAIGN

Guangzhou

Staff from New World China Land in Guangzhou and New World Group in Hong Kong joined together in donation to the relief operations for the devastating Southeast Asian tsunami. Responding to the fund-raising effort headed by the parent company in Hong Kong, our Guangzhou office organised its own "World Without Border" fund-raising campaign in January 2005. Over HK4.2 million dollars was raised from the New World Group staff in Hong Kong and Mainland China to support UNICEF's relief operations.

In July 2005, NWCL's Guangzhou office donated RMB100,000 to the Guangzhou Municipal Charity Association, helping victims to rebuild their homes lost in one of the worst floods hitting Guangdong province earlier in the year.



NURTURING COMMUNITY CULTURE

Tianjin

To commemorate the 10th anniversary of the Group's entry into Tianjin, Tianjin office held a retrospective exhibition in June and July 2005. The dramatic transformation of the city of Tianjin was well reflected in the exhibition, where historic photos and relics from the past era of early 20th century were displayed, together with the achievements of New World China Land in Tianjin's urban redevelopment.

Guangzhou

To thank the residents and local communities for their continuous support to the Group, and to foster local communities relationships, Guangzhou office organised a large scale "Mid-Autumn Festival Cultural Night" in September 2005. Held in Zhongshan Memorial Hall, residents of the six New World communities in Guangzhou had an enjoyable evening where shows being staged were played by either our staff or the residents.

SUPPORTING EDUCATION

Tianjin

In June 2005, RMB80,000 dollars was donated by the Tianjin office to the "New World Education Fund", earmarked primarily for establishing the public Tianjin Huaan Street Elementary School, the first school for temporary residents of Tianjin, in which education services are available to Tianjin locals only. Most of its pupils are underprivileged children from families from countryside now making a living in Tianjin.

Guangzhou

In August 2005, Guangzhou office donated RMB200,000 to support a group of Guangzhou's high school students admitted by universities but were unable to afford the tuition. In addition to our direct donation, posters and pamphlets were posted and distributed to all six New World communities in Guangzhou so as to raise public awareness and to gain support from the owners and residents.



PROMOTING SPORTS

Tianjin

In October 2004, Tianjin office donated RMB800,000 to sponsor the 2004/2005 Women's National Volleyball Championship. In August 2005, we further our support by sponsoring the 2005/2006 National Volleyball Men's and Women's League. These sponsorships create positive impact on the popularity and development of volleyball in Tianjin and the whole country.

Wuhan

In May 2005, Wuhan Changqing Garden hosted an unconventional campaign titled the "Morning/Evening Exercise", luring residents to participate in daily physical exercise. Venues and equipments are made readily available so as to encourage residents to participate. This event successfully instilled exercise in residents' minds, preparing, giving a good foothold for Wuhan Changqing Garden to enlist on "Pioneering communities of supporting sports in China's cities"

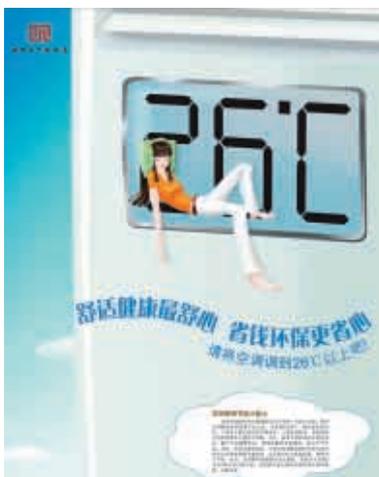


ENVIRONMENTAL PROTECTION

Guangzhou

Responding to the acute power shortage in the Guangzhou during the summer peak usage period, Guangzhou office launched the “26 Degree Energy Saving Campaign” in June 2005, whereby all the NWCL offices in Guangzhou have tuned-up their air-conditioning to 26 degree Celsius. In addition, posters advocating residents to adjust their household air-conditioner to 26 degree Celsius or above were displayed in the public areas of all six New World communities in Guangzhou. The campaign was enthusiastically supported by our staff and the residents, creating energy saving communities.

Guangdong Province experienced severe drought and water shortage last year. Supported by the provincial and municipal governments, the Group’s Guangzhou office organised the “Preserving Water for a better New World” community water saving campaign in November 2004, including children painting contest and “Star of Water Preservation” competition. The campaign was enthusiastically participated by owners, staffs and business partners, raising the general public’s awareness in environmental protection.



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Report of the Directors

The directors have pleasure in presenting their annual report and statement of accounts for the year ended 30th June 2005.

Group activities

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries, associated companies and jointly controlled entities are shown in note 39 to the accounts on pages 144 to 152.

Accounts

The results of the Group for the year ended 30th June 2005 and the state of affairs of the Company and the Group at that date are set out in the accounts on pages 104 to 152.

Dividends

The directors have resolved to recommend a final dividend of HK\$0.03 per share (2004: Nil) for the year ended 30th June 2005 to shareholders whose names appear on the register of members of the Company on 29th November 2005. The proposed final dividend will be paid on or about 21st December 2005 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 29 to the accounts.

Reserves

Details of the movements in reserves are set out in note 30 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 12 to the accounts.

Donations

Donation made by the Group during the year amounted to HK\$3,479,000 (2004: HK\$587,000).

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. Chow Kwai-cheung	
Mr. Chow Yu-chun, Alexander	
Mr. Fong Shing-kwong, Michael	
Mr. Fu Sze-shing	
Mr. Cheng Wai-chee, Christopher*	
Mr. Tien Pei-chun, James*	
Mr. Lee Luen-wai, John*	(appointed on 7th December 2004)
Mr. Chan Wing-tak, Douglas	(resigned on 13th July 2004)
Mr. Chan Kam-ling	(resigned on 30th August 2004)
Mr. Lo Hong-sui*	(retired on 6th December 2004)

* Independent non-executive directors

In accordance with Article 99 of the Company's Articles of Association, Mr. Lee Luen-wai, John will retire at the forthcoming annual general meeting and being eligible, will offer himself for re-election.

In accordance with Article 116 of the Company's Articles of Association, Dr. Cheng Kar-shun, Henry, Messrs. Doo Wai-hoi, William, Leung Chi-kin, Stewart, Chow Yu-chun, Alexander, Fu Sze-shing and Tien Pei-chun, James will retire by rotation at the forthcoming annual general meeting, and being eligible, will offer themselves for re-election. The 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

The Group has entered into the following connected transactions during the year and up to the date of this report:

A. Construction services

The Group has appointed certain subsidiaries of New World Development Company Limited, the Company's ultimate holding company ("NWD" and together with its subsidiaries, "NWD Group"), to provide construction services for the Group's property development projects in the People's Republic of China ("PRC") which include construction, piling and foundation, building and property fitting out work as well as the supply of construction and building materials.

As at 30th June 2005, the aggregate accumulated contract fee paid to NWD Group for the provision of the aforesaid construction services which was included as part of the development costs of the property projects was HK\$1,602,665,000 (2004: HK\$1,305,855,000) of which HK\$296,810,000 (2004: HK\$283,614,000) was paid during the year.

With effect from 1st July 2005, the engagement of NWD group to provide construction, engineering and project management services for the Group's property development projects in the PRC will be governed by a master service agreement dated 30th May 2005 entered into between the Company and NWD which is effective for three years ending 30th June 2008. An ordinary resolution approving the master service agreement was passed by the independent shareholders of the Company by way of poll at an extraordinary general meeting of the Company duly held on 28th June 2005. Pursuant to the master service agreement, the fees payable to the NWD Group for provision of the aforesaid services will be determined by reference to the PRC government-prescribed price, failing which, the PRC government-guided prices, failing which, the market price and thereafter will be determined by the relevant parties based on reasonable costs plus reasonable profit margin. Details of the agreement were set out in the announcement of the Company dated 30th May 2005 and in a circular dated 10th June 2005.

B. Tenancy agreements

- (1) On 30th June 2005, a tenancy agreement was entered into between New World Tower Company Limited ("NWT") as landlord and the Company as tenant for the lease of office premises located at 9/F., New World Tower 1, 18 Queen's Road Central, Hong Kong with gross floor area of 9,375 sq. ft. for a term of two years commencing from 1st July 2005 to 30th June 2007 at a monthly rental of HK\$253,125 together with monthly management fees and air-conditioning charges of HK\$32,813.

On the same day, another tenancy agreement was entered into between NWT as landlord and the Company as tenant for the lease of a portion of 33/F., New World Tower 1, 18 Queen's Road Central, Hong Kong with gross floor area of 1,296 sq.ft. for a term of two years commencing from 1st July 2005 to 30th June 2007 at a monthly rental of HK\$34,992 together with monthly management fees and air-conditioning charges of HK\$4,536. Details of the two tenancy agreements were set out in the announcement of the Company dated 30th June 2005.

- (2) On 15th August 1995, a tenancy agreement ("1995 Tenancy Agreement") was entered into between Shenyang New World Hotel Co., Ltd. ("Shenyang Hotel") as landlord and Shenyang New World Department Store Ltd. ("Shenyang Department Store") as tenant, for lease of the shopping arcade on the first and second floors of the annex building of New World Hotel, Shenyang with an area of 8,320 sq.m. for ten years. Shenyang Hotel was a 70% owned jointly controlled entity of the Group at the date of the 1995 Tenancy Agreement which subsequently became a wholly-owned subsidiary of the Group since the Group acquired an additional 30% interest in Shenyang Hotel on 30th May 2003. Shenyang Department Store is an indirect wholly-owned subsidiary of NWD.

Connected transactions (continued)

B. Tenancy agreements (continued)

The annual rental is the higher of (i) RMB8,000,000, RMB9,000,000 and RMB10,000,000 for the years ended 14th August 1996, 14th August 1997 and 14th August 1998 respectively, increasing at a rate of 6% per annum in each of the seven years ending 14th August 2005; and (ii) 4% of the gross sale revenue earned by Shenyang Department Store, after value-added tax, for each of the three years ended 14th August 1998; and 5% of the gross sale revenue for each of seven years ending 14th August 2005. The rental received in aggregate under the 1995 Tenancy Agreement was HK\$13,320,000 for the year ended 30th June 2005 (2004: HK\$12,945,000).

- (3) On 8th November 2000, a tenancy agreement (“2000 Tenancy Agreement”) was entered into between Shenyang Hotel as landlord and Shenyang Department Store as tenant for lease of the shopping arcade on the third floor of the annex building of New World Hotel, Shenyang with an area of 690 sq.m. for five years commencing from 1st December 2000 to 30th November 2005.

The annual rental was RMB987,000 for the first year ended 30th November 2001, increasing at a rate of 6% per annum in each of the four years ending 30th November 2005 with rent-free period from 1st December 2000 to 31st January 2001. The rental received in aggregate under the 2000 Tenancy Agreement was HK\$1,138,000 for the year ended 30th June 2005 (2004: HK\$1,073,000).

- (4) On 15th March 2004, a tenancy agreement (“Tianjin Tenancy Agreement”) was entered into between New World Anderson (Tianjin) Development Co. Ltd. (“New World Anderson”), a wholly-owned subsidiary, as landlord and Tianjin Trendy New World Plaza Co., Ltd. (“Tianjin Trendy”), an indirect wholly-owned subsidiary of NWD, as tenant for lease of the first to fourth floors of Tianjin New World Shopping Centre located in Nankai District, Tianjin, PRC with an area of 31,800 sq.m. for twenty years from 15th March 2004 to 14th March 2024.

The annual rental is the higher of (i) RMB26,375,000 per year from the first year to the tenth year; RMB27,090,000 per year from the eleventh year to the thirteenth year; RMB28,100,000 per year from the fourteenth year to the seventeenth year; RMB30,300,000 per year from the eighteenth year to the twentieth year; and (ii) 5% of the sale revenue of Tianjin Trendy, together with an annual management fee of RMB3,968,700. The rental and management fee received in aggregate was HK\$28,668,000 for the year ended 30th June 2005 (15th March 2004 to 30th June 2004: HK\$8,271,000).

- (5) On 13th December 2003, Dalian New World Plaza International Co., Ltd. (“Dalian Plaza”), a 88% owned subsidiary of the Group, as landlord, entered into a tenancy agreement (“Dalian Tenancy Agreement”) with Dalian New World Department Store Ltd. (“Dalian Department Store”), an indirect wholly-owned subsidiary of NWD, as tenant, for lease of the first to fifth floors and a portion of the sixth to seventh floors as well as the basement one of Dalian New World Plaza located in Tianjin Street, Zhongshan District, Dalian, PRC, with an area of 26,845 sq.m. for twenty years commencing from 18th October 2002 to 17th October 2022.

The monthly rental is the higher of (i) RMB30 per sq.m. with effect from 1st January 2004, with an addition of 3% of the gross sale revenue (“GSR”) earned by Dalian Department Store with effect from 1st January 2007; and (ii) 5% of the GSR, with rent-free period from 18th October 2002 to 31st December 2003.

On 26th November 2004, a supplemental agreement to the Dalian Tenancy Agreement was entered into between Dalian Plaza and Dalian Department Store whereby both parties agreed to terminate the lease on the seventh floor of Dalian New World Plaza totaling 312 sq.m. and Dalian Department Store shall lease an additional area of 5,501.33 sq.m. on the sixth floor of Dalian New World Plaza. The rental payable in respect of the new leased area is the higher of either (i) basic rental which is RMB20 per sq.m. with effect from 15th March 2005, with an addition of 3% of the GSR arising from the operation of Dalian Department Store in the new leased area with effect from 1st January 2007; or (ii) 5% of the GSR, with rent-free period up to 14th March 2005. Details of the Dalian Tenancy Agreement and the supplemental agreement were published in the Company's announcements dated 13th December 2003 and 26th November 2004.

The rental received in aggregate under the Dalian Tenancy Agreement, as supplemented by the supplemental agreement, for the year ended 30th June 2005 was HK\$9,287,000 (1st January 2004 to 30th June 2004: HK\$4,490,000).

C. Corporate guarantees

- (1) On 25th July 2002, Shanghai Ramada Plaza Ltd. ("Shanghai Ramada"), then 57% owned subsidiary, was granted a loan facility of US\$10,000,000 and RMB300,000,000 by two banks for a term of 5 years to finance the construction of its property project and as general working capital. Upon granting of the loan facility, the Company provided guarantee in respect of the full obligation and liabilities of Shanghai Ramada under the loan facility as well as the completion of Shanghai Ramada Plaza and undertook that the funding requirement relating to the completion of its construction would be fulfilled.

On 24th June 2003, Shanghai Ramada, then 61.75% owned subsidiary, obtained another loan facility of RMB100,000,000 from a bank for a term of 5 years to finance the construction cost of its property project. The obligation and liabilities of Shanghai Ramada under the aforesaid loan facility are also guaranteed by the Company.

On 15th December 2004, Shanghai Ramada, then 64.88% owned subsidiary, obtained a multi-currency loan facility up to an aggregate principal amount of HK\$80,000,000 for a term up to 31st July 2007 which will be utilised by Shanghai Ramada to re-finance an existing bank loan facility of HK\$10,000,000 and RMB74,000,000 obtained by Shanghai Mayfair Hotel Co., Ltd. which merged with Shanghai Ramada in June 2004.

At the date of this report, Shanghai Ramada is 99.81% held by Ramada Property Ltd. ("Ramada Property") which in turn is a 75% owned subsidiary of the Company. The other shareholders of Ramada Property had agreed to indemnify the Company in respect of its liability under the guarantees and pay to the Company a guarantee fee of 0.25% per annum on the amount of the loan facilities being utilised by Shanghai Ramada in proportion to their shareholdings in Ramada Property.

Stanley Enterprises Limited ("Stanley"), having 20% interest in Ramada Property, is a connected person of the Company by virtue of its being a substantial shareholder of certain subsidiaries of the Group, and is wholly-owned by a director of the Company, Mr. Doo Wai-hoi, William since 3rd December 2002. The provision of the guarantees by the Company in respect of the loan facilities and payment of the guarantee fee by Stanley constituted connected transactions of the Company and relevant details were published in the Company's announcements dated 25th July 2002, 3rd December 2002, 24th June 2003 and 15th December 2004.

Connected transactions (continued)

C. Corporate guarantees (continued)

- (2) On 29th July 2002, Shunde Shunxing Real Estate Co. Ltd. ("Shunde Shunxing") was granted a 3-year term loan facility of RMB50,000,000 from a bank to finance a property development project. Shunde Shunxing was owned by Global Perfect Development Limited ("Global Perfect") and an independent third party as to 70% and 30% respectively. Global Perfect is indirectly owned as to 50% and 50% by the Company and Chow Tai Fook Enterprises Limited ("CTF") respectively.

The loan facility was severally guaranteed by the Company and CTF in proportion to their indirect shareholdings in Global Perfect. 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. Accordingly, the provision of the aforesaid guarantee by the Company constituted a connected transaction of the Company.

- (3) Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co., Ltd. ("Fortune Leader Real Estate") was granted a 4-year banking facility with principal amount of up to HK\$30,000,000 on 6th September 2002 and additional facility of HK\$40,000,000 on 17th July 2003 to finance the development of its property projects. Fortune Leader Real Estate is 80% owned by Dragon Fortune Limited ("Dragon Fortune") and 20% by an independent third party. Dragon Fortune is in turn owned by the Company, Potassium Corp. ("Potassium"), Sun City Holdings Limited ("Sun City"), a 30.625% owned associated company, and independent third parties as to 36.39%, 7.09%, 20.33% and 36.19% respectively. Effectively, the Group owns Dragon Fortune as to 42.62%.

The obligation and liabilities of Fortune Leader Real Estate under the banking facilities were guaranteed by the Company, Mr. Cheng Kar-shing, Peter who is a director of the Company ("Personal Guarantor"), and certain independent shareholders of Dragon Fortune in the proportion of 39.20%, 30.64% and 30.16% respectively on several basis.

Potassium is wholly-owned by the Personal Guarantor. Sun City is a 30.625% owned associated company of the Company and is also a connected person of the Company by virtue of the deemed interest of the Personal Guarantor in more than one-third of its issued share capital. Accordingly, the provision of the guarantee by the Company in respect of the banking facilities to Fortune Leader Real Estate constituted a connected transaction of the Company.

- (4) On 19th December 2002, Shanghai Mayfair Hotel Co., Ltd. ("Shanghai Mayfair") was granted a banking facility of up to an aggregate principal amount of HK\$10,000,000 and RMB74,000,000 respectively by a bank for a term of 2 years. The Company had provided guarantee in respect of the full obligation and liabilities of Shanghai Mayfair under the loan facility.

At the date of the transaction, Shanghai Mayfair is indirectly owned as to 99% by Ramada Property. The other shareholders of Ramada Property have agreed to indemnify the Company in respect of its liability under the guarantee and pay to the Company a guarantee fee of 0.25% per annum on the amount of the loan facility being utilised by Shanghai Mayfair in proportion to their shareholdings in Ramada Property.

Stanley, having 20% interest in Ramada Property, is a connected person of the Company by reason stated in paragraph C(1) above. The provision of the guarantee by the Company in respect of the loan facility and the payment of guarantee fee by Stanley constituted connected transactions of the Company and an announcement dated 19th December 2002 relating to the provision of the guarantee had been published. Repayment of aforesaid facility was financed by a multi-currency loan facility to Shanghai Ramada on 15th December 2004 as stated in paragraph C(1) above.

- (5) On 8th January 2003, Fortune Leader Overseas Chinese (Daiyawan) Investment Co., Ltd. (“Fortune Leader Investment”) was granted a 4-year banking facility with principal amount of up to HK\$50,000,000 to finance the development of its property projects. Fortune Leader Investment was 80% owned by Dragon Fortune.

The obligation and liabilities of Fortune Leader Investment under the banking facilities were guaranteed by the Company, the Personal Guarantor and certain independent shareholders of Dragon Fortune in the proportion of 39.84%, 29.50% and 30.66% respectively on several basis.

By reason stated in paragraph C(3) above, the provision of the guarantee by the Company in respect of the banking facilities to Fortune Leader Investment constituted a connected transaction of the Company.

- (6) On 27th November 2003, Guangzhou Xin Yi Development Limited (“Xin Yi”) was granted a 3-year term loan facility of up to RMB200,000,000 by a bank to finance its property development projects in which 90.5% of the loan facility was guaranteed by the Company. Xin Yi is indirectly owned by the Company and CTF as to 90.50% and 9.50% respectively.

As CTF is regarded as a connected person of the Company by reason stated in paragraph C(2) above, the provision of the aforesaid guarantee by the Company constituted a connected transaction of the Company.

D. Property agency agreement

On 2nd June 2004, Beijing Lingal Real Estates Development Co., Ltd. (“Beijing Lingal”), an indirect wholly-owned subsidiary of the Group, entered into an agreement (“Property Agency Agreement”) with Kiu Lok Property Services (China) Limited (“Kiu Lok”), an indirect wholly-owned subsidiary of NWS Holdings Limited which is a subsidiary of NWD, for the provision of property agency services by Kiu Lok to Beijing Lingal in connection with the promotion, sale and leasing of properties located in Chateau Regalia Beijing for three years commencing from 2nd June 2004 to 1st June 2007 and will continue for successive terms of one year until terminated by either party by not less than three months’ notice. Details of the Property Agency Agreement were set out in the Company’s announcement dated 2nd June 2004.

The agency fee payable to Kiu Lok is calculated at (a) for the provision of property agency services in connection with the sale of properties at Chateau Regalia Beijing: 2% of the actual selling price of each unit sold; and (b) for the provision of property agency services in connection with the leasing of properties at Chateau Regalia Beijing: (i) 8.3333% of the total net rental receivable of each unit leased, subject to the maximum of one month’s average net monthly rental (“ANMR”); or (ii) 50% of the ANMR, if the tenant is introduced by sub-agents and commission payable to the sub-agents is not less than 50% of the ANMR; or (iii) the difference between the ANMR and the commission payable to sub-agents, if the tenant is introduced by sub-agents and the commission payable to the sub-agents is less than 50% of the ANMR and (c) in connection with renewal of lease of properties at Chateau Regalia Beijing: 2.5% of the total net rental receivable during the extended term of tenancy, subject to the maximum of 30% of the ANMR receivable by Beijing Lingal in respect of the relevant premises. The fees paid to Kiu Lok under the Property Agency Agreement for the year ended 30th June 2005 was HK\$5,437,000 (2004: HK\$6,071,000).

Connected transactions (continued)

E. Provision of shareholder's loan

On 29th July 2005, New World Development (China) Limited ("NWDC"), a wholly owned subsidiary, entered into a loan agreement with Shanghai Juyi Real Estate Development Co., Ltd. ("Juyi"), a company beneficially owned by NWDC and Stanley as to 70% and 30% respectively. Pursuant to the loan agreement, NWDC, the sole legal owner of Juyi, will provide a shareholder's loan in the principal amount of US\$10,000,000 to Juyi for a term of five years, subject to renewal, at an interest rate of 1.35% above the London Inter-bank Offered Rate per annum for the purpose of financing the development of Shanghai Hong Kong New World Garden located in Luwan District, Shanghai, PRC. The loan amount was provided by NWDC and Stanley in proportion to their beneficial shareholdings in Juyi.

By virtue of the interest of Stanley in Juyi and the fact that Stanley is a connected person of the Company by reason stated in paragraph C(1) above, the provision of the shareholder's loan to Juyi constituted a connected transaction of the Company. Details of the loan agreement were set out in the announcement of the Company dated 29th July 2005.

F. Acquisition of interests

On 12th September 2005, NWDC entered into an agreement with Shun Hing China Investment Limited ("Shun Hing") whereby NWDC agreed to acquire and Shun Hing agreed to sell 100 shares, representing 10% interest, in the issued share capital of Ramada Property, together with the shareholder's loan in the sum of US\$9,719,074.15 and HK\$16,680,368.89 due and owing by Ramada Property to Shun Hing for a total consideration of US\$12,095,269.62 and HK\$17,014,050.74. After completion of the transaction on 13th September 2005, Ramada Property became a 75% owned subsidiary of the Group.

Ramada Property is an investment holding company having 99.81% interests in Shanghai Ramada, which holds the entire interest in Shanghai Ramada Plaza, a composite building comprising hotel, apartments, shopping arcade and carparks.

Shun Hing is a connected person of the Company by virtue of its interest in Ramada Property. Ramada Property is also 20% owned by a company wholly-owned by Mr. Doo Wai-hoi, William, a connected person of the Company. The acquisition therefore constituted a connected transaction of the Company. Relevant details relating to the acquisition was published in the announcement of the Company dated 12th September 2005.

G. Other connected transactions

In July 1999, a deed of tax indemnity was entered into between NWD and the Group whereby NWD undertakes to indemnify the Group in respect of, inter alia, certain PRC income tax and land appreciation tax payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, no such tax indemnity was effected (2004: Nil).

H. Annual review of the continuing connected transactions

(1) **Construction services**

The construction services mentioned in paragraph (A) above constituted continuing connected transactions of the Company under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules").

The independent non-executive directors of the Company had reviewed the transactions for the financial year ended 30th June 2005 and have confirmed that the transactions were:

- (a) entered into in the ordinary and usual course of business of the Group;
- (b) conducted on normal commercial terms and on arm's length basis;

- (c) entered into either in accordance with the terms of the agreements governing the transactions, or where there are no such agreements, on terms no more favourable than terms available to (or from, as appropriate) 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, being HK\$450 million and did not exceed 3% of the net tangible asset value of the Group for the year ended 30th June 2005.

(2) **Tenancy agreements**

(i) *Shenyang Tenancy Agreements and Tianjin Tenancy Agreement*

As stated in the Company's announcements dated 10th June 2003 and 15th March 2004, the Company was granted conditional waiver by the Stock Exchange from strict compliance with the disclosure requirement of the Listing Rules in respect of the continuing connected transactions arising from (a) the 1995 Tenancy Agreement and the 2000 Tenancy Agreement (paragraphs B(2) and B(3) above) (together, the "Shenyang Tenancy Agreements") for a period up to 30th November 2005; and (b) the Tianjin Tenancy Agreement (paragraph B(4) above) for a period up to 30th June 2006.

The independent non-executive directors of the Company had reviewed the transactions arising from the Shenyang Tenancy Agreements and the Tianjin Tenancy Agreement (collectively, the "Tenancy Agreements") for the year ended 30th June 2005 and confirmed that the transactions were:

- (a) entered into by the Group in the ordinary and usual course of business;
- (b) conducted on normal commercial terms or (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
- (c) entered into in accordance with the terms of the Tenancy Agreements; and
- (d) within the annual amounts receivable pursuant to each of the Tenancy Agreements and did not exceed 3% of the book value of the consolidated net tangible assets of the Group for the year ended 30th June 2005.

The Company had received a letter from the auditors in respect of the transactions arising from each of the Tenancy Agreements confirming that:

- (a) the transactions had received the approval of the board of directors of the Company;
- (b) the transactions were entered into in accordance with terms of the Tenancy Agreements; and
- (c) the aggregate values of the transactions were within the annual amounts receivable pursuant to each of the Tenancy Agreements and did not exceed 3% of the book value of the consolidated net tangible assets of the Group for the year ended 30th June 2005.

Connected transactions (continued)

H. Annual review of the continuing connected transactions (continued)

(2) **Tenancy agreements (continued)**

(ii) *Dalian Tenancy Agreement*

The independent non-executive directors of the Company had also reviewed the transactions arising from the Dalian Tenancy Agreement (paragraph B(5) above), as supplemented by its supplemental agreement dated 26th November 2004, for the year ended 30th June 2005 and confirmed that the transactions were :

- (a) entered into by the Group in the ordinary and usual course of business;
- (b) conducted on normal commercial terms; and
- (c) entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company had received a letter from the auditors in respect of the transactions arising from the Dalian Tenancy Agreement, as supplemented by the supplemental agreement, confirming that the transactions:

- (a) had received the approval of the board of directors of the Company;
- (b) had been entered into in accordance with the relevant agreement governing the transactions; and
- (c) had not exceeded RMB22,000,000 for the year ended 30th June 2005.

(3) **Property agency agreement**

Pursuant to rule 14A.34 of the Listing Rules, the Property Agency Agreement described in paragraph (D) above constituted continuing connected transaction of the Company. The independent non-executive directors of the Company had reviewed the transactions arising from the Property Agency Agreement for the year ended 30th June 2005 and confirmed that the transactions were :

- (a) entered into by the Group in the ordinary and usual course of business;
- (b) conducted on normal commercial terms; and
- (c) entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company had received a letter from the auditors in respect of the transactions arising from the Property Agency Agreement confirming that the transactions:

- (a) had received the approval of the board of directors of the Company;
- (b) had been entered into in accordance with the relevant agreement governing the transactions; and
- (c) had not exceeded HK\$8,800,000 for the year ended 30th June 2005.

Save as disclosed above, a summary of significant related party transactions that do not constitute connected transactions made during the year was disclosed in note 35 to the accounts.

Directors' rights to acquire shares or debentures

Save as disclosed under the section headed "Directors' interests in securities" below, 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 executives 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 securities

As at 30th June 2005, the interests of the directors and their associates in shares, registered capital, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Long position in shares

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2005
	Personal interests	Family interests	Corporate interests		
New World China Land Limited					
(Ordinary shares of HK\$0.1 each)					
Dr. Cheng Kar-shun, Henry	—	—	52,271,200 (note 1)	52,271,200	1.39
Mr. Doo Wai-hoi, William	1,750,000	—	45,050,000 (note 2)	46,800,000	1.24
Mr. Leung Chi-kin, Stewart	500,000	—	—	500,000	0.01
Mr. Chow Kwai-cheung	400,126	—	—	400,126	0.01
Mr. Fong Shing-kwong, Michael	600,000	—	—	600,000	0.02
Mr. Chan Kam-ling (note 12)	300,000	—	—	300,000	0.01
New World Development Company Limited					
(Ordinary shares of HK\$1 each)					
Mr. Leung Chi-kin, Stewart	32,553	—	—	32,553	0.001
Mr. Chow Kwai-cheung	43,495	—	—	43,495	0.001
Mr. Chan Kam-ling (note 12)	135,335	—	—	135,335	0.004
New World Mobile Holdings Limited					
(Ordinary shares of HK\$1 each)					
Mr. Fong Shing-kwong, Michael	6,580	—	—	6,580	0.008

Directors' interests in securities (continued)

(A) Long position in shares (continued)

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2005
	Personal interests	Family interests	Corporate interests		
New World TMT Limited					
(Ordinary shares of HK\$1 each)					
Dr. Cheng Kar-shun, Henry	—	1,000,000	—	1,000,000	0.11
Mr. Doo Wai-hoi, William	—	—	12,000,000 (note 2)	12,000,000	1.26
Mr. Chan Kam-ling (note 12)	6,800	—	—	6,800	0.0007
Mr. Chan Wing-tak, Douglas (note 13)	1,300,000	400,000	—	1,700,000	0.18
NWS Holdings Limited					
(Ordinary shares of HK\$1 each)					
Dr. Cheng Kar-shun, Henry	2,000,000	587,000	8,000,000 (note 1)	10,587,000	0.58
Mr. Doo Wai-hoi, William	1,333,333	—	826,000 (note 2)	2,159,333	0.12
Mr. Cheng Kar-shing, Peter	333,333	—	2,659,700 (note 3)	2,993,033	0.16
Mr. Leung Chi-kin, Stewart	3,526,630	—	84,607 (note 4)	3,611,237	0.20
Mr. Chow Kwai-cheung	2,264,652	—	—	2,264,652	0.12
Mr. Chow Yu-chun, Alexander	2,371,337	—	—	2,371,337	0.13
Mr. Fong Shing-kwong, Michael	2,197,373	—	—	2,197,373	0.12
Mr. Cheng Wai-chee, Christopher	406,866	—	—	406,866	0.02
Mr. Chan Kam-ling (note 12)	670,657	—	10,254,321 (note 5)	10,924,978	0.60
Mr. Chan Wing-tak, Douglas (note 13)	410,900	—	—	410,900	0.02

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2005
	Personal interests	Family interests	Corporate interests		
Dragon Fortune Limited					
(Ordinary shares of US\$1 each)					
Mr. Cheng Kar-shing, Peter	—	—	15,869 (note 6)	15,869	27.41
Faith Yard Property Limited					
(Ordinary shares of US\$1 each)					
Mr. Doo Wai-hoi, William	—	—	1 (note 2)	1	50.00
Fortune Star Worldwide Limited					
(Ordinary shares of US\$1 each)					
Mr. Doo Wai-hoi, William	—	—	60 (note 2)	60	60.00
Fung Seng Estate Development (Shanghai) Co., Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	3,000,000 (note 7)	3,000,000	30.00
Grand Make International Limited					
(Ordinary shares of US\$1 each)					
Mr. Doo Wai-hoi, William	—	—	10 (note 2)	10	10.00
HH Holdings Corporation					
(Ordinary shares of HK\$1 each)					
Mr. Chan Kam-ling (note 12)	15,000	—	—	15,000	2.50

Directors' interests in securities (continued)

(A) Long position in shares (continued)

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2005
	Personal interests	Family interests	Corporate interests		
Master Services Limited					
(Ordinary shares of US\$0.01 each)					
Mr. Leung Chi-kin, Stewart	16,335	—	—	16,335	1.63
Mr. Chow Kwai-cheung	16,335	—	—	16,335	1.63
Mr. Chow Yu-chun, Alexander	16,335	—	—	16,335	1.63
Mr. Chan Kam-ling (note 12)	16,335	—	—	16,335	1.63
Ramada Property Ltd.					
(Ordinary shares of US\$1 each)					
Mr. Doo Wai-hoi, William	—	—	200 (note 2)	200	20.00
Shanghai Juyi Real Estate Development Co., Ltd.					
(Registered capital in RMB)					
Mr. Doo Wai-hoi, William	—	—	105,000,000 (note 7)	105,000,000	30.00
Shanghai Trio Property Development Co. Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	28,350,000 (note 8)	28,350,000	52.50
Sun City Holdings Limited					
(Ordinary shares of HK\$1 each)					
Mr. Cheng Kar-shing, Peter	—	80,000	3,570,000 (note 9)	3,650,000	45.63
Sun Legend Investments Limited					
(Ordinary shares of HK\$1 each)					
Mr. Cheng Kar-shing, Peter	—	—	500 (note 9)	500	50.00

	Number of shares/ amount of registered capital			Total	Percentage to the relevant issued/ registered capital as at 30th June 2005
	Personal interests	Family interests	Corporate interests		
YE Holdings Limited					
(Ordinary shares of HK\$1 each)					
Mr. Leung Chi-kin, Stewart	37,500	—	—	37,500	1.50
Zhaoqing New World Property Development Limited					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William	—	—	8,250,000 (note 11)	8,250,000	60.00
Zhaoqing New World Property Management Limited					
(Registered capital in HK\$)					
Mr. Doo Wai-hoi, William	—	—	300,000 (note 11)	300,000	60.00

Notes:

- (1) These shares are beneficially owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.
- (2) These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William.
- (3) These shares are beneficially owned by a company wholly-owned by Mr. Cheng Kar-shing, Peter.
- (4) These shares are beneficially owned by a company of which Mr. Leung Chi-kin, Stewart has a direct interest of 55%.
- (5) These shares are beneficially owned by a company of which Mr. Chan Kam-ling has a direct interest of 50%.
- (6) 4,102 shares are held by a company wholly-owned by Mr. Cheng Kar-shing, Peter and 11,767 shares are held by Sun City Holdings Limited ("Sun City"), of which Mr. Cheng is deemed to be interested in 45.63% of its issued share capital.
- (7) These represent the participating interests held by a company wholly-owned by Mr. Doo Wai-hoi, William.
- (8) These include 50% direct interests and 2.5% participating interests in the registered capital of Shanghai Trio Property Development Co. Ltd. being held by companies wholly-owned by Mr. Doo Wai-hoi, William.
- (9) These shares are held by a company of which Mr. Cheng Kar-shing, Peter owns an indirect interest of 48.18%.
- (10) Mr. Cheng Kar-shing, Peter is deemed to be interested in the shares of Sun Legend Investments Limited by virtue of his interests in Sun City.
- (11) Mr. Doo Wai-hoi, William is deemed to be interested in the registered capitals of these companies by virtue of his interest in Fortune Star Worldwide Limited, of which Mr. Doo Wai-hoi, William owns an indirect interest of 60%.
- (12) Mr. Chan Kam-ling resigned as an executive director of the Company with effect from 30th August 2004 and the closing balance of his interests refers to the balance as at his resignation date.
- (13) Mr. Chan Wing-tak, Douglas resigned as an executive director of the Company with effect from 13th July 2004 and the closing balance of his interests refers to the balance as at his resignation date.

Directors' interests in securities (continued)

(B) Long position in underlying shares — share options

(1) The Company

Under the share option scheme of the Company adopted on 18th December 2000, share options were granted to the undermentioned directors of the Company which entitled them to subscribe for shares of the Company and accordingly they are regarded as interested in the underlying shares of the Company. Details of the share options granted to them are as follows:

Name of director	Date of grant	Exercisable period (note 1)	Number of share options				Balance as at 30th June 2005	Exercise price per share (note 2)
			Balance as at 1st July 2004	Adjusted during the year (note 2)	Exercised during the year	Lapsed/re-classified during the year		
Dr. Cheng Kar-shun, Henry	7th February 2001	8th March 2001 to 7th March 2006	5,000,000	(5,000,000)	—	—	—	HK\$ 1.955
			—	12,500,000	—	—	12,500,000	1.782
Mr. Doo Wai-hoi, William	8th February 2001	9th March 2002 to 8th March 2006	2,800,000	(2,800,000)	—	—	—	1.955
			—	7,000,000	—	—	7,000,000	1.782
Mr. Cheng Kar-shing, Peter	9th February 2001	10th March 2001 to 9th March 2006	2,500,000	(1,500,000)	(1,000,000)	—	—	1.955
			—	3,750,000	(200,000) (note 4)	—	3,550,000	1.782
Mr. Chow Yu-chun, Alexander	8th February 2001	9th March 2001 to 8th March 2006	2,500,000	(2,500,000)	—	—	—	1.955
			—	6,250,000	—	—	6,250,000	1.782
Mr. Leung Chi-kin, Stewart	7th February 2001	8th March 2001 to 7th March 2006	500,000	—	(500,000) (note 5)	—	—	1.955
Mr. Chow Kwai-cheung	9th February 2001	10th March 2001 to 9th March 2006	500,000	(100,000)	(400,000)	—	—	1.955
			—	250,000	—	—	250,000	1.782
Mr. Fong Shing-kwong, Michael	17th February 2001	18th March 2004 to 17th March 2006	400,000	(400,000)	—	—	—	1.955
			—	1,000,000	—	—	1,000,000	1.782
Mr. Chan Kam-ling	9th February 2001	10th March 2002 to 9th March 2006	400,000	—	(200,000) (note 7)	(200,000) (note 8)	—	1.955
Mr. Chan Wing-tak, Douglas	12th February 2001	13th March 2001 to 12th March 2006	500,000	—	—	(500,000) (note 9)	—	1.955
Total			15,100,000	18,450,000	(2,300,000)	(700,000)	30,550,000	

Notes:

- The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total share options granted together with any unexercised share options carried forward from the previous anniversary years.
- Pursuant to the share option scheme of the Company, the number of share options and exercise price are subject to adjustment in case of alteration in the Company's capital structure. Accordingly, the rights issue as announced by the Company on 18th February 2005 constitutes an event giving rise to an adjustment to the exercise price and number of outstanding share options in accordance with the share option scheme. The exercise price per share of the share options has been adjusted from HK\$1.955 to HK\$1.782 with effect from 9th April 2005.
- The exercise dates were 25th October 2004 and 12th November 2004 for options representing 500,000 shares each. On 21st October 2004 and 11th November 2004, being the trading dates immediately before the share options were exercised, the closing price per share was HK\$2.70 and HK\$2.90 respectively.

- (4) The exercise date was 6th May 2005. On 5th May 2005, being the trading day immediately before the share options were exercised, the closing price per share was HK\$2.90.
- (5) The exercise date was 4th April 2005. On 1st April 2005, being the trading date immediately before the share options were exercised, the closing price per share was HK\$2.80.
- (6) The exercise date was 3rd February 2005. On 2nd February 2005, being the trading date immediately before the share options were exercised, the closing price per share was HK\$3.675.
- (7) The exercise date was 24th August 2004. On 23rd August 2004, being the trading date immediately before the share options were exercised, the closing price per share was HK\$2.125.
- (8) The interests of Mr. Chan Kam-ling in the share options were re-classified as employee's interests due to his resignation as a director of the Company on 30th August 2004. Mr. Chan Kam-ling remains to act as a director of certain subsidiaries of the Group.
- (9) The share options held by Mr. Chan Wing-tak, Douglas lapsed due to his resignation as a director of the Company on 13th July 2004.
- (10) The cash consideration paid by each director for each grant of the share options is HK\$10.

Directors' interests in securities (continued)

(B) Long position in underlying shares — share options (continued)

(2) *New World Mobile Holdings Limited*

Under the share option scheme of a fellow subsidiary, New World Mobile Holdings Limited (“NWMH”), the following directors have personal interests in share options to subscribe for shares in NWMH and are accordingly regarded as interested in the underlying shares of NWMH. Details of the share options of NWMH granted to them are as follows:

Name of director	Date of grant	Exercise price per share	Exercisable period	Number of shares entitled to subscribe under the share options as at 30th June 2005
		HK\$		
Dr. Cheng Kar-shun, Henry	28th January 2005	1.26	(note)	780,000
Mr. Doo Wai-hoi, William	28th January 2005	1.26	(note)	300,000
Mr. Chow Yu-chun, Alexander	28th January 2005	1.26	(note)	482,000

Note: Exercisable from 28th January 2005 to 31st December 2010.

During the year, no share options were exercised by the above directors under the share option scheme of NWMH. The cash consideration paid by the director for grant of the share options is HK\$1.00.

(3) *New World TMT Limited*

Under the share option scheme of a fellow subsidiary, New World TMT Limited (“NWTMT”) adopted on 3rd October 1997, the following director, who is also a director of NWTMT, was granted share options to subscribe for shares in NWTMT and accordingly, he is regarded as interested in the underlying shares of NWTMT. Details of the share options of NWTMT granted to him are as follows:

Name of director	Date of grant	Share options with exercise price per share of HK\$10.20 (note 1)		Share options with exercise price per share of HK\$12.00 (note 2)	
		Balance as at 1st July 2004	Balance as at 30th June 2005	Balance as at 1st July 2004	Balance as at 30th June 2005
Mr. Fu Sze-shing	23rd September 1999	240,000	—	960,000	—

Notes:

- (1) Exercisable from 1st July 2000 to 1st June 2005.
- (2) Divided into 3 tranches exercisable from 1st July 2001, 2002 and 2003 to 1st June 2005 respectively.
- (3) The share options lapsed on 2nd June 2005.
- (4) The cash consideration paid by the director for grant of the share options is HK\$10.

(4) *NWS Holdings Limited*

Under the share option schemes of a fellow subsidiary, NWS Holdings Limited (“NWS”), the following directors of the Company have personal interests in share options to subscribe for shares in NWS and are accordingly regarded as interested in the underlying shares of NWS. Details of the share options of NWS granted to them are as follows:

Name of director	Date of grant	Exercisable period	Number of share options			Balance as at 30th June 2005	Exercise price per share (note 1)
			Balance as at 1st July 2004	Adjusted during the year (note 1)	Exercised during the year		
Dr. Cheng Kar-shun, Henry	21st July 2003	(note 2)	2,000,000	(1,000,000)	(1,000,000)	—	HK\$ 3.725
			—	1,009,849	—	1,009,849	3.719
Mr. Doo Wai-hoi, William	21st July 2003	(note 2)	1,333,334	(666,667)	(666,667)	—	3.725
			—	673,233	—	673,233	3.719
Mr. Cheng Kar-shing, Peter	21st July 2003	(note 2)	333,334	(166,667)	(166,667)	—	3.725
			—	168,308	—	168,308	3.719
Mr. Leung Chi-kin, Stewart	21st July 2003	(note 3)	134,000	(68,000)	(66,000)	—	3.725
			—	68,669	—	68,669	3.719
Mr. Chow Yu-chun, Alexander	21st July 2003	(note 2)	133,334	(133,334)	—	—	3.725
			—	134,647	—	134,647	3.719
Mr. Fong Shing-kwong, Michael	21st July 2003	(note 2)	333,334	(166,667)	(166,667)	—	3.725
			—	168,308	—	168,308	3.719
Mr. Cheng Wai-chee, Christopher	21st July 2003	(note 3)	600,000	(200,000)	(400,000)	—	3.725
			—	201,969	—	201,969	3.719
Mr. Chan Kam-ling (note 5)	21st July 2003	(note 2)	1,333,334	—	—	1,333,334	3.725
Mr. Chan Wing-tak, Douglas (note 6)	11th May 1999	(note 4)	1,000,000	—	—	1,000,000	6.930

Notes:

- (1) The number of share options and exercise price were adjusted by NWS on 30th June 2005 as a result of the issue of shares by NWS to its shareholders who have elected to receive shares in lieu of cash for their entitlement of interim dividend as declared and paid by NWS during the year. The exercise price per share of the share options has been adjusted from HK\$3.725 to HK\$3.719 with effect from 30th June 2005.
- (2) Divided into 2 tranches exercisable from 21st July 2004 and 21st July 2005 to 20th July 2008, respectively.
- (3) Divided into 3 tranches exercisable from 21st January 2004, 21st July 2004 and 21st July 2005 to 20th July 2008, respectively.
- (4) Divided into 4 tranches exercisable from 5th November 1999, 5th May 2001, 5th May 2002, 5th May 2003 to 4th November 2004 respectively.
- (5) Mr. Chan Kam-ling resigned as an executive director of the Company with effect from 30th August 2004 and the closing balance of his interests refers to the balance as at his resignation date.
- (6) Mr. Chan Wing-tak, Douglas resigned as an executive director of the Company with effect from 13th July 2004 and the closing balance of his interests refers to the balance as at his resignation date.
- (7) The cash consideration paid by the director for each grant of the share options is HK\$10.

Directors' interests in securities (continued)

Save as disclosed above, as at 30th June 2005, none of the directors, chief executives or any of their associates had or deemed to have any interest or short positions in the shares, registered capital, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Directors' interests in competing business

During the year, 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 director	Name of entity with competing business	Business activity of the entity	Nature of interest of director in the entity
Dr. Cheng Kar-shun, Henry	Beijing Jiang Guang Development Limited	Hotel operation in Beijing	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
	Wuxi Ramada Hotel Company Limited	Hotel operation in Wuxi	Director
	Mr. Doo Wai-hoi, William	New Bei Fang Hotel Ltd.	Property investment
Tianjin Tianzheng Property & Merchants Co., Ltd.		Land improvement in Tianjin	Director
Mr. Cheng Kar-shing, Peter	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
Mr. Chow Kwai-cheung	北京市天竺花園別墅發展有限公司	Property development in Beijing	Director
	Tianjin Tianzheng Property & Merchants Co., Ltd.	Land improvement in Tianjin	Director
	廣州金湖住宅發展有限公司	Property development in Guangzhou	Director
	廣州紅丰房地產有限公司	Property development in Guangzhou	Director
	增城永裕房地產有限公司	Property development in Guangzhou	Director

Name of director	Name of entity with competing business	Business activity of the entity	Nature of interest of director in the entity
Mr. Chow Yu-chun, Alexander	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Guangzhou Metropolitan Properties Co., Ltd.	Property development in Guangzhou	Director
	Guangzhou New World Properties Development Co., Ltd.	Property development in Guangzhou	Director
	Huizhou New World Enterprises Development Co., Ltd.	Property development in Huizhou	Director
	New Bei Fang Hotel Ltd.	Property investment	Director
	Qingyuan New World Housing Development Ltd.	Property development in Qingyuan	Director
	Wuhan New Eagle Development Co., Ltd.	Property investment in Wuhan	Director
Mr. Fong Shing-kwong, Michael	Beijing Jiang Guang Centre Co., Ltd.	Hotel operation in Beijing	Director
	Beijing Fu Wah Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Beijing Niceline Real Estates Development Co., Ltd.	Property development in Beijing	Director
	Grand New World Hotel Company Limited	Hotel operation in Xian	Director
	Wuxi New City Development Co., Ltd.	Hotel operation in Wuxi	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 operating its businesses independently of, and at arm's length from the businesses of such companies.

Substantial shareholders' interests in shares

As at 30th June 2005, the register of substantial shareholders maintained under Section 336 of the SFO showed that the following parties had interests in 5% or more of the issued share capital of the Company:

Name	Number of shares		Number of shares comprised in derivatives (note 3)		Total	Percentage to the issued share capital as at 30th June 2005
	Beneficial interests	Corporate Interests	Beneficial interests	Corporate Interests		
Chow Tai Fook Enterprises Limited (note 1)	—	2,714,858,780	—	262,000,000	2,976,858,780	79.00
New World Development Company Limited ("NWD") (note 2)	2,537,632,731	177,226,049	—	262,000,000	2,976,858,780	79.00
Easywin Enterprises Corporation Limited ("Easywin")	113,351,879	—	262,000,000	—	375,351,879	9.96

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 in which NWD is interested or deemed to be interested.
- (2) NWD holds 100% in Easywin and is accordingly deemed to have an interest in the shares held by Easywin in the Company. NWD is also deemed to be interested in 22,508,064 shares held by Great Worth Holdings Limited, its 59% owned subsidiary and 41,366,106 shares held by High Earnings Holdings Limited, its 54% owned subsidiary.
- (3) Pursuant to certain option agreements all dated 30th May 2005, Easywin granted put options in respect of 262,000,000 shares of the Company to independent third parties which are exercisable at an initial exercise price of HK\$2.90 per share (subject to adjustment) on 25th May 2007 (subject to certain accelerating events as provided therein).

All the interests stated above represent long position. Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30th June 2005.

Share option schemes

On 18th December 2000, the Company adopted a share option scheme (“2000 Share Option Scheme”) pursuant to which employees, including executive directors of the Group, were given opportunity to obtain equity holdings in the Company. The 2000 Share Option Scheme was subsequently terminated at the annual general meeting of the Company held on 26th November 2002 whereby a new share option scheme (“2002 Share Option Scheme”) was adopted in compliance with the new requirements of the Listing Rules. Any share options which were granted under the 2000 Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2000 Share Option Scheme.

A summary of the 2000 Share Option Scheme and the 2002 Share Option Scheme was set out as follows:

	2000 Share Option Scheme	2002 Share Option Scheme
Purpose of the schemes	As incentive to employees, including executive directors, of the Company or its subsidiaries	To provide an opportunity for the full-time or part-time employees, including directors, of the Group to participate in the equity of the Company as well as to motivate them to optimize their performance
Participants of the schemes	Full-time employees, including any directors, of the Company or its subsidiaries	Full-time or part-time employees, including directors, of the Company or its subsidiaries
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of this annual report	The Company had granted share options representing the rights to subscribe for 65,745,200 shares of the Company under the 2000 Share Option Scheme, together with 38,158,200 shares by way of adjustment on the number of share options as a result of the Company’s issue of rights shares which became unconditional on 8th April 2005. No further options will be granted under the 2000 Share Option Scheme	The Company had granted share options representing the rights to subscribe for 9,697,200 shares under the 2002 Share Option Scheme up to the date of this report, together with 6,465,900 shares by way of adjustment on the number of share options as a result of the Company’s issue of rights shares which became unconditional on 8th April 2005. The Company may further grant share options to subscribe for 49,242,529 shares of the Company, representing approximately 1.30% of the total issued share capital of the Company as at the date of this report
Maximum entitlement of each participant under the schemes	25% of the aggregate number of shares for the time being issued and issuable under the scheme	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by shareholders in general meeting

Share option schemes (continued)

	2000 Share Option Scheme	2002 Share Option Scheme
The period within which the shares must be taken up under an option	At any time during a period to be notified by the Directors, which period not to exceed 5 years commencing on the expiry of 1 month after the date on which the option is accepted and expiring on the last day of the 5-year period	At any time during a period to be notified by the Directors, which period not to exceed 5 years commencing on the expiry of 1 month after the date on which the option is accepted and expiring on a date not later than the last day of the 5-year period
The minimum period for which an option must be held before it can be exercised	1 month	1 month
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$10 is to be paid as consideration for the grant of option within 28 days from the date of offer	HK\$10 is to be paid as consideration for the grant of option within 28 days from the date of offer
The basis of determining the exercise price	<p>The exercise price shall be determined by the Directors, being the higher of:</p> <p>(a) not less than 80% of the average closing price of shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of offer; or</p> <p>(b) the nominal value of a share</p>	<p>The exercise price shall be determined by the Directors, being at least the higher of:</p> <p>(a) the closing price of shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of offer, which must be a business day; and</p> <p>(b) the average closing price of shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer</p>
The remaining life of the schemes	The 2000 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 18th December 2000	The 2002 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date i.e. 26th November 2002

During the year ended 30th June 2005, movement of share options granted to the directors and employees of the Group under the 2000 Share Option Scheme and the 2002 Share Option Scheme was as follows:

- (A) Movement of share options to directors was disclosed under the heading "Directors' interests in securities" above.
- (B) Movement of share option to employees was as follows:

Under the 2000 Share Option Scheme

Date of grant	Number of share options (note 1)					Outstanding as at 30th June 2005	Exercise price per share (note 3)
	Balance as at 1st July 2004	Re-classified as employee's interests during the year	Adjusted during the year (note 3)	Exercised during the year (note 5)	Lapsed during the year		
5th February 2001 to 2nd March 2001	22,338,400	200,000	(10,350,800)	(11,589,600)	(598,000)	—	HK\$ 1.955
	—	—	25,877,000	(6,384,600)	—	19,492,400	1.782*
2nd May 2001 to 29th May 2001	402,000	—	(383,200)	(18,800)	—	—	2.605
	—	—	958,000	(398,000)	—	560,000	2.375*
29th June 2001 to 26th July 2001	2,097,200	—	(1,371,600)	(572,000)	(153,600)	—	3.192
	—	—	3,429,000	—	(234,000)	3,195,000	2.910*
31st August 2001 to 27th September 2001	590,000	—	(478,000)	(100,000)	(12,000)	—	2.380
	—	—	1,195,000	(248,000)	—	947,000	2.170*
26th March 2002 to 22nd April 2002	861,200	—	(555,200)	(306,000)	—	—	2.265
	—	—	1,388,000	(633,400)	(12,600)	742,000	2.065*
Total	26,288,800	200,000	19,708,200	(20,250,400)	(1,010,200)	24,936,400	

Share option schemes (continued)

Under the 2002 Share Option Scheme

Date of grant	Number of share options (note 1)					Outstanding as at 30th June 2005	Exercise price per share (note 3)
	Balance as at 1st July 2004	Granted during the year (note 4)	Adjusted during the year (note 3)	Exercised during the year (note 6)	Lapsed during the year		
3rd January 2003 to 30th January 2003	676,800 —	— —	(501,600) 1,254,000	(175,200) (43,800)	— —	— 1,210,200	HK\$ 1.330 1.212*
12th May 2003 to 6th June 2003	1,544,000 —	— —	(1,064,200) 2,660,500	(275,000) (800)	(204,800) —	— 2,659,700	1.000 0.912*
28th October 2003 to 22nd November 2003	237,600 —	— —	(27,600) 69,000	(9,200) —	(200,800) —	— 69,000	1.810 1.650*
18th December 2003 to 14th January 2004	1,300,000 (note 2) —	— —	(750,000) 1,875,000	(550,000) (250,000)	— —	— 1,625,000	1.830 1.668*
25th March 2004 to 21st April 2004	976,000 —	— —	(818,800) 2,047,000	(84,000) (54,800)	(73,200) —	— 1,992,200	2.470 2.252*
18th June 2004 to 15th July 2004	— —	560,400 —	(353,200) 883,000	(74,400) —	(132,800) —	— 883,000	1.810 1.650*
4th November 2004 to 1st December 2004	— —	282,800 —	(282,800) 707,000	— —	— —	— 707,000	2.725 2.484*
22nd December 2004 to 18th January 2005	— —	536,400 —	(512,400) 1,281,000	(24,000) (400)	— (46,600)	— 1,234,000	2.950 2.689*
Total	4,734,400	1,379,600	6,465,900	(1,541,600)	(658,200)	10,380,100	

Notes:

- (1) The share options are exercisable within five years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total share options granted together with any unexercised share options carried forward from the previous anniversary years, except otherwise specified in note 2.
- (2) The share options are exercisable within two years commencing from one month after the dates of grant, provided that the maximum number of share options that can be exercised during each anniversary year is 50% of the total share options granted together with any unexercised share options carried forward from the previous anniversary year.
- (3) Pursuant to the share option schemes of the Company, the number of share options and exercise price are subject to adjustment in case of alteration in the Company's capital structure. Accordingly, the rights issue as announced by the Company on 18th February 2005 constitutes an event giving rise to an adjustment to the exercise price and number of outstanding share options in accordance with the share option schemes. The adjusted exercise prices are identified with asterisks.
- (4) The closing prices per share immediately before 18th June 2004, 4th November 2004 and 22nd December 2004, the dates of grant, were HK\$1.820, HK\$2.675 and HK\$2.975 respectively.
- (5) The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2000 Share Option Scheme was HK\$2.870.
- (6) The weighted average closing price of the shares immediately before the dates on which share options were exercised under the 2002 Share Option Scheme was HK\$2.859.

The fair values of the share options granted during the year with subscription prices per share of HK\$1.810, HK\$2.725 and HK\$2.950 (adjusted to HK\$1.650, HK\$2.484 and HK\$2.689 respectively) are estimated at HK\$0.40, HK\$0.56 and HK\$0.61 respectively using the Binomial pricing model. Values are estimated based on the risk-free rate ranging from 2.59% to 3.59% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 0.22, assuming no dividends and an expected option life of 5 years.

The Binomial pricing model required input of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

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.

Continuing obligations under Chapter 13 of the Listing Rules

(A) Advance to entities

In accordance with the requirements under rule 13.20 of the Listing Rules, the directors of the Company reported below details of advances made by the Group to the following entities which individually exceeded 8% of the Company's market capitalisation as at 30th June 2005, as follows:

Names of affiliated companies	Attributable interest held by the Group	Advances as at 30th June 2005		Interest rate per annum	Guarantee given (C)	Total (A+B+C)
		Interest bearing (A)	Non-interest bearing (B)			
		HK\$'000	HK\$'000		HK'000	HK'000
Associated companies						
Grand Make International Limited	45%	—	435,375	—	461,738	897,113
Sub-total (D)		—	435,375		461,738	897,113

Continuing obligations under Chapter 13 of the Listing Rules (continued)

(A) Advance to entities (continued)

Names of affiliated companies	Attributable interest held by the Group	Advances as at 30th June 2005		Interest rate per annum	Guarantee given (C)	Total (A+B+C)
		Interest bearing (A)	Non-interest bearing (B)			
		HK\$'000	HK\$'000		HK'000	HK'000
Jointly controlled entities						
Beijing Chong Wen-New World Properties Development Co., Ltd.	70%	1,471,936	—	8.5%	467,290	1,939,226
Beijing Chong Yu Real Estate Development Co., Ltd.	70%	1,200,939	—	8.5%	467,290	1,668,229
China New World Electronic Ltd.	70%	1,149,427	—	HK prime rate	46,729	1,196,156
Sub-total (E)		3,822,302	—		981,309	4,803,611
Total (D+E)		3,822,302	435,375		1,443,047	5,700,724

These loans have been provided by the Group to the abovenamed entities as shareholders' loans which are unsecured and have no specific repayment terms.

Note: The market capitalisation of the Company as at 30th June 2005 amounted to HK\$9,891,653,184 based on the total number of 3,768,248,832 shares of the Company in issue on 30th June 2005 and the average closing price per share of HK\$2.625 for the five business days immediately preceding 30th June 2005.

(B) Financial assistance and guarantees to affiliated companies

As at 30th June 2005, the Group had made loans and advances totalling HK\$9,137,742,000 to affiliated companies, guaranteed bank loans and other borrowing facilities for the benefit of affiliated companies in the amount of HK\$2,057,808,000. These amounts in aggregate exceed 8% of the Company's market capitalisation as at 30th June 2005. In accordance with the requirements under rule 13.22 of the Listing Rules, a proforma combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30th June 2005 are presented below:

	Proforma combined balance sheet	Group's attributable interests
	HK\$'000	HK\$'000
Non-current assets	15,373,962	8,939,848
Current assets	7,047,200	4,538,013
Current liabilities	(5,625,156)	(3,485,796)
Non-current liabilities	(3,841,572)	(2,274,884)
Shareholders' loans and advances	(9,421,006)	(9,137,742)
	3,533,428	(1,420,561)

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

In accordance with the requirements under rule 13.21 of the Listing Rules, the directors of the Company reported below details of loan facilities, which exist at any time during the year and include conditions relating to specific performance of the controlling shareholder of the Company.

On 24th March 2005, Beijing Lingal Real Estates Development Co., Ltd. (“Beijing Lingal”), an indirect wholly-owned subsidiary of the Company, was granted a 2-year term loan facility of up to RMB200,000,000. Upon the granting of the loan facility, the Company undertook to the lender that New World Development Company Limited would retain an interest of at least 51% in the issued share capital of the Company throughout the term of the facility. Failure to perform the undertaking which continues for a period of 7 days next following the date of notice given by the lender requiring the same to be remedied will constitute an event of default which will render the outstanding liability of Beijing Lingal under the loan facility to become immediately due and payable and the loan facility to be terminated.

Model code for securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the “Model Code”) as the code of conduct regarding directors’ securities transactions. The Company has confirmed with the Directors that they have complied with the standard set out in the Model Code in the fiscal year.

Code of best practice

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

Statement of public float sufficiency

Based on information publicly available to the Company and within the knowledge of the directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

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, 6th October 2005



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 104 to 152 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 solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public 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 2005 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, 6th October 2005

Consolidated profit and loss account

For the year ended 30th June 2005

	Note	2005 HK\$'000	2004 HK\$'000
Turnover	2	1,657,674	2,521,784
Cost of sales		(1,186,583)	(2,053,351)
Gross profit		471,091	468,433
Other revenue	3	50,464	19,853
Other income/(charges)	4	108,275	62,458
Selling expenses		(68,674)	(129,863)
Administrative expenses		(32,342)	(30,533)
Other operating expenses		(264,266)	(237,713)
Operating profit before financing	5	264,548	152,635
Finance costs	6	(97,636)	(74,701)
Share of results of			
Associated companies		58,488	24,799
Jointly controlled entities		90,534	108,867
Profit before taxation		315,934	211,600
Taxation charge	9	(74,881)	(44,788)
Profit after taxation		241,053	166,812
Minority interests		(19,509)	(39,466)
Profit attributable to shareholders	30	221,544	127,346
Dividend, final of HK\$0.03 (2004: Nil) per share	10	113,236	—
Earnings per share	11		
Basic		11.18 cents	8.57 cents
Diluted		11.08 cents	N/A

Consolidated balance sheet

As at 30th June 2005

	Note	2005 HK\$'000	2004 HK\$'000
Non-current assets			
Fixed assets	12	4,834,442	3,616,762
Properties held for development	14	3,920,015	3,947,225
Associated companies	15	1,543,893	1,298,372
Jointly controlled entities	16	10,309,584	10,319,994
Other investments	17	115,876	49,132
Other non-current assets	18	169,125	34,831
		20,892,935	19,266,316
Current assets			
Debtors, deposits and other receivables	19	846,442	929,571
Amounts due from group companies	24	31,234	23,543
Properties under development	20	2,614,492	2,116,807
Completed properties held for sale	21	1,578,251	1,825,614
Cash and bank balances	22	6,184,975	857,391
		11,255,394	5,752,926
Current liabilities			
Creditors and accruals	23	1,124,247	1,065,084
Deposits received on sale of properties		387,107	244,775
Amounts due to group companies	24	481,991	573,943
Short term bank loans			
Secured		557,807	214,953
Unsecured		9,346	186,916
Current portion of long term liabilities	25	883,949	1,731,562
Taxes payable	26	103,453	97,546
		3,547,900	4,114,779
Net current assets		7,707,494	1,638,147
Total assets less current liabilities		28,600,429	20,904,463
Non-current liabilities			
Long term liabilities	25	4,139,196	3,636,163
Deferred income		347,528	349,987
Deferred tax liabilities	27	316,480	139,911
Minority interests and loans from minority shareholders	28	520,463	409,180
Net assets		23,276,762	16,369,222
Capital and reserves			
Share capital	29	376,825	148,886
Reserves	30	22,786,701	16,220,336
Proposed final dividend	30	113,236	—
Shareholders' funds		23,276,762	16,369,222

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

Balance Sheet

As at 30th June 2005

	Note	2005 HK\$'000	2004 HK\$'000
Non-current assets			
Subsidiaries	13	16,893,368	14,635,621
Other non-current assets	18	50,331	—
		16,943,699	14,635,621
Current assets			
Debtors, deposits and other receivables		27,903	10,224
Cash and bank balances	22	4,073,650	175,876
		4,101,553	186,100
Current liabilities			
Creditors and accruals		31,025	40,921
Amounts due to group companies	24	142,995	156,065
		174,020	196,986
Net current assets/(liabilities)		3,927,533	(10,886)
Net assets		20,871,232	14,624,735
Capital and reserves			
Share capital	29	376,825	148,886
Reserves	30	20,381,171	14,475,849
Proposed final dividend	30	113,236	—
Shareholders' funds		20,871,232	14,624,735

Dr. Cheng Kar-shun, Henry
Director

Mr. Doo Wai-hoi, William
Director

Consolidated Cash Flow Statement

For the year ended 30th June 2005

	Note	2005 HK\$'000	2004 HK\$'000
Operating activities			
Net cash (used in)/generated from operations	33(a)	(91,540)	651,012
Tax paid		(34,253)	(21,651)
Net cash (used in)/generated from operating activities		(125,793)	629,361
Investing activities			
Interest received		50,464	8,077
Dividend received from a jointly controlled entity		16,822	5,513
Additions to fixed assets		(106,323)	(374,490)
Deferred expenditure incurred		(3,735)	(3,185)
Increase in investments in associated companies		(155,204)	(152,075)
Increase in investments in jointly controlled entities		(511,874)	(878,951)
Repayment of investments in jointly controlled entities		546,643	1,039,695
Repayment of investments in associated companies		63,390	71,509
Acquisition of interests in subsidiaries	33(c)	(121,522)	10,838
Disposal of fixed assets		2,626	8,809
Disposal of jointly controlled entities		—	35,200
Net cash used in investing activities		(218,713)	(229,060)
Financing activities			
Interest paid	33(d)	(125,925)	(151,716)
Increase in long term bank loans		771,757	388,669
Repayment of long term bank loans		(891,379)	(1,192,660)
Net increase/(decrease) in short term bank loans		165,284	(644,130)
Increase in loans from minority shareholders		84,262	—
Repayment of loans from group companies		(1,553,369)	(7,410)
Increase in loans from group companies		1,016,360	755,000
Issue of shares		6,338,093	13,035
(Increase)/decrease in restricted bank balances		(743,389)	353,507
Net cash from/(used in) financing activities		5,061,694	(485,705)
Increase/(decrease) in cash and cash equivalents		4,717,188	(85,404)
Cash and cash equivalents at beginning of the year		817,166	902,570
Cash and cash equivalents at end of the year		5,534,354	817,166
Analysis of balances of cash and cash equivalents			
Cash and bank balances — unrestricted balances		5,534,354	817,166

Consolidated Statement of Changes in Equity

For the year ended 30th June 2005

	Note	2005 HK\$'000	2004 HK\$'000
Total equity at beginning of the year		16,369,222	16,002,681
Net gains not recognised in the profit and loss account			
Revaluation surplus on investment and hotel properties	30	120,517	63,798
Share of revaluation surplus/(deficit) of associated companies	30	98,329	(11,016)
Share of revaluation surplus of jointly controlled entities	30	69,410	163,536
Exchange differences arising on translation of subsidiaries, associated companies and jointly controlled entities	30	179	1,613
		288,435	217,931
Profit for the year			
		221,544	127,346
		16,879,201	16,347,958
Release of reserves upon disposal of properties	30	10,099	8,229
Issue of shares, net of share issue expenses	29,30	6,338,093	13,035
Acquisition of interests in subsidiaries	30	49,369	—
Total equity at end of the year		23,276,762	16,369,222

1 Principal accounting policies

(a) Basis of preparation

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

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

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

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill and negative goodwill. Details of the change in the accounting policy and the effects of adopting these standards are set out in Note 1(c) and Note 1(d) below. These changes in the accounting policy have been made in accordance with the transitional provisions in the respective standards and have been applied prospectively.

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

(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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account (see Note 1(c) and (d)).

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 carried in the balance sheet.

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

1 Principal accounting policies (continued)

(c) Goodwill

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

In prior years, goodwill arising from acquisition after 1st July 2001 was amortised on a straight-line basis over its estimated useful life of not more than twenty years. Any impairment of goodwill was recognised as an expense in the profit and loss account. Goodwill on acquisition of subsidiaries, associated companies or jointly controlled entities occurring before 1st July 2001 was written off directly to reserves in the year of acquisition.

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

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

(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.

In prior years, for acquisitions on or after 1st July 2001, negative goodwill was presented in the same balance sheet classification as goodwill. To the extent that negative goodwill related to expectations of future losses and expenses that were identified in the Group's plan for the acquisition and could be measured reliably, but which did not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill was recognised in the profit and loss account when the future losses and expenses were recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, was recognised in the profit and loss account over the remaining weighted average life of those non-monetary assets; negative goodwill in excess of the fair values of those non-monetary assets was recognised in the profit and loss account immediately. Negative goodwill on acquisition of subsidiaries, associated companies or jointly controlled entities occurring before 1st July 2001 was taken directly to reserves in the year of acquisition.

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

(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 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 composition of the board of directors is controlled by the Group's associated companies.

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 goodwill (net of any accumulated impairment loss) 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 goodwill (net of any accumulated impairment loss) 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 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 PRC*(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).

1 Principal accounting policies (continued)

(h) Joint ventures in the PRC (continued)

(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).

(i) Other investments

Other investments represent securities which are held for non-trading purpose. They 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 investment 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.

(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.

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

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

(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) Employee benefits(i) *Employee leave entitlements*

Employee entitlement to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

(ii) *Pension obligations*

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

1 Principal accounting policies (continued)

(o) 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.

(p) 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.

(q) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(r) Capitalisation of interest and finance charges

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

(s) 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 balance sheet 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 whilst the profit and loss account is translated at an average rate. Exchange differences arising therefrom are dealt with as a movement in reserves.

(t) Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably on the following bases:

(i) *Property sales*

Revenue from sale of properties is recognised either when the sale agreement is completed or when the development is completed which is determined by the issuance of the completion certificate by the relevant government authorities, whichever is the later. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

(ii) *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 (t)(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) Other than those described in (a) to (b) above, interest income is recognised on a time proportion basis.

(iii) *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.

(iv) *Hotel operations income*

Hotel operations income is recognised when the services are rendered.

(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 (t)(i)) above.

(vi) *Property management services fee income*

Property management services fee income is recognised when services are rendered.

(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, revenues from rental and hotel operations, property management services fee income, project management fee income and interest income in respect of loan financing provided to associated companies and jointly controlled entities, net of withholding tax.

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

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

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

Year ended	Property	Rental	Hotel	Property	Other	Total
30th June 2005	sales	operation	operation	management	operations	
	HK\$'000	HK\$'000	HK\$'000	services	HK\$'000	HK\$'000
				HK\$'000		
Segment revenues	1,284,594	186,147	180,125	6,808	—	1,657,674
Segment results	246,868	34,391	42,401	(348)	(1,922)	321,390
Bank and other interest income						50,464
Corporate administrative expenses						(107,306)
Operating profit before financing						264,548
Finance costs						(97,636)
Share of results of Associated companies	5,450	45,585	8,281	(828)	—	58,488
Jointly controlled entities	14,176	74,428	3,650	(1,843)	123	90,534
Profit before taxation						315,934
Taxation charge						(74,881)
Profit after taxation						241,053
Minority interests						(19,509)
Profit attributable to shareholders						221,544

Year ended	Property	Rental	Hotel	Property	Other	Total
30th June 2004	sales	operation	operation	management	operations	
	HK\$'000	HK\$'000	HK\$'000	services	HK\$'000	HK\$'000
				HK\$'000		
Segment revenues	2,249,594	140,336	121,774	10,080	—	2,521,784
Segment results	2,979	11,102	238,346	(346)	(1,614)	250,467
Bank and other interest income						19,853
Corporate administrative expenses						(117,685)
Operating profit before financing						152,635
Finance costs						(74,701)
Share of results of Associated companies	2,293	16,459	6,738	(691)	—	24,799
Jointly controlled entities	37,160	70,572	7,486	(4,539)	(1,812)	108,867
Profit before taxation						211,600
Taxation charge						(44,788)
Profit after taxation						166,812
Minority interests						(39,466)
Profit attributable to shareholders						127,346

2 Turnover and segment information (continued)

As at 30th June 2005	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	10,234,416	3,422,548	1,233,181	27,546	4,878	14,922,569
Associated companies and jointly controlled entities	5,970,176	5,471,422	412,338	(10,611)	10,152	11,853,477
Unallocated assets						5,372,283
Total assets						32,148,329
Segment liabilities	4,526,217	2,210,985	898,585	18,461	5,490	7,659,738
Minority interests						21,077
Unallocated liabilities						1,190,752
Total liabilities and minority interests						8,871,567
Capital expenditure	3,870	92,770	20,997	1,217	2,250	121,104
Depreciation	11,619	24,567	11,535	561	2,379	50,661
Provision for/(write back of provision for) jointly controlled entities, associated companies and other investments	(55,255)	1,994	(5,315)	—	—	(58,576)
Write back of provision for properties	(9,000)	—	—	—	—	(9,000)
Revaluation deficit on hotel properties	—	—	6,154	—	—	6,154

As at 30th June 2004	Property					Total HK\$'000
	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	management services HK\$'000	Other operations HK\$'000	
Segment assets	9,409,822	2,585,916	1,138,545	17,260	6,422	13,157,965
Associated companies and jointly controlled entities	6,156,816	5,028,971	400,157	(11,057)	43,479	11,618,366
Unallocated assets						242,911
Total assets						25,019,242
Segment liabilities	5,019,902	1,773,087	934,958	9,328	779	7,738,054
Minority interests						(1,141)
Unallocated liabilities						913,107
Total liabilities and minority interests						8,650,020
Capital expenditure	11,049	195,183	173,424	226	2,772	382,654
Depreciation	14,396	24,255	9,779	198	2,410	51,038
Reversal of impairment loss of fixed assets	—	—	(205,120)	—	—	(205,120)
Provision for/(write back of provision for) jointly controlled entities, associated companies and other investments	104,612	(62)	(2,380)	483	—	102,653
Provision for properties	47,317	—	—	—	—	47,317

3 Other revenue

	2005 HK\$'000	2004 HK\$'000
Bank and other interest income	50,464	19,853

4 Other income/(charges)

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

5 Operating profit before financing

	2005 HK\$'000	2004 HK\$'000
Operating profit before financing is arrived at after crediting:		
Gross rental income from investment properties	78,465	72,807
and after charging:		
Cost of properties sold	979,088	1,896,724
Staff costs, including directors' emoluments	123,920	117,604
Depreciation	50,661	51,038
Outgoings in respect of investment properties	43,742	29,706
Rental for leased premises	34,726	36,031
Loss on disposal of fixed assets	11,694	1,347
Auditors' remuneration	4,184	4,160
Retirement benefits costs	3,725	3,794
Amortisation of deferred expenditure	2,434	5,773

There is no contingent rent included in rental income for both years.

	2005 HK\$'000	2004 HK\$'000
The future minimum rental payments receivable under non-cancellable leases are as follows:		
Within one year	133,401	121,810
Between two and five years	301,129	159,359
Beyond five years	857,231	508,222
	1,291,761	789,391

Generally the Group's operating leases are for terms of two to five years except for seven (2004: six) long term leases which are beyond five years.

6 Finance costs

	2005	2004
	HK\$'000	HK\$'000
Interest on bank loans	127,471	164,466
Interest on loans from fellow subsidiaries wholly repayable within five years	43,261	20,071
Interest on loans from minority shareholders	4,803	3,640
Interest on short term loans	16,517	4,022
	192,052	192,199
Amount capitalised in properties held for/under development and assets under construction	(76,353)	(97,906)
Reimbursement from an associated company	(18,063)	(19,592)
	97,636	74,701

7 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 retirement 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 Group also contributes to retirement plans for its employees in the PRC at a percentage in compliance with the requirements of the respective municipal governments in the PRC.

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\$3,725,000 (2004: HK\$3,794,000).

8 Directors' and senior management remuneration

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

Name of director	Fees	Other	Share option	2005	2004
	HK\$'000	emoluments HK\$'000	benefits HK\$'000	Total HK\$'000	Total HK\$'000
Dr. Cheng Kar-shun, Henry	50	—	—	50	50
Mr. Doo Wai-hoi, William	50	1,000	—	1,050	1,050
Mr. Cheng Kar-shing, Peter	50	—	1,074	1,124	50
Mr. Leung Chi-kin, Stewart	50	—	435	485	50
Mr. Chow Kwai-cheung	50	—	668	718	50
Mr. Chow Yu-chun, Alexander	50	—	—	50	50
Mr. Fong Shing-kwong, Michael	50	—	—	50	238
Mr. Fu Sze-shing	50	—	—	50	50
Mr. Lo Hong-sui	50	—	—	50	100
Mr. Cheng Wai-chee, Christopher	100	—	—	100	100
Mr. Tien Pei-chun, James	100	—	—	100	100
Mr. Lee Luen-wai, John	100	—	—	100	—
Mr. Chan Wing-tak, Douglas	—	—	—	—	50
Mr. Chan Kam-ling	—	—	99	99	50
	750	1,000	2,276	4,026	1,988

None of the directors has waived his right to receive his emoluments (2004: Nil).

(ii) The five individuals whose emoluments were the highest in the Group for the year do not include any director (2004: Nil). Details of the emoluments (including share option benefits) paid to the five (2004: five) individuals in the Group are as follows:

	2005	2004
	HK\$'000	HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	8,321	7,376
Share option benefits	5,330	871
Contribution to retirement benefit scheme	603	565
	14,254	8,812

The emoluments fall within the following bands:

	Number of individuals	
	2005	2004
HK\$1,500,001–HK\$2,000,000	—	4
HK\$2,000,001–HK\$2,500,000	1	1
HK\$2,500,001–HK\$3,000,000	3	—
HK\$3,500,001–HK\$4,000,000	1	—
	5	5

9 Taxation charge

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

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the rate of taxation prevailing in the PRC in which the Group operates as follows:

	2005 HK\$'000	2004 HK\$'000
Profit before taxation	315,934	211,600
Calculated at a taxation rate of 33% (2004: 33%)	104,258	69,828
Income not subject to taxation	(48,830)	(33,071)
Expenses not deductible for taxation purposes	57,742	100,320
Tax losses not recognised	60,855	81,896
Utilisation of previously unrecognised tax losses	(74,358)	(68,617)
Temporary differences not recognised	(24,786)	(105,568)
Taxation charge	74,881	44,788

No provision for Hong Kong profits tax has been made within the Group as the Group has no assessable profits in Hong Kong for the year (2004: Nil). PRC income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 33% (2004: 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. During the year, no such tax indemnity was effected (2004: Nil).

10 Dividend

	2005 HK\$'000	2004 HK\$'000
Final dividend proposed of HK\$0.03 (2004: Nil) per share	113,236	—

At a meeting held on 6th October 2005, the directors recommended a final dividend of HK\$0.03 per share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of contributed surplus for the year ending 30th June 2006.

11 Earnings per share

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

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

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

12 Fixed assets

Group

	Investment properties	Hotel properties	Other properties	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation								
At 30th June 2004	2,299,401	1,009,768	50,101	226,093	180,266	34,266	—	3,799,895
Additions	22,895	20,874	243	1,064	1,199	2,421	72,408	121,104
Acquisition of interests in subsidiaries	—	—	—	—	238	32	—	270
Disposals/write off	—	—	—	(4,306)	(46,595)	(1,774)	—	(52,675)
Transfer from property under development/deposits	45,082	—	—	—	—	—	946,066	991,148
Reclassifications	303,689	—	4,503	—	—	—	(308,192)	—
Revaluation surplus	127,240	42,899	—	—	—	—	—	170,139
At 30th June 2005	2,798,307	1,073,541	54,847	222,851	135,108	34,945	710,282	5,029,881
Accumulated depreciation								
At 30th June 2004	—	—	6,484	74,747	79,639	22,263	—	183,133
Charge for the year	—	—	5,089	24,298	18,217	3,057	—	50,661
Disposals/write off	—	—	—	(1,842)	(35,259)	(1,254)	—	(38,355)
At 30th June 2005	—	—	11,573	97,203	62,597	24,066	—	195,439
Net book value								
At 30th June 2005	2,798,307	1,073,541	43,274	125,648	72,511	10,879	710,282	4,834,442
At 30th June 2004	2,299,401	1,009,768	43,617	151,346	100,627	12,003	—	3,616,762

Notes:

- (i) Investment properties and hotel properties were revalued on 30th June 2005 on an open market value basis by Chesterton Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	Investment properties		Hotel properties	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Long term leases	25,094	—	—	—
Medium term leases	2,773,213	2,299,401	1,073,541	1,009,768
	2,798,307	2,299,401	1,073,541	1,009,768

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

	2005 HK\$'000	2004 HK\$'000
Long term leases	39,590	34,844
Medium term leases	15,257	15,257
	54,847	50,101

- (iii) Certain interests in investment properties and hotel properties pledged as securities for short term loans and long term loans amount to HK\$767,186,000 (2004: HK\$266,579,000) and HK\$837,383,000 (2004: HK\$803,739,000) respectively.

- (iv) As at 30th June 2005, included in assets under construction was interest capitalised of HK\$31,991,000 (2004: Nil).

13 Subsidiaries

	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost (2005 and 2004: HK\$10)	—	—
Amounts due by, net of provision	17,043,436	14,635,621
Amounts due to	(150,068)	—
	16,893,368	14,635,621

Details of principal subsidiaries are given in note 39.

14 Properties held for development

	Group	
	2005 HK\$'000	2004 HK\$'000
Leasehold land, at cost		
Long term	2,149,728	2,221,746
Medium term	1,204,077	1,156,362
Development and incidental costs	412,869	422,675
Interest capitalised	153,341	146,442
	3,920,015	3,947,225

The aggregate carrying value of properties held for development pledged as securities for long term loan amounts to HK\$974,721,000 (2004: HK\$919,892,000).

15 Associated companies

	Group	
	2005 HK\$'000	2004 HK\$'000
Group's shares of net assets	212,024	63,631
Amounts due by, net of provision (note (i))	1,417,727	1,277,360
Amounts due to (note (i))	(85,858)	(42,619)
	1,543,893	1,298,372

(i) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms except for an amount receivable of HK\$286,604,000 (2004: HK\$311,526,000) which carries interest at 5.76% (2004: 5.76%) per annum and is repayable by instalments up to 2016.

(ii) Details of principal associated companies are given in note 39.

16 Jointly controlled entities

	Group	
	2005 HK\$'000	2004 HK\$'000
Equity joint ventures		
Group's share of net assets	113,744	38,217
Amounts due by		
Interest bearing (note (i))	120,634	55,352
Non-interest bearing (note (ii))	85,523	77,639
Amounts due to (note (ii))	(44,991)	(42,456)
	274,910	128,752
Co-operative joint ventures		
Cost of investments	3,705,069	3,560,419
Goodwill	12,704	12,704
Share of undistributed post-acquisition results and reserves	(416,971)	(523,031)
	3,300,802	3,050,092
Amounts due by, net of provision		
Interest bearing (note (iii))	6,243,913	6,407,882
Non-interest bearing (note (ii))	543,099	508,864
Amounts due to (note (ii))	(261,240)	(107,374)
	9,826,574	9,859,464
Companies limited by shares		
Group's share of net liabilities	(268,199)	(251,395)
Amounts due by, net of provision		
Interest bearing (note (iv))	162,777	173,655
Non-interest bearing (note (ii))	313,522	406,153
	208,100	328,413
Deposits for proposed joint ventures (note (v))	—	3,365
	10,309,584	10,319,994

Notes:

- (i) The amount receivable is unsecured, carries interest ranging from 5.85% to 5.94% (2004: 5.85% to 5.94%) per annum and has repayment terms as specified in the relevant loan agreements.
- (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 1% over London Interbank Offered Rate ("LIBOR") to 12% (2004: 5.31% to 12%) per annum and have repayment terms as specified in the joint venture contracts.
- (iv) The amounts receivable are unsecured, carry interest at 1.5% above Hongkong Interbank Offered Rate ("HIBOR") (2004: 1.5% above HIBOR to 4%) per annum and have repayment terms as specified in the joint venture contracts.
- (v) The balances represented 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 39.
- (vii) A summary of the financial information of the significant jointly controlled entities is set out in note 37.

17 Other investments

	Group	
	2005 HK\$'000	2004 HK\$'000
Investment securities		
Unlisted shares, at cost	350	350
Amount due from an investee company, net of provision	115,526	48,782
	115,876	49,132

18 Other non-current assets

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Deferred expenditure				
Loan procurement expenses	14,133	10,398	100	5,358
Less: accumulated amortisation	(11,904)	(9,470)	(46)	(5,358)
	2,229	928	54	—
Cash and bank balances, restricted (note 22)	166,896	33,903	50,277	—
	169,125	34,831	50,331	—

19 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	
	2005 HK\$'000	2004 HK\$'000
0 to 30 days	111,234	132,027
31 to 60 days	11,175	20,064
61 to 90 days	5,737	39,977
Over 90 days	67,779	40,166
	195,925	232,234

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

20 Properties under development

	Group	
	2005 HK\$'000	2004 HK\$'000
Leasehold land, at cost		
Long term	402,383	481,217
Medium term	351,386	171,228
Development and incidental costs	1,942,584	1,586,658
Interest capitalised	117,918	118,271
	2,814,271	2,357,374
Less: provision	(199,779)	(240,567)
	2,614,492	2,116,807

The aggregate carrying value of properties under development pledged as securities for long term loans amounts to HK\$328,425,000 (2004: HK\$285,600,000).

21 Completed properties held for sale

The aggregate carrying value of completed properties held for sale that were carried at net realisable values amounts to HK\$227,669,000 (2004: HK\$363,360,000).

As at 30th June 2004, the aggregate carrying value of completed properties held for sale pledged as securities for short term loans amounted to HK\$657,517,000.

22 Cash and bank balances

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Restricted balances	817,517	74,128	537,777	—
Unrestricted balances	5,534,354	817,166	3,586,150	175,876
Cash and bank balances	6,351,871	891,294	4,123,927	175,876
Restricted balances included under other non-current assets (note 18)	(166,896)	(33,903)	(50,277)	—
	6,184,975	857,391	4,073,650	175,876

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

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

24 Amounts due from/to group companies

The amounts due from group companies are unsecured, interest free and repayable within 30 days.

The amounts due to group companies are unsecured, interest free and have no specified repayment terms.

25 Long term liabilities

	Group	
	2005 HK\$'000	2004 HK\$'000
Bank loans (note (i))		
Secured	1,219,260	1,246,807
Unsecured	778,934	871,009
Loans from fellow subsidiaries (note (ii))	2,756,161	3,249,909
Other payable (note (iii))	268,790	—
	5,023,145	5,367,725
Current portion included in current liabilities	(883,949)	(1,731,562)
	4,139,196	3,636,163

Notes:

(i) The bank loans are repayable as follows:

	Group					
	Secured		Unsecured		Total	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Within one year	192,651	620,040	130,841	455,122	323,492	1,075,162
Between one and two years	406,430	186,221	264,916	144,860	671,346	331,081
Between two and five years	458,185	253,630	355,140	168,223	813,325	421,853
After five years	161,994	186,916	28,037	102,804	190,031	289,720
	1,219,260	1,246,807	778,934	871,009	1,998,194	2,117,816

Included in the total bank loan balance is an amount of HK\$286,604,000 (2004: HK\$311,526,000) which is wholly repayable by instalments up to December 2016 and has been on-lent to an associated company (note 15(i)).

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

	Group	
	2005 HK\$'000	2004 HK\$'000
Within one year	488,017	656,400
Between one and two years	2,268,144	2,164,952
Between two and five years	—	428,557
	2,756,161	3,249,909

The loans from fellow subsidiaries are unsecured and bear interest ranging from three months HIBOR to 1% above London Interbank Offered Rate ("LIBOR") (2004: three months HIBOR to 1% above LIBOR) per annum.

(iii) Other payable is repayable as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Within one year	72,440	—
Between one and two years	72,986	—
Between two and five years	123,364	—
	268,790	—

26 Taxes payable

	Group	
	2005 HK\$'000	2004 HK\$'000
Income tax payable	6,161	7,122
Withholding tax payable	74,967	76,401
Other PRC taxes payable	22,325	14,023
	103,453	97,546

27 Deferred tax liabilities

Deferred taxation is provided in full, using the liability method, on temporary differences using the rate of taxation prevailing in the PRC in which the Group operates.

The movement in deferred tax assets and liabilities during the year is as follows:

Group

Deferred tax assets/(liabilities)

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Recognition of income from sale of properties HK\$'000	Fair value adjustment arising from acquisition HK\$'000	Tax losses HK\$'000	Provisions HK\$'000	Total HK\$'000
At 30th June 2003	(66,761)	(97,987)	(4,493)	—	43,004	19,072	(107,165)
(Charged)/credited to profit and loss account	(31,117)	—	(34,249)	—	43,287	(11,062)	(33,141)
Credited to investment properties revaluation reserve	—	395	—	—	—	—	395
At 30th June 2004	(97,878)	(97,592)	(38,742)	—	86,291	8,010	(139,911)
(Charged)/credited to profit and loss account	(29,991)	—	(42,198)	—	20,431	6,798	(44,960)
Charged to investment properties revaluation reserve	—	(47,913)	—	—	—	—	(47,913)
Acquisition of interests in subsidiaries	—	—	—	(83,696)	—	—	(83,696)
At 30th June 2005	(127,869)	(145,505)	(80,940)	(83,696)	106,722	14,808	(316,480)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of HK\$398,326,000 (2004: HK\$472,014,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2010 (2004: 2009).

28 Minority interests and loans from minority shareholders

	Group	
	2005 HK\$'000	2004 HK\$'000
Minority interests	21,077	(1,141)
Loans from minority shareholders (note)	499,386	410,321
	520,463	409,180

Note: Except for loans of HK\$131,295,000 (2004: HK\$126,492,000) which are unsecured, bear interest at 5% to 5.76% (2004: 5% to 5.76%) per annum and have repayment terms as specified in the joint venture contracts, the remaining balances are unsecured, interest free and have no specific repayment terms.

29 Share capital

	2005 HK\$'000	2004 HK\$'000
Authorised: 8,000,000,000 shares of HK\$0.1 each	800,000	800,000
Issued and fully paid: 3,768,248,832 shares of HK\$0.1 each (2004: 1,488,862,294 shares of HK\$0.1 each)	376,825	148,886

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 2003	1,481,944,294	148,194
Exercise of share options (note (i))	6,918,000	692
At 30th June 2004	1,488,862,294	148,886
Rights issue (note (ii))	2,255,294,538	225,530
Exercise of share options (note (i))	24,092,000	2,409
At 30th June 2005	3,768,248,832	376,825

Notes:

- (i) Pursuant to the share option schemes adopted on 18th December 2000 and 26th November 2002, 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 2005 are as follows:

Date of offer to grant	Exercise price per share HK\$ (note 2)	Number of shares					At 30th June 2005
		At 1st July 2004	Granted during the year (note 1)	Adjusted during the year (note 2)	Exercised during the year	Lapsed during the year	
5th February 2001	1.955	37,438,400	—	(22,650,800)	(13,689,600)	(1,098,000)	—
	1.782*	—	—	56,627,000	(6,584,600)	—	50,042,400
2nd May 2001	2.605	402,000	—	(383,200)	(18,800)	—	—
	2.375*	—	—	958,000	(398,000)	—	560,000
29th June 2001	3.192	2,097,200	—	(1,371,600)	(572,000)	(153,600)	—
	2.910*	—	—	3,429,000	—	(234,000)	3,195,000
31st August 2001	2.380	590,000	—	(478,000)	(100,000)	(12,000)	—
	2.170*	—	—	1,195,000	(248,000)	—	947,000
26th March 2002	2.265	861,200	—	(555,200)	(306,000)	—	—
	2.065*	—	—	1,388,000	(633,400)	(12,600)	742,000
3rd January 2003	1.330	676,800	—	(501,600)	(175,200)	—	—
	1.212*	—	—	1,254,000	(43,800)	—	1,210,200
12th May 2003	1.000	1,544,000	—	(1,064,200)	(275,000)	(204,800)	—
	0.912*	—	—	2,660,500	(800)	—	2,659,700
28th October 2003	1.810	237,600	—	(27,600)	(9,200)	(200,800)	—
	1.650*	—	—	69,000	—	—	69,000
18th December 2003	1.830	1,300,000	—	(750,000)	(550,000)	—	—
	1.668*	—	—	1,875,000	(250,000)	—	1,625,000
25th March 2004	2.470	976,000	—	(818,800)	(84,000)	(73,200)	—
	2.252*	—	—	2,047,000	(54,800)	—	1,992,200
18th June 2004	1.810	—	560,400	(353,200)	(74,400)	(132,800)	—
	1.650*	—	—	883,000	—	—	883,000
4th November 2004	2.725	—	282,800	(282,800)	—	—	—
	2.484*	—	—	707,000	—	—	707,000
22nd December 2004	2.950	—	536,400	(512,400)	(24,000)	—	—
	2.689*	—	—	1,281,000	(400)	(46,600)	1,234,000
		46,123,200	1,379,600	44,624,100	(24,092,000)	(2,168,400)	65,866,500

Notes:

- (1) Except for the share options with original exercise price per share of HK\$1.830 (or HK\$1.668 as adjusted) which are divided into 2 tranches and exercisable within a period of 2 years commencing on the expiry of one month after the dates on which the options were accepted, all the share options are 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.
- (2) Pursuant to the share option schemes of the Company, the number of share options and exercise price are subject to adjustment in case of alteration in the Company's capital structure. Accordingly, the rights issue as announced by the Company on 18th February 2005 constitutes an event giving rise to an adjustment to the exercise price and number of outstanding share options in accordance with the share option schemes. The adjusted exercise prices are identified with asterisks.
- (ii) During the year, 2,255,294,538 shares of HK\$0.1 each were issued at HK\$2.8 per share by way of rights issue on the basis of three rights shares for every two existing shares.

30 Reserves

Group

	Contributed surplus HK\$'000	Share premium HK\$'000	Investment properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profit/ (accumulated loss) HK\$'000	Total HK\$'000
As at 30th June 2003	14,722,334	1,282,386	406,638	12,434	(569,305)	15,854,487
Profit for the year	—	—	—	—	127,346	127,346
Premium on issue of shares	—	12,343	—	—	—	12,343
Release of reserve upon disposal of properties	—	—	—	—	8,229	8,229
Revaluation surplus/(deficit)						
Company and subsidiaries	—	—	63,798	—	—	63,798
Associated companies	—	—	(11,016)	—	—	(11,016)
Jointly controlled entities	—	—	163,536	—	—	163,536
Translation differences	—	—	—	1,613	—	1,613
As at 30th June 2004	14,722,334	1,294,729	622,956	14,047	(433,730)	16,220,336
Retained by:						
Company and subsidiaries	14,722,334	1,294,729	134,837	5,480	517,924	16,675,304
Associated companies	—	—	156,227	4,395	(134,532)	26,090
Jointly controlled entities	—	—	331,892	4,172	(817,122)	(481,058)
	14,722,334	1,294,729	622,956	14,047	(433,730)	16,220,336

	Contributed surplus HK\$'000	Share premium HK\$'000	Investment properties revaluation reserve HK\$'000	Hotel properties revaluation reserve HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Retained profit/ (accumulated loss) HK\$'000	Total HK\$'000
As at 30th June 2004	14,722,334	1,294,729	622,956	—	—	14,047	(433,730)	16,220,336
Profit for the year	—	—	—	—	—	—	221,544	221,544
Premium on issue of shares	—	6,133,520	—	—	—	—	—	6,133,520
Share issue expenses	—	(23,366)	—	—	—	—	—	(23,366)
Release of reserve upon disposal of properties	—	—	10,099	—	—	—	—	10,099
Revaluation surplus								
Company and subsidiaries	—	—	101,463	19,054	—	—	—	120,517
Associated companies	—	—	98,329	—	—	—	—	98,329
Jointly controlled entities	—	—	69,410	—	—	—	—	69,410
Acquisition of interests in subsidiaries	—	—	—	—	49,369	—	—	49,369
Translation differences	—	—	—	—	—	179	—	179

As at 30th June 2005 before proposed final dividend

	14,722,334	7,404,883	902,257	19,054	49,369	14,226	(212,186)	22,899,937
Representing:								
As at 30th June 2005 after proposed final dividend	14,609,098	7,404,883	902,257	19,054	49,369	14,226	(212,186)	22,786,701
2005 proposed final dividend	113,236	—	—	—	—	—	—	113,236
	14,722,334	7,404,883	902,257	19,054	49,369	14,226	(212,186)	22,899,937
Retained by:								
Company and subsidiaries	14,722,334	7,404,883	246,399	19,054	49,369	4,949	637,173	23,084,161
Associated companies	—	—	254,556	—	—	5,105	(85,105)	174,556
Jointly controlled entities	—	—	401,302	—	—	4,172	(764,254)	(358,780)
	14,722,334	7,404,883	902,257	19,054	49,369	14,226	(212,186)	22,899,937

Company

	Contributed surplus HK\$'000 (note (i))	Share premium HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
As at 30th June 2003	14,742,495	1,282,386	(1,175,733)	14,849,148
Premium on issue of shares	—	12,343	—	12,343
Loss for the year	—	—	(385,642)	(385,642)
As at 30th June 2004	14,742,495	1,294,729	(1,561,375)	14,475,849
Premium on issue of shares	—	6,133,520	—	6,133,520
Share issue expenses	—	(23,366)	—	(23,366)
Loss for the year	—	—	(91,596)	(91,596)
As at 30th June 2005 before proposed final dividend	14,742,495	7,404,883	(1,652,971)	20,494,407
Representing:				
As at 30th June 2005 after proposed final dividend	14,629,259	7,404,883	(1,652,971)	20,381,171
2005 proposed final dividend	113,236	—	—	113,236
	14,742,495	7,404,883	(1,652,971)	20,494,407

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 took place 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\$20,494,407,000 as at 30th June 2005 before proposed final dividend (2004: HK\$14,475,849,000).

31 Contingent liabilities

Group

The Group has contingent liabilities of approximately HK\$2,057,808,000 (2004: HK\$2,598,081,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 30th June 2005, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the associated companies and jointly controlled entities was approximately HK\$1,440,955,000 (2004: HK\$1,811,365,000).

Company

The Company has contingent liabilities relating to corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries, associated companies and jointly controlled entities of approximately HK\$1,489,966,000 (2004: HK\$1,705,242,000), HK\$242,894,000 (2004: HK\$231,505,000), HK\$1,814,914,000 (2004: HK\$2,366,576,000) respectively.

32 Commitments

(i) Capital expenditure commitments

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

	Group	
	2005 HK\$'000	2004 HK\$'000
Contracted but not provided for		
Fixed assets	153,895	161,420
Investments in associated companies	—	12,214
	153,895	173,634

(b) The Group did not have any share of capital commitments of the jointly controlled entities (2004: Nil).

(ii) Lease commitments

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
As at 30th June 2005, future aggregate minimum lease payments under non-cancellable operating lease in respect of land and building are as follows:				
The first year	35,815	37,375	3,457	4,916
The second to fifth years	133,790	130,107	3,457	—
After five years	375,742	408,329	—	—
	545,347	575,811	6,914	4,916

(iii) Other commitments

As at 30th June 2005, the Group had issued performance guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the outstanding mortgage loans under these guarantees amounted to HK\$388,535,000 (2004: HK\$889,533,000). 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.

33 Notes to consolidated cash flow statement

(a) Reconciliation of operating profit before financing to net cash (used in)/generated from operations

	2005	2004
	HK\$'000	HK\$'000
Operating profit before financing	264,548	152,635
Finance costs	(97,636)	(74,701)
Interest income	(90,115)	(78,332)
Interest expense	97,636	74,701
Depreciation	50,661	51,038
Amortisation of deferred expenditure	2,434	5,773
Loss on disposal of fixed assets	11,694	1,347
Provision for investments in/amounts due by jointly controlled entities	13,371	5,614
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	(46,853)	—
(Write back of)/provision for diminution in value of properties under development and completed properties held for sale	(9,000)	47,317
(Write back of)/provision for an amount due by an associated company	(5,315)	2,246
Reversal of impairment loss of fixed assets	—	(205,120)
Revaluation deficit/(write back of revaluation deficit) on hotel properties	6,154	(3,672)
(Write back of)/provision against other investments	(66,632)	94,793
Profit on disposal of a jointly controlled entity	—	(3,636)
Exchange differences	(530)	1,614
Operating profit before working capital changes	130,417	71,617
(Increase)/decrease in properties held for/under development and completed properties held for sale	(86,110)	389,375
Increase in debtors, deposits and other receivables	(185,257)	(523,575)
(Decrease)/increase in balances with group companies	(87,995)	255,433
Increase/(decrease) in deposits received on sale of properties	142,332	(160,284)
(Decrease)/increase in creditors and accruals	(4,927)	618,446
Net cash (used in)/generated from operations	(91,540)	651,012

33 Notes to consolidated cash flow statement (continued)

(b) Acquisition of interests in subsidiaries

	2005 HK\$'000	2004 HK\$'000
Net assets acquired		
Fixed assets	270	1,794
Debtors, deposits and other receivables	96	10,412
Properties under development	743,925	35,888
Cash and bank balances	3,895	10,838
Creditors and accruals	(93,231)	(12,216)
Balances with group companies	(2,660)	1,701
Deferred tax liabilities	(83,696)	—
Tax payable	(110)	—
Minority interest	(33)	—
	568,456	48,417
Interest originally held by the Group as jointly controlled entities	(127,396)	(48,417)
	441,060	—
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries	(46,853)	—
	394,207	—
Consideration satisfied by:		
Cash	125,417	—
Other payable	268,790	—
	394,207	—

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

	2005 HK\$'000	2004 HK\$'000
Cash consideration	(125,417)	—
Cash and bank balances acquired	3,895	10,838
Net (outflow)/inflow of cash and cash equivalents in respect of acquisition of interests in subsidiaries	(121,522)	10,838

(d) Analysis of changes in financing during the year

	Share capital, share premium and contributed surplus	Short term bank loans	Long term liabilities	Restricted cash and bank balances	Minority interests and loans from minority shareholders
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 30th June 2003	16,152,914	1,045,999	5,405,972	(427,635)	380,294
Net cash from/(used in) financing	13,035	(644,130)	(56,401)	353,507	—
Minority interests' share of profit and reserves	—	—	—	—	26,067
Exchange differences	—	—	(231)	—	—
Accrual of interest payable	—	—	18,385	—	2,819
Balance at 30th June 2004	16,165,949	401,869	5,367,725	(74,128)	409,180
Net cash from/(used in) financing	6,338,093	165,284	(656,631)	(743,389)	84,262
Acquisition of interests in subsidiaries	—	—	268,790	—	33
Minority interests' share of profit and reserves	—	—	—	—	22,185
Accrual of interest payable	—	—	43,261	—	4,803
Balance at 30th June 2005	22,504,042	567,153	5,023,145	(817,517)	520,463

34 Business combinations

In February 2005, the Group acquired 70% of equity interest of Dalian New World Tower Co., Ltd. and 65% of equity interest of Dalian New World Hotel Co., Ltd. ("Dalian Acquisition") for a total consideration of HK\$411 million which is payable by 5 instalments up to 25th December 2007. In addition, during the year, the Group also acquired 95% equity interest of Beijing Chongwen New World Food Centre Co. Ltd. for a consideration of HK\$619,000. As this acquisition is individually immaterial, the net assets acquired are disclosed in aggregate with Dalian Acquisition.

Details of net assets acquired are as follows:

	2005 HK\$'000
Purchase consideration	
Cash paid	125,417
Other payable	268,790
Fair value of total purchase consideration	394,207
Fair value of net assets acquired	441,060
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	46,853

34 Business combinations (continued)

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK\$'000	Acquirees' carrying amount HK\$'000
Net assets acquired		
Fixed assets	270	270
Debtors, deposits and other receivables	96	96
Properties under development	743,925	490,302
Cash and bank balances	3,895	3,895
Creditors and accruals	(93,231)	(93,231)
Amounts due to group companies	(2,660)	(2,660)
Deferred tax liabilities	(83,696)	—
Tax payable	(110)	(110)
Minority interest	(33)	(33)
	568,456	398,529
Interest originally held by the Group as jointly controlled entities	(127,396)	
	441,060	

The acquired subsidiaries contributed revenues of approximately HK\$5.7 million and net loss of approximately HK\$1.5 million for the period since the respective dates of acquisition.

35 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	2005 HK\$'000	2004 HK\$'000
Interest on loans from fellow subsidiaries	(a)	43,261	20,071
Rental for leased premises to a fellow subsidiary	(b)	3,366	4,896
Rental for leased premises to an associated company	(b)	28,972	28,972
Property agency fee to a fellow subsidiary	(c)	5,437	6,071
Underwriting commission to ultimate holding company	(d)	20,516	—
Interest income from jointly controlled entities	(e)	(41,827)	(65,665)
Estate management fee income from a fellow subsidiary and jointly controlled entities	(f)	(8,354)	(3,701)
Rental income from fellow subsidiaries	(g)	(52,896)	(51,013)
Rental income from an associated company	(g)	(5,607)	(5,607)

Notes:

- (a) Interest is charged at rates as specified in note 25(ii) on the outstanding balances due to certain fellow subsidiaries.
- (b) The rental is charged at fixed monthly/annual fees in accordance with the terms of the tenancy agreements.
- (c) The property agency fee is charged by the fellow subsidiary in accordance with the terms of the property agency agreement.

- (d) The underwriting commission is charged at 1% of the total issue price of shares issued from rights issue underwritten by the ultimate holding company.
 - (e) This represents interest income in respect of loan financing provided to jointly controlled entities. These loans are unsecured and carry interest at rates as specified in note 16.
 - (f) The estate management fees are charged at fixed amounts to a fellow subsidiary and certain jointly controlled entities as specified in the management contracts.
 - (g) The rental income is 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\$296,810,000 (2004: HK\$283,614,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (iii) A deed of tax indemnity was entered into between the ultimate holding company and the Group whereby the ultimate holding company undertakes to indemnify the Group in respect of IT and LAT payable in consequence of the disposal of certain properties. During the year, no such tax indemnity was effected (2004: Nil) (note 9).

36 Post balance sheet event

On 12th September 2005, the Group acquired 10% additional equity interest in a subsidiary, Ramada Property Ltd. ("Ramada Property"), which holds the entire interest in Shanghai Ramada Plaza, for an aggregate consideration of approximately HK\$111 million. Upon completion of the transaction on 13th September 2005, the Group's attributable interest in Ramada Property increased to 75%.

37 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 certain property development projects in Beijing.

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

(a) Results for the year

	2005 HK\$'000	2004 HK\$'000
Turnover	224,615	451,630
(Loss)/profit for the year	(13,186)	87,952
Group's share of operating (loss)/profit	(9,230)	61,566

(b) Net assets as at year end

	2005 HK\$'000	2004 HK\$'000
Fixed assets	1,453,956	1,473,072
Other assets	4,671,625	3,805,338
Current assets	315,242	425,907
Current liabilities	(1,489,328)	(649,699)
Long term liabilities (other than amounts due to the Group)	(756,029)	(1,220,731)
	4,195,466	3,833,887

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

(a) Results for the year

	2005 HK\$'000	2004 HK\$'000
Turnover	506,050	52,452
Profit/(loss) for the year	43,760	(74,672)
Group's share of operating profit/(loss)	30,632	(52,270)

(b) Net assets as at year end

	2005 HK\$'000	2004 HK\$'000
Fixed assets	1,849,579	1,771,667
Other assets	344,234	695,956
Current assets	634,980	630,644
Current liabilities	(11,572)	(201,524)
Long term liabilities (other than amounts due to the Group)	(872,348)	(951,119)
	1,944,873	1,945,624

(3) China New World Electronics Ltd.*(a) Results for the year*

	2005	2004
	HK\$'000	HK\$'000
Turnover	49,983	49,729
Profit for the year	37,563	23,900
Group's share of operating profit	26,294	16,730

(b) Net assets as at year end

	2005	2004
	HK\$'000	HK\$'000
Fixed assets	920,852	944,180
Other assets	577,407	551,411
Current assets	118,763	113,868
Current liabilities	(62,614)	(17,181)
Long term liabilities (other than amounts due to the Group)	(56,075)	—
	1,498,333	1,592,278

38 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.

39 Particulars of principal subsidiaries, associated companies and jointly controlled entities

Details of the principal subsidiaries, associated companies and jointly controlled entities which materially affect the results for the year and/or assets of the Group as at 30th June 2005 are set out below:

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
<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

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)		Principal activities		
		By the Company	By the Group	2005	2004	
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
Keep Bright Limited	US\$1 1 share of US\$1	—	—	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
Stand Fame Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	—	Investment holding
Sweet Prospects Enterprises 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

39 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
<i>Subsidiaries (continued)</i>						
<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
Dalian New World Hotel Co., Ltd. (formerly known as Dalian Bond Tak New World Hotel Co., Ltd.)	RMB217,000,000	—	—	100%	—	Hotel investment
Dalian New World Tower Co., Ltd. (formerly known as Dalian Bond Tak International Finance Centre Co., Ltd.)	US\$8,000,000	—	—	100%	—	Property investment and development
Fung Seng Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	—	—	70%	70%	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
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	90.5%	90.5%	Property investment and development
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	—	—	92%	92%	Property development

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)		Principal activities		
		By the Company	By the Group	2005	2004	
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	—	—	100%	100%	Property investment and development
New World Development (Wuhan) Co., Ltd.	US\$16,000,000	—	—	100%	100%	Property investment and 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
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 Heyu Properties Co., Ltd.	US\$12,000,000	—	—	64%	64%	Property development
Shanghai Ju Yi Real Estate Development Co., Ltd	RMB350,000,000	—	—	70%	70%	Property development
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	—	65%	65%	Property investment and hotel operation

39 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
<i>Subsidiaries (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Shenyang New World Hotel Co., Ltd.	RMB68,000,000	—	—	100%	100%	Hotel operation
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$182,000,000	—	—	90%	90%	Property development
Wuhan New Eagle Properties Co., Limited	US\$2,830,000	—	—	95%	95%	Property investment
Wuhan Xinhan Development Co., Ltd.	US\$16,000,000	—	—	70%	70%	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	100%	100%	Property development
<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
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	—	—	30.6%	30.6%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)		Principal activities		
		By the Company	By the Group	2005	2004	
<i>Incorporated in the British Virgin Islands</i>						
Faith Yard Property Limited	US\$2 2 shares of US\$1 each	—	—	50%	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
<i>Incorporated and operated in the PRC</i>						
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	44.1%	44.1%	Property investment
<i>Jointly controlled entities</i>						
<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\$122,099,988	—	—	70%	70%	Property investment and development
Beijing Chong Yu Real Estate Development Co., Ltd	US\$81,840,000	—	—	70%	70%	Property investment and development

39 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
<i>Jointly controlled entities</i>						
<i>(continued)</i>						
<i>Incorporated and operated in the PRC</i>						
<i>(continued)</i>						
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	—	—	55%	55%	Hotel operation
China New World Electronics Ltd.	US\$57,200,000	—	—	70%	70%	Property investment and development
Dalian New World Hotel Co., Ltd. (formerly known as Dalian Bond Tak New World Hotel Co., Ltd.)	RMB217,000,000	—	—	—	30%	Hotel investment
Dalian New World Tower Co., Ltd. (formerly known as Dalian Bond Tak International Finance Centre Co., Ltd.)	US\$8,000,000	—	—	—	30%	Property investment and development
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	34.1%	34.1%	Golf club and resort

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)		Principal activities		
		By the Company	By the Group	2005	2004	
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$13,880,000	—	—	34.1%	34.1%	Property development
Guangzhou Bosson Real Estate Co., Ltd.	RMB20,003,000	—	—	60%	60%	Property development
Guangzhou Fong Chuen New World Property 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 Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	60%	60%	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	—	60%	60%	Property development
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	62.5%	62.5%	Property development
Jinan New World Sunshine Development Ltd.	US\$29,980,000	—	—	65%	65%	Property development
Shanghai Trio Property Development Co., Ltd.	US\$54,000,000	—	—	47.5%	47.5%	Property development
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	—	—	60%	60%	Property development
Tianjin New World Properties Development Co., Ltd.	US\$12,000,000	—	—	70%	70%	Property development

39 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
<i>Jointly controlled entities (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	60%	60%	Property development
Wuhan Wuxin Hotel Co.Ltd.	US\$13,500,000	—	—	60%	60%	Property investment
Zhaoqing New World Property Development Limited	US\$13,750,000	—	—	40%	40%	Property development

Note: 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.

40 Approval of accounts

The accounts were approved by the board of directors on 6th October 2005.

Results

	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	1,657,674	2,521,784	545,584	939,376	587,265
Operating profit/(loss) after finance costs	166,912	77,934	(1,334,921)	135,238	40,831
Share of results of					
Associated companies	58,488	24,799	(99,443)	(3,557)	(11,737)
Jointly controlled entities	90,534	108,867	(410,194)	1,327	50,521
Profit/(loss) before taxation	315,934	211,600	(1,844,558)	133,008	79,615
Taxation	(74,881)	(44,788)	2,727	(30,388)	(30,270)
Profit/(loss) after taxation	241,053	166,812	(1,841,831)	102,620	49,345
Minority interests	(19,509)	(39,466)	136,269	24,579	4,265
Profit/(loss) attributable to shareholders	221,544	127,346	(1,705,562)	127,199	53,610

Assets and liabilities

	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000
Fixed assets	4,834,442	3,616,762	4,442,443	3,703,088	3,248,168
Properties held for development	3,920,015	3,947,225	3,743,306	3,268,128	2,812,556
Associated companies	1,543,893	1,298,372	1,198,248	1,407,537	781,179
Jointly controlled entities	10,309,584	10,319,994	8,706,406	10,003,967	9,305,700
Other investments	115,876	49,132	1,758,573	1,973,041	2,925,136
Deferred tax assets	—	—	2,932	2,728	—
Other non-current assets	169,125	34,831	50,293	50,311	111,634
Net current assets	7,707,494	1,638,147	934,022	2,191,954	1,842,600
Total assets less current liabilities	28,600,429	20,904,463	20,836,223	22,600,754	21,026,973
Long term liabilities	(4,139,196)	(3,636,163)	(3,987,493)	(3,954,485)	(2,686,972)
Deferred income	(347,528)	(349,987)	(355,658)	(407,788)	(474,968)
Deferred tax liabilities	(316,480)	(139,911)	(110,097)	(74,992)	—
Minority interests and loans from minority shareholders	(520,463)	(409,180)	(380,294)	(452,721)	(395,281)
	23,276,762	16,369,222	16,002,681	17,710,768	17,469,752

Major project profiles

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
MAJOR DEVELOPMENT FOR SALE PROJECTS						
1	Beijing New World Centre Phase II	CJV	JCE	70%	16,224	35,097
2	Chateau Regalia Beijing	CJV	Subsidiary	100%	173,352	93,747
3	Beijing New World Garden Phase I	CJV	JCE	70%	16,300	3,138
	Beijing New World Garden Phase II				17,424	29,318
	Beijing Xin Yang Commercial Building				4,565	1,107
	Beijing Xin Cheng Commercial Building				6,477	46,668
4	Beijing Xin Yi Garden Phase I	CJV	JCE	70%	36,100	183,634
	Beijing Xin Yi Garden Phase II				46,219	235,105
5	Beijing New View Garden Phase I	CJV	JCE	70%	13,920	16,273
	Beijing New View Garden Phase IIA				110,356	91,475
	Beijing New View Garden Phase IIB				38,176	144,294
	Beijing Liang Guang Road Blocks 5, 6 & 7				41,063	160,891
	Beijing New View Garden Remaining Phases				5,300	43,113
	Beijing New View Commercial Centre				9,935	72,208
6	Beijing Xin Yu Commercial Centre	CJV	JCE	70%	20,672	125,655
	Beijing Liang Guang Road Blocks 3 & 4				14,000	12,271
	Beijing Liang Guang Road Block 2				12,239	51,178
	Beijing Xin Yu Garden				380,528	1,589,807
7	Beijing Xin Kang Garden Phase III	CJV	JCE	70%	101,894	29,497
8	Tianjin Xin An Garden Phase I	WFE	Subsidiary	100%	17,148	5,246
9	Tianjin New World Garden Phase I	CJV	JCE	60%	46,469	21,070
	Tianjin New World Garden Phase II					5,014
10	Tianjin Xin Chun Hua Yuan Phase II	CJV	JCE	60%	72,800	2,457
	Tianjin Xin Chun Hua Yuan Phase III					44,390
	Tianjin Xin Chun Hua Yuan Phase IV					50,730
11	Jinan Sunshine Garden Phase I	EJV	JCE	65%	37,600	10,412
	Jinan Sunshine Garden Phase II				6,000	7,421
	Jinan Sunshine Garden Phase III				78,300	177,997
	Jinan Sunshine Garden Phase IV				90,349	304,979
12	Shenyang New World Garden Phase IC	CJV	Subsidiary	90%	38,000	31,125
	Shenyang New World Garden Phase ID				53,885	152,681
	Shenyang New World Garden Phase IE				24,689	227,646
	Shenyang New World Garden Phase II				266,685	336,000
	Shenyang New World Garden Remaining Phases				995,606	2,216,382
13	Dalian Manhattan Tower I	EJV	Subsidiary	88%	9,800	14,509
	Dalian Manhattan Tower II					35,732
14	Dalian New World Tower	EJV	Subsidiary	100%	16,600	103,206
15	Shanghai Zhongshan Square Phase III	CJV	JCE	48%	16,171	133,101
16	Shanghai Hong Kong New World Garden Phase I	EJV	Subsidiary	70%	114,269	2,341
	Shanghai Hong Kong New World Garden Phase II					536,880
17	Wuhan Menghu Garden Phase I	CJV	Subsidiary	70%	57,200	2,191
	Wuhan Menghu Garden Phase II				64,137	23,514
	Wuhan Menghu Garden Phase III				61,668	26,663
	Wuhan Menghu Garden Remaining Phases				265,277	124,823
18	Wuhan New World Centre Phase I	WFE	Subsidiary	100%	37,235	85,755
19	Wuhan Changqing Garden Phase IV	CJV	JCE	60%	2,914,920	30,610
	Wuhan Changqing Garden Phase V					16,333
	Wuhan Changqing Garden Phase VIA					264,388
	Wuhan Changqing Garden Phase VIB					292,465
	Wuhan Changqing Garden Remaining Phases					1,643,000

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)	Development Status	Expected Completion Date
30,606		2,557		1,934	COMPLETED	N/A
88,220				5,527	COMPLETED	N/A
877				2,261	COMPLETED	N/A
2,712				26,606	COMPLETED	Dec-04
		563		544	COMPLETED	N/A
	6,718	30,246		9,704	UNDER DEVELOPMENT	Aug-05
107,796	3,647	32,112		40,079	UNDER DEVELOPMENT	Dec-05
103,699	16,751	57,241		57,414	UNDER PLANNING	TBD
1,494	874			13,905	COMPLETED	N/A
	15,087			76,388	COMPLETED	Dec-04
124,847	978	6,103		12,366	UNDER DEVELOPMENT	Oct-05
104,724	15,406			40,761	UNDER PLANNING	TBD
	8,661	25,492		8,960	UNDER PLANNING	TBD
	9,579	42,037		20,592	UNDER PLANNING	TBD
	32,000	58,941		34,714	UNDER PLANNING	TBD
643				11,628	COMPLETED	N/A
18,831	6,270	10,832		15,245	UNDER PLANNING	TBD
861,200	188,500	88,000		452,107	UNDER PLANNING	TBD
7,565	7,463			14,469	UNDER DEVELOPMENT	May-06
	351			4,895	COMPLETED	N/A
580	5,062			15,428	COMPLETED	N/A
1,929	544			2,541	COMPLETED	N/A
	1,600			857	COMPLETED	N/A
39,769	831			3,790	UNDER DEVELOPMENT	Jun-07
44,574				6,156	UNDER PLANNING	TBD
2,184	1,224			7,004	COMPLETED	N/A
7,421					COMPLETED	Jun-05
123,904	5,600			48,493	UNDER PLANNING	Dec-07
183,862	9,117			112,000	UNDER PLANNING	TBD
14,356				16,769	COMPLETED	N/A
128,816				23,865	UNDER PLANNING	Sep-06
120,831	59,470	13,000		34,345	UNDER PLANNING	Dec-06
306,000				30,000	UNDER PLANNING	TBD
1,343,406	308,352	110,914		453,710	UNDER PLANNING	TBD
9,759				4,750	COMPLETED	N/A
21,229		14,503			COMPLETED	N/A
103,206					UNDER PLANNING	TBD
		82,878	25,341	24,882	UNDER PLANNING	TBD
579				1,762	COMPLETED	N/A
317,500	4,000	26,500	52,000	136,880	UNDER PLANNING	TBD
1,302				889	COMPLETED	Jun-05
23,514					UNDER DEVELOPMENT	Mar-06
26,663					UNDER DEVELOPMENT	Sep-06
115,895				8,928	UNDER PLANNING	TBD
85,755					UNDER DEVELOPMENT	Dec-05
3,513				27,097	COMPLETED	N/A
	2,676			13,657	COMPLETED	Jun-05
215,848	7,000			41,540	UNDER DEVELOPMENT	Oct-07
265,450				27,015	UNDER PLANNING	TBD
1,643,000					UNDER PLANNING	TBD

Major project profiles

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
20	Wuhan Xin Hua Garden Phase I	CJV	JCE	60%	96,427	15,250
	Wuhan Xin Hua Garden Phase II					1,415
	Wuhan Xin Hua Garden Phase III					99,118
	Wuhan Xin Hua Garden Phase IV					118,284
21	Nanjing New World Centre Phase I	EJV	Subsidiary	92%	11,219	10,994
	Nanjing New World Centre Phase II					137,502
22	Hefei New World Garden	CJV	JCE	60%	82,660	12,548
23	Guangzhou Dong Yi Garden Phase II-III	CJV	Subsidiary	100%	74,720	24,241
	Guangzhou Dong Yi Garden Phase IV					90,072
	Guangzhou Dong Yi Garden Remaining Phases					38,922
24	Guangzhou New World Oriental Garden Phase I	CJV	Subsidiary	100%	99,885	57,723
	Guangzhou New World Oriental Garden Phase II					48,437
	Guangzhou New World Oriental Garden Phase III					93,237
	Guangzhou New World Oriental Garden Phase IV					103,337
25	Guangzhou Central Park-view Phase IA	CJV	Subsidiary	91%	107,876	77,018
	Guangzhou Central Park-view Phase II					123,881
26	Guangzhou Covent Garden Phase I	CJV	JCE	60%	370,383	2,828
	Guangzhou Covent Garden Phase IIA					39,228
	Guangzhou Covent Garden Phase IIB					47,740
	Guangzhou Covent Garden Phase IIIA					307,770
	Guangzhou Covent Garden Phase IIIB					396,298
	Guangzhou Covent Garden Phase IV					290,988
Guangzhou Covent Garden Phase V	164,333					
27	Guangzhou Concord New World Garden Phase I	CJV	JCE	40%	44,516	9,305
	Guangzhou Concord New World Garden Phase II					53,075
28	Guangzhou Park Paradise Phase IIA	CJV	JCE	60%	1,153,493	3,473
	Guangzhou Park Paradise Phase IIB1					70,439
	Guangzhou Park Paradise Phase IIC					123,704
	Guangzhou Park Paradise Phase IID1					7,988
	Guangzhou Park Paradise Phase IID2					25,789
	Guangzhou Park Paradise Remaining Phases					204,474
	Guangzhou Park Paradise Phase IIB2					7,865
Guangzhou Park Paradise Remaining Phases	1,027,922					
29	Guangzhou Xintang New World Garden Phase I	CJV	JCE	60%	348,774	9,480
	Guangzhou Xintang New World Garden Phase II					11,868
	Guangzhou Xintang New World Garden Phase III					74,071
	Guangzhou Xintang New World Garden Phase IV					271,012
	Guangzhou Xintang New World Garden Remaining Phases					15,212
30	Shenzhen Xilihu Development	CJV	JCE	70%	58,132	29,180
31	Shenzhen New World Yi Shan Garden Phase I	CJV	Subsidiary	90%	25,600	5,324
	Shenzhen New World Yi Shan Garden Phase IIA					31,500
	Shenzhen New World Yi Shan Garden Phase IIB					12,769
	Shenzhen New World Yi Shan Garden Phase IIC					5,348
	Shenzhen New World Yi Shan Garden Phase III					32,200
32	Shunde New World Convention & Exhibition Centre Phase II	CJV	Assoc. Co.	35%	14,171	19,482
	Shunde New World Convention & Exhibition Centre Phase III-V					66,670
33	Huiyang Palm Island Resort Phase I	EJV	JCE	34%	264,485	6,486
	Huiyang Palm Island Resort Phase II-III					148
	Huiyang Palm Island Resort Phase IV					7,642
	Huiyang Palm Island Resort Remaining Phases					233,545

Major project profiles

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)	Development Status	Expected Completion Date
10,154				5,096	COMPLETED	N/A
515				900	COMPLETED	May-05
83,410	1,092			14,616	UNDER DEVELOPMENT	Jun-06
105,301	3,535			9,448	UNDER PLANNING	Dec-07
1,872		1,762		7,360	COMPLETED	N/A
36,628	41,206	35,875		23,793	UNDER DEVELOPMENT	Dec-05
219				12,329	COMPLETED	N/A
	7,336			16,905	COMPLETED	N/A
73,344	2,335			14,393	UNDER DEVELOPMENT	Nov-06
23,057	2,614			13,251	UNDER PLANNING	TBD
7,255	2,195			48,273	COMPLETED	N/A
37,790				10,647	UNDER PLANNING	TBD
82,963				10,274	UNDER PLANNING	TBD
80,381				22,956	UNDER PLANNING	TBD
46,027				30,991	COMPLETED	N/A
98,534	2,844			22,503	UNDER PLANNING	TBD
124				2,704	COMPLETED	N/A
21,318				17,910	COMPLETED	Apr-05
40,234				7,506	UNDER DEVELOPMENT	Sep-05
269,185	10,715			27,870	UNDER PLANNING	TBD
332,466	14,502			49,330	UNDER PLANNING	TBD
243,428	7,286			40,274	UNDER PLANNING	TBD
142,328	9,045			12,960	UNDER PLANNING	TBD
2,841				6,464	COMPLETED	N/A
38,279	2,040			12,756	UNDER DEVELOPMENT	Jun-06
	1,723			1,750	COMPLETED	N/A
24,157	370			45,912	COMPLETED	May-05
92,730	3,832			27,142	UNDER DEVELOPMENT	Dec-05
5,513				2,475	COMPLETED	Apr-05
20,777	1,244			3,768	UNDER DEVELOPMENT	Jan-06
147,575	23,394			33,505	UNDER PLANNING	TBD
6,760				1,105	UNDER DEVELOPMENT	Dec-05
741,884	117,604			168,434	UNDER PLANNING	TBD
3,999				5,481	COMPLETED	N/A
11,868					COMPLETED	Nov-04
70,021		2,967		1,083	UNDER DEVELOPMENT	Sep-05
247,423	6,292			17,297	UNDER PLANNING	TBD
	15,212				UNDER PLANNING	TBD
23,800	3,700			1,680	UNDER PLANNING	TBD
3,296				2,028	COMPLETED	N/A
18,584				9,262	COMPLETED	Aug-04
3,559	3,061			6,149	UNDER DEVELOPMENT	Dec-05
3,797				1,551	UNDER PLANNING	TBD
91,586				34,049	UNDER PLANNING	TBD
19,482					COMPLETED	N/A
66,670					UNDER PLANNING	TBD
4,826			1,660		COMPLETED	N/A
148					COMPLETED	N/A
3,277				4,365	COMPLETED	N/A
197,806			7,939	27,800	UNDER PLANNING	TBD

Major project profiles

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
34	Zhaoqing New World Garden Phase I	CJV	Assoc. Co.	40%	139,134	14,769
	Zhaoqing New World Garden Phase II					62,935
	Zhaoqing New World Garden Phase III					150,435
	Zhaoqing New World Garden Phase IV					67,841
35	Zhuhai New World Riviera Garden Phase I	WFE	Subsidiary	100%	21,604	3,684
	Zhuhai New World Riviera Garden Phase II					12,729
	Zhuhai New World Riviera Garden Phase III					86,227
	Zhuhai New World Riviera Garden Phase IV					76,886
36	Huizhou Changhuyuan Phase IIA	CJV	JCE	63%	50,436	63,440
	Huizhou Changhuyuan Phase IIB					74,930
37	Haikou New World Garden Phase I	CJV	JCE	60%	246,800	5,888
	Haikou New World Garden Phase II					80,787
	Haikou New World Garden Phase III					124,265
Sub-total					9,769,168	15,475,269

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
INVESTMENT PROPERTY UNDER DEVELOPMENT						
38	Wuhan New World International Trade Tower IB	EJV	Subsidiary	100%	27,597	60,366
18a	Wuhan New World Centre Phase IIA	WFE	Subsidiary	100%	37,235	153,724
14a	Dalian New World Tower	EJV	Subsidiary	100%	16,600	76,390
25a	Guangzhou Central Park-view Phase IB	CJV	Subsidiary	91%	107,876	77,201
Sub-total						367,681

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
HOTEL PROPERTY UNDER DEVELOPMENT						
18b	Wuhan New World Centre Phase IIB	CJV	JCE	60%	37,235	37,432
14b	Dalian New World Tower	EJV	Subsidiary	100%	16,600	35,570
Sub-total						73,002

Major project profiles

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)	Development Status	Expected Completion Date
2,966				11,803	COMPLETED	N/A
58,445				4,490	UNDER DEVELOPMENT	Dec-06
150,435					UNDER PLANNING	TBD
65,141	2,700				UNDER PLANNING	TBD
907		1,093		1,684	COMPLETED	N/A
11,898	437			394	COMPLETED	May-05
81,340	1,684			3,203	UNDER PLANNING	TBD
74,964	1,922				UNDER PLANNING	TBD
49,123	1,963			12,354	COMPLETED	Jun-05
60,894	3,566			10,470	UNDER PLANNING	Jan-07
2,235				3,653	COMPLETED	N/A
80,217				570	UNDER PLANNING	May-06
122,515				1,750	UNDER PLANNING	Oct-07
10,952,330	1,013,210	643,616	86,940	2,779,173		

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)	Development Status	Expected Completion Date
		60,366			UNDER DEVELOPMENT	Dec-05
	43,492	74,010		36,222	UNDER DEVELOPMENT	Dec-05
	42,870			33,520	UNDER PLANNING	TBD
34,210	16,832			26,159	UNDER DEVELOPMENT	Mar-06
34,210	103,194	134,376	—	95,901		

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)	Development Status	Expected Completion Date
			37,432		UNDER DEVELOPMENT	Dec-05
			35,570		UNDER PLANNING	TBD
—	—	—	73,002	—		

Major project profiles

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
COMPLETED INVESTMENT PROPERTY PROJECTS						
39	Beijing New World Centre Phase I	CJV	JCE	70%	19,533	134,294
1a	Beijing New World Centre Phase II	CJV	JCE	70%	16,224	101,903
3a	Beijing New World Garden Phase I	CJV	JCE	70%	28,265	34,601
7a	Beijing Xin Kang Garden Phase II-III	CJV	JCE	70%	101,894	22,570
40	Tianjin New World Plaza	WFE	Subsidiary	100%	19,386	101,746
10a	Tianjin Xin Chun Hua Yuan Phase I	CJV	JCE	60%	72,800	16,802
13a	Dalian New World Plaza Phase II	EJV	Subsidiary	88%	9,800	69,196
41	Shanghai Hong Kong New World Tower	CJV	Assoc. Co.	44%	9,953	136,419
42	Shanghai Ramada Plaza	CJV	Subsidiary	65%	9,084	20,231
42a	Shanghai Belvedere Service Apartment	CJV	Assoc. Co.	50%		54,883
19a	Wuhan Changqing Garden Phase I-IV	CJV	JCE	60%	2,914,920	56,426
20a	Wuhan Xin Hua Garden Phase I	CJV	JCE	60%	96,427	46,480
38a	Wuhan New World International Trade Tower II	EJV	Subsidiary	95%	3,806	9,963
38b	Wuhan New World International Trade Tower IA	EJV	Subsidiary	100%	27,597	61,590
24a	Guangzhou New World Oriental Garden Phase I	CJV	Subsidiary	100%	99,885	18,889
32a	Shunde New World Convention & Exhibition Centre Phase I	CJV	Assoc. Co.	35%	14,171	51,770
Sub-total						937,763

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's		
				Attributable Interests	Site Area (sq.m.)	Total GFA (sq.m.)
COMPLETED HOTEL PROPERTY PROJECTS						
43	New World Courtyard Hotel, Beijing	CJV	JCE	55%	N/A (included in Beijing New World Centre Phase I)	23,988
44	New World Hotel, Shenyang	EJV	Subsidiary	100%	7,847	34,535
45	New World Courtyard Hotel, Shunde	CJV	Assoc. Co.	33%	4,508	36,524
46	Mayfair Hotel Shanghai	CJV/EJV	Subsidiary	65%	10,883	58,011
Sub-total						153,058
Total						17,006,773

CJV: Co-operative joint venture
 EJV: Equity joint venture
 WFE: Wholly Foreign-owned Enterprise
 Assoc. Co.: Associated company
 JCE: Jointly controlled entities

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)
4,773	74,232	26,081		29,208
28,246	46,378			27,279
		8,748		25,853
				22,570
	82,022	9,540		10,184
	16,802			
	49,413			19,783
	41,989	80,068		14,362
	12,805			7,426
39,358	9,597			5,928
	56,426			
	36,069			10,411
		9,963		
		44,190		17,400
	18,889			
	35,821			15,949
72,377	480,443	178,590	—	206,353

Residential (sq.m.)	Commercial (sq.m.)	Office (sq.m.)	Hotel (sq.m.)	Others (sq.m.)
			23,988	
			34,535	
			36,524	
			58,011	
—	—	—	153,058	—
11,058,917	1,596,847	956,582	313,000	3,081,427

Glossary of terms

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

Financial Terms

Attributable Operating Profit:	Profit attributable to shareholders before head office items
Basic Earnings Per Share or EPS:	$\frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$
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:	$\frac{\text{Net debt}}{\text{Shareholders' funds}}$

Measurement

Sq.ft.:	Square feet
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. Chow Kwai-cheung Mr. Chow Yu-chun, Alexander Mr. Fong Shing-kwong, Michael
Non-executive Director	Mr. Fu Sze-shing
Independent Non-executive Directors	Mr. Cheng Wai-chee, Christopher Mr. Tien Pei-chun, James Mr. Lee Luen-wai, John
Company Secretary	Mr. Chow Yu-chun, Alexander
Qualified Accountant	Ms. Ngan Man-ying, Lynda
Auditors	PricewaterhouseCoopers
Principal Bankers	Hang Seng Bank Limited Bank of China (Hong Kong) Limited The Bank of East Asia, Limited The Industrial and Commercial Bank of China
Share Registrar and Transfer Office	Standard Registrars Limited G/F, Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai Hong Kong
Head Office	9/F, New World Tower 1 18 Queen's Road Central Hong Kong
Stock Code	Hong Kong Stock Exchange 00917
Investor Information	For more information about the Group, please contact the Corporate Communications Department at: New World China Land Limited 9/F, New World Tower 1 18 Queen's Road Central Hong Kong Tel: (852) 2131 0201 Fax: (852) 2131 0216 Email: enquiry@nwcl.com.hk
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