

New World Development Company Limited

BOARD OF DIRECTORS

Chairman

Ho Sin-Hang, M.B.E., D.S.Sc.

Vice-Chairmen

*Young Chi-Wan

*Liang Yuen-Cheong, C.B.E.

Directors

*Cheng Yu-Tung, Managing Director

The Hon. Sir Yuet-Keung Kan, LL.D., C.B.E., J.P.

Sir Shiu-Kin Tang, Kt., C.B.E., J.P., K.ST.J., LL.D.

*The Hon. Quo-Wei Lee, O.B.E., J.P., F.I.B., LL.D.

Ho Tim, J.P.

M.G.R. Sandberg, J.P.

Kwok Tak-Seng

*Sin Wai-Kin

*Young Bing-Ching, Albert, B.Sc., Deputy Managing Director

Cheng Yue-Pui

Wu Fung-Chi

*Cheng Kar-Shun, Henry, B.A., M.B.A.

*Members of Executive Committee

SECRETARY

Watt (Nominees) Limited

AUDITORS

Lowe, Bingham & Matthews

H. C. Watt & Company

BANKERS

The Hongkong and Shanghai Banking Corporation

The Chartered Bank

Hang Seng Bank Limited

Bank of East Asia Limited

REGISTERED OFFICE

Manning House, 11th Floor,

38-48, Queen's Road, Central, Hong Kong.

SOLICITORS

Johnson, Stokes and Master

Yung Yu Yuen & Company

SHARE REGISTRARS AND TRANSFER OFFICE

Central Registration Hong Kong Limited

20 Pedder Street, 11th floor, Hong Kong.

Directors' Report

The Directors have pleasure in submitting their Annual Report and the Audited Accounts for the year ended 30 June 1974.

PROFIT AND APPROPRIATIONS	HK\$'000
Group Profit after providing for directors' fee, audit fees, depreciation and taxation for the year amounted to	90,015
Less: Profit applicable to minority shareholders in subsidiaries	<u>5,980</u>
	84,035
To which is added the balance brought forward from 30 June 1973	<u>18,313</u>
	102,348
Less: Adjustment in respect of previous year	<u>332</u>
	102,016
The Directors recommend that this sum be dealt with as follows:	
Interim Dividend of 5 cents per share paid in May 1974	33,658
Proposed Final Dividend of 7 cents per share payable in December 1974	<u>47,122</u>
	80,780
Leaving a balance to be carried forward	<u>21,236</u>

DIRECTORS:

Pursuant to Article 78 of the Company's Articles of Association, Messrs. Liang Yuen-Cheong, The Hon. Quo-Wei Lee, Ho Tim and Kwok Tak-Seng retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS:

The accounts have been audited by Messrs. Lowe, Bingham & Matthews and H. C. Watt & Company, who now offer themselves for re-appointment.

On behalf of the Board,
Ho Sin-Hang Chairman

Hong Kong, 30 October 1974.

Chairman's Report

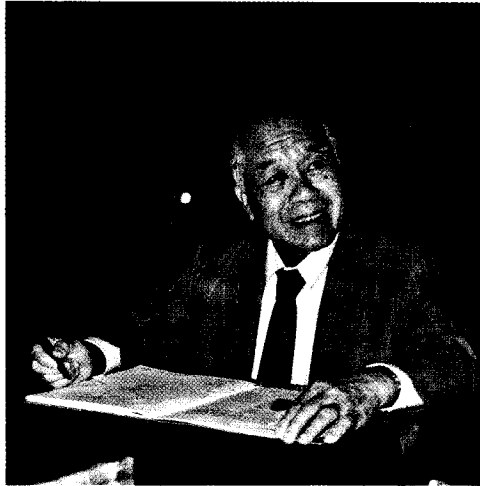
It is indeed my pleasure to report to Shareholders the 1973-74 operating results of our Company and the Subsidiaries. In the 1973 Report, the Directors forecast an after-tax group profit of not less than \$90 million for the year ended 30 June 1974. Despite the difficulties generally experienced in the past year by the trading, industrial and property sectors as a result of the local economic conditions, our Company has been able to report an after-tax group profit of some \$90,015,000, an improvement of 19% over the 1973 figure.

The recommended 7 cents final, together with the 5 cents interim paid in May 1974, will make a total dividend of 12 cents for the year. The final dividend, if approved, will be payable to Shareholders registered on 29 November 1974.

In view of the prevailing economic conditions in Hong Kong, the property sector should be prepared to face certain anticipated problems in the year to come. As Shareholders are aware that the Group is engaged mainly in property and its related business, our growth must depend to an important extent on the condition of property market. But I am pleased to say that the Group

has steady annual rental income to with the problems.

Taking this opportunity, I would rephrase Shareholders in extending to my colleagues on the Board as well as the management and staff, our heartfelt thanks for good and hard work.



Ho Sin-Hang Chairman

Hong Kong, 30 October 1974.

Managing Director's Report

It is gratifying to note that our Company and the Subsidiaries have been able to report a satisfactory profit even in a year blended with uncertain local economic conditions, inflation and rising wages. The improved results of the Subsidiaries in general are in fact encouraging.

Occupation permits have been obtained for the following newly completed buildings:—

Man Hing Commercial Building at Queen's Road Central (all sold)

Harbour View Mansion at Gloucester Road (95% let)

116 units of Baguio Villa — Phase 1 at Pokfulam Road (all sold)

Yan On Building at Dundas Street (60% sold)

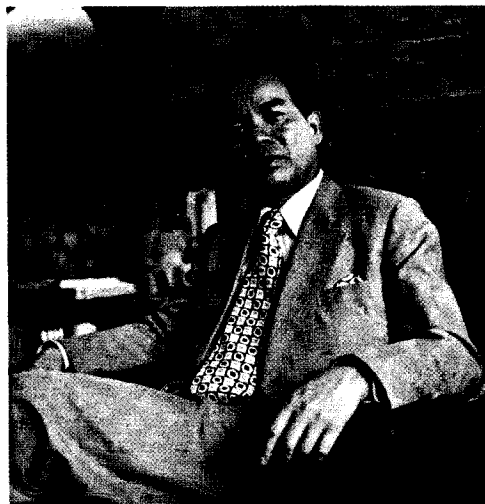
The 120 units of Fairmont Gardens at Conduit Road, Mid-level have been pre-let to Government and will generate a gross annual rental income of about \$9.36 million.

Some 20 development projects are in satisfactory progress. Over 50% of the new flats, now under construction, of Tung Fai Building in Shaukiwan and of Sze Hei Building in Aberdeen have been sold and both their completion is scheduled to be in June next year.

Site formation on the upper section of Baguio Villa above Victoria Road is nearing completion and part of the plans has been approved by Government. The Hongkong & Yaumati Ferry Company, Limited has agreed in principle to open a sea route to the Villa pending our construction of a pier.

The slurry wall being built round the New World Centre in Tsimshatsui is completed by about 30%. The rocky layer underground has caused certain problems but such problems have now been solved.

About 1/5 of the tenants of our commercial buildings are paying increased rent on renewal of their tenancy agreements; the increase ranges from 50% to 80%.

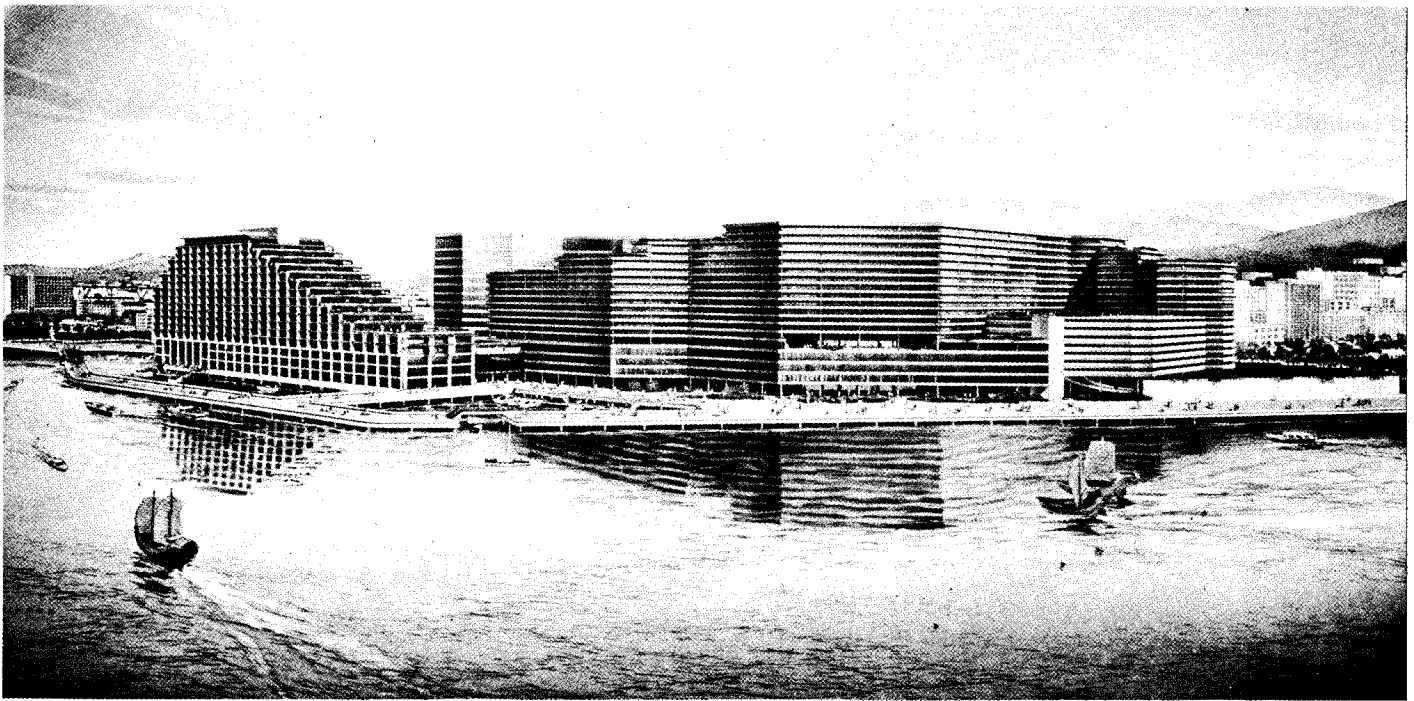


Hip Hing Construction Company Limited and Tai Yieh Construction & Engineering Company Limited, two of our Subsidiaries, have completed about \$110 million worth of construction work with a profit of \$5.75 million and still have projects costing some \$200 million to carry out. About 30% of the building contracts awarded to these two Subsidiaries are by outsiders while the remaining ones are undertaken for our Group.

The results of Vibro (Holdings) Limited have been affected by its joint work with Kwong Lee Construction Company Limited at the new railway station in Hung Hom. Shun Fung Ironworks Limited has had a very successful year and, to meet with increasing demand, has to purchase new furnaces costing some \$10 million. Armed with such additional equipment, the production capacity is expected to double. Quality of steel casting is again improving with the implementation of computerized checking process. With a 1973-74 profit of \$6.9 million, Shun Fung looks forward with optimism to further improved results for the coming year when the new furnaces are put into full operation. Our Company has acquired 55% equity control in Young's Engineering Company Limited which has contributed a 1973-74 profit of \$0.9 million and has yet \$20 million worth of air-conditioning installation contracts to undertake. The prospects of this company would be enviable if the trend of its present growth is to continue. The business of Matsuya Hotel has been steady and the vacant land abutting the Hotel offers a good potential for development when time is ripe. On the other hand, all our theatres have recorded very satisfactory results.

Cheng Yu-Tung Managing Director

Hong Kong, 30 October 1974.



New World Centre
新世界中心

New World Development Company Limited

Balance Sheet as at 30 June 1974

Note	<u>1974</u>	<u>1973</u>
	HK\$'000	HK\$'000
(1) Fixed Assets	126,448	119,996
(2) Interest in Subsidiaries	509,565	438,280
(3) Interest in Associated Companies	49,469	42,941
(4) Other Investments	8,625	35,400
(5) Property for Sale	1,981	1,601
(6) Joint Venture	4,575	—
(7) Current Assets	46,856	80,331
Total Assets	<u>747,519</u>	<u>718,549</u>
(8) Less: Current Liabilities	55,907	41,536
	691,612	677,013
(9) Less: Long Term Liability	1,719	2,344
	<u>689,893</u>	<u>674,669</u>
Represented by:		
(10) Share Capital	673,163	499,397
(11) Capital Reserve	—	158,835
Unappropriated Profits	16,730	16,437
	<u>689,893</u>	<u>674,669</u>

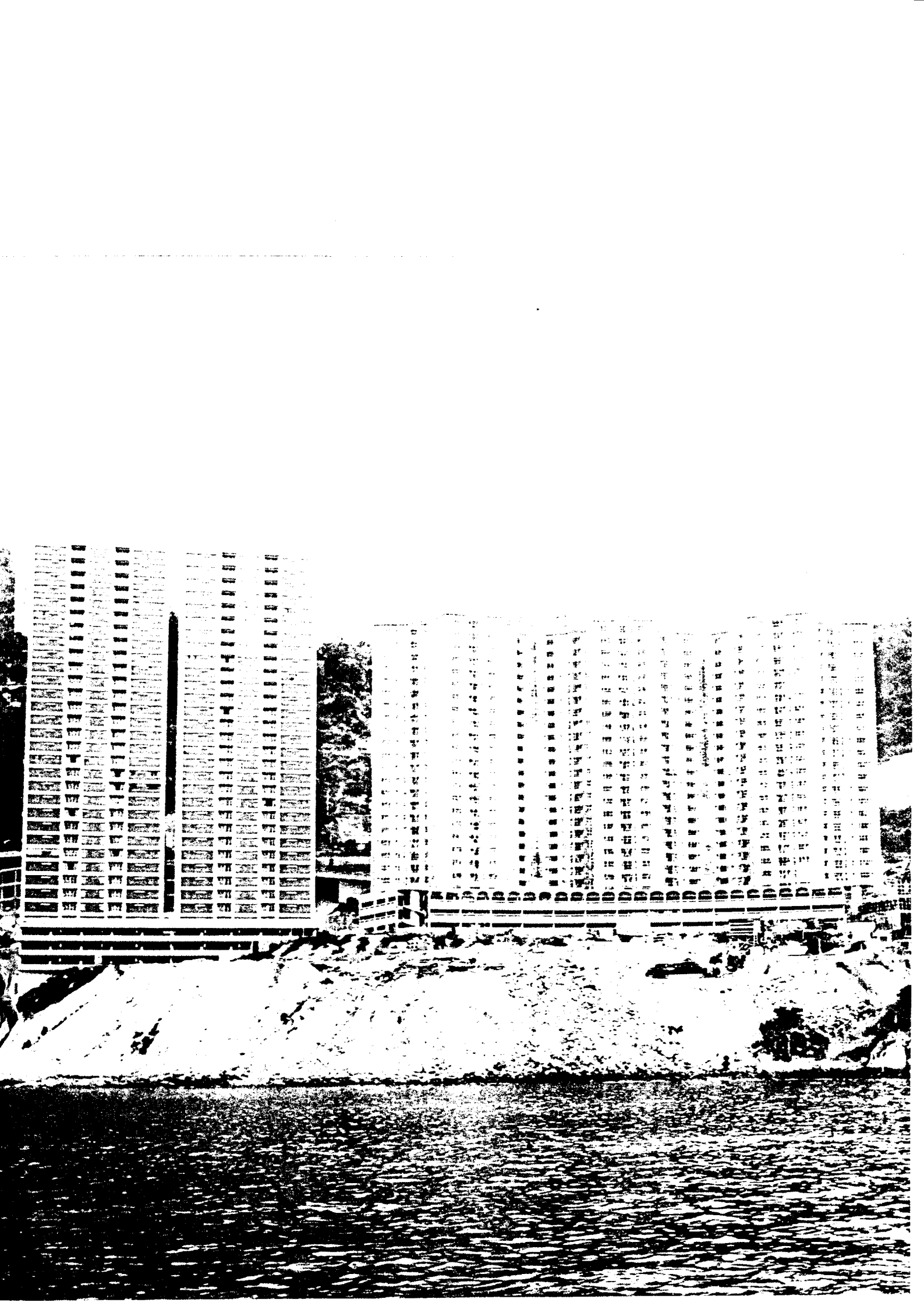
Ho Sin-Hang
Cheng Yu-Tung
Directors

New World Development Company Limited and its Subsidiaries

Consolidated Balance Sheet as at 30 June 1974

	<u>1974</u>	<u>1973</u>
Note	HK\$'000	HK\$'000
(1) Fixed Assets	580,249	352,498
(3) Interest in Associated Companies	49,034	39,517
(4) Other Investments	10,180	37,601
(5) Properties for Sale	89,926	192,544
(6) Joint Venture	4,575	—
(7) Current Assets	<u>156,160</u>	<u>174,530</u>
Total Assets	890,124	796,690
(8) Less: Current Liabilities	<u>197,438</u>	<u>143,960</u>
	692,686	652,730
(9) Less: Long Term Liabilities	<u>27,919</u>	<u>54,744</u>
Net Tangible Assets	664,767	597,986
Preliminary Expenses	—	72
Excess of Cost of Shares in Subsidiaries over the Book Value of the Net Assets thereof on Acquisition	<u>44,606</u>	<u>91,917</u>
	<u>709,373</u>	<u>689,975</u>
Represented by:		
(10) Share Capital	673,163	499,397
(11) Capital Reserve	—	158,835
Unappropriated Profits	<u>21,236</u>	<u>18,313</u>
	694,399	676,545
Minority Interest	<u>14,974</u>	<u>13,430</u>
	<u>709,373</u>	<u>689,975</u>

Ho Sin-Hang
Cheng Yu-Tung
Directors



New World Development Company Limited and its Subsidiaries

Consolidated Profit and Loss Account

for the Year Ended 30 June 1974

	<u>1974</u>	<u>1973</u>
Note	HK\$'000	HK\$'000
(12) Net Trading Profit before Taxation	104,079	88,823
Less: Taxation	<u>14,064</u>	<u>12,939</u>
Net Profit after Taxation	90,015	75,884
Less: Profit applicable to Minority Shareholders in Subsidiaries	<u>5,980</u>	<u>4,285</u>
Net Profit attributable to New World Development Company Limited	84,035	71,599
Add: Unappropriated Profits as at 30 June 1973	<u>18,313</u>	<u>2,140</u>
	102,348	73,739
(13) Less: Adjustment in respect of Previous Year	<u>332</u>	--
Balance Available for Appropriation	102,016	73,739
(14) Dividends	<u>80,780</u>	<u>55,426</u>
Unappropriated Profits as at 30 June 1974	<u><u>21,236</u></u>	<u><u>18,313</u></u>

New World Development Company Limited

Notes to the Accounts

	The Group		The Company	
	1974	1973	1974	1973
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(1) Fixed Assets				
Land and Buildings				
At Cost	274,372	46,041	31,281	24,854
At Directors' Valuation	293,508	293,312	95,000	95,000
	<u>567,880</u>	<u>339,353</u>	<u>126,281</u>	<u>119,854</u>
Licence Rights — at Directors' Valuation	221	221	—	—
Machinery, Equipment, Furniture, Fixtures and Motor Vehicles — at cost less depreciation	<u>12,148</u>	<u>12,924</u>	<u>167</u>	<u>142</u>
	<u>580,249</u>	<u>352,498</u>	<u>126,448</u>	<u>119,996</u>
No depreciation or amortisation has been provided in respect of the land and buildings.				
(2) Interest in Subsidiaries				
Investments				
At Cost less amounts written off			411,393	261,069
At Directors' Valuation			<u>72,000</u>	<u>72,000</u>
			483,393	333,069
Less: Provision for Losses			<u>162</u>	<u>346</u>
			483,231	332,723
Less: Amounts written off				
Capital Reserve			137,553	19,102
Reserve for Investment Fluctuation			<u>—</u>	<u>5,435</u>
			137,553	24,537
			<u>345,678</u>	<u>308,186</u>
Advances			176,518	137,675
			<u>522,196</u>	<u>445,861</u>
Less: Amounts due to Subsidiaries			<u>12,631</u>	<u>7,581</u>
			<u>509,565</u>	<u>438,280</u>

	<u>The Group</u>		<u>The Company</u>	
	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(3) Interest in Associated Companies				
Investments — at cost less provision	19,791	19,886	18,916	18,741
Advances	31,012	24,200	30,553	24,200
Less: Amounts due to Associated Companies	1,769	4,569	—	—
	<u>29,243</u>	<u>19,631</u>	<u>30,553</u>	<u>24,200</u>
	<u>49,034</u>	<u>39,517</u>	<u>49,469</u>	<u>42,941</u>
(4) Other Investments				
Quoted — at cost or current market value whichever the lower	8,720	35,891	8,400	35,400
Unquoted — at cost less provision	1,460	1,710	225	—
	<u>10,180</u>	<u>37,601</u>	<u>8,625</u>	<u>35,400</u>
Market Value of Quoted Investments as at 30 June 1974	<u>28,763</u>	<u>69,918</u>	<u>19,080</u>	<u>52,368</u>
(5) Properties for Sale				
Under Construction				
Land and Buildings — at cost	39,553	167,658	1,613	1,601
Building costs to date	37,304	23,612	368	—
Cost of Unsold Flats	13,069	1,274	—	—
	<u>89,926</u>	<u>192,544</u>	<u>1,981</u>	<u>1,601</u>
(6) Joint Venture				
Investment — at cost	4,550	—	4,550	—
Advances	25	—	25	—
	<u>4,575</u>	<u>—</u>	<u>4,575</u>	<u>—</u>

	<u>The Group</u>		<u>The Company</u>	
	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
(7) Current Assets				
Loans				
Secured	14,461	19,350	12,750	19,350
Unsecured	19,255	7,025	16,545	7,025
	<u>33,716</u>	<u>26,375</u>	<u>29,295</u>	<u>26,375</u>
Stock — at cost or net realizable value whichever the lower	17,497	8,828	—	—
Works in Progress	130,348	82,473		
Less: Payments received	115,231	70,418		
	<u>15,117</u>	<u>12,055</u>	—	—
Debtors, Current Accounts, Prepayments and Deposits				
less provision	88,371	107,070	17,203	35,710
Bank Balances, Deposits at Call and Cash	1,459	20,202	358	18,246
	<u>156,160</u>	<u>174,530</u>	<u>46,856</u>	<u>80,331</u>
(8) Current Liabilities				
Creditors, Accrued Charges and Sundry Provisions	35,488	29,026	4,667	4,548
Deposits secured on sale of property	44,461	8,019	—	—
Outstanding instalments on purchase of land repayable				
within one year	26,200	43,453	—	—
Corporation Profits Tax	25,530	13,495	3,950	2,030
Bills Payable	6,316	456	—	—
Bank Loans and Overdrafts				
(Partly secured)	12,321	14,553	168	—
Proposed Final Dividend	47,122	34,958	47,122	34,958
	<u>197,438</u>	<u>143,960</u>	<u>55,907</u>	<u>41,536</u>

Corporation Profits Tax has been provided at the rate of 15% on the assessable profits of the Company.

	<u>The Group</u>		<u>The Company</u>	
	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(9) Long Term Liabilities				
Mortgage Loan	1,719	2,344	1,719	2,344
Outstanding instalments on purchase of land	<u>26,200</u>	<u>52,400</u>	<u>---</u>	<u>---</u>
	<u>27,919</u>	<u>54,744</u>	<u>1,719</u>	<u>2,344</u>
(10) Share Capital				
Authorised				
750,000,000 Shares of HK\$1 each			<u>750,000</u>	<u>750,000</u>
Issued and fully paid:				
673,162,800 Shares of HK\$1 each			<u>673,163</u>	<u>499,397</u>
173,766,000 shares of HK\$1 each were issued during the year credited as fully paid for the acquisition of the entire issued share capital of three Subsidiaries.				
(11) Capital Reserve				
Balance as at 30 June 1973			158,593	158,593
Reserve for Investment Fluctuation			<u>242</u>	<u>242</u>
			158,835	158,835
Adjustment of stamp duty for exchange of shares in Subsidiaries			<u>189</u>	
			<u>159,024</u>	
Less: Loss on realization of Quoted Investment			1,071	
Amount written off to reduce to current market value of Quoted Shares in the Hongkong and Shanghai Hotels Limited			20,400	
Amounts written off Investment in certain Subsidiaries			<u>137,553</u>	
			<u>159,024</u>	
Balance as at 30 June 1974			<u>---</u>	

	<u>The Group</u>	
	<u>1974</u>	<u>1973</u>
	HK\$'000	HK\$'000
(12) Net Trading Profit before Taxation after crediting and charging the income and expenses detailed below:		
Income		
Dividend Received	2,310	3,941
Profit on Sales of Fixed Assets	1,600	—
	<u>3,910</u>	<u>3,941</u>
Expenses		
Directors' Fees	130	130
Audit Fees	171	170
Interest	1,359	1,978
Depreciation	2,018	1,970
Provision for Losses on Unfinalized Contract	1,200	—
Amounts Written Off:		
Investments —		
Associated Companies	—	210
Quoted	164	4
Unquoted	—	210
Preliminary Expenses	389	329
	<u>5,431</u>	<u>5,001</u>
(13) The Adjustment in respect of previous year relates to the exclusion from the books of a subsidiary of the accounts of a Joint Venture Project that showed a profit last year on work done up to 30 June 1973.		
(14) Dividends		
Interim Dividend of 5 cents per share	33,658	20,468
Final Dividend of 7 cents per share	47,122	34,958
	<u>80,780</u>	<u>55,426</u>
(15) Contingent Liabilities and Commitments		
■ A Subsidiary entered into an agreement with Tung Wah Group of Hospitals to jointly develop Marine Lots 303 and 304 owned by the Subsidiary and Marine Lot 351 owned by Tung Wah Group of Hospitals by the erection of a multi-storeyed building thereon.		
■ Commitments under contracts for capital expenditure not included in these Accounts amounted to approximately HK\$6,115,000.		

STATEMENT PURSUANT TO SECTIONS 125 AND 127 OF THE COMPANIES ORDINANCE

Profits of Subsidiaries have been included in the Company's Profit and Loss Account only to the extent of dividends declared by eighteen of nineteen Subsidiaries in respect of the year ended 30 June 1974. Losses sustained by seven Subsidiaries have been carried forward in the books of those Subsidiaries and full provision therefor has been made in the books of the Company. Two Subsidiaries have not yet commenced operation and full provision for pre-commencement expenses has been made in the books of the Company.

No Directors' Fees have been paid or are payable to the Directors of the Company by the Subsidiaries.

Ho Sin-Hang
Cheng Yu-Tung
Directors

Auditors' Report

We have examined the books and accounts of New World Development Company Limited for the year ended 30 June 1974 and have obtained all the information and explanations we have required. In our opinion the Balance Sheet on page 6 together with the notes on pages 10-14 is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 30 June 1974 according to the best of our information and the explanations given to us and as shown by the books of the Company.

We have also examined the Consolidated Balance Sheet of New World Development Company Limited and its Subsidiaries on page 7 with the audited Accounts of those Companies, one of which has not been audited by us, for the year ended 30 June 1974. In our opinion, the Consolidated Balance Sheet together with the notes on pages 10-14 has been properly drawn up so as to give a true and fair view of the state of affairs as at 30 June 1974 of New World Development Company Limited and its Subsidiaries so far as concerns Members of New World Development Company Limited.

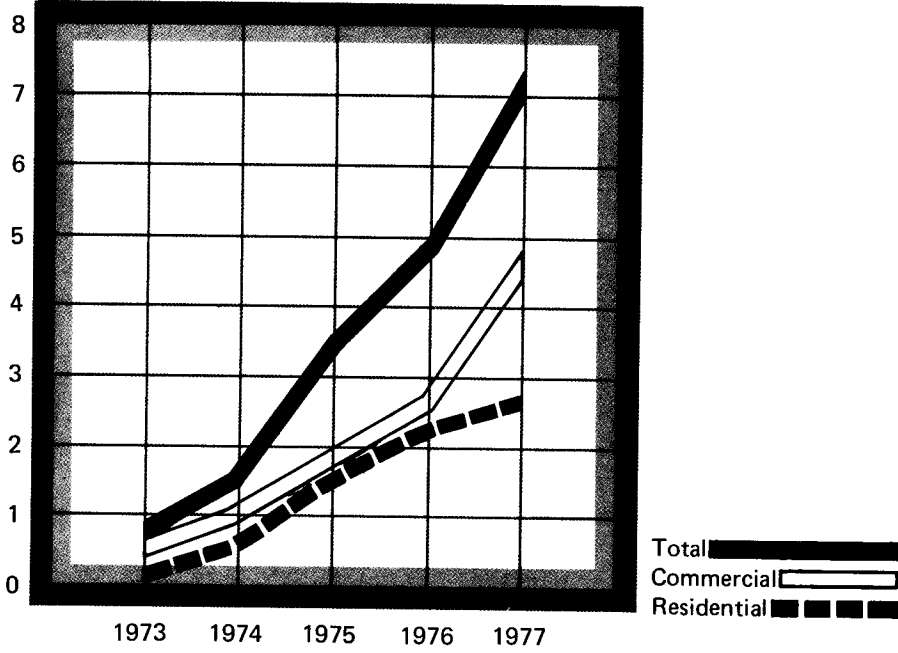
Lowe, Bingham & Matthews
Chartered Accountants
Certified Public Accountants

H.C. Watt & Company
Chartered Accountants (Aust.)
Certified Public Accountants

Hong Kong, 30 October 1974.

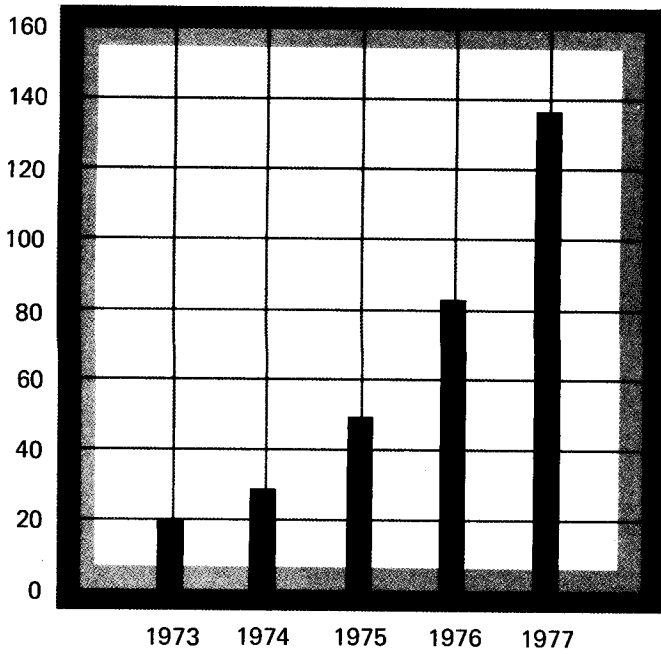
New World Development Company Limited Rental Area

Million of Square Feet



Rental Income

Million of Dollars



New World Development Company Limited Subsidiaries

	Equity Holding %
Fook Hong Enterprises Company Limited	100
Fook Shun Enterprises Company Limited	100
Fook Ying Enterprises Company Limited	100
Good Hope Investment Company Limited	100
Hang King Enterprises Company Limited	100
Hip Hing Construction Company Limited	52
Ho Shing Investment Company Limited	100
Hong Kong Island Development Limited	100
International Agencies Limited	100
Kim Tak Company Limited	100
Kin Kiu Enterprises Limited	100
King Lee Investment Company Limited	100
Ko Wan Company Limited	100
Kowloon Town Development Company Limited	100
Lung Kee Investment Company Limited	100
Matsuya Hotel & Tourism Company Limited	65
New World Finance Company Limited	100
New World Navigation Company Limited	100
New World Nominee Limited	100
Nine Dragons Investment Company Limited	100
Quality Imports Limited	100
Queenstown Investment Company Limited	60
Shun Fung Ironworks Limited	51
Sun Sun Investment Company Limited	100
Tai Yieh Construction & Engineering Company Limited	52
Vibro (Holdings) Limited	55
Young's Engineering Company Limited	55
Yue Wah Enterprises Company Limited	100

Associated Companies

Chuen King Enterprises Limited	50
Kam Ying Investment Company Limited	50
Kiu Lok Company Limited	50
Kiu Wai Company Limited	50
Kwok Lee Company Limited	25
Newman Investment Company Limited	20
Universe Investment Company Limited	50

