

新世界發展有限公司一九八九年年報

New World Development Co., Ltd. Annual Report 1989



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Corporate Information

Board of Directors

* Dato' Dr. Cheng Yu-Tung,
D.P.M.S., LL.D., D.B.A. Hon.
(Chairman)

Dr. Ho Sin-Hang,
C.B.E., D.S.Sc.

Sir Quo-Wei Lee,
C.B.E., F.C.I.B., LL.D., J.P.

Sir Michael Sandberg,
C.B.E.

Dr. Ho Tim,
O.B.E., J.P., D.S.Sc.

Kwok Tak-Seng,
O.B.E.

* Sin Wai-Kin

* Cheng Kar-Shun, Henry,
B.A., M.B.A.
(Managing Director)

* Dr. Young Bing-Ching, Albert,
B.Sc., LL.D.
(Deputy Managing Director)

Cheng Yue-Pui

* Liang Chong-Hou, David

Yeung Ping-Leung, Howard

Cha Mou-Sing, Payson

* Members of Executive Committee

Secretary

Leung Chi Kin

Auditors

Price Waterhouse
H.C. Watt & Company

Bankers

Bank of Tokyo
Banque Nationale de Paris
Bank of Communications
Chase Manhattan Bank, N.A.
Citibank, N.A.
Dai-Ichi Kanyo Bank
Hang Seng Bank
Hongkong and Shanghai Bank
Standard Chartered Bank
The Mitsubishi Bank
The Sumitomo Bank
Yasuda Trust Bank

Registered Office

New World Tower, 30/F.,
18 Queen's Road Central,
Hong Kong.

Solicitors

Yung, Yu, Yuen & Company
Woo, Kwan, Lee & Lo

Share Registrars and Transfer Office

Central Registration Hong Kong Limited
19th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Members of the Company will be held at Meeting Room 407, Level 4, Hong Kong Convention & Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 19 December 1989 at 12:00 noon for the following purposes:

1. To consider and adopt the Audited Accounts and the Report of Directors and Auditors for the year ended 30 June 1989 and to approve a final dividend of 39 cents per share.
2. To re-elect the four Directors retiring by rotation.
3. To appoint Joint Auditors and authorise the Directors to fix their remuneration.
4. To consider and, if thought fit, pass the following resolution as an ordinary resolution:
"That a general mandate be and is hereby unconditionally given to the Directors to issue, allot and dispose of additional shares of the Company, in addition to any shares which may be issued on the exercise of the subscription rights under the Company's warrants for the time being outstanding, not exceeding 10% of the existing issued share capital of the Company."

By Order of the Board of Directors
Leung Chi Kin
Secretary

Hong Kong, 1 November 1989

Note:

- (1) The Register of Shareholders will be closed from 11 to 19 December 1989, both days inclusive.
- (2) Shareholders are entitled to appoint a proxy to attend and vote on their behalf at the meeting and such proxy need not be a shareholder of the Company. A proxy form, to be valid, must be completed and returned to the Company's registered office not less than 48 hours before the time for the holding of the meeting.

Directors' Report

The Directors have pleasure in presenting their Annual Report and Audited Accounts for the year ended 30 June 1989.

Group Activities

The principal activities of the Company remain investment holding and property investment. The principal activities of the Principal Subsidiary and Associated Companies are shown on pages 38 to 40.

Accounts

The profit of the Group for the year ended 30 June 1989 and the state of the Company's and the Group's affairs at that date are set out in the Accounts on pages 17 to 40.

Dividends

The Directors have resolved to recommend a final dividend of 39 cents per share (1988: 32 cents) comprising minimum cash dividend of 1 cent per share, which is being paid in order to ensure that the shares of the Company continue to be Authorised Investments for the purpose of the Trustee Ordinance of Hong Kong, and an issue of additional shares by way of scrip dividend equivalent to 38 cents per share with a cash option to shareholders registered on 19 December 1989. Together with the interim dividend of 21 cents per share paid in June 1989, total distribution for 1989 would thus be 60 cents per share, an increase of 20% over the previous year.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholder could elect to receive in cash and they will be given the option to elect

to receive payment in cash of 38 cents per share instead of the allotment of shares. Full details of the scrip dividend will be set out in a letter to be sent to shareholders together with a form of election for cash on or about 20 December 1989.

Share Capital

Details of the increase in issued share capital during the year are set out in Note 18 to the Accounts.

Donations

The Group's charitable donations paid during the year amounted to HK\$3,323,000.

Fixed Assets

Movements of fixed assets during the year are summarised in Note 10 to the Accounts.

Directors

The present Directors of the Company, whose names appear on page 2 of this report, were Directors of the Company at the date of this report. Mr. Cha Mou-Sing was appointed as director on 6 April 1989.

The Board notes with regret the passing away of Mr. Yiu Yan on 19 May 1989.

In accordance with article 103 of the Company's Articles of Association, Sir Michael Sandberg, Dr. Ho Tim, Mr. Cheng Kar-Shun and Dr. Young Bing-Ching retire by rotation and, being eligible, offer themselves for re-election.

Directors' Interest in Contracts

No contracts of significance to which the Company or any of its subsidiary companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Right to Acquire Shares or Debentures

At no time during the year was the Company or any of its subsidiary companies a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interest in Shares

The directors and their associates are interested in the issued share capital of the Company and its subsidiary companies at the balance sheet date as follows:

	No. of shares	
	Beneficial Interest	Non-beneficial Interest
New World Development Company Limited		
Dato' Dr. Cheng Yu-Tung	-	-
Dr. Ho Sin-Hang	864,000	-
Sir Quo-Wei Lee	2,294,111	-
Sir Michael Sandberg	-	-
Dr. Ho Tim	2,247,202	-
Mr. Kwok Tak-Seng	-	-
Mr. Sin Wai-Kin	3,501,984	-
Dr. Young Bing-Ching	-	981
Mr. Cheng Yue-Pui	-	-
Mr. Cheng Kar-Shun	-	-
Mr. Liang Chong-Hou	21,312,034	-
Mr. Yeung Ping-Leung	-	-
Mr. Cha Mou-Sing	-	-
New World Hotels (Holdings) Limited		
Dr. Ho Tim	344,400	-
Hip Hing Construction Company Limited		
Mr. Sin Wai-Kin	42,000	-
International Property Management Limited		
Mr. Sin Wai-Kin	5,400	-

Directors' Report (Continued)

Dato' Dr. Cheng Yu-Tung is a shareholder of Chow Tai Fook Enterprises Limited which, together with its subsidiary companies, has a beneficial interest in 438,936,025 shares in the Company and 141,502,640 shares in New World Hotels (Holdings) Limited.

In addition to the above, Mr. Cheng Yue-Pui holds one share in each of the following subsidiary companies in a nominee capacity for the Company:

Billion Town Company Limited
Capital System Limited
Keen City Limited

Mr. Cheng Kar-Shun holds one share in each of the following subsidiary companies in a nominee capacity for the Company:

Crimson Company Limited
Timely Enterprises Corporation Limited

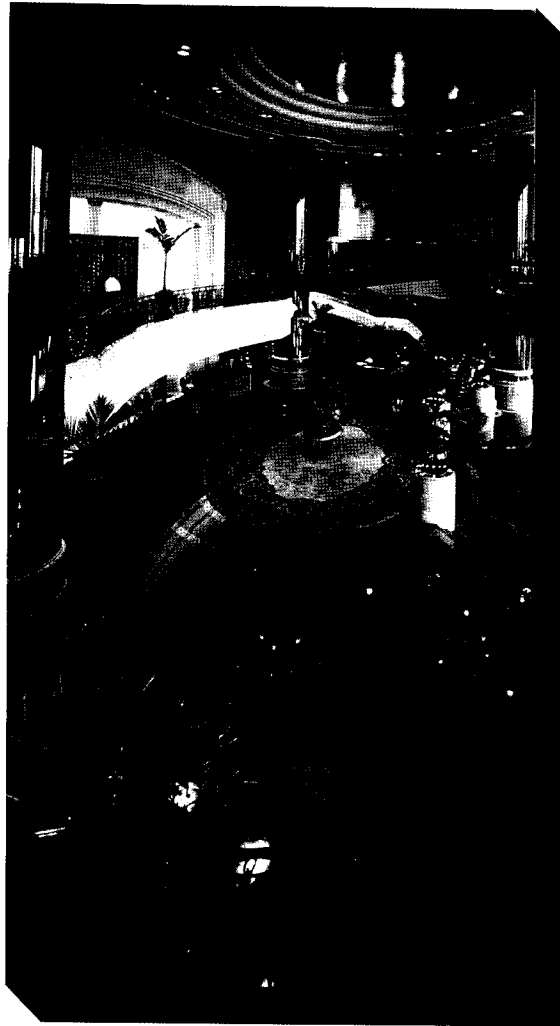
Auditors

The Accounts have been audited by Messrs. Price Waterhouse and H.C. Watt & Company, who retire and, being

eligible, offer themselves for re-appointment.

On behalf of the Board
Dato' Dr. Cheng Yu-Tung
Chairman

Hong Kong, 1 November 1989.



君悅大酒店大堂金碧輝煌，盡顯尊貴氣派。

The majestic grandeur of the lobby at Grand Hyatt Hotel amplifies the feel of elegance and nobility.

CHAIRMAN'S STATEMENT

I am pleased to report that 1989 had been another successful year for our Group, with good performances recorded for all its sectors of business. The Group's audited consolidated net profit after taxation, minority interests, and share of results of associated companies for the year ended 30 June 1989 amounted to HK\$1,248,455,000. This represented an increase of 12% over that of the previous year. Earnings per share arose to HK\$1.08. In addition, there was an extraordinary income of HK\$121,443,000 from the disposal of the Group's shipping interests in Hong Kong Islands Line in February 1989. As a result, Group profit attributable to shareholders amounted to HK\$1,369,898,000 representing an increase of 22.8% over the HK\$1,115,449,000 for the preceding year.

The Board of Directors recommended a final dividend of 39 cents per share (1988 : 32 cents) comprising minimum cash dividend of 1.0 cent per share, which is being paid in order to ensure that the shares of the Company continue to be Authorised Investments for the purpose of the Trustee Ordinance of Hong Kong, and an issue of additional shares by way of scrip dividend equivalent to 38 cents per share with a cash option to shareholders registered on 19 December 1989. Together with the interim dividend of 21 cents per share paid in June 1989, total distribution for 1989 would thus be 60 cents per share, an increase of 20% over the previous year.

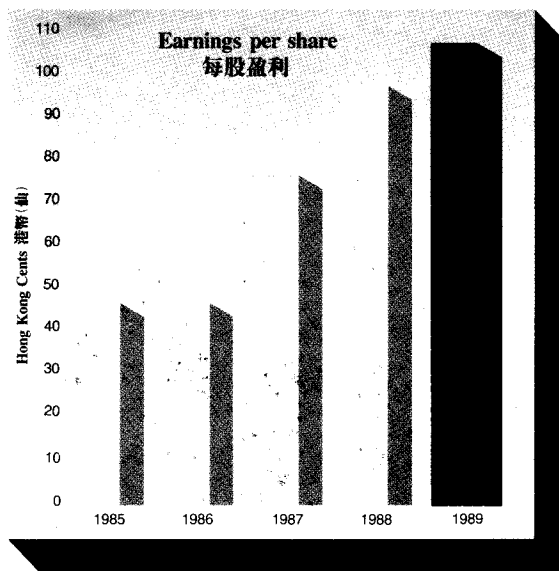
To comply with the recommendation of the Hong Kong Society of Accountants, the Group has revalued its owned investment and hotel properties by professional valuer as at 30 June 1989. The accounts have incorporated the surplus on revaluation of these properties.

As one of the major public listed companies in Hong Kong, we have always played an active role in the appropriate sectors of the economy, which successes have argued eloquently for the Hong Kong traditions of open markets and free competitions. Keeping in step with the well-known Hong Kong dynamism, our Group has experienced significant growth over the past eighteen years. Apart from consolidating our position as a major property developer in Hong Kong, we have also been diversifying into other activities such as hotel businesses, construction and engineering, container terminal services and television industry etc. In recent years we have also extended our hotel operations

into the People's Republic of China, (and into Canada), and are set for expansion into other major South East Asian cities. And this year we take special pride in completing the development of the Hong Kong Convention and Exhibition Centre, which has successfully put Hong Kong on the world's map as an important capital for the international convention and exhibition industry. Details of the Group's activities for the current year have been set out in the 'Managing Director's Business Review' of this report.

Over the longer term, we will as ever continue to pursue growth strategies that will further enhance our ability to capitalize on the enormous investment opportunities and to face the challenges ahead.

On behalf of shareholders and directors, I sincerely thank all members of the Group's management and staff for their loyalty and determined efforts, which attributes have taken the Group to new highs of profitability and growth.



Dato' Dr. Cheng Yu-Tung
Chairman

Hong Kong, 1 November 1989

MANAGING DIRECTOR'S BUSINESS REVIEW

Rental Operations

Rental income of the Group for the year amounted to approximately \$756 million. The shopping arcade, the serviced apartments, the two office buildings and the carparking operation at the New World Centre all recorded healthy increases in rental income. Refurbishment and optimisation programmes continued throughout this year in both the shopping arcade and the serviced apartments so as to enhance the potential for onward rental income growth and to meet the growing competition in both of these market sectors. Throughout the year the offices and the shopping arcade recorded 100% occupancy whilst the serviced apartments again achieved an occupancy of 97%. To achieve an optimal balance between development profit and rental income, the Group has also during the period sold the rental properties at Blocks 47 & 48 of Baguio Villa. The Group's other investment properties were all virtually fully occupied. In addition, strong reversion from existing office buildings coupled with the completion early next year of the integrated Phase 2 of New World Tower in Central and the now completed Hong Kong Convention and Exhibition Centre in Wan Chai will much boost our Group's rental income in the future.

Property Development

To date, the portfolio of development properties held by the Group consists of 24 sites with total development potential of 1,027,000 square metres. All the projects are proceeding on schedules.

During the year under review, the Group has made good progress in terms of physical completion and sale of all its projects.

With the completion of Park Towers above the Tin Hau Station, the joint-venture developments on the Mass Transit Railway Island Line have now come to a successful conclusion.

The other joint-venture projects which received occupation permits during the year are as follows:

1. Euston Court at Mid-Levels

All the 440 high-class residential units had been sold.

2. Phase I of Tsuen Wan's Riviera Gardens

A joint-venture with Caltex Petroleum Corporation of USA to redevelop Caltex's oil depot in Tsuen Wan into a residential estate. All the 6,200 flats in the project had been sold. Phase I of the project comprising 3,596 residential units in 12 towers began to be occupied in August 1988.

3. Tuen Mun New Town's Pierhead Garden

A joint-venture with Kowloon-Canton Railway Corporation to develop a residential community above the Light Rail Transit System in Tuen Mun. It

comprises 1,432 flats and a commercial shopping complex. All flats had been sold.

4. 126-140 Texaco Road at Tsuen Wan

All the units in the industrial building located there had been sold.

5. 2-4 Finnie Street, North Point

A residential/commercial development. Over 95% of its residential units had been sold.

As regards the Group's own developments which had received occupation permits, they are:

1. Semi-detached houses at Phase 3 of the Discovery Bay Project

All the residential units had virtually been sold.

2. 5-9A Morrison Hill Road, Wan Chai

A residential/commercial development. All the residential units had been sold.

3. 3 Link Road, Happy Valley

All the units in this residential project had been sold.

The period between late 1988 and early 1989 also saw pre-sale of residential units from the following projects receiving overwhelming responses.

1. Academic Terrace on Pokfulam Road

Over 96% of the total 632 residential units in three towers had been sold

MANAGING DIRECTOR'S BUSINESS REVIEW (Continued)

2. Felicity Garden at the Mass Transit Railway's Sai Wan Ho Station

A residential/commercial complex complemented by an Urban Council Complex with a market as well as commercial and recreational facilities. A total of 732 residential units in four towers. While all the flats in Towers I & II had been sold, Towers 3 & 4 had also sold over 96% of the units .

3. Phase 4 of the Discovery Bay project

A total of 1,312 residential units upon completion of the development. 408 residential units in 3 towers located at its Section E were all sold out when first put on the market in January this year.

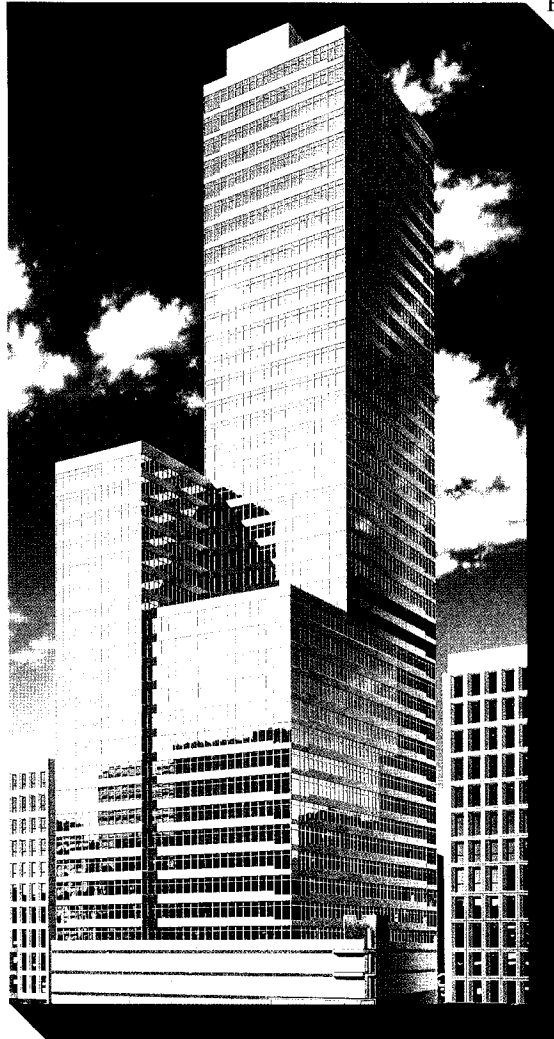
Phase 5 of the Discovery Bay project comprises development of a total of 1,550 residential units. Residential units

in two of these towers were put up for sale in September this year, when the market began to recover out of the impact of the June 4 incidents in Beijing. Results of sales have been encouraging.

In February 1989, the Group had signed joint-venture agreements with the Land Development Corporation for the redevelopment of four sites on Hong Kong Island and Kowloon. On the Hong Kong

side, they are a residential project to be undertaken at Third Street in Sai Ying Pun, a residential/commercial project at Li Chit Street in Wan Chai and an office project at Wing Shing Street in Sheung Wan. The fourth project consists of redeveloping a site at the junction of Nathan Road and Dundas Street into commercial properties. Preliminary proposals and building plans have been submitted to government authorities for considerations.

Plans are also underway to develop at the basement of Urban Council's Tsim Sha Tsui Cultural Complex and Garden a shopping arcade proposed to cover an area of about 140,000 square feet and a carpark with 250 spaces.



中區新世界大廈及其併入的第二期高廈。
The integrated Phase 2 of New World Tower in Central.

MANAGING DIRECTOR'S BUSINESS REVIEW

Hong Kong Convention and Exhibition Centre

Since the Centre's Inaugural Opening Ceremony officiated by His Excellency, Sir David Wilson on 25 November 1988, over 500,000 visitors have passed through this world-class facility with a number of international and special events being hosted. Over 1,100 multi-day international events and local corporate and special events have been booked through 1992. The Centre's fully integrated and flexible convention/exhibition facilities have apparently proved their versatility and suitability of functions when serving as venues for staging the international events of Pac Rim '89, Computer 89 and Leather Fair 89 between February and April. These

have been the largest events ever held in Hong Kong to date. The Centre's management is also keeping on with its aggressive marketing campaigns internationally to publicize the Centre's role in relation to Hong Kong's competitive posture as a premier destination for international conventions and exhibitions. Such promotional efforts so far have been highly successful in gaining market acceptance and consolidating a solid core of business with long-term potential.

The Centre is also distinguished for its impressive array of food and beverage facilities which form an important basis of profitability in its future operations.

The second phase of development,

comprising the Grand Hyatt and New World Harbour View hotels, serviced apartments and office buildings have been completed. New World Harbour View and Grand Hyatt have their respective openings on 27 July and 21 September. While decoration works are now being carried out on the apartments, over 95% of the office spaces have been let. And the Group has also sold nine floors of the office buildings.

The Grand Opening of the entire Hong Kong Convention and Exhibition Centre Complex will be celebrated on 9 November 1989 when Their Royal Highnesses, The Prince and Princess of Wales will arrive to honour the Centre with officiating at the Ceremony.



世界級的香港會議展覽中心內的展覽廳，寬敞場地配合可靈活運用的設施，極適合舉行大型國際性展覽。

The exhibition hall of the world-class Hong Kong Convention and Exhibition Centre fully demonstrates its versatility and suitability of functions for major international events.

MANAGING DIRECTOR'S BUSINESS REVIEW (Continued)

Hotel Business

The year ended 30 June 1989 recorded satisfactory operations for the Group's hotels in Hong Kong. Average occupancy rates for the Regent of Hong Kong, the New World Hotel and the Hotel Victoria were all maintained at the high levels of 87%, 92% and 82% respectively. Adding to the Group's hotel portfolio this year are the two new hotels of Grand Hyatt and New World Harbour View in the Hong Kong Convention and Exhibition Centre. The Group had during the year completed acquisition of the other half share of the hotel interests in Grand Hyatt and New World Harbour View to attain full ownership. The super deluxe Grand Hyatt, soft opened on 21 September this year, however, remains under the management of Hyatt International. Together with New World Harbour View which soft opened on 27 July, the Group now has two hotels well-

positioned to carve a specific niche in the convention and exhibition market.

The Group is now well-positioned to actively expand its portfolio of hotel operations and management, having in the past accumulated substantial experience and management expertise in hotel chains. By the end of 1990, the Group will have realized its plan of managing a chain of seven hotels in the major cities and tourist destinations in China. The Group also holds a 30% equity interest in Hyatt Regency, Macau. This hotel's business has benefitted much from increased tourism in Macau with new opportunities arising as construction of the new airport is about to begin. Upon acquiring the balance of 15% equity interest in Vancouver's New World Harbourside Hotel last November, the Group now wholly owns this hotel. At the same time, we also have hotel expansion plans into Asia, capitalizing on the high tourism

potentials inherent in some of its booming economies. Three hotels will be opened in 1991 respectively in Macau, Taipei and Manila, with the fourth one set to open in 1992 in Bangkok. The Group has joint venture interests in the two hotels of New World Hotel, Bangkok and the New World Hotel, Manila and will manage them once they are completed. As regards the Hung Yuan International Hotel in Taipei and the New World Emperor Hotel in Macau, the Group's role will be purely that of management.

New World Hotels International Limited, the Group's hotel management subsidiary, has during these years developed substantial experience and entrepreneurial strength in the hospitality industry through managing the Group's hotels in Hong Kong and China. With more additions of hotels to the Group's portfolio in the coming two years, they will have under their management fifteen hotels in Hong Kong, China, Macau, South East Asia and Canada.



君悅大酒店的瑰麗雲石梯級，象徵本集團酒店業務穩健發展。

10 Sweeping marble stairs in Grand Hyatt Hotel contemplate solid growth for the Group's hotel business.

On 17 April 1989, the Group entered into an agreement with Prime Motor Inns, Inc., USA to acquire the hotel business of Ramada Inc., USA which conducts business operations of self-owned, leased and franchised hotels and inns. Under the terms of the agreement, the Group will assume control of the hotel business mainly outside the United States. However, closing of the deal was delayed due to Ramada Inc.'s change of refinancing plans necessitated by unfavourable market conditions in high yield bonds. And furthermore, they also need more time to complete all the necessary procedures related to completion of the deal. Completion of acquisition is now agreed to be extended to on or before 28 February 1990.

MANAGING DIRECTOR'S BUSINESS REVIEW (Continued)

Construction & Engineering

During the year under review, Hip Hing Construction Company Limited together with its subsidiaries reported a record total construction turnover of HK\$4.19 billion, an increase of over 200% compared with that of the previous year. Total value of job orders on hand reaches HK\$8 billion. Major projects completed during the year included the Hong Kong Convention and Exhibition Centre, redevelopment of the site of Repulse Bay Hotel and the residential projects of Parkview at Tai Tam, Euston on the Park Road, Mid-Levels and Harbour Height in North Point. Among their significant jobs in the coming year will also count the new Headquarters of Hang Seng Bank in Central and the Hong Kong University of Science and Technology.

Young's Engineering Company Limited also recorded satisfactory performances during the year despite having to contend the problems of labour shortage and drain of professionals experienced by all sectors of the local economy. In Hong Kong, their airconditioning contracting works now concentrate on the Hong Kong Convention and Exhibition Centre and Pacific Place Phase 2. In addition, they have also recently won the contract to tender works for the new Hong Kong University of Science and Technology. Elsewhere, they also have works contracts with Bank of China and the hotel of Hyatt Regency in Macau.

Television

In August 1989, pursuant to an understanding reached in July 1988, Sociedade de Turismo e Diversoes de Macau S.A.R.L., a company incorporated in Macau, acquired a 5 per cent interest in

Asia Television Limited through purchasing its shares in equal proportions from the Lam Family and the New World Group. Following completion of the deal, the station was owned as to 47.5 per cent by the Group. The Government has in December 1988 renewed Asia Television Limited's licence for another twelve years endorsing the station's six-year plan of strategic developments and long-term policies for future growth. The new management team have focused much of their dedicated efforts on reorganizing the station's operating structure, the acquisition of suitable production facilities and the launching of a balanced range of high quality programmes. Through all these changes implemented, Asia Television Limited has now successfully cultivated a new image of significantly improved programme quality and audience ratings on both its Home and World channels. This will much enhance advertisers' confidence in and support of Asia Television Limited.

Shipping & Transport

Hong Kong Islands Line

An agreement was signed on 17 February 1989, enabling the Group to sell Hong Kong Islands Line's entire fleet of 12 container ships to China Ocean Shipping Company and about 10,200 containers to its associated company. Upon disposal of its shipping interests, the Group is proceeding to wind up Hong Kong Islands Line.

Tate's Cairn Tunnel

The 4-kilometre Tate's Cairn Tunnel from Siu Lek Yuen in Shatin to Diamond Hill is scheduled for completion in 1992. The Group holds 24% equity interest in respect of joining on a 30-year franchise to operate this new tunnel. It will form part of an important transport artery. Apart from

facilitating the easing of the congested traffic in the Lion Rock Tunnel, the new tunnel will further enhance the benefits of the second cross-harbour tunnel, the Eastern Harbour Crossing linking Cha Kwo Ling to Quarry Bay, opened in September this year.

Asia Terminals Limited

Asia Terminals Limited operates at Berth 3 of Kwai Chung container terminal the largest container freight station and cargo-distribution centre in Asia. Phases I and II of this ultra-modern facility, providing in total 150,000 square metres of spaces, have been completely successful in terms of spaces fully let, cargo handled and rental increases. Asia Terminals Limited now has government approval to build at a cost of \$1.36 billion, Phases III and IV of the container freight station facilities, adjacent to its existing structure. On completion, the project will provide an additional 209,000 square metres of leasable area, giving a total leasable area of no less than 357,000 square metres in this entire complex. Phase III is scheduled for completion at the end of 1991, while phase IV is expected to be finalized towards the end of 1992.

As the Honourable Financial Secretary Sir Piers Jacobs has spoken on 18 September 1989 when officiating at the ground breaking ceremony of the second container freight station, this unique expansion project is a clear demonstration of Asia Terminals Limited's continued commitment to the future of Hong Kong as an international centre for shipping activities. Indeed the shareholders, Sea-Land Orient, New World Development and Central Development have all expressed strong confidence in the potential of Asia Terminals Limited, which also reflects their same confidence towards the future of the territory.

MANAGING DIRECTOR'S BUSINESS REVIEW (Continued)

In view of the substantial growth potential of the container industry in Asia, Asia Terminals Limited is also looking ahead to utilizing its expertise on regional expansion programmes of warehousing facilities outside Hong Kong. Plans for the development and management of a cargo handling and distribution facility in Thailand (ATL Thailand Ltd) have been recently announced. Investment opportunities are being pushed in Philippines, Thailand and Malaysia.

Acquisitions

With three separate deals concluded in late February this year, the Group has further broadened its basis of long-term investments. Through a share swap arrangement, the Group now has 16% of shareholding in HKR International Limited for investment purpose. The second deal involved the Group's purchase of 100% of Scilla Holdings which has as its principal asset a piece of property at No. 12 May Road, Mid-Levels, Hong Kong, with a total development potential of 517,360 square

feet. The third move was an agreement with the shareholders of Paterson Plaza Properties Limited for acquiring all their issued shares. The principal asset of this company is the 16,500 square feet Paterson Plaza at Paterson Street, Causeway Bay, Hong Kong.

Further, the Group had during the period acquired shares in The Wing On (Holdings) Limited, representing approximately 27% of the issued share capital of this Company. The Group had made an offer for all the issued shares in The Wing On (Holdings) Limited not already owned by the Group at \$17 for each share. But the offer had lapsed ultimately.

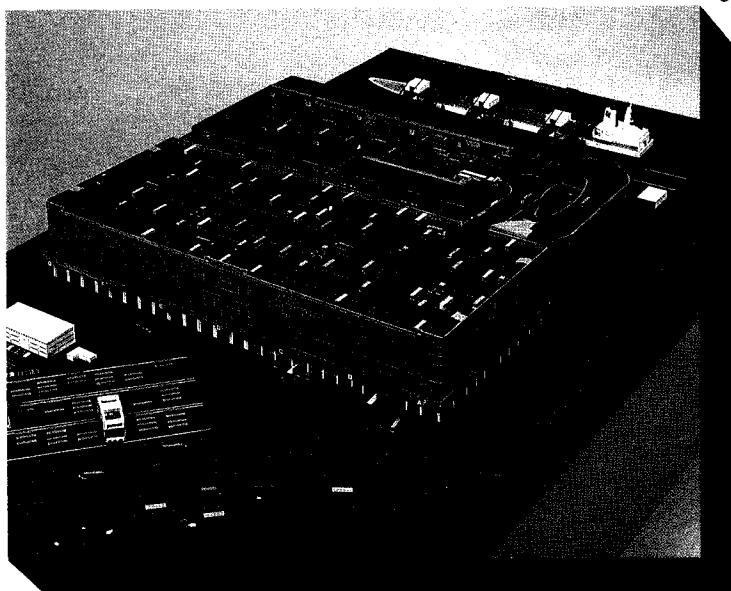
The Group had also in March this year acquired a ceramic tiles factory in Taipo. It is the largest manufacturer of such products in Hong Kong.

Privatization plans for Shui On Group Limited had been approved on 16 October 1989. Shui On Group's major assets are its public listed Shui On Construction Company Limited and property interests

in Hong Kong amongst which include the prestigious office building of Shui On Centre in Wan Chai and property developments on 169 Electric Road, North Point. In addition, the Group also holds interests in two hotels in Canada. Under the privatization arrangements, a new company, Zoller Limited, was incorporated to acquire the entire share capital in Shui On, which is owned as to 70% by Mr. Vincent Lo Hong Sui and companies controlled by him and as to 30% by New World Development Company Limited

Other Activities

Hearing over Shun Fung Ironwork's compensation claims on Government's resumption of its site together with the production facilities there in Junk Bay had started in October 1988 and is still continuing. It is expected that the case will be finalized early next year. It remains to report that your Group's minor activities such as cinema, estate management, landscaping and restaurants etc. have all enjoyed satisfactory operations during the year under review.



亞洲貨櫃有限公司在葵涌之現代化貨櫃大廈建成後外貌。
The perspective of Asia Terminals Limited's modern container freight station at Kwai Chung upon completion.

MANAGING DIRECTOR'S BUSINESS REVIEW (Continued)

Prospects

After nearly three years of rapid growth, the Hong Kong economy has entered into a period of adjustment. The June 4 events in Beijing exacerbated this process of adjustment and the Hong Kong property market was also affected. However it began to rebound in August. Since then activities in most sectors have been maintaining steady growth manifesting the fundamental strengths of the Hong Kong property market and the resiliency of Hong Kong people. Take-up for small and medium flats has been particularly encouraging, with prices now moving upwards back to near pre-June 4 levels. And rising personal incomes and reduction in interest rates also help support affordability. The luxury

housing market is however relatively quiet albeit instances of upward rental movements and good sales experienced in certain districts. There are also perceived changes in the rental situation of the office sector. While rental reversions remain very strong and average rentals achieved are moving upwards, vacancy rates in Central are slowly climbing as more new office buildings completed in other main business districts are coming on to the market. Demand for industrial properties also increases in an environment of stabilizing of Chinese politics and the pledge of the Chinese government to continue with its open-door policy and economic reforms. There are also good grounds to be optimistic about the mid- and long-term economic prospects for Hong Kong in the context of its growing role as

entrepot and important trade and investment links between China and the Pacific Rim economies. Hong Kong is also rapidly growing both globally and regionally as major centres in such service activities as finances, transportation, telecommunication and tourism. And the government's strategic decision to develop a new airport and related infrastructure while paving the way for Hong Kong's developments into the next century will undoubtedly help boost confidence in Hong Kong in its run-up to 1997.

Henry Cheng Kar-Shun
Managing Director

Hong Kong, 1 November 1989

Group's Significant Properties

<u>Development Properties</u>	<u>Commercial Sq. M.</u>	<u>Residential Sq. M.</u>	<u>Group Percentage</u>	<u>Expected Completion</u>
101 Pokfulam Rd., 1-12A Hok Sze Terrace & 1-14 To Li Terrace	–	40,928	54.00	1989
J/O Rua Francisco Xavier Pereors & Estrada, Macau	4,905	57,928	30.01	1990
MTR Island Line Developments				
Sai Wan Ho Station	–	54,836	100.00	1990
Discovery Bay, Phase 4, sub Phase 1	–	32,230	100.00	1990
Discovery Bay, Phase 4, sub Phase 2	–	97,548	100.00	1993
Discovery Bay, Phase 5, sub Phase 1	–	31,436	100.00	1990
Discovery Bay, Phase 5, sub Phase 2	–	61,467	100.00	1992
2-4 Conduit Road	–	8,157	20.00	1991
7 Link Road	–	3,320	100.000	1991
Riviera Gardens, Tsuen Wan	46,451	215,706	10.00	1990
17-29 Lyttelton Road	–	12,760	100.00	1991
30-40 Tai Yuen Street	278	3,993	100.00	1991
455-485 Queen's Road West	1,807	10,301	100.00	1991
1-11 Illumination Terrace	–	42,400	100.00	1991
49-55 Fort Street	311	6,910	100.00	1991
APIL 118, 119 & 120 Apleichau				
Main Street	525	6,168	100.00	1990
8 Smithfield Road	345	7,413	100.00	1990
CWIL 139, Kai Yip St., Chai Wan	56,244*	–	35.00	1991
30-34 Conduit Rd./ 51-53A Robinson Rd.	–	12,432	33.33	1992
1-20 Li Chit Street	2,001	5,502	100.00	1992
Wing Sing Street	100,036	–	100.00	1993
Third Street	1,085	7,900	100.00	1991
Sai Yeung Choi Street South	24,165	–	100.00	1992
3 Babington Road	–	13,755	100.00	1992
78 Bonham Road, Ning Yeung Terrace	–	15,172	100.00	Completed

* Industrial

Group's Significant Properties

Investment and Other Properties	Commercial Sq. M.	Residential Sq. M.	Hotel Sq. M.	Group Percentage	Expected Completion
37-39 Shanghai Street	182	1,119	-	100.00	Completed
Manning House	10,223	-	-	100.00	Completed
New World Tower	48,432	-	-	100.00	Completed
Chai Wan Theatre	1,022	-	-	100.00	Completed
Full Moon Theatre	2,026	-	-	100.00	Completed
Manning Theatre	1,709	-	-	100.00	Completed
New Town Theatre	1,367	-	-	100.00	Completed
New World Centre	141,383	36,531	53,961	100.00	Completed
14-14A Queen's Road Central Commercial Space and Car Port in Mei Foo Sun Chuen	10,617	-	-	100.00	Completed 1990
Container Freight Station in Berth 3, Kwai Chung	55,371	-	-	75.00	Completed
Shun Tak Centre	148,645	-	-	39.00	Completed
New World Harbourside Hotel	35,974	37,720	39,050	45.00	Completed
H.K. Convention & Exhibition Centre	-	-	30,054	100.00	Completed
Paterson Plaza, 24-30 Paterson Street	203,046	66,955	121,118	100.00	Completed
12 May Road	16,516	-	-	100.00	Completed
	-	48,081	-	100.00	1992



Auditors' Report

Report of the Auditors to the Members of New World Development Company Limited

We have audited the accounts set out on pages 17 to 40 in accordance with approved Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group at 30 June 1989 and of the profit and changes in financial position of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

Price Waterhouse
Certified Public Accountants

H.C. Watt & Company
Certified Public Accountants

Hong Kong, 1 November 1989

Consolidated Profit and Loss Account

	Note	Year ended 30 June	
		1989	1988
		HK\$'000	HK\$'000
Turnover	2	6,115,420	5,296,855
Operating profit	3	1,669,278	1,273,038
Share of profits less losses of associated companies		66,897	190,371
Share of profits of investments in MTR development projects		28,984	102,270
Profit before taxation		1,765,159	1,565,679
Taxation	4	(236,538)	(173,174)
Profit after taxation		1,528,621	1,392,505
Minority interests		(280,166)	(277,056)
Profit before extraordinary item		1,248,455	1,115,449
Extraordinary item	5	121,443	-
Profit attributable to shareholders	6	1,369,898	1,115,449
Transfer to capital reserve	20(b)	(17,700)	(507)
Dividends	7	(712,342)	(569,063)
Retained profit for the year		639,856	545,879
Retained by:			
Company and subsidiary companies		767,464	318,292
Associated companies and MTR development projects		(127,608)	227,587
		639,856	545,879
Earnings per share			
Basic	8	HK\$1.08	HK\$0.99
Fully diluted		HK\$1.04	HK\$0.93

Consolidated Balance Sheet

	Note	As at 30 June	
		1989	1988
		HK\$'000	HK\$'000
Fixed assets	10	18,118,809	4,077,977
Associated companies	12	1,891,089	886,445
Investments in MTR development projects	13	74,079	89,479
Other investments	14	1,351,635	165,938
Long term loans receivable	15	318,210	208,594
Net current (liabilities)/assets	16	(1,300,527)	837,559
		20,453,295	6,265,992
Deferred expenditure	17	21,430	7,120
		<u>20,474,725</u>	<u>6,273,112</u>
Financed by:			
Share capital	18	1,188,074	1,141,072
Reserves	20	16,411,300	3,745,849
Shareholders' funds		17,599,374	4,886,921
Minority interests		1,392,166	853,753
Long term liabilities	21	1,482,303	532,438
Deferred taxation	22	882	–
		<u>20,474,725</u>	<u>6,273,112</u>

Sin Wai-Kin
Cheng Yue-Pui
Directors

Company Balance Sheet

	Note	As at 30 June	
		1989	1988
		HK\$'000	HK\$'000
Fixed assets	10	20,761	4,008
Subsidiary companies	11	4,043,669	3,750,788
Associated companies	12	390,662	230,045
Investments in MTR development projects	13	59,302	31,385
Other investments	14	372,813	4,548
Net current assets	16	<u>229,333</u>	<u>123,470</u>
		<u>5,116,540</u>	<u>4,144,244</u>
Financed by:			
Share capital	18	1,188,074	1,141,072
Reserves	20	<u>3,928,466</u>	<u>3,003,172</u>
Shareholders' funds		<u>5,116,540</u>	<u>4,144,244</u>

Sin Wai-Kin
Cheng Yue-Pui
Directors

Consolidated Statement of Changes in Financial Position

	Year ended 30 June			
	1989		1988	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Source of funds				
Profit before taxation		1,765,159		1,565,679
Extraordinary item		121,443		—
		1,886,602		1,565,679
Adjustments for items not involving the movement of funds:				
Share of profits less losses of associated companies	(66,897)		(190,371)	
Share of profits of investments in MTR development projects	(28,984)		(102,270)	
Depreciation	86,095		141,842	
Gain on disposal of:				
Fixed assets	(497,449)		(273,897)	
Associated companies	(980)		(46,838)	
Other investments	—		(1,303)	
(Decrease)/increase in provisions for:				
Investment in and advances to associated companies	(45,533)		15,750	
Other investments	—		188	
Pre-operating expenses amortised	3,482		2,152	
Vessels revaluation reserve released	(81,258)		—	
		(631,524)		(454,747)
Total generated from operations		1,255,078		1,110,932
Funds from other sources				
Shares issued	32,997		30,317	
Increase in share premium	453,938		410,534	
Increase in long term liabilities	949,865		—	
Proceeds from disposal of:				
Fixed assets	1,050,263		331,670	
Associated companies	4,229		8,737	
Other investments	—		13,538	
Decrease in investment in:				
Associated companies	—		553	
MTR development projects	—		105,489	
Dividends from:				
Associated companies	136,052		11,000	
Investments in MTR development projects	67,799		33,256	
		2,695,143		945,094
		3,950,221		2,056,026

Year ended 30 June

	1989		1988	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Application of funds				
Increase in other investments	1,185,697		117,579	
Increase in investment in:				
Associated companies	702,835		-	
MTR development projects	27,917		-	
Increase in long term loans receivable	109,616		2,316	
Decrease in long term liabilities	-		389,338	
Decrease in minority interests	202,952		145,142	
* Purchase of fixed assets	3,135,381		1,374,390	
Dividends paid	425,713		386,601	
Tax paid	136,032		164,147	
Share issue expenses	7,806		8,484	
Increase in deferred expenditure	17,792		-	
Decrease in reserve on consolidation	5,675		-	
Exchange loss arising from translation of accounts of overseas subsidiary companies	3,084		17,413	
		5,960,500		2,605,410
		(2,010,279)		(549,384)
Movement in working capital				
* Stocks and construction in progress	108,269		6,486	
Properties held for sale	(99,840)		(260,146)	
Overseas treasury bills	(447)		63,202	
Hong Kong listed shares	33,225		-	
* Debtors and prepayments	356,003		319,050	
* Creditors, bills payable and deposits received	(539,883)		(266,481)	
Long term loans receivable-current portion	6,425		(346)	
Other loans receivable	91,243		396	
		(45,005)		(137,839)
Movement in net liquid funds:				
* Cash and bank balances	(3,256)		83,590	
* Bank loans and overdrafts	(1,172,491)		(339,244)	
Other loans	(789,527)		(155,891)	
		(1,965,274)		(411,545)
		(2,010,279)		(549,384)
* Summary of the effects of the acquisition of subsidiary companies				
Net assets acquired:				
Fixed assets		1,062,378		-
Stocks		11,820		-
Debtors and prepayments		3,332		-
Creditors and accrued charges		(6,878)		-
Cash and bank balances		57,882		-
Bank loan		(97,000)		-
		1,031,534		-
Financed by:				
Issue of shares		114,259		-
Cash paid		917,275		-
		1,031,534		-

(1) Principal accounting policies

(a) Basis of consolidation

The group accounts incorporate the accounts of the Company and all its subsidiary companies made up to 30 June and include the Group's share of the results for the year and undistributed post-acquisition reserves of associated companies. The results of subsidiary companies acquired or disposed of during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition and to the effective dates of disposal respectively. Goodwill arising on consolidation, which represents the excess of the consideration paid over the attributable fair value of the net assets of the subsidiary companies acquired at the dates of acquisition, is written off to the consolidated profit and loss account in the year of acquisition.

All material intra-group transactions, including unrealised profits arising from intra-group construction contracts and sales of properties, have been eliminated on consolidation.

(b) Subsidiary companies

Investments in subsidiary companies are carried at cost or at directors' valuation less provision for any permanent diminution in value.

(c) Associated companies

An associated company is a company other than a subsidiary company in which the Group's interest is held long term and is substantial or is effectively that of a partner in a consortium and, in both situations, significant influence is exercised through representation on the board of directors. Results of associated companies are accounted for by the company only to the extent of dividends received or receivable.

(d) Investments in MTR development projects

Investments in MTR development projects are carried at cost less provision for any permanent diminution in value plus the Group's share of undistributed post-acquisition reserves.

Results of investments in MTR development projects are accounted for by the company to the extent of dividends received or receivable.

(e) Turnover

Group turnover represents all revenues from rental, sales of properties, construction, piling, air-condition engineering, hotel operation, financial services, letting agency, theatre operation and container liner and related services.

(f) Profit recognition

- (i) For properties developed for resale, profit is recognised either when the sale agreement is completed or when the occupation permit is issued, whichever is the later. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.
- (ii) Surplus on sales of investment properties and land and buildings held as fixed assets are included in the operating profit.
- (iii) Profits on joint venture projects and property construction and services contracts are recognised only when the projects or contracts have been completed and in the case of multi-phase contracts, on completion of a distinct phase. The directors consider that in view of the fluctuation of cost elements during the life of a project or contract, it is prudent for the Group to recognise profit on such basis.

(g) Finance leases

Leases that substantially transfer all the benefits and risks of ownership of assets to the Group are accounted for as finance leases. At the inception of a finance lease, the asset and the related long term obligation, excluding interest are recorded to reflect the purchase and its financing. Assets under finance leases are depreciated on the same basis as other assets as described in note (h) below.

(h) Fixed assets

(i) Depreciation

Cost or valuation of fixed assets is depreciated annually on a straight line basis at the following rates:

Freehold land and land held on long leases	Nil
Buildings	2.5%
Floating dock	4%
Other assets	10-30%

(ii) Investment properties

With effect from 1 July 1988, the Group has adopted the provisions of Statement of Standard Accounting Practice No. 13, "Accounting for Investment Properties". Investment properties are defined as properties which are income producing and intended to be held for the long term, and such properties are included in the balance sheet at their open market value, on the basis of an annual professional valuation. Changes in the value of investment properties are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit on a portfolio basis, the net deficit is charged to the profit and loss account.

As a result of the adoption of this accounting policy with effect from 1 July 1988, accumulated depreciation provided in prior

years totalling HK\$318 million has been written back to the asset revaluation reserve. The depreciation charge for the current year has been reduced by HK\$38 million as a result of the change in accounting policy. No prior year adjustment has been effected in accordance with Statement of Standard Accounting Practice No. 2 as the directors consider it impractical to obtain a professional valuation for the Group's investment properties at the previous year end date.

(iii) Hotel properties

Hotel properties are interests in land and buildings and their integral fixed plant which are collectively used in the operation of hotels. They are stated in the balance sheet at their open market value on the basis of an annual professional valuation. No depreciation is provided on hotel properties held on leases with twenty years and over to run at the balance sheet date. It is the Group's practice to maintain the buildings in a continual state of sound repair and to make improvements thereto from time to time and accordingly, the directors consider that depreciation is not necessary due to their high residual value. Such expenditure on repairs and improvements is dealt with through the planned maintenance provision account which has been included in creditors and accrued charges. In prior years, such buildings were depreciated at 2.5% per annum straight line. The depreciation charge for the current year has been reduced by HK\$34 million. The accumulated depreciation provided in prior years totalling HK\$287 million has been written back to the asset revaluation reserve.

Notes to the Accounts (cont'd)

(1) Principal accounting policies (cont'd)

(i) Planned maintenance

The Group operates a planned maintenance scheme for its hotels which projects future maintenance requirements over a period of years. Within this scheme actual costs and/or projected costs for the ensuing five year periods as estimated by the Group are equalised by annual provisions in the profit and loss account.

(j) Other investments

Other investments are long term investments other than subsidiary companies and associated companies. Other investments are carried at cost less provision for any permanent diminution in value.

(k) Properties held for sale, stocks and construction in progress

Properties held for sale are valued at cost comprising land cost, development expenditure, professional fees and interest capitalised less any provision for possible loss.

Stocks are valued at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Construction work in progress is stated at cost less provision for anticipated losses and progress payments received and receivable.

(l) Deferred expenditure

(i) Hong Kong Convention and Exhibition Centre pre-operating expenses
Hong Kong Convention and Exhibition Centre pre-operating expenses are amortised over five years by equal annual instalments commencing from the first year of operation.

(ii) Quarry mill pre-operating expenses

Quarry mill pre-operating expenses are amortised over the lease period from the date of commencement of quarry production.

(m) Deferred taxation

Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future. The adoption of deferred taxation in the current year in accordance with Statement of Standard Accounting Practice No.12 represents a change in accounting policy. The change in accounting policy has not been accounted for retroactively by means of a prior year adjustment as the amount involved is immaterial.

(n) Capitalisation of interest and finance charges

Interest and finance charges on borrowings relating to construction in progress and properties under development, after elimination of intragroup interest charges, are included in the project cost and cost of development respectively.

(o) Foreign currencies

Foreign currency transactions during the year are converted at exchange rates ruling at the transaction dates. At the balance sheet date, monetary assets and liabilities expressed in foreign currencies and the accounts of overseas subsidiary companies are translated into Hong Kong dollars at exchange rates ruling at that date. Exchange differences arising from the translation of the accounts of overseas subsidiary companies are dealt with through currency translation reserve account. All other exchange differences are included in the determination of operating profit.

(2) Turnover and contribution to operating profit

	<u>1989</u>	<u>1988</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
An analysis of the Group's turnover and contribution to operating profit from the principal activities is as follows:		
(a) Turnover		
Hong Kong		
Rental income	756,774	603,578
Property sales	1,404,521	755,962
Construction and piling	4,805,613	2,637,201
Hotel and restaurant operations	942,928	708,187
Others	815,463	318,338
Outside Hong Kong		
Container liner and related services	707,803	1,076,764
Hotel and restaurant operations	101,775	93,179
	<u>9,534,877</u>	<u>6,193,209</u>
Less: Intra-group transactions		
Rental	36,750	34,944
Construction and piling	2,971,750	763,084
Others	410,957	98,326
	<u>6,115,420</u>	<u>5,296,855</u>
(b) Contribution to operating profit		
Hong Kong		
Rental income	571,533	433,146
Property sales	680,024	431,146
Construction and piling	21,688	77,047
Hotel and restaurant operations	335,268	258,421
Others	67,556	53,131
Outside Hong Kong		
Container liner and related services	20,739	27,872
Hotel and restaurant operations	(27,530)	(7,725)
	<u>1,669,278</u>	<u>1,273,038</u>

Notes to the Accounts (cont'd)

(3) Operating profit

	1989	1988
	HK\$'000	HK\$'000
Operating profit of the Group is arrived at after crediting and charging the following:		
Crediting:		
Net rental income	576,082	449,766
Dividend income		
Listed investments	24,733	5,473
Unlisted investments	56,598	34,950
Surplus on sales of investment properties	254,347	273,056
Surplus on sales of land and buildings	30,648	—
Charging:		
Interest on bank loans, overdrafts and other loans wholly repayable within five years	265,617	154,738
Interest on other loans not wholly repayable within five years	—	1,447
Interest on finance leases	7,445	9,702
Interest capitalised as cost of property development and construction in progress	(37,146)	(16,426)
	235,916	149,461
Auditors' remuneration	4,469	3,868
Depreciation		
Assets held under finance leases	25,178	4,966
Other fixed assets	60,917	136,876

(4) Taxation

	1989	1988
	HK\$'000	HK\$'000
Company and subsidiary companies		
Hong Kong profits tax	214,089	148,728
Overseas taxation	1,929	3,669
Deferred taxation	882	—
	216,900	152,397
MTR development projects		
Hong Kong profits tax	4,503	17,252
Associated companies		
Hong Kong profits tax	15,151	3,525
Overseas taxation	(16)	—
	236,538	173,174

Hong Kong profits tax is provided at 16.5% (1988: 17%) on the estimated assessable profits for the year.

Tax on overseas profits has been calculated on the estimated assessable profits for the year at the rate of taxation prevailing in the countries in which the Group operates.

(5) **Extraordinary Item**

Extraordinary item represents gain on discontinuance of the shipping business after deducting minority interests.

(6) **Profit attributable to shareholders**

Profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$1,002,571,000 (1988: HK\$751,732,000).

(7) **Dividends**

	<u>1989</u>	<u>1988</u>
	HK\$'000	HK\$'000
Interim dividend paid of 21 cents per share (1988: 18 cents)	248,993	203,920
Proposed final dividend of 39 cents per share (1988: 32 cents)	<u>463,349</u>	<u>365,143</u>
	<u>712,342</u>	<u>569,063</u>

Of which the following were settled by the issue of scrip:

Interim dividend	35,048	89,038
Final dividend	*	153,375

* Full provision has been made for the 1989 final dividend on the basis that all shareholders will elect to receive cash, being the alternative to their entitlement to the scrip dividend.

(8) **Earnings Per Share**

The calculation of basic earnings per share is based on profit before extraordinary item of HK\$1,248,455,000 (1988: HK\$1,115,449,000) and the weighted average of 1,155,362,000 shares in issue (1988: 1,126,944,000 shares) during the year.

The fully diluted earnings per share is based on adjusted profit before extraordinary item of HK\$1,430,666,000 (1988: HK\$1,246,258,000) on the assumption that all outstanding warrants had been exercised at the beginning of the year and that the proceeds of subscription had been placed on fixed deposits with a leading bank earning interest on 1,370,455,000 shares (1988: 1,342,588,000 shares) issued and issuable.

(9) **Directors' Emoluments**

	<u>1989</u>	<u>1988</u>
	HK\$'000	HK\$'000
Fees	611	219
Other emoluments	<u>-</u>	<u>-</u>
	<u>611</u>	<u>219</u>

Notes to the Accounts (cont'd)

10 Fixed assets

	Group						Total
	Investment properties	Hotel properties	Land and buildings	Vessels and floating dock	Containers and chassis	Other assets	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Cost or valuation							
At 1 July 1988	1,623,962	454,675	1,515,781	384,918	330,798	658,196	4,968,330
Translation difference	–	3,225	654	–	–	476	4,355
Additions	–	26,123	1,957,204	–	32,858	56,818	2,073,003
Acquisition of subsidiary companies	220,994	–	780,508	–	–	88,918	1,090,420
Reclassification	–	414,594	–	–	–	(414,594)	–
Disposals	(19,131)	–	(20,944)	(319,117)	(263,323)	(22,661)	(645,176)
Transfer to current assets	–	–	–	–	(100,333)	(231)	(100,564)
Revaluation surplus	8,290,236	2,694,299	–	–	–	–	10,984,535
At 30 June 1989	<u>10,116,061</u>	<u>3,592,916</u>	<u>4,233,203</u>	<u>65,801</u>	<u>–</u>	<u>366,922</u>	<u>18,374,903</u>
Accumulated depreciation							
At 1 July 1988	318,220	48,215	5,105	52,530	46,107	420,176	890,353
Translation difference	–	47	22	–	–	150	219
Charge for the year	–	–	1,562	10,275	31,882	42,376	86,095
Acquisition of subsidiary companies	6,311	–	5,097	–	–	16,634	28,042
Reclassification	–	238,389	–	–	–	(238,389)	–
Written back on disposals	(5,077)	–	(520)	(46,336)	(27,868)	(12,530)	(92,331)
Transfer to current assets	–	–	–	–	(50,121)	(58)	(50,179)
Transfer to revaluation reserve	(319,454)	(286,651)	–	–	–	–	(606,105)
At 30 June 1989	<u>–</u>	<u>–</u>	<u>11,266</u>	<u>16,469</u>	<u>–</u>	<u>228,359</u>	<u>256,094</u>
Net book value							
At 30 June 1989	<u>10,116,061</u>	<u>3,592,916</u>	<u>4,221,937</u>	<u>49,332</u>	<u>–</u>	<u>138,563</u>	<u>18,118,809</u>
At 30 June 1988	<u>1,305,742</u>	<u>406,460</u>	<u>1,510,676</u>	<u>332,388</u>	<u>284,691</u>	<u>238,020</u>	<u>4,077,977</u>

(10) Fixed assets (cont'd)

	Company		
	Investment properties	Land and buildings	Total
	HK\$'000	HK\$'000	HK\$'000
Cost or valuation			
At 1 July 1988	1,595	2,987	4,582
Additions	-	2,309	2,309
Revaluation surplus	14,405	-	14,405
At 30 June 1989	<u>16,000</u>	<u>5,296</u>	<u>21,296</u>
Accumulated depreciation			
At 1 July 1988	110	464	574
Charge for the year	-	71	71
Transfer to revaluation reserve	(110)	-	(110)
At 30 June 1989	<u>-</u>	<u>535</u>	<u>535</u>
Net book value			
At 30 June 1989	<u>16,000</u>	<u>4,761</u>	<u>20,761</u>
At 30 June 1988	<u>1,485</u>	<u>2,523</u>	<u>4,008</u>

Cost or valuation of properties at 30 June 1989 was made up as follows:

	Investment properties	Hotel properties		Land and buildings		Total
	Hong Kong long lease	Hong Kong long lease	Overseas freehold	Hong Kong long lease	Overseas long lease	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Group						
At cost	-	-	-	4,230,223	2,980	4,233,203
At professional valuation - 1989	<u>10,116,061</u>	<u>3,208,000</u>	<u>384,916</u>	<u>-</u>	<u>-</u>	<u>13,708,977</u>
	<u>10,116,061</u>	<u>3,208,000</u>	<u>384,916</u>	<u>4,230,223</u>	<u>2,980</u>	<u>17,942,180</u>
Company						
At cost	-	-	-	5,296	-	5,296
At professional valuation - 1989	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>5,296</u>	<u>-</u>	<u>21,296</u>

The investment properties and hotel properties were revalued on 30 June 1989 on an open market value basis by Chesterton Petty Limited and Laventhol & Horwath.

Land and buildings in Hong Kong includes properties under development carried at cost of HK\$3,412,486,000 and were revalued on 30 June 1989 on an open market value basis amounted to HK\$ 7,988,000,000 by Chesterton Petty Limited.

The floating dock is stated at professional valuation at 30 June 1987.

Other assets comprising plant, machinery, equipment, furniture, fixtures and motor vehicles are stated at cost.

Included in containers and chassis transferred to current assets are assets held under finance leases of net book value amounting to HK\$8,190,000 (1988: included in fixed assets of net book value amounting to HK\$84,521,000).

Notes to the Accounts (cont'd)

(11) Subsidiary companies

	<u>Company</u>	
	<u>1989</u>	<u>1988</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Unlisted shares		
At cost	1,825,276	1,738,573
Less: Provision for permanent diminution in value	<u>394,071</u>	<u>395,071</u>
	1,431,205	1,343,502
At directors' valuation in 1972	<u>72,000</u>	<u>72,000</u>
	1,503,205	1,415,502
Listed shares – Hong Kong, at cost	<u>93,456</u>	<u>93,456</u>
	1,596,661	1,508,958
Amounts due by subsidiary companies less provisions	<u>3,460,749</u>	<u>3,150,653</u>
	5,057,410	4,659,611
Less: Amounts due to subsidiary companies	<u>1,013,741</u>	<u>908,823</u>
	<u>4,043,669</u>	<u>3,750,788</u>
Market value of listed shares	<u>1,061,067</u>	<u>1,920,025</u>

Details of principal subsidiary companies are given in note 29.

(12) Associated companies

	<u>Group</u>		<u>Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Unlisted shares, at cost less amount written off	459,102	89,706	175,929	62,594
Amounts due by associated companies				
Current accounts	806,960	486,027	173,299	127,691
Subordinated loans	<u>488,125</u>	<u>488,125</u>	<u>196,898</u>	<u>196,898</u>
	1,754,187	1,063,858	546,126	387,183
Less: Provisions	<u>65,686</u>	<u>111,219</u>	<u>9,620</u>	<u>9,620</u>
	1,688,501	952,639	536,506	377,563
Share of undistributed post-acquisition reserves	<u>430,877</u>	<u>171,352</u>	–	–
	2,119,378	1,123,991	536,506	377,563
Less: Amounts due to associated companies	<u>228,289</u>	<u>237,546</u>	<u>145,844</u>	<u>147,518</u>
	<u>1,891,089</u>	<u>886,445</u>	<u>390,662</u>	<u>230,045</u>

Shares and advances in the form of subordinated loans, totalling HK\$530,738,000 (1988: HK\$530,738,000), have been pledged as part of the security for credit facilities of HK\$864,000,000 (1988: HK\$997,000,000) granted to associated companies which had been fully utilised as at both balance sheet dates.

Details of principal associated companies are given in note 30.

(13) Investments in MTR development projects

	Group		Company	
	1989	1988	1989	1988
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted shares, at cost	5	5	5	5
Current account	59,297	31,380	59,297	31,380
Share of undistributed post-acquisition reserves	14,777	58,094	-	-
	<u>74,079</u>	<u>89,479</u>	<u>59,302</u>	<u>31,385</u>

In connection with the MTR development projects, the Company has interests in the following associated companies, all incorporated in Hong Kong:

<u>Name of Company</u>	<u>Principal Activities</u>	<u>Percentage of equity shares held</u>
Headstar Limited	Developer of Kornhill site	27.27
Granmap Company Limited	Developer of 5 MTR sites	19.94

(14) Other investments

	Group		Company	
	1989	1988	1989	1988
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted shares, at cost	11,389	11,492	5,048	5,048
Less: Provision for permanent diminution in value	725	725	500	500
	<u>10,664</u>	<u>10,767</u>	<u>4,548</u>	<u>4,548</u>
Hong Kong listed shares, at cost	945,990	36,257	368,265	-
Investment in unincorporated joint ventures				
At cost	2,800	2,791	-	-
Less: Provision	870	530	-	-
	1,930	2,261	-	-
Advances	393,051	116,653	-	-
	<u>394,981</u>	<u>118,914</u>	<u>-</u>	<u>-</u>
	<u>1,351,635</u>	<u>165,938</u>	<u>372,813</u>	<u>4,548</u>
Market value of listed shares	669,267	183,080	192,968	-

Hong Kong listed shares held by the Group includes a 27.2% equity interest in Wing On (Holdings) Limited, a company incorporated in Hong Kong.

(15) Long term loans receivable

	Group	
	1989	1988
	HK\$'000	HK\$'000
Mortgage loans	232,360	72,902
Subordinated loan	-	43,417
Loan to a minority shareholder	100,731	100,731
	<u>333,091</u>	<u>217,050</u>
Less: Amounts receivable within one year included in current assets (note 16)	14,881	8,456
	<u>318,210</u>	<u>208,594</u>

Notes to the Accounts (cont'd)

(16) Net current (liabilities)/assets

	Group		Company	
	1989	1988	1989	1988
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current assets				
Construction in progress (note a)	142,713	36,166	-	-
Properties held for sale (note b)	2,204,687	2,304,527	875,888	561,889
Stocks	98,916	46,809	-	-
Overseas treasury bills, at cost	62,755	63,202	-	-
Hong Kong listed shares, at market value	33,225	-	-	-
Long term loans receivable – current portion (note 15)	14,881	8,456	-	-
Other loans receivable	130,776	39,533	-	-
Debtors and prepayments	1,518,229	1,162,226	165,839	152,762
Cash and bank balances	275,051	278,307	2,409	81,232
	<u>4,481,233</u>	<u>3,939,226</u>	<u>1,044,136</u>	<u>795,883</u>
Current liabilities				
Creditors and accrued charges	1,929,309	1,393,564	277,163	273,464
Deposits received on sale of properties	185,955	204,073	23,987	11,862
Bills payable	65,164	42,908	-	-
Bank loans and overdrafts				
Secured	117,258	338,447	-	-
Unsecured	1,576,678	235,771	2,530	-
Other unsecured loans	926,500	158,086	33,165	1,323
Long term liabilities – current portion (note 21)	243,620	169,734	-	-
Taxation	273,927	193,941	14,609	20,621
Proposed final dividend	463,349	365,143	463,349	365,143
	<u>5,781,760</u>	<u>3,101,667</u>	<u>814,803</u>	<u>672,413</u>
	<u>(1,300,527)</u>	<u>837,559</u>	<u>229,333</u>	<u>123,470</u>
(a) Construction in progress				
At cost	1,772,490	1,616,900	-	-
Less: Provision for anticipated losses	5,160	4,065	-	-
Progress payments received and receivable	1,624,617	1,576,669	-	-
	<u>142,713</u>	<u>36,166</u>	<u>-</u>	<u>-</u>
(b) Properties held for sale				
Properties under development, at cost	2,005,537	2,162,965	834,665	558,312
Completed properties, at cost	241,150	183,562	41,223	3,577
	<u>2,246,687</u>	<u>2,346,527</u>	<u>875,888</u>	<u>561,889</u>
Less: Provision	42,000	42,000	-	-
	<u>2,204,687</u>	<u>2,304,527</u>	<u>875,888</u>	<u>561,889</u>

(17) **Deferred expenditure**

	Group	
	<u>1989</u>	<u>1988</u>
	HK\$'000	HK\$'000
Pre-operating expenses at cost less amounts amortised:		
Hong Kong Convention and Exhibition Centre	16,090	–
Quarry mill	<u>5,340</u>	<u>7,120</u>
	<u>21,430</u>	<u>7,120</u>

(18) **Share capital**

	<u>1989</u>	<u>1988</u>
	HK\$'000	HK\$'000
Authorised:		
1,500,000,000 shares of HK\$1 each	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid:		
Shares of HK\$1 each		
Balance at 1 July	1,141,072	1,102,161
Placement of shares	–	30,000
Exchange for listed investment	24,846	–
Exercise of warrant rights	551	317
Issued as scrip dividends	14,005	8,594
Issue of shares for acquisition of a subsidiary company	<u>7,600</u>	–
Balance at 30 June	<u>1,188,074</u>	<u>1,141,072</u>

(19) **Warrants**

At the balance sheet date, the Company has warrants outstanding entitling the holders to subscribe at the current subscription price of HK\$9.00 per share for shares of HK\$1.00 each of the Company.

The 1989 warrants will be exercisable at any time until 31 December 1989. The 1991 warrants will be exercisable at any time until 31 December 1991.

If fully exercised, the outstanding subscription rights at 30 June 1989 would require the issue of 215,093,000 shares.

Notes to the Accounts (cont'd)

(20) Reserves

	Group		Company	
	1989 HK\$'000	1988 HK\$'000	1989 HK\$'000	1988 HK\$'000
Share premium (note a)	1,404,312	783,762	1,404,312	783,762
Capital reserve (note b)	223,755	279,865	–	–
Asset revaluation reserve (note c)	11,461,861	–	14,515	–
General reserve	70,800	70,800	–	–
Retained profits (note d)	3,246,181	2,606,325	2,509,639	2,219,410
Currency translation reserve	4,391	5,097	–	–
	<u>16,411,300</u>	<u>3,745,849</u>	<u>3,928,466</u>	<u>3,003,172</u>
(a) Share premium				
Balance at 1 July	783,762	301,268	783,762	301,268
Placement of shares	–	408,000	–	408,000
Issue of shares for:				
Acquisition of a subsidiary company	106,659	–	106,659	–
Exchange for listed investment	342,873	–	342,873	–
Exercise of warrant subscription rights	4,406	2,534	4,406	2,534
Scrip dividends	174,418	80,444	174,418	80,444
Share issue expenses	(7,806)	(8,484)	(7,806)	(8,484)
Balance at 30 June	<u>1,404,312</u>	<u>783,762</u>	<u>1,404,312</u>	<u>783,762</u>
(b) Capital reserve				
Balance at 1 July	279,865	279,358	–	–
Reserve on consolidation	7,448	–	–	–
Vessels revaluation reserve realised	(81,258)	–	–	–
Transfer from profit and loss account	17,700	507	–	–
Balance at 30 June	<u>223,755</u>	<u>279,865</u>	<u>–</u>	<u>–</u>
The amount transferred from profit and loss account represents the amount of the Group's reserves which have been capitalised for the issue of bonus shares by subsidiary companies.				
(c) Asset revaluation reserve				
Investment properties	8,531,294	–	14,515	–
Hotel properties	2,930,567	–	–	–
	<u>11,461,861</u>	<u>–</u>	<u>14,515</u>	<u>–</u>
Retained by:				
Company and subsidiary companies				
Investment properties	8,387,702	–	–	–
Hotel properties	2,901,908	–	–	–
	<u>11,289,610</u>	<u>–</u>	<u>–</u>	<u>–</u>
Associated companies				
Investment properties	143,592	–	–	–
Hotel properties	28,659	–	–	–
	<u>172,251</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>11,461,861</u>	<u>–</u>	<u>–</u>	<u>–</u>

(20) Reserves (cont'd)

	Group		Company	
	1989	1988	1989	1988
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(d) Retained profits				
Balance at 1 July	2,606,325	2,060,446	2,219,410	2,036,741
Retained profits for the year	639,856	545,879	290,229	182,669
Balance at 30 June	<u>3,246,181</u>	<u>2,606,325</u>	<u>2,509,639</u>	<u>2,219,410</u>
Retained by:				
Company and subsidiary companies	3,144,343	2,376,878		
Associated companies and MTR development projects	101,838	229,447		
	<u>3,246,181</u>	<u>2,606,325</u>		

(21) Long term liabilities

	Group	
	1989	1988
	HK\$'000	HK\$'000
Long term loans		
Secured bank loans	1,684,287	609,950
Other unsecured loans	-	9,836
Obligations under finance leases		
Wholly repayable within five years	21,113	42,392
Not wholly repayable within five years	-	23,105
	<u>1,705,400</u>	<u>685,283</u>
Accounts payable	20,523	16,889
	<u>1,725,923</u>	<u>702,172</u>
Less: Amounts repayable within one year included in current liabilities (note 16)	243,620	169,734
	<u>1,482,303</u>	<u>532,438</u>

	Group		
	Bank	Obligations under finance leases	Total
	HK\$'000	HK\$'000	HK\$'000
Long term loans are repayable within periods as follows:			
Of less than one year	222,507	21,113	243,620
Of more than one year, but not exceeding two years	155,456	-	155,456
Of more than two years, but not exceeding five years	568,066	-	568,066
Of more than five years	738,258	-	738,258
	<u>1,684,287</u>	<u>21,113</u>	<u>1,705,400</u>

Notes to the Accounts (cont'd)

(2) Deferred taxation

	Group		Company	
	1989	1988	1989	1988
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 July	-	-	-	-
Transferred from profit and loss account	882	-	-	-
Balance at 30 June	882	-	-	-
The amount provided is in respect of:				
Accelerated depreciation allowances	1,143	-	-	-
Other timing differences	(261)	-	-	-
	882	-	-	-

No provision has been made in respect of revaluation surpluses arising from the revaluation of the Group's and/or the Company's investment properties and hotel properties as they do not constitute timing differences.

There are no material unprovided timing differences at the balance sheet date.

(3) Pledge of assets

Certain fixed assets of the Group and treasury bills held by the Group have been mortgaged and pledged respectively as security for banking and loan facilities extended to the Group amounting to HK\$1,854,871,000 (1988: HK\$870,082,000) of which an aggregate amount of HK\$1,590,313,000 (1988: HK\$589,040,000) had been utilised as at the balance sheet date.

(4) Commitments

	Group		Company	
	1989	1988	1989	1988
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(a) Contracted but not provided for				
Fixed assets	12,055	18,647	-	-
Properties under development	166,620	160,329	-	-
Investments in associated companies	66,300	317,683	66,300	317,683
Investment in joint venture	15,725	-	-	-
	260,700	496,659	66,300	317,683
(b) Authorised but not contracted for	1,142,772	504,000	932,000	504,000

(c) A subsidiary company has entered into an agreement with The Hong Kong Trade Development Council for the development of an exhibition/conference centre complex on a site granted by the Government. The subsidiary company's outstanding commitments on this project is estimated to be HK\$421 million at 30 June 1989 (1988: HK\$521 million).

(d) The Group through a subsidiary company in the USA has committed to acquire Ramda Inc.'s hotel business including the operations of self-owned, leased and licenced hotels and restaurants and beverage facilities. The total consideration of the acquisition amounted to US\$540 million. The acquisition will be completed on or before 28 February 1990 upon the satisfactory execution of a series of restructuring transactions and the fulfilment of certain conditions by Ramada Inc. A syndicated bank loan facility of US\$280 million has been obtained by the Group subsequent to the balance sheet date to finance the acquisition.

25) **Contingent liabilities**

	<u>Group</u>		<u>Company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Guarantees for the performance and completion of construction contracts	274,719	149,111	67,700	19,300
Guarantees for credit facilities granted to:				
Subsidiary companies	–	–	1,231,410	1,823,566
Associated companies	772,200	1,478,438	603,000	1,153,538
Investee companies included under other investments	127,579	60,269	124,510	58,910
	<u>1,174,498</u>	<u>1,687,818</u>	<u>2,026,620</u>	<u>3,055,314</u>

26) **Subsequent event**

(a) In August 1989, Zoller Limited, a company owned as to 70% by Mr. Vincent S.H. Lo and companies controlled by him and as to 30% by the Company, under a scheme of arrangement is to acquire the entire issued share capital and to cancel the outstanding warrants in Shui On Group Limited ("Shui On"), a public listed company incorporated in Hong Kong, at a price of HK\$2.40 per share and HK\$0.48 per warrant. The scheme of arrangement has been approved by the shareholders and warrant holders of Shui On on 16 October 1989. The total commitment of the Company is approximately HK\$561 million.

(b) In September 1989, New World Hotels (Holdings) Limited ("NWHH") has acquired a further 50% interest in Mega Fortune Limited, a company which is to acquire the two hotels in the Hong Kong Convention and Exhibition Centre. After the acquisition, this company has become a wholly owned subsidiary company of NWHH.

27) **Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.

28) **Approval of accounts**

The accounts set out on pages 17 to 40 were approved by the Board of Directors on 1 November 1989.

Notes to the Accounts (cont'd)

(29) **Principal subsidiary companies**
As at 30 June 1989

	Ordinary share capital issued		Percentage of equity share held		Principal activities
	Number	Par value per share	By the Company	By the Group	
	HK\$				
Incorporated and operated in Hong Kong					
Billion Town Company Limited	200	10	100	100	Property Trading
Birkenshaw Limited	10,000	1	100	100	Property Investment
Bright Moon Company Limited	200	10	75	75	Property Trading
Capital System Limited	5,000	1	100	100	Property Trading
Cheong Yin Company Limited	30,000	100	100	100	Property Trading
Ching Wah Enterprises Limited	3,000	100	-	54	Property Trading
Crimson Company Limited	200,000	10	54	54	Property Trading
Eurasia Hotel Limited	80,000,000	1	-	38	Hotel Operation
Fook Hong Enterprises Company Limited	10,000	100	100	100	Property Investment
Fook Ying Enterprises Company Limited	10,000	100	100	100	Property Trading
Front Post Limited	100	1	-	64	Investment Holding
Fuji (China) Decoration and Engineering Company Limited	3,000,000	1	-	33	Interior Design
Gold Queen Limited	5,000	1	100	100	Property Trading
Golden Result Development Limited	2	1	-	100	Investment Holding
Hang Bong Company Limited	225,000	1	100	100	Property Trading
Happy Champion Limited	2	1	100	100	Investment Holding
Head Step Limited	2	1	100	100	Property Investment
Hip Hing Construction Company Limited	300,000	100	59	59	Construction & Civil Engineering
Hong Kong Island Development Limited	2,000,000	5	100	100	Property Investment
Humphreys Estate (Clovelly) Limited	2	10	-	100	Property Investment
International Property Management Limited	100,000	10	55	55	Property Management
Joy Sky Limited	2	1	100	100	Property Investment
Keepwin Investment Limited	10,000	1	-	100	Property Investment
Kin Kiu Enterprises Limited	10,000	1,000	100	100	Property Investment
King Lee Investment Company Limited	300	1,000	100	100	Investment Holding
Lung Kee Investment Company Limited	1,000	1,000	100	100	Property Investment
Manning Entertainment & Investment Company Limited	20,000	100	-	100	Cinemas
Mei Foo Investments Limited	3,000	10,000	75	75	Property Investment
Mill Plan Limited	2	1	-	100	Property Investment
New World Finance Company Limited	200,000	100	100	100	Finance
New World Hotel Company Limited	40,000,000	1	-	50	Hotel Operation
New World Hotels (Holdings) Limited	576,000,000	0.25	50	50	Investment Holding

29) **Principal subsidiary companies**
As at 30 June 1989

	Ordinary share capital issued		Percentage of equity share held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
New World Hotels International Limited	1,000,000	10	–	26	Hotel Management
New World Nominee Limited	2	100	100	100	Nominees
Nice Kingdom Limited	10,000	1	100	100	Property Investment
Paterson Plaza Properties Limited	10,000	1	–	100	Property Investment
Polytown Company Limited	100,000	10	100	100	Property Investment
Pontiff Company Limited	10,000,000	1	100	100	Property Investment
Prime Harbour Limited	2	1	100	100	Investment Holding
Progreso Investment Limited	625,000	1	–	32	Investment Holding
Quality Imports Limited	500	1,000	100	100	Property Investment
Rush Will Limited	2	1	–	100	Investment Holding
Saint Galerie Tiles Limited	13,750	1,000	–	100	Manufacturing of ceramic tiles
Shun Fung Ironworks Limited	1,500,000	10	100	100	Steel Bar Trading
Sorany Company Limited	200	1	100	100	Property Trading
The Dynasty Club Limited	2	1	100	100	Proprietary Club Operation
Thyme Company Limited	500	10	70	86	Property Trading
Timely Enterprises Corporation Limited	450,000	100	100	100	Property Investment
Urban Property Management Limited	15,000	1	–	52	Property Management
Vibro (HK) Limited	799,479	3	–	59	Piling and Caisson
Yargoan Company Limited	150,000	100	62	79	Stone Quarry
Young's Engineering Company Limited	1,000,000	10	55	55	Air-Condition Engineering
Yue Wah Enterprises Company Limited	390,500	100	100	100	Investment Holding
Incorporated in Panama					
* Hong Kong Islands Line SA	100,000	US\$100	60	60	Dormant
Incorporated and operated in Jersey					
Bianchi Holdings Limited	1,000	US\$1	100	100	Investment Holding
Incorporated and operated in Taiwan					
Fair Wind Shipbuilding and Docking Company Limited	118,359	NT\$1,000	–	50	Ship Repairs
Incorporated and operated in Canada					
New World Hotels (B.C.) Limited	1	–	–	50	Hotel Operation

* In addition to the equity shareholdings, the Company also holds 140,000 10% cumulative preference shares of US\$100 each issued by the subsidiary company.

Notes to the Accounts (cont'd)

(30) Principal associated companies As at 30 June 1989

	Ordinary share capital issued		Percentage of equity share held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Asia Television Limited	120	0.25	50	50	Television Broadcasting
Asia Terminals Limited	100,000	1	39	39	Operation of Container Terminal
Autowin Limited	10,000	1	35	35	Property Trading
Fook Hang Trading Company Limited	100	100	50	50	Property Trading
General Security (HK) Limited	20,000	100	22	37	Security Services
Gloryland Limited	900	1	–	33	Property Trading
Grand Hyatt Hong Kong Company Limited	2	1	–	25	Hotel Operation
Hong Bridge Trading Company Limited	50,000	10	–	23	Electrical Equipment Sales
Hong Kong Island Landscape Company Limited	60,000	10	–	33	Landscape Services
May Queen Limited	900	1	–	33	Property Trading
Mega Fortune Limited	2	1	–	25	Investment Holding
New World Harbourview Hotel Company Limited	2	1	–	25	Hotel Operation
New World Suez (Cecar) Insurance Services Limited	10,000	1	40	40	Insurance Broker
Pizza World Limited	200,000	10	–	24	Restaurant
Shun Tak Centre Limited	1,000	100	–	23	Property Trading
Siu Ming Development Company Limited	600	100	20	20	Property Trading
Soon Start Limited	2	1	50	50	Property Trading
Tai Yieh Construction & Engineering Company Limited	7,000	1,000	49	49	Construction & Civil Engineering
Tate's Cairn Tunnel Company Limited	465,000,000	1	24	24	Construction & Operation of Tate's Cairn Tunnel
The Village Enterprises Limited	400	1,000	–	39	Restaurant
Tridant Engineering Company Limited	5,000,000	1	–	23	Electrical Engineering
Waking Builders Limited	5,000	1,000	–	49	Construction
Incorporated and operated in Macau					
Sun Yick Development Company Limited	PTC1,000,000	–	–	30	Property Trading
Incorporated and operated in People's Republic of China					
Shanghai Hong Kong Construction & Engineering Company Limited	RMB1,000,000	–	–	19	Construction & Civil Engineering
Wah Hing Construction Materials Company Limited	US\$2,000,000	–	–	30	Manufacturing of Bricks
Incorporated in the Republic of Liberia and operated in Macau					
Carvin Investment Limited	500	US\$100	–	15	Hotel Operation
Incorporated in the Republic of Liberia					
Goodnews Investments Limited	10	US\$1	–	30	Investment Holding