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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)

- 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.

- * 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

Principal Bankers

American Express
Banque Paribas
Bank of Tokyo
Banque Nationale de Paris
Bank of Communications
Citibank, N.A.
Dai-Ichi Kangyo Bank
Hang Seng Bank
Hongkong and Shanghai Bank
Sin Hua Trust, Savings & Commercial Bank
The Mitsubishi Bank
The Sanwa Bank
The Sumitomo Bank
The Tokai Bank
The Toyo Trust Bank
Yasuda Trust Bank

Registered Office

30th Floor, New World Tower,
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 Monday, 21 December 1992 at 12:00 noon for the following purposes:

1. To consider and adopt the audited Statement of Accounts and the Reports of Directors and Auditors for the year ended 30 June 1992 and to approve a final dividend of 47 cents per share.
2. To re-elect the four Directors retiring by rotation.
3. To appoint Joint Auditors and authorize the Directors to fix their remuneration.

By Order of the Board of Directors

Leung Chi-Kin

Secretary

Hong Kong, 4 November 1992

Note:

- (1) Register of Shareholders will be closed from 11 to 21 December 1992, 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.

Chairman's Statement

The Group's audited consolidated net profit after taxation, minority interests and share of the results of associated companies for the year ended 30 June 1992 amounted to HK\$2,363,027,000. This represented an increase of 102.28% over that of the previous year. Earnings per share for the year was HK\$1.62.

In line with the increase in profit, the Board of Directors recommended a final dividend of 47 cents (1991: 34 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 Authorized Investments for the purpose of the Trustee Ordinance of Hong Kong, and an issue of additional shares by way of scrip dividend equivalent to 46 cents per share with a cash option to shareholders registered on 21 December 1992. Together with the interim dividend of 21 cents per share paid in June 1992, total distributions for 1992 would thus be 68 cents per share.

The Group's business activities in some details for the current year have been set out in the "Managing Director's Business Review" of this Report. The Group's Corporate Organization Chart and certain statistics have been included in the said Review to illustrate the global and multi-facet business activities which have been growing steadily in the past 10 years. During the year under review, the Group has continued with its efforts to consolidate the strength of its core businesses in property development, property investment, construction and hotel management and investment.

The Group has also been active in infrastructure investments and land development opportunities in China. A summary of the business activities in China has been set out in the Managing Director's Business Review.

I share the opinion as expressed by the Managing Director in his Review that the Group is well positioned to meet the challenges ahead and will as ever continue to pursue higher growth.

Finally, I sincerely thank our shareholders for their continued support and the Group's management and staff for their dedicated loyalty and devoted efforts in the pursuit of excellence.

Dato' Dr. Cheng Yu-Tung
Chairman

Hong Kong, 4 November 1992

Directors' Report

The Directors have pleasure in presenting their Annual Report and Statement of Accounts for the year ended 30 June 1992.

Group Activities

The principal activities of the Company remain investment holding and property investment. The principal activities of the Principal Subsidiary Companies and Associated Companies are shown in Notes 27 and 28 to the Accounts on pages 59 to 63.

Accounts

The profit of the Group for the year ended 30 June 1992 and the state of the Company's and the Group's affairs at that date are set out in the Accounts on pages 34 to 63.

Dividends

The Directors have resolved to recommend a final dividend of 47 cents per share (1991: 34 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 46 cents per share with a cash option to shareholders registered on 21 December 1992. Together with the interim dividend of 21 cents per share paid in June 1992, total distributions for 1992 would thus be 68 cents per share.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the 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 be given the option to elect to receive payment in cash of 46 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 23 December 1992.

Share Capital

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

Reserves

The details of movements in reserves are set out in Note 20 to the Accounts.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the year.

Directors' Report *(Cont'd)*

Donations

The Group's charitable donations paid during the year amounted to HK\$ 6,773,000.

Fixed Assets

Movements of fixed assets during the year are summarised in Note 9 to the Accounts.

Directors

The present Directors of the Company, whose names appear on page 2 of this annual report, were Directors of the Company at the date of this report.

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

None of the directors had a service contract with the Company or any of its subsidiary companies which cannot be terminated within one year without any compensation.

Directors' Interest in Contracts

1. On 9 January 1992, the Group through its wholly owned subsidiary company, Solar Centre Limited ("Solar"), entered into an assignment for the sale of a property situated at 223 Hip Wo Street, Kowloon, which is restricted to school use, to Matteo Ricci Educational Development Company Limited ("Matteo Ricci"), of which Chow Tai Fook Enterprises Limited ("Chow Tai Fook") is a substantial shareholder, for a cash consideration of HK\$29,000,000. Mr. Cheng Kar-Shun, Henry, Mr. Cheng Yue-Pui and Mr. Doo Wai-Hoi are directors of both Solar and Matteo Ricci. The consideration was paid on the completion of the assignment which took place on 20 March 1992.
2. On 9 January 1992, the Group through its subsidiary company, Broadway-Nassau Investments Limited, ("Broadway-Nassau") entered into an assignment with Bright Moon Company Limited ("Bright Moon"), both are 75% subsidiaries of the Company, and Fair Enterprise Limited ("Fair Enterprise"), a wholly owned subsidiary company of Chow Tai Fook, for the sale of a property situated at Tower T-15, Ground Floor, Podium Floor, Third Floor and Fourth Floor, Glee Path, Mei Foo Sun Chuen, Kowloon, which is restricted to school use, for a cash consideration of HK\$25,200,000. Bright Moon is the purchaser of the said property under an agreement dated 1 October 1986 whereby Broadway-Nassau agreed to sell the property to Bright Moon which has nominated Fair Enterprise to take up the assignment. Mr. Cheng Kar-Shun, Henry and Mr. Cheng Yue-Pui are directors of Fair Enterprise. The consideration was paid on the completion of the assignment which took place on 29 February 1992.

3. On 6 June 1992, the Group through Broadway-Nassau entered into an assignment with Bright Moon and Fair Enterprise for the sale of another property situated at part of Ground Floor, First Floor, Second Floor, Third Floor and Upper Podium Floor, Nos. 41-49, 51-68 and 70-90 Broadway and Nos. 6-8 Glee Path, Mei Foo Sun Chuen, Kowloon, which is restricted to school use, for a cash consideration of HK\$41,800,000. Bright Moon is the purchaser of the said property under an agreement dated 1 October 1986 whereby Broadway-Nassau agreed to sell the property to Bright Moon which has nominated Fair Enterprise to take up the assignment. The consideration was paid on the completion of the assignment which took place on 2 September 1992.

Upon the sale of the above properties, the sites will continue to be used for the purposes of educational developments and were financed by the Hong Kong Government. The sale prices reflected a valuation placed on the properties by the Rating and Valuation Department for the operation of schools under the Bought Place Scheme of the Education Department. The disposal of the Group's interests in the above properties will allow the Group to concentrate on its core development projects.

During the year, Sir Michael Sandberg purchased a unit of serviced apartment at market value from the Group.

Save for the contracts amongst group companies and the transactions afore-mentioned, no other 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' Rights 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

As at 30 June 1992, interests of the directors and their associates in the issued share capital of the Company and its subsidiary companies which have been entered into the register kept by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance were set out on the following page.

Directors' Report (Cont'd)

Directors' Interest in Shares

	Personal Interests	Family Interests	Corporate Interests	Other Interests
New World Development Company Limited (shares of HK\$1.00 each)				
Dato' Dr. Cheng Yu-Tung	452,208	—	—	—
Sir Quo-Wei Lee	—	—	2,579,366	444,636(a)
Sir Michael Sandberg	—	—	—	—
Dr. Ho Tim	1,413,941	—	—	—
Mr. Sin Wai-Kin	3,482,380	720,000	—	—
Dr. Young Bing-Ching, Albert	—	—	—	—
Mr. Cheng Yue-Pui	—	—	—	—
Mr. Cheng Kar-Shun, Henry	—	—	—	—
Mr. Liang Chong-Hou, David	284,427	—	—	—
Mr. Yeung Ping-Leung, Howard	—	—	—	—
Mr. Cha Mou-Sing, Payson	—	—	2,946,000	—
Hip Hing Construction Company Limited (shares of HK\$100.00 each)				
Mr. Sin Wai-Kin	42,000	—	—	—
International Property Management Limited (shares of HK\$10.00 each)				
Mr. Sin Wai-Kin	5,400	—	—	—

Note:

(a) These shares were held by a charitable foundation of which Sir Quo-Wei Lee and his spouse are members of the board of trustees.

Substantial Shareholder

As at 30 June 1992, Chow Tai Fook Enterprises Limited, together with its subsidiary companies had interests in 573,753,485 shares in the Company.

Save for the shares referred to the above, no other person is recorded in the register kept pursuant to Section 16 (1) of the Securities (Disclosure of Interests) Ordinance as having an interest in 10% or more of the issued share capital of the Company.

Management Contracts

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

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

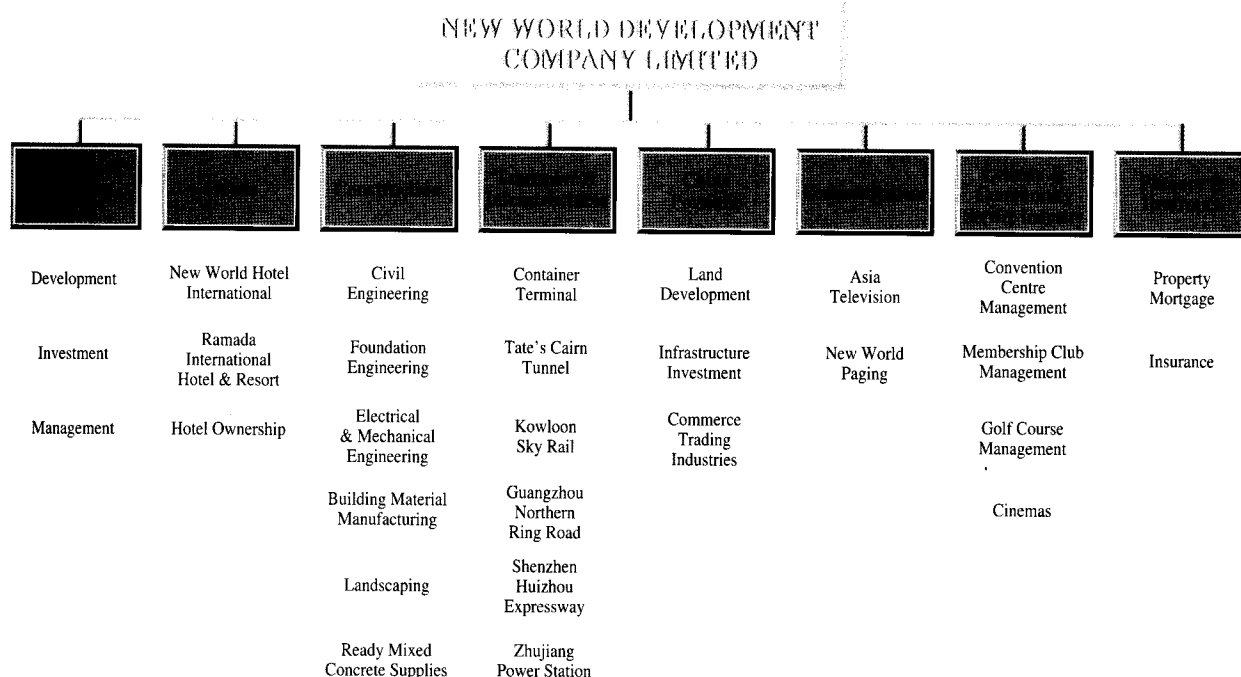
Chairman

Hong Kong, 4 November 1992

Managing Director's Business Review

The business activities of the Group have been growing considerably in the past five years.

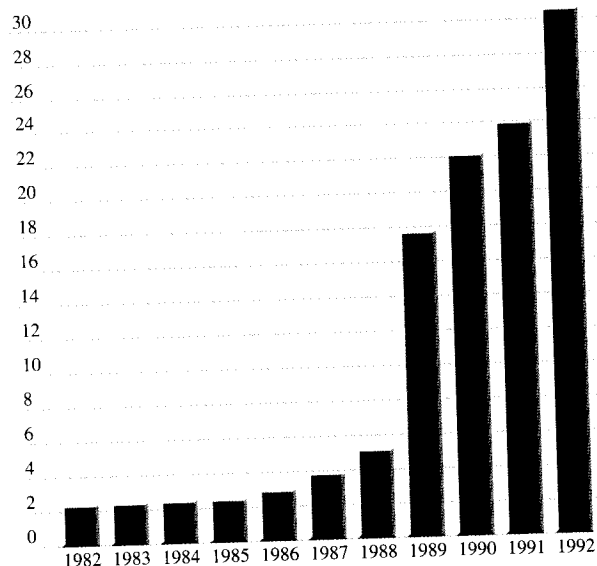
It is therefore appropriate to include in this Review the Group's Corporate Organization Chart and certain performance statistics to depict such activities.



Managing Director's Business Review (Cont'd)

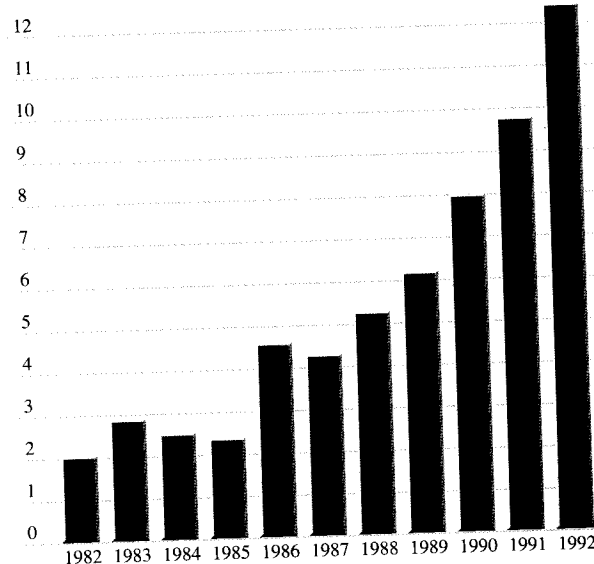
Shareholders' Funds

HK\$ Billion



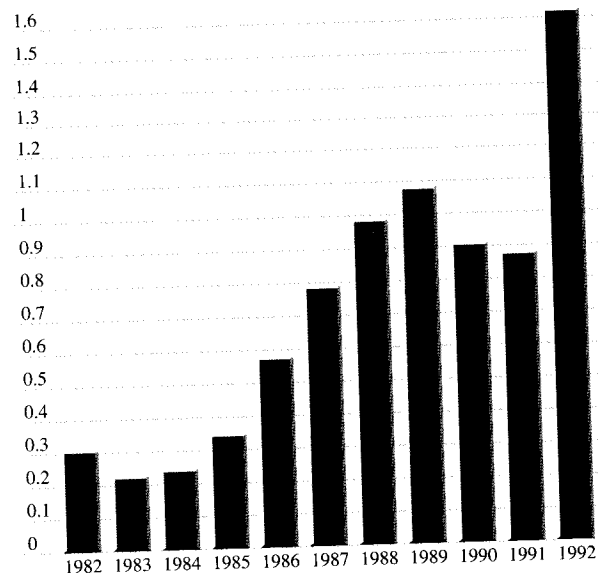
Turnover

HK\$ Billion



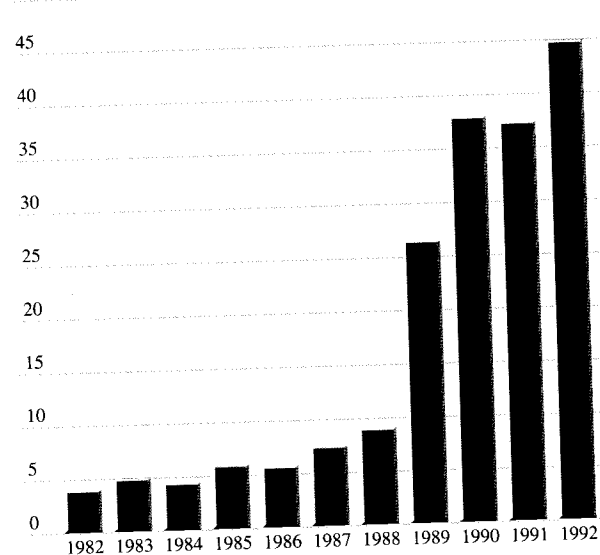
Earnings Per Share

HK\$



Total Assets

HK\$ Billion





Illumination Terrace, Tai Hang Road.

PROPERTY DEVELOPMENT

The New World Group's core business has always been evolving around property development in Hong Kong. Looking back in the past two decades, the property market has been a very volatile one. Many fortunes were made and lost. The Group has always managed to exercise its acumen in making profit from the up market and avoiding losses when the market was down.

The Group's vigilant portfolio managers have always kept abreast of all published economical indicators in conjunction with in-house statistical data to help make timely decisions, such as the acquisition of land to replenish the land bank; the proportion and mix of residential, commercial and industrial buildings to be developed at any given time; and most importantly, the marketing of developed products.

The following residential and commercial properties were completed and granted occupation permits during the fiscal year 1992:-

Location	No. of Units	Gross Floor Area (sq.m.)
Block 4, Greenish Court, Discovery Bay, Lantau Island	342	22,103
Block 5, Greenland Court, Discovery Bay, Lantau Island		
Block 6, Greendale Court, Discovery Bay, Lantau Island		
Area 4B, Cherish Court, Discovery Bay, Lantau Island	136	8,033
Area 4B, Blossom Court, Discovery Bay, Lantau Island	136	8,033
Area 4D, Twilight Court, Discovery Bay, Lantau Island	136	8,468
Dragonfair Garden, 455-485 Queen's Road West, Hong Kong	247	12,891
Po Fung Garden, 49-55 Fort Street, North Point, Hong Kong	151	7,389
		<u>66,917</u>

Managing Director's Business Review (Cont'd)

The portfolio of the development projects presently undertaken by the Group consists of the following 17 sites in which the Group's net total development potential exceeds 508,000 square metres. All the projects are proceeding on schedule.

Development Properties	Usage	Stage of Completion	Site Area Sq. M.	Commercial Sq. M.	Residential Sq. M.	Gross Group Percentage	Expected Completion
1. Discovery Bay, Phase 4, Area 4A and 4C	R	Caisson Work	N/A	—	55,576	100.00	1994
2. Discovery Bay, Phase 5, Area 7C	R	Caisson Work	N/A	—	47,918	100.00	1994
3. 7 Link Road	R	Superstructure	415	—	3,320	100.00	1993
4. 17-29 Lyttelton Road	R	Superstructure	1,587	—	12,760	100.00	1993
5. 5-7 Tai Hang Road	R	Superstructure	5,302	—	52,904	100.00	1993
6. CWIL 139, Ka Yip Street	I	Superstructure	4,688	56,244	—	35.00	1993
7. 30-34 Conduit Road/ 51-53 Robinson Road	R	Superstructure	1,462	—	12,721	33.33	1994
8. 1-20 Li Chit Street	R	Planning	1,418	—	8,542	100.00	1995
9. 11-15 Wing Sing Street	C	Planning	6,214	104,064	—	100.00	1996
10. Third Street, IL 8764	R	Superstructure	1,035	1,085	8,434	100.00	1993
11. 580A-580F, Nathan Road	C	Planning	795	12,191	—	100.00	1995
12. 3 Babington Road	R	Site Formation	2,656	—	21,253	100.00	1995
13. 56-58 Conduit Road	R	Site Formation	1,798	—	15,655	86.00	1995
14. TMTL 303 RP, Riviera Gardens Shops, Tsuen Wan	C	Completed	N/A	1,846	—	100.00	Completed
15. 95, 95A-E Robinson Road	R	Foundation	1,658	—	15,730	50.00	1995
16. 46 Lyndhurst Terrace	C	Site Formation	271	4,063	—	100.00	1994
17. The China Dyeing Factory Redevelopment Project	R	Planning	50,000	43,330	210,560	50.00	1996
				<u>222,823</u>	<u>465,373</u>		

R : Residential

I : Industrial

C : Commercial

The Group has purchased in the past year certain urban land and a total of 1,273,000 sq. metres of land in the New Territories at a total purchase price of about HK\$1.3 billion. The Group intends to purchase a further 500,000 sq. metres of land in the New Territories to complete its present land acquisition program. The location are as follows:

Location	Area (sq.m.)
Yuen Long	566,000
Sai Kung	112,000
Ting Kok	56,000
Fanling	279,000
Lam Tsuen	93,000
Mai Po	167,000
	<hr/>
	1,273,000
	<hr/>



Birds-eye view of North West New Territories

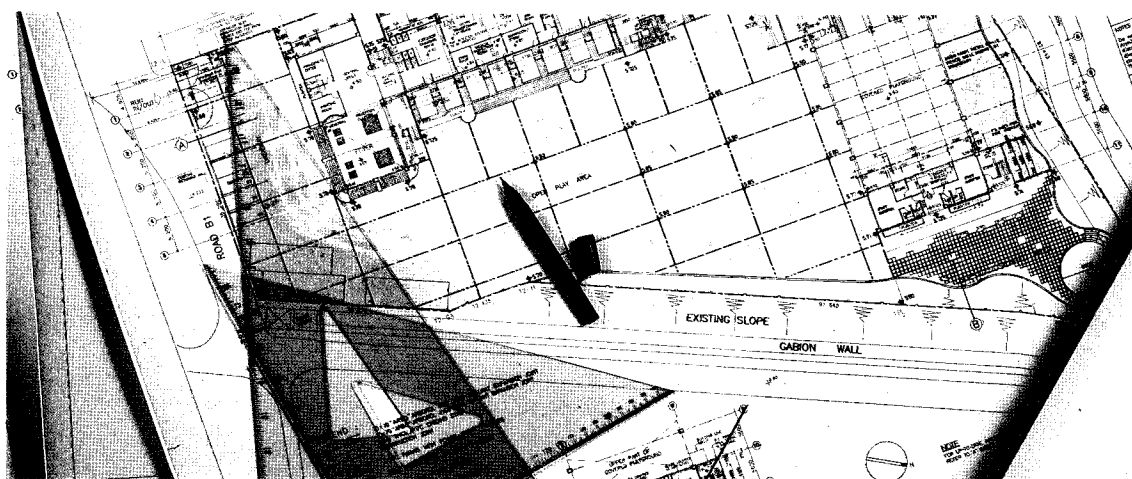
MAJOR DEVELOPMENT PROJECTS

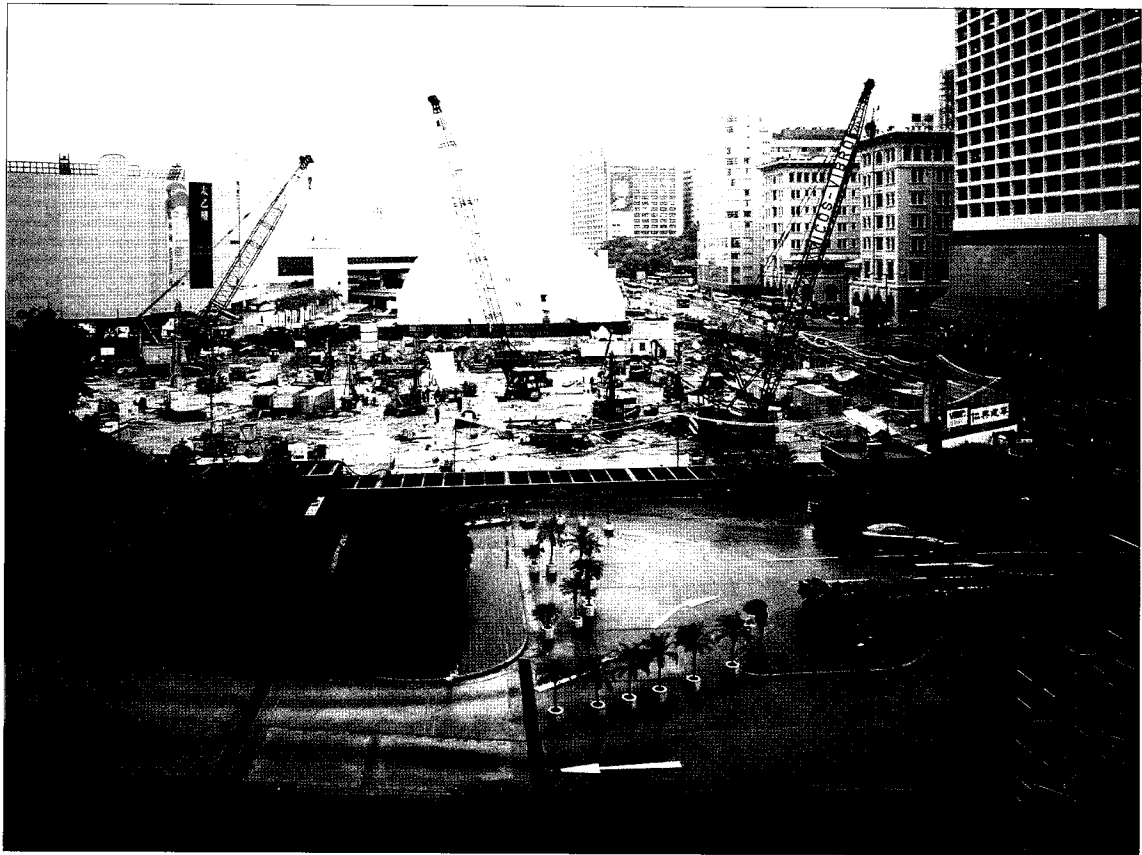
Redevelopment of China Dyeing Works Site in Tsuen Wan

The gross site area is about 50,000 sq. metres and the redevelopment project is owned 50% by the Group. The project envisages the construction of 12 towers of 40-storey residential/commercial buildings on top of 2 to 3 levels of commercial podium and 5 levels of carparking. Architectural plans are being drawn for submission to the Building Authority to develop 3,360 flats for residential accommodation with total gross floor area of 210,560 sq. metres and a variety of commercial accommodation with total gross floor area of 43,330 sq. metres. In addition, the project will provide a number of public facilities, such as: a transport terminus of about 2,750 sq. metres, indoor recreation centre of about 2,000 sq. metres and refuse collect point of about 450 sq. metres. There will also be featured in the architectural plans the following amenities: residential recreational facilities of about 3,000 sq. metres, open space of about 5,000 sq. metres at street level, open space of about 15,000 sq. metres at podium level and covered plaza of about 6,700 sq. metres at street level.

Office Buildings at Corner Site of Queen's Road Central, C.B.D. Hong Kong

This development scheme is designated to the Land Development Corporation by the Secretary of Lands and Works of the Hong Kong Government. New World Group acts as the developer holding 100% interest. The site, which measures 6,214 sq. metres, is situated at the corner of Queen's Road Central, Wing Wo Street and Wing Lok Street. The development will comprise of 2 commercial towers, one of which is 53 storeys with gross floor area of 74,855 sq. metres and the second of which is 22 storeys with a gross floor area of 29,209 sq. metres. The Master Layout Plan has been approved by the Town Planning Board, and the General Building Plans will be submitted in mid-November 1992. The expected date for site clearance is in early January 1993 and completion of project at end of 1996.





Salisbury Garden Site

Salisbury Garden

The Salisbury Garden is a commercial project envisaged by the Group over a large piece of vacant land enclosed between the New World Centre Complex in the east, the Hong Kong Cultural Centre Complex in the west, the seafront in the south and Salisbury Road in the north. The Project, only recently materialized by a Land Development Grant awarded by the Hong Kong Government, involves developing a 4-level underground shopping and carpark complex beneath a ground level garden adjacent to the seafront promenade in Tsimshatsui. The upper two storeys will be shops and the lower two levels are reserved for service and parking purposes. A vehicular underpass will be constructed at sub-level three to connect the carpark areas of the Salisbury Garden and the New World Centre. A series of pedestrian subways will be built at sub-level one to link adjacent buildings such as New World Centre, Peninsula Hotel and Sheraton Hotel. The rooftop garden at ground level, designed to the Urban Council's specifications, will be a pastoral retreat for the general public in the hub of highly commercial activities. This project will eventually become a Hong Kong landmark on completion in 1995.

Managing Director's Business Review (Cont'd)

INVESTMENT PROPERTY

Rental income of the Group for the period under review amounted to HK\$1,367 million*. The principal contributions come from the following major investment properties:

Investment and Other Properties	Commercial Sq. M.	Residential Sq. M.	Hotel Sq.M.	Gross Group Percentage	Expected Completion	Lease Expiry
Hong Kong						
1. Manning House, 48 Queen's Road Central	10,223	—	—	100.00	Completed	2843
2. New World Tower & Extension, 14-18 Queen's Road Central	59,470	—	—	100.00	Completed	2863
3. New World Centre, KIL 9844	141,383	36,531	53,961	100.00	Completed	2052
4. Commercial Space in Mei Foo Sun Chuen	10,667	—	—	75.00	Completed	2047
5. Container Freight Station in Berth 3, Kwai Chung						
Phases 1 & 2	182,350	—	—	46.25	Completed	2047
Phase 3	102,420	—	—	46.25	1992-1993	2047
Phase 4	123,180	—	—	46.25	1992-1993	2047
Phase 5	163,480	—	—	46.25	1994	2047
6. Shun Tak Centre IL 8517	35,974	37,720	39,050	45.00	Completed	2055
7. Hong Kong Convention & Exhibition Centre IL 8593	34,203	40,103	99,354	100.00	Completed	2060
8. Paterson Plaza, 24-30 Paterson Street	2,386	—	—	100.00	Completed	2868
9. 12 May Road, Mid Level	471	49,219	—	100.00	1994	2107
10. G/F, 1/F - 5/F, Pearl City Mansion	4,988	—	—	40.00	Completed	2868
11. Salisbury Garden	30,556	—	—	100.00	1995	2052
	<u>901,751</u>	<u>163,573</u>	<u>192,365</u>			

* Properties in which gross group percentage below 50% are not accounted for but included in Share of Results of Associated Companies.

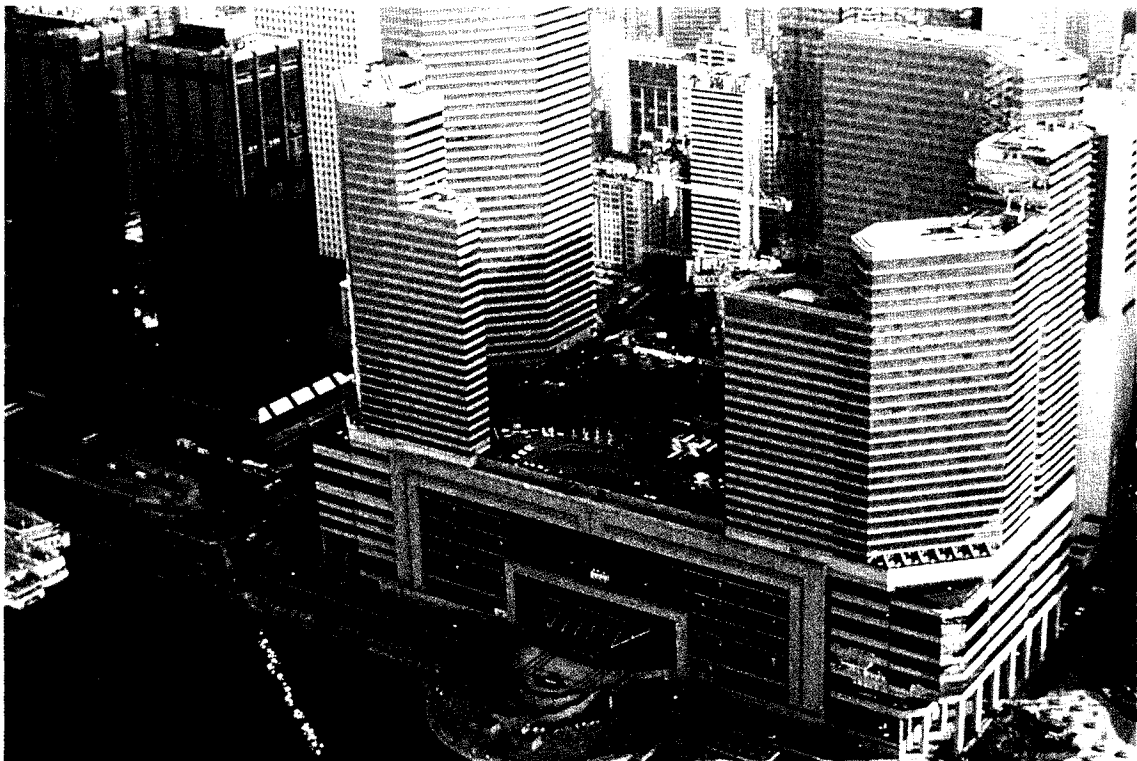
Shui On Group

New World Group purchased in September 1989 the 30% equity interest in Shui On Holdings Limited, a property oriented company, for HK\$555,000,000 and held this investment until October 1992 when it was contracted to be sold for HK\$775,000,000.

HOTELS



The New World Hotel Portfolio recorded its first operation in 1980 when the New World Centre was developed. The New World Hotels International Limited, a subsidiary company, was then incorporated in Hong Kong to undertake the management of the first New World Hotel in the New World Centre. At the same time, management of the Regent Hotel in the Centre was given to the Regent Hotel Management Group. The Group's Hotel Portfolio has since come a long way. In twelve years, it has grown from operating two hotels in the New World Centre from day one to its current status as a world leader in hotel management and ownership. This is a phenomenal rate of growth by any measure. The Group attributes its success to a combination of key factors — the business acumen of its senior managers and an unrelenting commitment to the satisfaction of its guests, customers and clients. This corporate philosophy enables the company to explore new and innovative ways of maintaining its competitive edge in an ever-changing world.

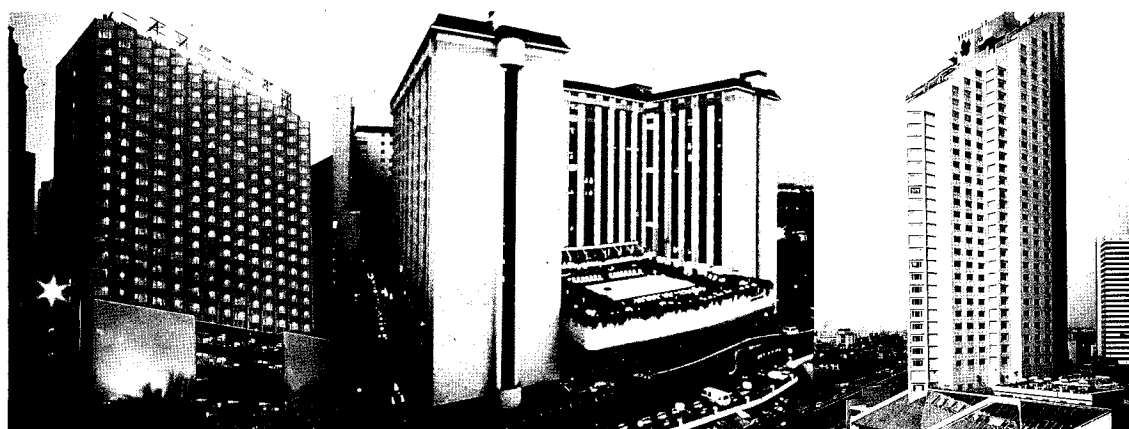


New World Harbour View and Grand Hyatt Hotel

Managing Director's Business Review (Cont'd)

NEW WORLD HOTELS INTERNATIONAL LIMITED

New World is a hospitality company managing hotels and luxury apartments as well as a number of other related companies. Presently, eleven hotels come under its management including three in Hong Kong, seven in China and one in Macau. Each of these hotels has its own personality reflecting individual character and specific requirements of the market in which it is located. Unique as each one of them is, these hotels all have in common a distinctive blend of Asian hospitality, Hong Kong service refinement, and western style technology. In addition to hotel operation, the management group has branched out into designs and supplies of kitchen and laundry equipment and hotel computer systems.



New World Emperor Hotel

China Hotel

Yangtze New World Hotel

To date, the hotels and luxury apartments under its management are:

Hotels	Room managed
New World Hotel, Kowloon, Hong Kong	538
New World Harbourview Hotel, Hong Kong	858
Hotel Victoria, Central, Hong Kong	536
China Hotel, Guangzhou, China	965
Dragon Hotel, Hangzhou, China	540
Gui Shan Hotel, Guilin, China	578
Grand New World Hotel, Xian, China	463
Yangtze New World Hotel, Shanghai, China	528
Jing Guang Centre Hotel, Beijing, China	492
New World Aster Hotel, Suzhou, China	377
New World Emperor Hotel, Macau	403
	<hr/> 6,278 <hr/>

Luxury Apartments

New World Centre, Kowloon, Hong Kong
New World Apartments, Wanchai, Hong Kong
Hotel Victoria Apartments, Central, Hong Kong
China Hotel Apartments, Guangzhou, China
Jing Guang Centre Apartments, Beijing, China

Currently, New World Hotels International has on its staff 12,000 employees. The New World Group is constantly looking for additional opportunities to expand, diversify and ultimately maximize return on investment. Plans are now underway for adding nine new hotels between 1993 and 1995. These will be strategically located in cities and resorts throughout

the booming Southeast Asian region: Bangkok, Phuket, Manila, Jakarta, Bali, Kuala Lumpur, Kota Kinabalu, Ho Chi Minh City and Taipei. As other opportunities arise, the Group will examine them closely and aggressively pursue the most viable ones.



New World Apartments



New World Makati in Manila

Managing Director's Business Review (Cont'd)

THE RAMADA HOTELS & RESORTS INTERNATIONAL

Ramada Hotels & Resorts International is presently operating 101 hotels as follows:-

Number of Hotels: 101

Owned	Leased	Joint Venture	Managed	Franchised	Total
8	22	10	26	35	101
Asia	Australia	Europe/ Middle East	Latin America	North America	Total
12	7	41	15	26	101

A whole range of new reservation system and marketing strategies carving the global operation into three operating regions were introduced in the past year. As a result, Ramada International will be in a better position to compete profitably in the future. The reorganization and consolidations that have been completed in each of the three operating regions have brought costs in line and under control while



Ramada Pearl Hotel in Guangzhou

facilitating operating efficiencies, making our administration more responsive to market changes in the future.

The Ramada hotel business is being operated by Ramada International Hotels & Resorts Inc. ("Ramada") which looks after the interest of all Ramada Renaissance Hotels, and Ramada hotels and inns outside North America totalling more than one hundred in number. The North American Ramada hotels and inns are mainly franchises under the management of Hospitality Franchise

System ("HFS") of New York and TransAmerica of Toronto. Both companies are licensed by Ramada under master franchise agreements to maintain growth, the Ramada franchise system in North America operating over 600 motels in U.S.A. and over 30 motels in Canada respectively. In consideration, Ramada receives an annual royalty fee from HFS and TransAmerica. The royalty income from HFS and TransAmerica provide a steady cashflow to Ramada on a guaranteed basis. Results from this segment was satisfactory during the fiscal year, despite weak economies in USA and Canada.

In addition, the Group is planning to implement a chain of "Concept Hotel" in China. Concept hotels were developed by the Ramada Hotels & Resorts International in the U.S.A. and proven to be a successful

medium price deluxe hotel product, as distinct from the traditional motel. The design of the hotel is labour and space efficient for maximising yield. The emphasis of the new concept hotel is to provide spacious and modern hotel rooms with up to date amenities. Food and beverage facilities are scaled down to meet the needs of the hotel guests only. Back of the house facilities and food and beverage outlets are designed to maximize efficient operation and costs effectiveness. The aftermath of the Gulf War and severe recessions in North America and Australia impacted the hotel industry adversely. Ramada's exposure to these two regions had caused overall system performance below expectation.

In anticipation of a worldwide economic slow down, Ramada began its streamlining of operations in 1991, to reduce operating cost and improve efficiency. The North American regions were consolidated into one operating headquarters in Miami which also manages the Caribbean and Latin American properties. Similar costs reduction measures were implemented in Europe, Asia and Australia.

Ramada also took advantage of the banking opportunities in the United States to restructure some hotel mortgages, and in some cases buyouts with substantial discounts. With the major economies coming out of their recessions, and better performance due to management reorganization, Ramada is expected to have positive cashflows in the next fiscal year.

During the past year, important key city properties were opened: New York, Los Angeles, Amsterdam and Sapporo. The management of Ramada is confident that with the additions of these hotels, the position of Ramada in the market will be enhanced and well poised for economic recoveries.



Ramada Renaissance Hotel in Sapporo



Ramada Renaissance Hotel in Sandakan

Managing Director's Business Review (Cont'd)

HOTEL OWNERSHIP

Hotel operation has now become one of the major business activities of the Group. While placing emphasis on management, the Group has acquired and also developed and subsequently owned, fully or partially, a number of hotels in various parts of the world as listed below:

	Number of Rooms	Gross Group Percentage
Hong Kong		
New World Hotel	538	100
New World Harbourview Hotel	858	100
Regent Hotel	514	75
Grand Hyatt Hotel	573	100
Hotel Victoria	536	45
China		
China Hotel, Guangzhou	965	18
Grand New World Hotel, Xian	463	60
U.S.A.		
Ramada O'Hare Airport Hotel, Chicago, Illinois	723	100
Tyson's Corner Ramada Hotel, Washington D.C.	404	100
Lax Ramada Renaissance Hotel, Los Angeles, California	505	100
Ramada Renaissance Hotel, Long Beach, California	505	100
Canada		
Ramada Renaissance Hotel, Edmonton, Alberta	295	100
Ramada Renaissance Hotel, Vancouver, British Columbia	425	100
Australia		
Ramada Hotel Paramatta, New South Wales	181	100
Dominican Republic		
Jaragua Renaissance Hotel	310	100
Bahamas		
Bahamas South Ocean Golf & Beach Resort	195	100
	<u>7,990</u>	

The Group takes pride in that both the Regent Hotel and the Grand Hyatt Hotel have consistently been conferred the "Top Ten" honour by several leading independent industry magazines year after year.

The Group is undertaking hotel development in Manila, Bangkok, Jakarta, Bali, Ho Chi Minh City, Kuala Lumpur, Kota Kinabalu, Phuket and Taipei, and intends to retain partial ownership in most of these hotels upon completion in the future.

CONSTRUCTION AND RELATED SERVICES

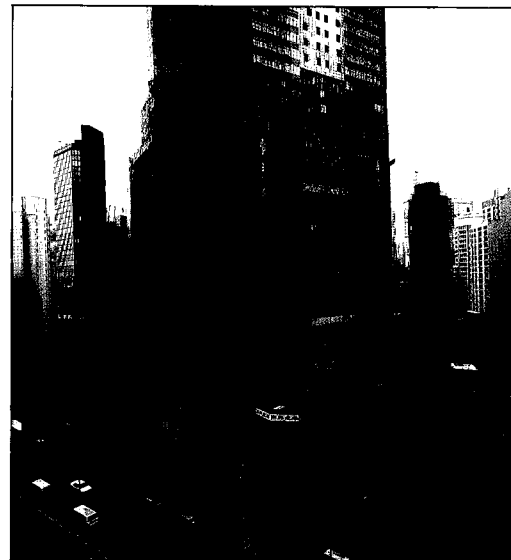
Construction is an integral part of land development. As the New World Group became increasingly successful in land development and investment projects, it was apparent and only natural that the Group should benefit from these functions by incorporating them under the Group corporate structure. Consequently, the Group in 1973 acquired the majority equity in Hip Hing Construction Company Limited, a well-known and fully-licensed construction company founded in 1960. Hip Hing has since then become the Group's flagship in building and infrastructure construction activities. It has played a significant role in building and shaping Hong Kong through its accomplishments in a wide range of high quality buildings including many landmark structures along the waterfronts on both sides of the Victoria Harbour forming integral components of the enchanting skylines of Hong Kong.

Over the years, especially in the past decade, Hip Hing has constructed a large number of prestigious buildings which attract wide publicity. These include such high profile projects as the Hong Kong Convention and Exhibition Centre and the Hong Kong University of Science and Technology, both of which were honoured by the presence of British Royalty at their foundation stonelaying and opening ceremonies.

Supported by over 20 subsidiary and associated companies, Hip Hing is well-positioned to provide efficient and comprehensive services through all stages of building and development projects. The spectrum encompasses feasibility studies, foundation, piling and caisson works on the one end, and specialist building services and interior decoration for completed buildings projects on the other; and service areas include the following:

- Building Construction
- Project Management
- Foundation Engineering
- Electrical, Mechanical and Fire Services Engineering
- Air-condition Engineering
- Furniture Manufacturing, Interior
 Decoration & Woodwork
- Stone Quarry and Concrete Supply
- Building Materials and Engineering Products Supply
- Construction and Development Consultancy
- Plumbing and Drainage Engineering
- Kitchen Equipment Supply

Hip Hing and related companies, has as consistently as in the past years, contributed handsomely to the Group Profit.



Times Square construction site



Hong Kong University of Science and Technology

TRANSPORT AND INFRASTRUCTURES

TRANSPORT

Hong Kong has traditionally been an important seaport for entrepot trade serving China and the region. In the early 50s, it began to develop its manufacturing potential; and by mid-80s, it has become one of the four dragons in the region. Hong Kong now ranks eleventh amongst the top trading nations of the world. It is the world's largest and busiest container shipping port with annual throughput volume exceeding 6 million TEU in 1991. Considering the rapid industrial growth in China in the past years and projecting this growth into the near future, it is most certain that Hong Kong would maintain its world prominence in the shipping industry. Should opportunities arise, the Group would consider investment in container terminal projects in other countries in the Southeast Asia region as well.



Container shipping berth

Asia Terminal Limited

Asia Terminal Limited is a leader in the container terminal industry in Hong Kong. Jointly owned by the New World Group and the US-based Sea Land Orient Terminal Limited, the company owns and operates Berth 3 of Kwai Chung Container Terminal. The New World Group holds a 46.2% interest in the company. The first two phases, comprising 182,350 sq. metres, were completed in early 1988. A major expansion program presently underway will raise the total floor area of the terminal to over 571,430 sq. metres by the end of 1994. Asia Terminal Limited was awarded an entry in the Guinness Book of Records since 1990 for owning the world's largest multi-level industrial warehouse/container freight station.

Terminal No. 9 at Kwai Chung

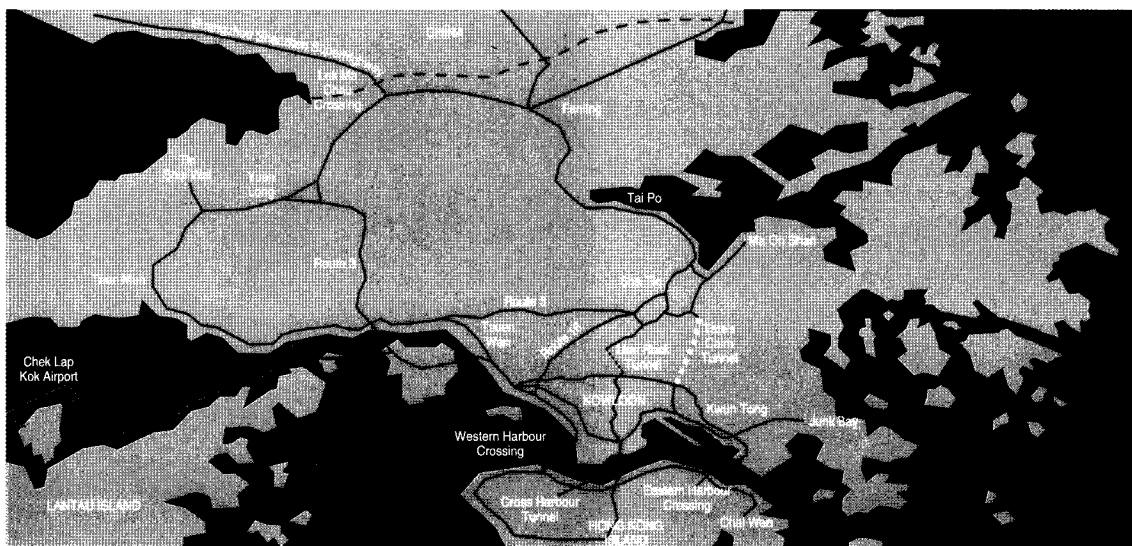
The Group is a member of a consortium entitled Tsing Yi Container Terminal Consortium comprising Jardine Pacific, Hong Kong Land, Sea-Land Orient Terminals, Sun Hung Kai Properties, Sinotrans and Hanjin, which consortium is one of two consortia tentatively accepted by the Hong Kong Government to conduct further negotiation with a view in working out a series of contracts to develop the Terminal No.9 at Kwai Chung. The total development costs of this project may reach HK\$10 billion.

Tate's Cairn Tunnel

The Tate's Cairn Tunnel is a 4 kilometres two-lane tunnel underneath the peaks of Temple Hill. It became operational ahead of schedule in July 1991. This modern tunnel completes an important link on Route 6, a major transport artery connecting the northeast part of the New Territories with East Kowloon and Hong Kong Island. The New World Group is a major shareholder with 24% interest in the consortium which developed and operates this tunnel. Currently, toll-paying traffic flow averages around 60,000-65,000 vehicles per day.

Kowloon Sky Rail

The project is a proposed aerial rapid transit system targeted at serving movements within the Tsimshatsui and Hunghom districts in the Kowloon Peninsula. Little progress had been made in the past twelve months with respect to this project. Although the Government has previously in principle approved the proposed plans submitted but many outstanding matters are required to be worked out before the project can proceed.



Existing and planned road networks in Hong Kong and Guangdong

Managing Director's Business Review (Cont'd)

Guangzhou City Northern Ring Road System

This project is a 22 kilometre dual 3-lane toll highway linking the Guangfo Expressway in the west and the Hongkong-Guangzhou Highway in the east. It is expected to be the most extensively used section of the entire 60 kilometres ring road system designed to relieve the aggravating traffic congestion on the existing road system and to provide the necessary transport infrastructure as the base for the future social and economic development in the City of Guangzhou, the Southern Gate to China. The New World Group entered into a Joint Venture Contract with Guangzhou Freeway Company in 1990 to design and construct the Section No. 2 Highway and to operate, manage and collect tolls and other revenues from the operation for a concession period of 33 years. New World is entitled to 40% of the profits. Various parts of the completed highway have gradually come into operation and tolls are being collected. The entire project completion date is scheduled to take place in June 1994.

Shenzhen-Huizhou Expressway

Huizhou is an important and highly industrialized city in the eastern Province of Guangdong, mid-way between Shenzhen and Swatow and contiguous to Fujian Province. Huizhou is also known for its natural beauty and is often referred to as the Hangzhou of Guangdong. Vehicular traffic between Shenzhen and Huizhou and further eastward is already heavy and is expected to further aggravate as industrialization progresses. The Huizhou Municipal Government has attempted to widen the existing dual one-lane highway on its own initiative and to convert and upgrade this highway into a dual two-lane toll expressway. The Group has been chosen as the Joint Venture Partner to the Huizhou Municipal Government in this important and profitable project. This Toll Expressway is 34.67 km long and completion date is scheduled in early 1993.

Guangzhou Zhuhai Expressway

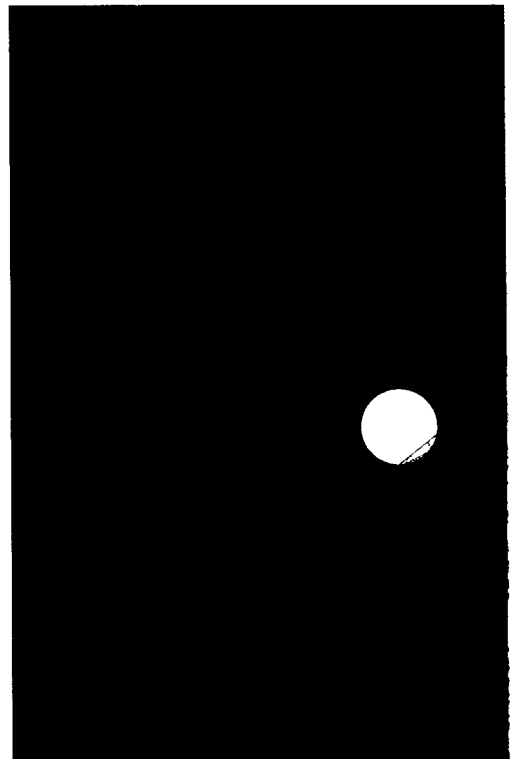
Zhuhai is a city situated near Macau. Zhuhai to Macau is akin to Shenzhen to Hong Kong. Both are special economic zones and highly industrialised. New World Group has recently been approached by the Guangdong Provincial Government to jointly develop an Expressway from Guangzhou to Zhuhai. According to the Provincial Government, this project is of utmost importance and classified in high priority compared to other infrastructure undertakings in the province. After this expressway is built, it would connect the Guangzhou Shenzhen Expressway to form a triangle, with Guangzhou situated on the pinnacle, and Shenzhen and Zhuhai respectively situated at the western and eastern corners in the base of the triangle. The expressway is 146 km long and work would start as soon as a Joint Venture Company is formed.

INFRASTRUCTURE

Infrastructures are pivotal to the well-being and growth of any community. The New World Group, though relatively a new comer, has been active in seeking out opportunities in the infrastructure developments in Southern China. Negotiations are actively underway for implementation of a number of electricity power generation projects.

The Guangzhou Electricity Power Station

The project is a 50/50 joint venture between the New World Group and the Guangzhou Municipal Government to build two 300 MW coal-fired electricity power plants. It is the first phase of a total planned capacity of 1,200 MW (4x300 MW) development on a 1.5 square kilometres site. The plant is designed to generate electricity for the City to alleviate its acute power shortage and to meet commercial and industrial growth in the area. The first station of 300 MW is expected to be fully operational by the beginning of 1993 and the second 300 MW station in twelve months thereafter. The Guangzhou Municipal Government has already indicated its desire to negotiate with New World for the second phase of two further 300 MW coal-fired electricity power plants, thereby completing the planned capacity of 1,200 MW. The present project is undertaken at the request of the Guangzhou Municipal Government, hence favourable terms such as guaranteed profits are included in the Joint Venture Agreement.



Managing Director's Business Review (Cont'd)

CHINA PORTFOLIO

The open-door policy promulgated in China just ten years ago is now bearing fruits. Timely and powerful undercurrent of changes are occurring around the country. Privatization and foreign joint ventures emerged as the major thrusts in spearheading a multitude of industrial and commercial development projects in China. The New World Group recognised the tremendous potential and began establishing a presence in China as early as 1988. Binding contracts have been entered for infrastructure construction, power plants, highway projects and huge land development undertakings involving the creation of satellite townships. In addition to Zhujiang Thermal Electricity Power Station, Guangzhou City Northern Ring Road System, Shenzhen Huizhou Expressway and Guangzhou Zuihai Expressway Projects described in the preceding pages, there are the following land development projects actively under development:

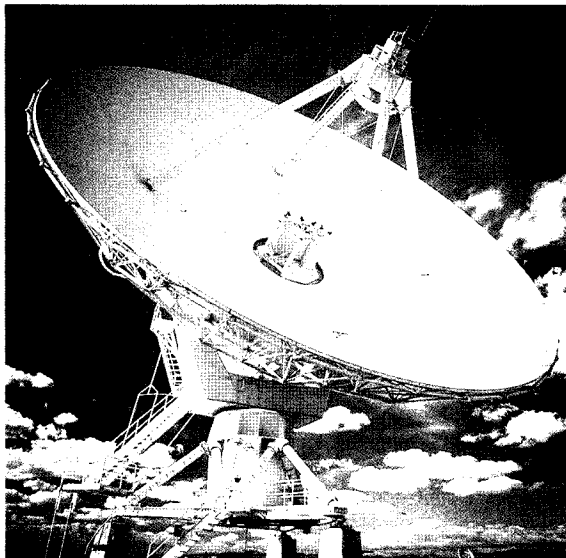
Development Properties	Usage	Site Area Sq.m.	Total Gross Floor Area Sq.m.	Group Profit Percentage
(Contract Made before 30/6/92)				
Rongqu, Shunde	Residential/ Commercial	92,500	250,000	33.33
Fortuna Garden, Guangzhou	Residential	7,025	35,000	70.00
Shanghai	Residential/ Commercial	5,580	27,540	27.00
(Contract Made after 30/6/92)				
Pudong, Shanghai	Commercial	8,250	66,000	40.00
Beijing	Commercial	17,000	70,000	60.00
Guangzhou	Residential/ Commercial	532,000	1,350,000	60.00
Guangzhou New Metropolitan Development	Residential	30,000	230,000	70.00
Tianjin World Trade Centre	Commercial	9,574	67,000	70.00
Guangzhou New World Centre	Residential/ Commercial/ Office	15,000	180,000	70.00
Guangzhou Sha Tai Residential Development	Residential	73,300	116,200	35.00

Development Properties	Usage	Site Area Sq.m.	Total Gross Floor Area Sq.m.	Group Profit Percentage
(Preliminary Agreement Made before 30/6/92)				
Guangzhou	Commercial	2,500	39,000	50.00
(Preliminary Agreement Made after 30/6/92)				
Guangzhou	Residential	70,642	38,380	60.00
Beijing	Commercial	5,700	32,000	35.00
Beijing Yee-Lok Sha Chu	Residential/ Commercial	1,000,000	2,000,000	45.50
Tianjin Free Trade Zone	Land Formation Project	3,300,000	(to be determined)	35.00

The Group has taken a pioneer role in investment in China. By taking the initiative at the appropriate moment, it has gained a competitive edge and carved out an enviable market share. To focus, streamline and consolidate the Group's business activities in China, New World Development (China) Ltd. was formed during the year. The Group's large-scale and long-term commitments in China not only help in China's modernization and economic development but also underscore its confidence in the future of Hong Kong.

Industrialization is rapidly spreading from the coastal provinces into the heart of the mainland. China possesses immense natural resources and tremendous manpower. With the injection of finance and technology, industrialization would no doubt flourish in China. The Group is geared up for opportunities for commerce, trading and industrial development in this area.

COMMUNICATIONS



Asia Television Limited

Asia Television Limited is one of Hong Kong's two licensed television stations. It began broadcasting in 1958, and the New World Group became one of the major shareholders in 1988. Since the involvement of the new management, strategic management schemes

and measures have been implemented to define a more flexible structure. The continued rationalization of management and better utilization of human resources will contribute towards the improvement of the overall financial performance of the station in the near future. Efforts are being made to offer the viewers a greater selection of quality programmes. With this planned improvement revenues are expected to improve.

New World Paging Limited

New World Paging Limited was launched in early 1990 and has already become an industry leader in terms of new subscriber registration in head-on competition with all existing paging services. New World Paging is the first in the industry to introduce Personalized Paging. The Paging service is a fast growing business in Hong Kong; and New World Paging has quickly become a key player in the market by utilising innovative technology and aggressive marketing. It is now keenly looking for expansion opportunities in China and other countries in the region. Clientele now number over 30,000 and is targeted to reach 50,000 in the next 12 months.



PROSPECTS



For the year under review, the Group adhered to and continued to strive on its committed investment strategies: the first and foremost objective has always been focusing its attention to regard Hong Kong as its base and overseas as its supplement. In overseas investment, particular interest has been targeted in China. The Group has recognized the tremendous potential and began building its presence in China in as early as 1988. This effort resulted in the Group obtaining a large number of favourable contracts in infrastructure investment and land development. Apart from China, the Group's overseas investment has been confined to hotel development in the region, concentrating its preference in the hotel management potential rather than ownership participation. The Group intended constantly to maintain a suitable 50-50 balance between long term and near term investment portfolios.

For the coming year, the outlook on the overall economic development in China is particularly bright. There exists a crying need for industrialization, land development and infrastructure construction in the Mainland. The Chinese Government has been serious to recognize its inadequacies in coping with these needs; thus, courageous to invite the overseas private sector participation in the traditionally state owned and state run enterprises. The profound profit potential lies not only in the fact that China is a vast competitive source of land and labour but that it is in itself an awesome 1.17 billion people consumer market. As for Hong Kong, the Group will continue to look out for suitable land in the New Territories

and keep a close watch at the new Airport development for future land development purposes. Around the globe, the Group has made significant hotel development projects in Kuala Lumpur, Jakarta, Bali, Ho Chi Minh City, Bangkok, Manila, Phuket, Kota Kinabalu and Taipei.

Looking ahead, against the backdrop of a depressed world economy, improving economic collaboration amongst the Southeast Asian countries is spurring unprecedented growth in the region, where a major regrouping of economic powers seems to be emerging. Yet, however one configures where the action is, be it the Asian Pacific Rim or the Four Dragons (Hong Kong, Taiwan, Singapore and South Korea) or the Seven Dragons (the Four Dragons plus Thailand, Malaysia and Indonesia) or the Greater China (Hong Kong, Taiwan and China) or the Greater Hong Kong (Hong Kong and the Pearl River Delta), Hong Kong will always be in the lead and at the hub of it. Amidst a depressed world economy, Hong Kong saw a 29% increase in exports in the first eight months and an 18% jump in the number of tourists from January to August 1992. Inflation is down to a 3 year low at 8.3% in August 1992. Coupled with these favourable internal economical indicators and Hong Kong's inseparable relationship with China, and the expected global recovery, the Group is confident that the Group's performance will be in line with these indicators.

Cheng Kar-Shun, Henry
Managing Director

Hong Kong, 4 November 1992

Report of the Auditors

To the Members of New World Development Company Limited

We have audited the accounts on pages 34 to 63 in accordance with 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 1992 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, 4 November 1992

Consolidated Profit And Loss Account

	Note	Year ended 30 June	
		1992 HK\$'000	1991 HK\$'000
Turnover	2	12,459,233	9,677,423
Operating profit	3	2,858,039	1,627,705
Share of results of associated companies		27,627	(38,903)
Profit before taxation		2,885,666	1,588,802
Taxation	4	(352,286)	(262,213)
Profit after taxation		2,533,380	1,326,589
Minority interests		(170,353)	(158,400)
Profit attributable to shareholders	5	2,363,027	1,168,189
Dividends	6	(1,070,960)	(696,542)
Retained profit for the year		1,292,067	471,647
Retained by:			
Company and subsidiary companies		1,314,706	572,183
Associated companies		(22,639)	(100,536)
		1,292,067	471,647
Earnings per share	7		
Basic		HK\$1.62	HK\$0.87
Fully diluted		HK\$1.61	HK\$0.85

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Cheng K

Directors

Consolidated Balance Sheet

			As at 30 June	
			1992	1991
		Note	HK\$'000	HK\$'000
June 1991 \$'000				
7,423	Fixed assets	9	28,786,300	25,935,392
7,705	Associated companies	11	4,792,921	4,154,708
8,903)	Other investments	12	1,697,368	637,452
8,802	Licence agreement	13	941,040	946,182
52,213)	Long term loans receivable	14	488,248	363,589
26,589	Net current assets/(liabilities)	15	494,646	(1,170,499)
58,400)			37,200,523	30,866,824
68,189	Intangible assets	16	961,252	1,032,587
96,542)	Deferred expenditure	17	85,982	66,469
71,647			38,247,757	31,965,880
	Financed by:			
72,183	Share capital	18	1,538,270	1,396,897
100,536)	Reserves	20	28,817,777	22,509,216
471,647	Shareholders' funds		30,356,047	23,906,113
	Minority interests		2,641,943	2,838,646
HK\$0.87	Long term liabilities	21	5,243,898	5,213,587
HK\$0.85	Deferred taxation	22	5,869	7,534
			38,247,757	31,965,880

Sin Wai-Kin
Cheng Kar-Shun, Henry
Directors

Company Balance Sheet

	Note	As at 30 June	
		1992 HK\$'000	1991 HK\$'000
Fixed assets	9	33,927	27,434
Subsidiary companies	10	8,257,751	6,240,404
Associated companies	11	1,314,513	1,265,674
Other investments	12	3,375	3,374
Net current liabilities	15	(561,354)	(81,916)
		<u>9,048,212</u>	<u>7,454,970</u>
Financed by:			
Share capital	18	1,538,270	1,396,897
Reserves	20	<u>7,509,942</u>	<u>6,058,073</u>
Shareholders' funds		<u>9,048,212</u>	<u>7,454,970</u>

Sin Wai-Kin
Cheng Kar-Shun, Henry
Directors

Consolidated Statement of Changes in Financial Position

	Year ended 30 June			
	1992	1992	1991	1991
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Source of funds				
Profit before taxation		2,885,666		1,588,802
Adjustments for items not involving the movement of funds:				
Share of results of associated companies	(27,627)		38,903	
Depreciation	213,637		127,333	
Gain on disposal of:				
Investment properties	(1,445,260)		(399,665)	
Other investments	(113)		(117,439)	
Fixed assets	(1,578)		(5,138)	
Associated companies	(69)		(4,638)	
Increase/(decrease) in provisions for:				
Investment in and advances to associated companies	226,528		23,288	
Other investments	301		(1,873)	
Intangible assets amortised	71,335		76,111	
Deferred expenditure amortised	23,088		23,149	
		(939,758)		(239,969)
Total generated from operations		1,945,908		1,348,833
Funds from other sources				
Shares issued	107,029		28,678	
Increase in share premium	1,023,707		182,150	
Increase in long term liabilities*	30,311		1,107,680	
Proceeds from disposal of:				
Investment properties	2,279,721		508,376	
Fixed assets	30,409		36,823	
Other investments	1,419		863,172	
Associated companies	351		4,312	
Dividends from associated companies	23,459		47,878	
Decrease in long term loans receivable	—		123,506	
Decrease in licence agreement	5,142		—	
Capital reserve arising from acquisition of subsidiary companies *	1,305		—	
Exchange gain arising from translation of accounts of overseas subsidiary companies	20,553		—	
		3,523,406		2,902,575
		5,469,314		4,251,408

Consolidated Statement of Changes in Financial Position (Cont'd)

	Year ended 30 June		
	1992	1991	1991
	HK\$'000	HK\$'000	HK\$'000
Application of funds			
Increase in other investments	1,061,523	371,236	
Increase in investment in associated companies	519,586	503,109	
Increase in long term loans receivable	124,659	—	
Decrease in minority interests *	64,998	219,818	
Purchase of fixed assets *	1,030,986	996,033	
Dividends paid	362,349	366,616	
Tax paid *	231,330	199,333	
Share issue expenses	12,156	3,256	
Increase in deferred expenditure	42,601	9	
Goodwill on acquisition of additional/ total interest in subsidiary companies	11,906	22,633	
Additional goodwill in relation to acquisition of subsidiary companies in prior year	—	115,304	
Exchange loss arising from translation of accounts of overseas subsidiary companies	—	7,686	
		<u>3,462,094</u>	<u>2,805,033</u>
		<u>2,007,220</u>	<u>1,446,375</u>
Movement in Working Capital			
Stocks and construction in progress	(184,846)	4,241	
Properties held for sale *	1,238,127	12,738	
Debtors and prepayments *	689,972	(1,280,642)	
Creditors, bills payable and deposits received *	(1,610,502)	(65,581)	
Long term loans receivable			
— current portion	16,817	(11,572)	
Other loans receivable	(13,303)	(55,659)	
		<u>136,265</u>	<u>(1,396,475)</u>
Movement in net liquid funds:			
Cash and bank balances *	898,442	(541,310)	
Bank loans, overdrafts and current portion of long term liabilities	627,993	2,087,400	
Other unsecured loans	344,042	1,296,026	
Overseas treasury bills	478	734	
		<u>1,870,955</u>	<u>2,842,850</u>
		<u>2,007,220</u>	<u>1,446,375</u>

*** Summary of effects of the acquisition of subsidiary companies**

	Year ended 30 June	
	1992 HK\$'000	1991 HK\$'000
Net assets acquired		
Fixed assets	6	852
Stocks and construction in progress	—	3,004
Debtors and prepayments	386	12,942
Other investments	—	164,604
(Capital reserve)/Goodwill	(1,305)	22,633
Investment in associated companies	—	847
Properties held for sale	58,617	—
Cash and bank balances	974	6,985
Creditors and accruals	(20,185)	(79,060)
Taxation	—	(1,997)
Long term liabilities	(24,236)	—
Minority interests	(14,254)	(440)
	<u>3</u>	<u>130,370</u>
Financed by:		
Cash paid	<u>3</u>	<u>130,370</u>

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.

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

(b) Goodwill

Goodwill represents the excess of purchase consideration over fair values ascribed to the net assets acquired and is written off directly to reserves in the year of acquisition.

(c) Subsidiary companies

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

(d) 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. The Group's investments in associated companies are stated at the Group's share of net assets after attributing fair value to the net assets at the time of acquisition of the interest in the associated companies. The company's investments in associated companies are carried at cost less provision. Results of associated companies are accounted for by the Company only to the extent of dividends received and receivable.

(e) Turnover

Group turnover represents all revenues from rental, sales of properties, construction, piling, air-conditioning engineering, hotel and restaurant operations, financial services, letting agency and cinema operation.

(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) Gain or loss on sales of fixed assets, including investment properties, 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 multiphase 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.

1 Principal Accounting Policies (Cont'd)

(g) Assets under leases

(i) 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. Finance charges are debited to the profit and loss account in proportion to the capital balance outstanding.

(ii) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account.

(h) Fixed assets

(i) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development has been completed and are held for their investment potential. Investment properties are stated at their open market value based on an annual professional valuation at the balance sheet date. Increases in valuation are credited to the investment property revaluation reserve; decreases are first set off against earlier revaluation surpluses and thereafter charged to the profit and loss account. No depreciation is provided on investment properties held on leases of more than twenty years.

(ii) Hotel properties

Hotel properties are interests in land and buildings and their integral fixed plant which are collectively used in the operation of hotel. They are stated in the balance sheet at their open market value on the basis of an annual professional valuation. No depreciation is provided on hotel properties held on leases of more than twenty years. It is the Group's practice to maintain the buildings in a continual state of sound 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.

(iii) Depreciation

Cost or valuation of other fixed assets is depreciated over their estimated useful lives on the straight line basis at the following rates:

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

(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.

Notes to the Accounts (Cont'd)

2

1 Principal Accounting Policies (Cont'd)

(k) Licence agreement

The licence agreement represents the right granted to the licensee to operate a hotel franchise system in the USA. The licence agreement is carried at the estimated value of the licence agreement at the date of acquisition less the cumulative principal portion of subsequent royalties paid and payable by the licensee which are recognised on the discounted cash flow method over the term of the licence agreement.

(l) 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 in progress is stated at cost less provision for anticipated losses and progress payments received and receivable.

(m) Intangible assets

(i) The cost of acquisition of hotel management and franchise agreements is amortised annually on a straight line basis over their average lives of 17.5 years and 12 years respectively.

(ii) The cost of acquisition of franchise rights and trademarks is amortised annually on a straight line basis over their estimated economic lives to the Group of up to 20 years.

(n) Deferred expenditure

(i) Pre-operating expenses

Pre-operating expenses are amortised over 5 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.

(o) Deferred taxation

Deferred taxation is accounted for at current tax rates 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.

(p) Capitalisation of interest and finance charges

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

(q) Foreign currencies

Foreign currencies transactions during the year are converted at exchange rates ruling at the transaction dates. At the balance sheet date, monetary assets and liabilities denominated 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 the currency translation reserve account. All other exchange differences are included in the determination of operating profit.

2 Turnover and Contribution to Operating Profit

	1992 HK\$'000	1991 HK\$'000
An analysis of the Group's turnover and contribution to operating profit by principal activities and geography are as follows:		
(a) Analysis by principal activities		
(i) Turnover		
Rental income	1,417,881	1,364,536
Property sales	3,627,211	1,629,442
Construction and piling	4,289,459	4,392,817
Hotels and restaurant operations	3,937,447	3,027,215
Others	453,118	472,557
	<u>13,725,116</u>	<u>10,886,567</u>
Less: Intra-group transactions		
Rental	50,096	51,132
Construction and piling	1,167,944	1,090,645
Others	47,843	67,367
	<u>12,459,233</u>	<u>9,677,423</u>
(ii) Contribution to operating profit		
Rental income	968,089	939,408
Property sales	2,022,244	748,276
Construction and piling	171,954	160,471
Hotels and restaurant operations	186,780	386,461
Others	(60,347)	56,316
	<u>3,288,720</u>	<u>2,290,932</u>
Less: Net interest paid	<u>(430,681)</u>	<u>(663,227)</u>
	<u>2,858,039</u>	<u>1,627,705</u>
(b) Analysis by geography		
(i) Turnover		
Hong Kong	10,221,082	8,042,564
South-east Asia and People's Republic of China	85,750	75,209
North America	855,763	525,230
Europe	1,165,038	927,242
Australia	114,773	83,179
Others	16,827	23,999
	<u>12,459,233</u>	<u>9,677,423</u>

Notes to the Accounts (Cont'd)

2 Turnover and Contribution to Operating Profit (Cont'd)

	1992 HK\$'000	1991 HK\$'000
(ii) Contribution to operating profit before interest		
Hong Kong	3,567,597	2,361,071
South-east Asia and People's Republic of China	(21,012)	18,929
North America	(238,345)	(60,769)
Europe	65,916	(35,875)
Australia	(97,642)	(12,012)
Others	12,206	19,588
	<u>3,288,720</u>	<u>2,290,932</u>

3 Operating Profit

	1992 HK\$'000	1991 HK\$'000
Operating profit of the Group is arrived at after crediting and charging the following:		
Crediting:		
Net rental income	1,028,882	984,194
Dividend income		
Listed investments	20,230	18,022
Unlisted investments	315	11,080
Gain on sales of investment properties	1,445,260	399,665
Gain on sales of listed investments	—	111,475
Royalty income from licence agreement	127,179	112,702
Discount on early repayment of bank loans	135,824	—
	<u>3,778,380</u>	<u>1,737,138</u>
Charging:		
Interest on bank loans, overdrafts and other loans	498,840	775,019
Interest on finance leases	33,243	24,817
	<u>532,083</u>	<u>799,836</u>
Auditors' remuneration	9,385	8,237
Depreciation		
Leased fixed assets	70,302	29,599
Owned fixed assets	143,335	97,734
Operating lease rentals for land and buildings	268,107	259,573
Amortisation of intangible assets	71,335	76,111
Amortisation of deferred expenditure	23,088	23,149
	<u>1,085,040</u>	<u>1,186,503</u>

4 Taxation

	1992 HK\$'000	1991 HK\$'000
Company and subsidiary companies		
Hong Kong profits tax	304,460	223,992
Overseas taxation	20,929	13,045
Deferred taxation	(1,665)	4,805
	323,724	241,842
Associated companies		
Hong Kong profits tax	25,412	19,036
Overseas taxation	3,150	1,335
	352,286	262,213

Hong Kong profits tax is provided at the rate of 17.5% (1991: 16.5%) on the estimated assessable profits for the year. Tax on overseas profits has been calculated on the estimated taxable profits for the year at the rate of taxation prevailing in the countries in which the Group operates.

5 Profit Attributable to Shareholders

Profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$1,078,327,000 (1991: HK\$1,179,194,000).

Dividends

	1992 HK\$'000	1991 HK\$'000
Interim dividend paid of 21 cents per share (1991: 16 cents)	347,973	221,571
Proposed final dividend of 47 cents per share (1991: 34 cents)	722,987	474,971
	1,070,960	696,542

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

Interim dividend	171,577	123,722
Final dividend	*	289,018

* Full provision has been made for the 1992 final dividend on the basis that all shareholders will elect to receive cash, being the alternative to their entitlements to the scrip dividend.

Notes to the Accounts (Cont'd)

7 Earnings Per Share

The calculation of basic earnings per share is based on profit of HK\$2,363,027,000 (1991: HK\$1,168,189,000) and the weighted average of 1,462,993,000 shares in issue (1991: 1,348,864,000 shares) during the year.

The fully diluted earnings per share is based on adjusted profit of HK\$2,365,019,000 (1991: HK\$1,243,090,000) on the assumption that all outstanding warrants had been exercised at the date of issue and that the proceeds of subscription had been placed on fixed deposits with a leading bank earning interest, and the weighted average of 1,466,790,000 shares (1991: 1,456,527,000 shares) issued and issuable.

8 Directors' Emoluments

	1992 HK\$'000	1991 HK\$'000
Fees	618	652
Other emoluments	240	480
	<u>858</u>	<u>1,132</u>

9 Fixed Assets

	Group				
	Investment properties HK\$'000	Hotel properties HK\$'000	Land and buildings HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost or valuation					
At 1.7.1991	16,533,300	7,786,894	1,015,268	1,057,262	26,392,724
Translation difference	—	(20,081)	—	(3,383)	(23,464)
Additions	19,863	347,868	250,417	412,838	1,030,986
Disposals	(1,861,353)	—	(20,633)	(16,675)	(1,898,661)
Revaluation surplus	3,777,390	169,391	—	—	3,946,781
At 30.6.1992	<u>18,469,200</u>	<u>8,284,072</u>	<u>1,245,052</u>	<u>1,450,042</u>	<u>29,448,366</u>
Accumulated depreciation					
At 1.7.1991	—	—	14,809	442,523	457,332
Translation difference	—	—	—	(1,105)	(1,105)
Charge for the year	—	—	3,078	210,559	213,637
Written back on disposals	—	—	(491)	(7,307)	(7,798)
At 30.6.1992	<u>—</u>	<u>—</u>	<u>17,396</u>	<u>644,670</u>	<u>662,066</u>
Net book value					
At 30.6.1992	<u>18,469,200</u>	<u>8,284,072</u>	<u>1,227,656</u>	<u>805,372</u>	<u>28,786,300</u>
At 30.6.1991	<u>16,533,300</u>	<u>7,786,894</u>	<u>1,000,459</u>	<u>614,739</u>	<u>25,935,392</u>

9 Fixed Assets (Cont'd)

	Company		
	Investment properties HK\$'000	Land and buildings HK\$'000	Total HK\$'000
Cost or valuation			
At 1.7.1991	22,800	5,311	28,111
Revaluation surplus	6,700	—	6,700
Disposals	—	(202)	(202)
At 30.6.1992	29,500	5,109	34,609
Accumulated depreciation			
At 1.7.1991	—	677	677
Charge for the year	—	65	65
Written back on disposals	—	(60)	(60)
At 30.6.1992	—	682	682
Net book value			
At 30.6.1992	29,500	4,427	33,927
At 30.6.1991	22,800	4,634	27,434

Cost or valuation of properties at 30 June 1992 was made up as follows:

	Investment properties	Hotel properties	Hotel properties	Land and buildings	Total
	Hong Kong long lease HK\$'000	Hong Kong long lease HK\$'000	Overseas freehold HK\$'000	Hong Kong long lease HK\$'000	HK\$'000
Group					
At cost, less provision	—	—	557,932	1,245,052	1,802,984
At 1992 professional valuation	18,469,200	7,401,000	325,140	—	26,195,340
	18,469,200	7,401,000	883,072	1,245,052	27,998,324
Company					
At cost	—	—	—	5,109	5,109
At 1992 professional valuation	29,500	—	—	—	29,500
	29,500	—	—	5,109	34,609

The investment properties and certain hotel properties were revalued on 30 June 1992 on an open market value basis by Chesterton Petty Limited and Colliers Macaulay Nicolls Inc.

Certain overseas freehold hotel properties completed during the year were stated at cost less provision, amounting to a written down value of HK\$557,932,000 which, in the opinion of the directors, approximated the open market value at 30 June 1992. This represents a departure from the Group's accounting policy which requires hotel properties to be stated at professional valuation. The directors consider that the departure from the Group's accounting policy is warranted as obtaining professional valuation on these hotel properties would involve expense and delay out of proportion to the benefit of the members.

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

The net book value of fixed assets includes equipment held under finance leases amounting to HK\$375,929,000 (1991: HK\$244,681,000).

Notes to the Accounts (Cont'd)

10 Subsidiary Companies

	Company	
	1992 HK\$'000	1991 HK\$'000
Unlisted shares		
At cost	2,423,780	2,421,976
Less: Provision for permanent diminution in value	(394,072)	(394,071)
	2,029,708	2,027,905
At directors' valuation in 1972	72,000	72,000
	2,101,708	2,099,905
Amounts due by subsidiary companies less provision	8,842,532	6,047,320
	10,944,240	8,147,225
Less: Amounts due to subsidiary companies	(2,686,489)	(1,906,821)
	8,257,751	6,240,404

Details of principal subsidiary companies are given in Note 27.

11 Associated Companies

	Group		Company	
	1992 HK\$'000	1991 HK\$'000	1992 HK\$'000	1991 HK\$'000
Unlisted shares, at cost less provision	1,863,016	1,772,712	966,406	966,395
Share of post acquisition reserves	961,998	582,700	—	—
Group's share of net assets	2,825,014	2,355,412	966,406	966,395
Amounts due by associated companies				
Current accounts	1,684,848	1,693,550	201,423	177,265
Subordinated loans	486,586	282,925	222,205	196,898
	2,171,434	1,976,475	423,628	374,163
Less: Provisions	(57,709)	(46,602)	(12,735)	(12,735)
	2,113,725	1,929,873	410,893	361,428
Less: Amounts due to associated companies	(145,818)	(130,577)	(62,786)	(62,149)
	1,967,907	1,799,296	348,107	299,279
	4,792,921	4,154,708	1,314,513	1,265,674

Shares and advances in the form of subordinated loans, totalling HK\$733,352,000 (1991: HK\$529,691,000) have been pledged as part of the security for credit facilities of HK\$3,990,140,000 (1991: HK\$3,670,000,000) granted to associated companies of which HK\$2,426,836,000 (1991: HK\$1,601,550,000) had been utilised as at balance sheet date.

Shares and advances totalling HK\$430,369,000 (1991: HK\$477,739,000) have been pledged to a third party as security for credit facilities totalling HK\$200,000,000 (1991: HK\$200,000,000) granted to a subsidiary company of which HK\$135,600,000 (1991: HK\$50,700,000) had been utilised as at balance sheet date.

Details of principal associated companies are given in Note 28.

12 Other Investments

	Group		Company	
	1992 HK\$'000	1991 HK\$'000	1992 HK\$'000	1991 HK\$'000
Unlisted shares, at cost	75,362	33,305	3,375	3,374
Less: Provision for permanent diminution in value	(442)	(141)	—	—
	<u>74,920</u>	<u>33,164</u>	<u>3,375</u>	<u>3,374</u>
Listed shares, at cost				
Hong Kong	247,970	1,101	—	—
Overseas	23,240	—	—	—
	<u>271,210</u>	<u>1,101</u>	<u>—</u>	<u>—</u>
Investment in joint ventures				
At cost	638,063	147,023	—	—
Advances	713,175	456,164	—	—
	<u>1,351,238</u>	<u>603,187</u>	<u>—</u>	<u>—</u>
	<u>1,697,368</u>	<u>637,452</u>	<u>3,375</u>	<u>3,374</u>
Market value of listed shares	<u>435,338</u>	<u>137,710</u>	<u>—</u>	<u>—</u>

13 Licence Agreement

The Group entered into a long term licence agreement which grants the right to the licensee to operate a hotel franchise system in the USA owned by the hotel group. Royalties payable under the licence agreement are determined as a specified percentage of the franchise system room sales, as defined in the licence agreement. The performance of the licensee under the licence agreement is guaranteed by its holding company. The licence agreement may be terminated by the Group upon the occurrence of certain events as defined in the licence agreement.

The licence agreement has an initial term of thirty-five years with one five-year additional term and forty one-year additional extensions, each at the option of the licensee.

Notes to the Accounts (Cont'd)

14 Long Term Loans Receivable

	Group	
	1992 HK\$'000	1991 HK\$'000
Notes receivable	191,263	185,392
Mortgage loans	224,602	88,997
Loan to a minority shareholder	100,731	100,731
	<u>516,596</u>	<u>375,120</u>
Less: Amounts receivable within one year included in current assets (Note 15)	(28,348)	(11,531)
	<u>488,248</u>	<u>363,589</u>

15 Net Current Assets/(Liabilities)

	Group		Company	
	1992 HK\$'000	1991 HK\$'000	1992 HK\$'000	1991 HK\$'000
Current assets				
Construction in progress (Note a)	(363,085)	(164,714)	—	—
Properties held for sale (Note b)	4,281,740	3,043,613	361,948	643,907
Stocks	175,663	162,138	—	—
Overseas treasury bills, at cost	63,642	63,164	—	—
Long term loans receivable				
– current portion (Note 14)	28,348	11,531	—	—
Other loans receivable	97,735	111,038	—	—
Debtors and prepayments	2,856,457	2,166,485	363,322	356,894
Cash and bank balances	1,209,100	310,658	3,574	3,750
	<u>8,349,600</u>	<u>5,703,913</u>	<u>728,844</u>	<u>1,004,551</u>
Current liabilities				
Creditors and accrued charges	3,886,800	3,322,259	481,859	367,649
Deposits received on sale of properties	1,462,217	418,296	—	97,860
Bills payable	3,075	1,035	—	—
Bank loans and overdrafts				
Secured	175,720	82,126	—	—
Unsecured	582,595	772,278	497	5,643
Other unsecured loans	53,452	397,494	33,504	123,177
Long term liabilities				
– current portion (Note 21)	565,160	1,097,064	—	—
Taxation	402,948	308,889	51,351	17,167
Proposed final dividend	722,987	474,971	722,987	474,971
	<u>7,854,954</u>	<u>6,874,412</u>	<u>1,290,198</u>	<u>1,086,467</u>
	<u>494,646</u>	<u>(1,170,499)</u>	<u>(561,354)</u>	<u>(81,916)</u>

15 Net Current Assets/(Liabilities) (Cont'd)

	Group		Company	
	1992 HK\$'000	1991 HK\$'000	1992 HK\$'000	1991 HK\$'000
(a) Construction in progress				
At cost	3,506,142	2,978,249	—	—
Less: Provision for anticipated losses	(3,000)	(2,439)	—	—
Progress payments received and receivable	(3,866,227)	(3,140,524)	—	—
	(363,085)	(164,714)	—	—
(b) Properties held for sale				
Properties under development, at cost	3,664,157	2,091,512	361,948	615,108
Completed properties, at cost less provision	27,654	209,496	—	28,799
	3,691,811	2,301,008	361,948	643,907
Overseas hotel properties, at cost less provision	589,929	742,605	—	—
	4,281,740	3,043,613	361,948	643,907

16 Intangible Assets

	Group	
	1992 HK\$'000	1991 HK\$'000
Hotel management and franchise agreements	845,713	845,713
Franchise rights and trademarks	299,381	299,381
	1,145,094	1,145,094
Less: Amortisation	(183,842)	(112,507)
	961,252	1,032,587

Notes to the Accounts (Cont'd)

17 Deferred Expenditure

	Group	
	1992	1991
	HK\$'000	HK\$'000
Pre-operating expenses at cost less amounts amortised:		
Hong Kong Convention and Exhibition Centre	4,070	6,956
Quarry mill	—	1,780
Hotels	81,912	57,733
	<u>85,982</u>	<u>66,469</u>

18 Share Capital

	1992	1991
	HK\$'000	HK\$'000
Authorised:		
Shares of HK\$1 each		
Balance at 1 July	1,500,000	1,500,000
Increase during the year	300,000	—
Balance at 30 June	<u>1,800,000</u>	<u>1,500,000</u>
Issued and fully paid:		
Shares of HK\$1 each		
Balance at 1 July	1,396,897	1,323,209
Exercise of warrant subscription rights	107,029	25
Issued as scrip dividends	34,344	45,010
Issue of shares for acquisition of properties	—	28,653
Balance at 30 June	<u>1,538,270</u>	<u>1,396,897</u>

By a resolution passed on 20 December 1991, the authorised share capital of the Company was increased from HK\$1,500,000,000 to HK\$1,800,000,000 by the creation of 300,000,000 shares of HK\$1 each.

19 Warrants

During the year, warrants (1991 Warrants) with subscription rights to subscribe for 107,663,000 shares of HK\$1 each of the Company at the subscription price of HK\$9 per share matured on 31 December 1991. 107,029,000 shares were issued following the exercise of subscription rights by the 1991 Warrants holders. The subscription rights for 1991 Warrants not exercised prior to 31 December 1991 have lapsed since that date.

Pursuant to the Placing Agreement dated 13 April 1992, the Company made a private placing of 45,573,000 units of warrants (1995 Warrants), at an issue price of HK\$3.675 per warrant, with subscription rights to subscribe for 45,573,000 shares of HK\$1 each of the Company at the current subscription price of HK\$14.70 per share, exercisable at any time until 12 May 1995. No 1995 Warrants holders exercised their subscription rights prior to 30 June 1992.

20 Reserves

	Group		Company	
	1992 HK\$'000	1991 HK\$'000	1992 HK\$'000	1991 HK\$'000
Share premium (Note a)	4,460,214	3,022,412	4,460,214	3,022,412
Capital reserve (Note b)	4,740	12,262	—	—
Asset revaluation reserve (Note c)	19,019,431	15,431,442	28,015	21,315
General reserve	70,800	70,800	—	—
Currency translation reserve	108	1,883	—	—
Retained profits (Note d)	5,262,484	3,970,417	3,021,713	3,014,346
	<u>28,817,777</u>	<u>22,509,216</u>	<u>7,509,942</u>	<u>6,058,073</u>
(a) Share premium				
Balance at 1 July	3,022,412	2,517,521	3,022,412	2,517,521
Premium on issue of 1995 warrants	167,481	—	167,481	—
Issue of shares for acquisition of properties	—	181,947	—	181,947
Exercise of warrant subscription rights	856,226	203	856,226	203
Scrip dividends	426,251	325,997	426,251	325,997
Share issue expenses	(12,156)	(3,256)	(12,156)	(3,256)
Balance at 30 June	<u>4,460,214</u>	<u>3,022,412</u>	<u>4,460,214</u>	<u>3,022,412</u>
(b) Capital reserve				
Balance at 1 July	12,262	140,839		
Goodwill on consolidation	(5,909)	(71,973)		
Share of goodwill of an associated company	(1,613)	(60,454)		
Transfer from profit and loss account	—	3,850		
Balance at 30 June	<u>4,740</u>	<u>12,262</u>		
Dealt by:				
Company and subsidiary companies	(6,554)	(645)		
Associated companies	11,294	12,907		
	<u>4,740</u>	<u>12,262</u>		

Notes to the Accounts (Cont'd)

20 Reserves (Cont'd)

	Group		Company	
	1992 HK\$'000	1991 HK\$'000	1992 HK\$'000	1991 HK\$'000
(c) Asset revaluation reserve				
Investment and hotel properties				
Balance at 1 July	15,429,914	14,735,089	21,315	16,515
Surplus for the year	4,503,741	874,957	6,700	4,800
Disposal	(915,351)	(186,537)	—	—
Transfer from land and buildings	—	6,405	—	—
Balance at 30 June	19,018,304	15,429,914	28,015	21,315
Land and buildings				
Balance at 1 July	1,528	6,405	—	—
Surplus for the year	—	1,528	—	—
Disposal	(401)	—	—	—
Transfer to investment and hotel properties	—	(6,405)	—	—
Balance at 30 June	1,127	1,528	—	—
	19,019,431	15,431,442	28,015	21,315
Dealt by:				
Company and subsidiary companies				
Investment and hotel properties	18,361,724	15,064,176		
Land and buildings	1,127	1,528		
	18,362,851	15,065,704		
Associated companies				
Investment and hotel properties	656,580	365,738		
	19,019,431	15,431,442		
(d) Retained profits				
Balance at 1 July	3,970,417	3,502,620	3,014,346	2,531,694
Retained profit for the year	1,292,067	471,647	7,367	482,652
Transfer to capital reserve	—	(3,850)	—	—
Balance at 30 June	5,262,484	3,970,417	3,021,713	3,014,346
Retained by:				
Company and subsidiary companies	5,350,908	4,036,202		
Associated companies	(88,424)	(65,785)		
	5,262,484	3,970,417		

21 Long Term Liabilities

	Group	
	1992 HK\$'000	1991 HK\$'000
Long term loans		
Secured bank loans	2,202,505	2,896,024
Unsecured bank loans	983,159	1,596,500
Other unsecured loans (Note a)	1,069,869	1,003,633
Other secured loans	372,966	380,782
Zero coupon bonds (Note b)	697,352	—
Obligations under finance leases		
Wholly repayable within five years	241,528	268,270
Not wholly repayable within five years	49,715	313
	5,617,094	6,145,522
Debentures (Note c)	179,715	147,656
Accounts payable	12,249	17,473
	5,809,058	6,310,651
Less: Amounts repayable within one year included in current liabilities (Note 15)	(565,160)	(1,097,064)
	5,243,898	5,213,587

	Group					
	Secured bank loans HK\$'000	Unsecured bank loans HK\$'000	Other unse- cured loans HK\$'000	Other se- cured loans HK\$'000	Obligations under fin- ance leases HK\$'000	Total HK\$'000
Long term loans are repayable within periods as follows:						
Of less than one year	372,397	103,509	14,828	9,484	64,942	565,160
Of more than one year, but not exceeding two years	521,495	155,232	1,023,066	145,489	57,351	1,902,633
Of more than two years, but not exceeding five years	1,168,061	724,418	697,352	93,602	119,235	2,802,668
Of more than five years	140,552	—	31,975	124,391	49,715	346,633
	2,202,505	983,159	1,767,221	372,966	291,243	5,617,094

Notes to the Accounts (Cont'd)

21 Long Term Liabilities (Cont'd)

- (a) Other unsecured loans
Other unsecured loans include notes payable of HK\$447,934,000 (1991: HK\$449,500,000) which bear interest at 11% per annum and are repayable in 2005.

- (b) Zero coupon bonds

	Group	
	1992	1991
	HK\$'000	HK\$'000
Face value	858,000	—
Less: Unamortised discount	160,648	—
	<u>697,352</u>	<u>—</u>

- (c) Debentures

The debentures have been issued by a subsidiary company which operates a proprietary club. The debentures are unsecured, interest free, transferrable at the subsidiary company's consent and redeemable at par upon the expiry of fifty years from the dates of issue or at any earlier time at the subsidiary company's discretion.

22 Deferred Taxation

	Group	
	1992	1991
	HK\$'000	HK\$'000
Balance at 1 July	7,534	2,729
Transfer (to)/from profit and loss account	(1,665)	4,805
Balance at 30 June	<u>5,869</u>	<u>7,534</u>
The amount provided is in respect of:		
Accelerated depreciation allowances	6,528	7,534
Other timing differences	(659)	—
	<u>5,869</u>	<u>7,534</u>

No provision has been made in respect of revaluation surplus 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.

23 Commitments

	Group		Company	
	1992 HK\$'000	1991 HK\$'000	1992 HK\$'000	1991 HK\$'000
(a) Contracted for but not provided				
Fixed assets	375,732	433,372	—	—
Investments in joint ventures	146,087	688,810	—	—
	<u>521,819</u>	<u>1,122,182</u>	<u>—</u>	<u>—</u>
Authorised but not contracted for				
Investments in joint ventures	<u>370,733</u>	<u>434,850</u>	<u>—</u>	<u>413,250</u>
(b) Commitments under operating leases payable in 1992/93 expiring:				
(i) Land and buildings				
In the first year	4,097	2,431	—	—
In the second to fifth years inclusive	86,340	20,927	—	—
After the fifth year	185,831	200,199	—	—
	<u>276,268</u>	<u>223,557</u>	<u>—</u>	<u>—</u>
(ii) Other assets				
In the first year	564	357	—	—
In the second to fifth years inclusive	5,367	2,441	—	—
After the fifth year	5,885	—	—	—
	<u>11,816</u>	<u>2,798</u>	<u>—</u>	<u>—</u>
	<u>288,084</u>	<u>226,355</u>	<u>—</u>	<u>—</u>

24 Contingent Liabilities

	Group		Company	
	1992 HK\$'000	1991 HK\$'000	1992 HK\$'000	1991 HK\$'000
Guarantees for the performance and completion of construction contracts	242,905	229,438	—	—
Guarantees for credit facilities granted to:				
Subsidiary companies	—	—	4,448,690	4,556,910
Associated companies	886,347	1,195,379	646,120	643,850
Investee companies included under other investments	110,760	110,760	110,760	110,760
Joint venture projects	15,132	15,035	—	—
	<u>1,255,144</u>	<u>1,550,612</u>	<u>5,205,570</u>	<u>5,311,520</u>

Certain subsidiary companies undertaking hotel operations are parties to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defence or counter-claim in actions filed by those subsidiary companies. In the opinion of the directors, the defences are substantial in each of these matters and the Group's legal posture can be successfully defended without any material adverse effect on the Group's financial position.

Notes to the Accounts *(Cont'd)*

25 Comparative Figures

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

26 Approval of Accounts

The accounts set out on pages 34 to 63 were approved by the Board of Directors on 4 November 1992.

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27 Principal Subsidiary Companies

As At 30 June 1992

	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					
Billion Town Company Limited	200	10	100	100	Property Trading
Birkenshaw Limited	10,000	1	—	100	Property Investment
Bright Moon Company Limited	200	10	75	75	Property Trading
Broadway-Nassau Investments Limited	3,000	10,000	75	75	Property Investment
Calpella Limited	2	10	—	100	Property Investment
Convention Plaza Apartments Limited	2	10	—	100	Apartment Services
Country Seal Limited	10,000	1	63	63	Investment Holding
Crystal Centre Properties (International) Limited	1,000	1	—	58	Investment Holding
Disneyland Housing Limited	1,000	100	100	100	Property Investment
Eurasia Hotel Limited	80,000,000	1	—	48	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 Investment
Fuji (China) Decoration & Engineering Company Limited	3,000,000	1	—	59	Interior Decoration
General Security (HK) Limited	20,000	100	22	77	Security Services
Gold Queen Limited	5,000	1	100	100	Property Trading
Grand Hyatt Hong Kong Company Limited	1,000	1	—	64	Hotel Operation
Hang Bong Company Limited	225,000	1	100	100	Property Trading
Happy Champion Limited	2	1	100	100	Investment Holding
Hip Hing Construction Company Limited	600,000	100	59	59	Construction & Civil Engineering
Hong Bridge Trading Company Limited	50,000	10	—	77	Electrical Equipment Sales
Hong Kong Convention and Exhibition Centre (Management) Limited	2	1	—	100	Property Management
Hong Kong Island Development Limited	2,000,000	5	100	100	Property Investment
Hong Kong Island Landscape Company Limited	60,000	10	—	86	Landscape Services

Notes to the Accounts (Cont'd)

27 Principal Subsidiary Companies (Cont'd)

As At 30 June 1992

	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					
Honour Shares Limited	100	1	—	100	Investment Holding
Humphreys Estate (Clovelly) Limited	2	10	—	100	Property Investment
International Property Management Limited	100,000	10	55	55	Property Management
Island Sauna Company Limited	10,000	1	—	100	Sauna & Fitness Centre
Keepwin Investment Limited	10,000	1	—	100	Property Investment
Kin Kiu Enterprises Limited	10,000	1,000	100	100	Investment Holding
King Lee Investment Company Limited	300	1,000	100	100	Investment Holding
Kiu Lok Service Management Limited	1,000	100	—	33	Property Management
Lord City Development Limited	10,000	1	—	88	Property Trading
Loyalton Holdings Limited	2	10	—	100	Property Investment
Lung Kee Investment Company Limited	1,000	1,000	100	100	Property Investment
Manning Entertainment & Investment Company Limited	20,000	100	—	100	Cinemas
Mill Plan Limited	2	1	—	100	Property Trading
New World Development (China) Limited	2	1	100	100	Investment Holding
New World Finance Company Limited	200,000	100	100	100	Financial Services
New World Harbourview Hotel Company Limited	1,000	1	—	64	Hotel Operation
New World Hotel Company Limited	40,000,000	1	—	64	Hotel Operation
New World Hotels (Holdings) Limited	576,000,000	0.25	—	64	Investment Holding
New World Hotels International Limited	1,000,000	10	—	33	Hotel Management
New World Nominee Limited	2	100	100	100	Nominee Services
New World Paging Limited	15,000,000	1	—	51	Paging Services
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	Property Investment
Pridemax Limited	2	1	—	100	Property Investment

27 Principal Subsidiary Companies (Cont'd)

As At 30 June 1992

	Ordinary share capital issued		Percentage of equity share held		Principal activities
	Number/ Amount	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Prime Harbour Limited	2	1	100	100	Investment Holding
Quality Imports Limited	500	1,000	100	100	Property Investment
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
Tao Yun Company Limited	2	10	—	100	Property Trading
The Dynasty Club Limited	2	1	100	100	Proprietary Club Operation
Thyme Company Limited	500	10	70	89	Property Investment
Timely Enterprises Corporation Limited	450,000	100	100	100	Property Investment
True Hope Investment Limited	2	1	—	100	Investment Holding
Tridant Engineering Company Limited	10,000,000	1	—	77	Electrical Engineering
Try Force Limited	2	1	—	100	Generation and Supply of Electricity
Urban Property Management Limited	15,000	1	—	52	Property Management
Vibro (HK) Limited	799,479	3	—	59	Piling and Caisson
Yargoos Company Limited	150,000	100	62	79	Stone Quarrying
Young's Engineering Company Limited	1,000,000	10	55	55	Air-conditioning Engineering
Yue Wah Enterprises Company Limited	390,500	100	100	100	Investment Holding
Incorporated and operated in Jersey					
Bianchi Holdings Limited	1,000	US\$1	100	100	Investment Holding
Incorporated and operated in Canada					
New World Hotels (B.C.) Limited	C\$1	—	—	64	Hotel Operation
Guildford Park Enterprises Limited	100	C\$1	—	58	Property Trading
Incorporated and operated in United States of America					
Ramada International Hotels & Resorts Inc.	100	US\$0.01	—	64	Hotel Operation
Incorporated in British Virgin Islands					
NWD Finance (BVI) Limited	1	US\$1	100	100	Financial Services
New World Hotels (Corporation) Limited	1	US\$1	—	64	Investment Holding
Crowley Investments Limited	1	US\$1	—	64	Hotel Operation

Notes to the Accounts (Cont'd)

28 Principal Associated Companies

As At 30 June 1992

	Ordinary share capital issued		Percentage of equity share held		Principal activities
	Number/ Amount	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Asia Television Limited	120	0.25	—	47.50	Television Broadcasting
Asia Terminals Limited	100,000	1	39	46.25	Operation of Container Terminal
Autowin Limited	10,000	1	35	35	Property Trading
Birkenhead Property & Investment Limited	1,200,000	1	—	50	Property Investment
Daily Win Development Limited	400	1	—	25	Property Trading
Ever Light Limited	1,000	1	40	40	Property Investment
Fook Hang Trading Company Limited	100	100	50	50	Property Trading
Gloryland Limited	900	1	—	33	Property Trading
Keep Glory Limited	200	1	—	50	Property Trading
May Queen Limited	900	1	—	33	Property Trading
New World Indosuez Insurance Services Limited	10,000	1	50	50	Insurance Broker
Pierhead Garden Management Limited	50,000	1	—	50	Property Management
Pure Jade Limited	1,000	1	—	20	Property Investment
Renford Development Limited	1,000	1	—	12.50	Property Investment
Sea-Land Orient Terminals Limited	55,000‘A’	1	—	—	Terminal Operation
	5,000‘B’	1	—	14.59	
Shun Tak Centre Limited	1,000	100	—	29	Property Investment
Siu Ming Development Company Limited	600	100	20	20	Property Trading
Soon Start Limited	2	1	50	50	Property Trading
SHK Hong Kong Industries Limited	1,261,870,800	0.10	—	14.29	Investment Holding
Tai Yieh Construction & Engineering Company Limited	7,000	1,000	49	49	Construction & Civil Engineering
Tate’s Cairn Tunnel Company Limited	600,000,000	1	24	24	Operation of Tate’s Cairn Tunnel
The Village Enterprises Limited	400	1,000	—	39	Restaurant Operation
Waking Builders Limited	5,000	1,000	—	49	Construction
Incorporated and operated in Macau					
Sun Yick Development Company Limited	PTC1,000,000	—	—	32	Property Trading

28 Principal Associated Companies (Cont'd)

As At 30 June 1992

	Ordinary share capital issued		Percentage of equity share held		Principal activities
	Number/ Amount	Par value per share	By the Company	By the Group	
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	—	19	Hotel Operation
Incorporated in British Virgin Islands					
Shui On Holdings Limited	1,000,000	US\$1	—	30	Investment Holding
Incorporated and operated in Thailand					
Century Country Club Company Limited	30,000,000	Baht 10	—	26	Golf Club Investment
Sthirasuta Company Limited	20,000	Baht 10,000	—	13	Hotel Investment
Thai-World Development Company Limited	10,000,000	Baht 100	—	17	Hotel Investment
Incorporated and operated in Malaysia					
Great Union Properties Sdn. Bhd.	94,500,000	M\$1	—	37.50	Hotel/Commercial Complex Investment

Five-Year Financial Summary

	1992 HK\$'000	1991 HK\$'000	1990 HK\$'000	1989 HK\$'000	1988 HK\$'000
Fixed assets	28,786,300	25,935,392	24,603,040	18,118,809	4,077,977
Associated companies	4,792,921	4,154,708	3,709,945	1,965,168	975,924
Other investments	1,697,368	637,452	1,010,076	1,351,635	165,938
Licence agreement	941,040	946,182	880,218	—	—
Long term loans receivable	488,248	363,589	487,095	318,210	208,594
Current assets	8,349,600	5,703,913	7,575,383	4,481,233	3,939,226
Total assets	45,055,477	37,741,236	38,265,757	26,235,055	9,367,659
Less: Current liabilities	7,854,954	6,874,412	10,195,634	5,781,760	3,101,667
	37,200,523	30,866,824	28,070,123	20,453,295	6,265,992
Intangible assets	961,252	1,032,587	1,108,698	—	—
Deferred expenditure	85,982	66,469	89,609	21,430	7,120
	38,247,757	31,965,880	29,268,430	20,474,725	6,273,112
Share capital	1,538,270	1,396,897	1,323,209	1,188,074	1,141,072
Reserves	28,817,777	22,509,216	20,977,559	16,411,300	3,745,849
Shareholders' funds	30,356,047	23,906,113	22,300,768	17,599,374	4,886,921
Minority interests	2,641,943	2,838,646	2,859,026	1,392,166	853,753
Long term liabilities	5,243,898	5,213,587	4,105,907	1,482,303	532,438
Deferred taxation	5,869	7,534	2,729	882	—
	38,247,757	31,965,880	29,268,430	20,474,725	6,273,112
Turnover	12,459,233	9,677,423	7,947,799	6,115,420	5,296,855
Operating profit	2,858,039	1,627,705	1,708,278	1,669,278	1,273,038
Share of results of associated companies	27,627	(38,903)	(69,253)	95,881	292,641
Profit before taxation	2,885,666	1,588,802	1,639,025	1,765,159	1,565,679
Taxation	(352,286)	(262,213)	(255,119)	(236,538)	(173,174)
Profit after taxation	2,533,380	1,326,589	1,383,906	1,528,621	1,392,505
Minority interests	(170,353)	(158,400)	(255,633)	(280,166)	(277,056)
Profit before extraordinary items	2,363,027	1,168,189	1,128,273	1,248,455	1,115,449
Extraordinary items	—	—	(35,090)	121,443	—
Profit attributable to shareholders	2,363,027	1,168,189	1,093,183	1,369,898	1,115,449
Dividend per share — interim (cents)	21	16	22	21	18
— final (cents)	47	34	39	39	32
	68	50	61	60	50