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Board of Directors

* Dato' Dr. Cheng Yu-Tung,
D.P.M.S., LL.D., D.B.A. Hon., D.S.Sc.
(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., Chev. Leg. d'Hon., 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

Banque Paribas
Bank of Tokyo
Banque Nationale de Paris
Bank of Communications
Chase Manhattan Bank, N.A.
Citibank, N.A.
Dai-Ichi Kangyo Bank
Deutsche 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 Tuesday, 21 December 1993 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 1993 and to approve a final dividend of 62 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, 28 October 1993

Note:

- (1) Register of Shareholders will be closed from 13 to 21 December 1993, 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.



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 1993 amounted to HK\$3,461.7 million. This represented an increase of 46.5% over that of the previous year. Earnings per share for the year was HK\$2.23.

In line with the increase in profit, the Board of Directors recommended a final dividend of 62 cents (1992: 47 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 61 cents per share with a cash option to shareholders registered on 21 December 1993. Together with the interim dividend of 25 cents per share paid in June 1993, total distributions for 1993 would thus be 87 cents per share.

The Group's business activities for the fiscal year have been set out in the Managing Director's Business Review in detail. The Group's Corporate Organization Chart and certain corporate performance charts have also been included in this Review to illustrate the Group's business activities in terms of size, diversification and growth. During the period under review, the Group has continued to dedicate itself to its core businesses in property development, property investment, construction and hotel operation.


The Group has been very active in China, focusing primarily on infrastructure projects, land development and hotel management. A comprehensive list of all major China projects undertaken by the Group is also included in the Managing Director's Business Review.

The Group has achieved a profitable year and I am confident that the Group's profit for the next few years will also be satisfactory.

Finally, I sincerely thank our shareholders for their continuous support and the Group's management and staff for their dedication and devotion in pursuit of excellence.

Dato' Dr. Cheng Yu-Tung
Chairman

Hong Kong, 28 October 1993



The Directors have pleasure in presenting their Annual Report and Statement of Accounts for the year ended 30 June 1993.

Group Activities

The principal activities of the Company remain investment holding and property investment. The principal activities of the Principal Subsidiary Companies, Principal Associated Companies and Principal Joint Ventures are shown in Notes 29, 30 and 31 to the Accounts on pages 55 to 59.

Accounts

The profit of the Group for the year ended 30 June 1993 and the state of the Company's and the Group's affairs at that date are set out in the Accounts on pages 31 to 59.

Dividends

The Directors have resolved to recommend a final dividend of 62 cents per share (1992: 47 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 61 cents per share with a cash option to shareholders registered on 21 December 1993. Together with the interim dividend of 25 cents per share paid in June 1993, total distributions for 1993 would thus be 87 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 61 cents per share instead of the allotment of shares.

Share Capital

Details of the increase in share capital during the year are set out in Note 19 to the Accounts.

Reserves

The details of movements in reserves are set out in Note 21 to the Accounts.

Purchase, Sale or Redemption of Listed Securities

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

Donations

The Group's charitable donations paid during the year amounted to HK\$ 20,672,000.

Directors' Report (Cont'd)

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, Dato' Dr. Cheng Yu-Tung, Mr. Sin Wai-Kin, Mr. Cheng Yue-Pui and Mr. Liang Chong-Hou, David, 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 5 August 1993, Ramada Hotel Operating Company (the "Operator"), a 64% owned subsidiary company of the Group entered into a ten-year management agreement (the "Agreement") effective from 14 May 1993, with Stouffer Hotel Holdings Inc. ("Stouffer"), a company incorporated in the United States with limited liability that is controlled by Messrs. Cheng Kar-Shun, Henry, Cheng Kam-Biu and Doo Wai-Hoi (Stouffer being beneficially owned as to 49% by Mr. Cheng Kar-Shun, Henry, 35% by Mr. Cheng Kam-Biu and 16% by Mr. Doo Wai-Hoi). Mr. Cheng Kar-Shun, Henry is a director of the Company and Mr. Doo Wai-Hoi is a director of the Group's subsidiary companies. Pursuant to the terms of the Agreement, the Operator will be appointed the exclusive manager to manage Stouffer and 32 hotels located in the United States, some of which are owned by Stouffer and some of which are managed by Stouffer ("Managed Hotels") (collectively, the "Hotels"). Under the Agreement, Stouffer will be entitled to the first US\$50 million cash flow per annum ("Cash Flow Amount") from the Hotels (cash flow being the available cash from the operations of the Hotels after deducting all expenses of operation, fixed charges, taxes, but before any payments to Stouffer and to the Operator.) After such amount and setting aside a certain amount of gross revenue from operation of the Hotels ("Gross Hotel Revenue") for repairs, replacement, renovation and refurbishment of furnishings, fixtures and equipment at the Hotels ("FF&E Reserve"), the Operator will be entitled to a base management fee of 3% of the Gross Hotel Revenue out of the cash flow from the Hotels ("Base Management Fee"). The Operator will further be entitled to an incentive fee out of any remaining balance of the cash flow upon meeting certain performance targets (15% of the remaining cash flow after deducting the Cash Flow Amount, FF&E Reserve, Base Management Fee and a preferred return (the preferred return being available cash flow of up to US\$10 million per annum remaining after deduction of the Cash Flow Amount, FF&E Reserve and Base Management Fee) to Stouffer ("Preferential Interest"). It is expected that the Operator will be remunerated in the sum of approximately

US\$15 million for the first management year. The Operator shall, however, cease to receive payment of such fees under the Agreement upon receipt of notice that an event of default, as defined in a credit agreement dated 14 May 1993 entered into between Stouffer and an independent lender ("Lender") (the "Credit Agreement") has occurred and is continuing and shall defer payment of such fees for up to a period of 180 days from the time of notice of such an event of default. Thereafter, the Operator shall have a right to terminate the Agreement for non-payment of fees or for any other default by Stouffer thereunder. Such termination shall, however, be rescinded by the Operator where the Lender is able to cure such non-payment and any other defaults within 30 days after the giving of notice of termination by the Operator. In such circumstances, the Operator shall continue to perform its obligations under the Agreement (without prejudice to its termination rights in respect of any future defaults). In the event that the Lender forecloses on the Hotels or Stouffer's interest in the Hotels following an event of default under the Credit Agreement, either the Lender or the Operator may, upon 90 days written notice to the other, terminate the Agreement at any time on or after such foreclosure. Mr. Cheng Kar-Shun, Henry, has provided a personal guarantee in favour of the Operator to the effect that if any accrued fees or payments due under the Agreement to the Operator are not ultimately settled by Stouffer, he will on demand pay such sums to the Operator.

2. In addition, under an agreement dated 5 August 1993 ("CTF Agreement") Ramada Holdings (BVI) Ltd., a BVI corporation ("Ramada Holdings"), will, during the term of the Agreement, pay CTF Holdings Ltd., a BVI corporation, an annual fee from its non-U.S. operations, in consideration of the benefits Ramada Holdings expects to derive in its non-U.S. operations from the foregoing appointment of the Operator, including greater international recognition of the "Renaissance" name, more cost-effective international marketing and promotion, and increased occupancy from the promotional activities of the Operator. Such annual fee payable by Ramada Holdings is equal to 3% of its gross revenue from "Ramada" and "Renaissance" hotels outside the United States of which it is a majority owner (50% or greater ownership) and 1% of its gross revenue from such hotels of which it is only a manager or a less-than-majority owner (less than 50% ownership). Such fee is expected to be approximately US\$8.5 million for the first year. Ramada Holdings is also a 64% owned subsidiary company of the Group. CTF Holdings Ltd. is also controlled by the said Messrs Cheng Kar-Shun, Henry, and Doo Wai-Hoi (the company being beneficially owned as to 49% by Mr. Cheng Kar-Shun, Henry, 35% by Mr. Cheng Kam-Biu and 16% by Mr. Doo Wai-Hoi).

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' Report (Cont'd)

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 1993, 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 below.

	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	—	—	2,684,709	449,941 *
Sir Michael Sandberg	—	—	—	—
Dr. Ho Tim	1,454,334	—	—	—
Mr. Sin Wai-Kin	3,581,862	740,568	—	—
Dr. Young Bing-Ching, Albert	—	—	—	—
Mr. Cheng Yue-Pui	—	—	—	—
Mr. Cheng Kar-Shun, Henry	—	—	—	—
Mr. Liang Chong-Hou, David	290,435	—	—	—
Mr. Yeung Ping-Leung, Howard	—	—	—	—
Mr. Cha Mou-Sing, Payson	—	—	2,246,000	—
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:

* 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 1993, Chow Tai Fook Enterprises Limited, together with its subsidiary companies had interests in 589,677,977 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, 28 October 1993

FOREWORD

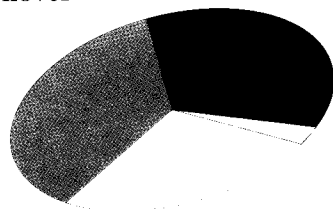
During the year under review, the Group has been successfully working towards the diversification of businesses, the balancing of recurring and non-recurring incomes, and the implementation of sound and effective management systems in all areas of its operations.

Performance

The Group's turnover for the year under review amounted to HK\$13,320.1 million, an increase of HK\$860.9 million over the previous year. Total profit before taxation was HK\$4,345.6 million, representing an improvement of 50% over last year. Basic earnings per share increased by 38% over the previous year.

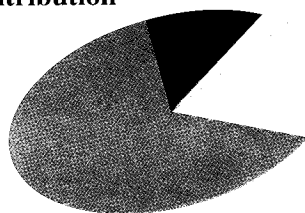
Performance of the Group's Principal Activities for the Year Ended 30 June 1993

Turnover



Rental Income	9.6%
Property Sales	36.0%
Construction & Piling	16.4%
Hotels & Restaurant Operations	35.2%
Others	2.8%

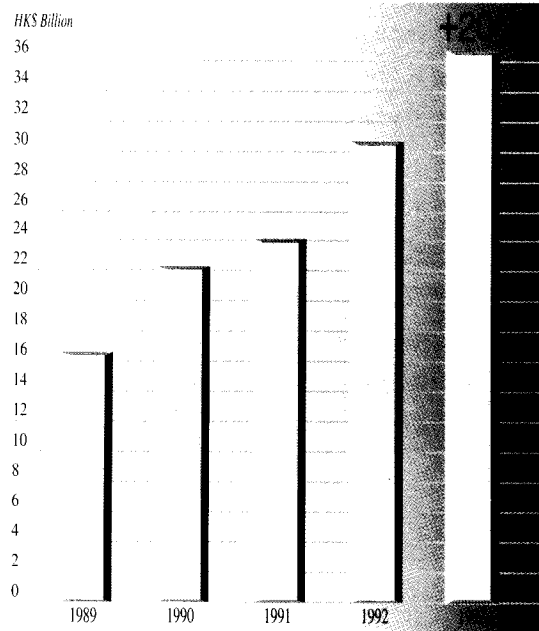
Profit Contribution



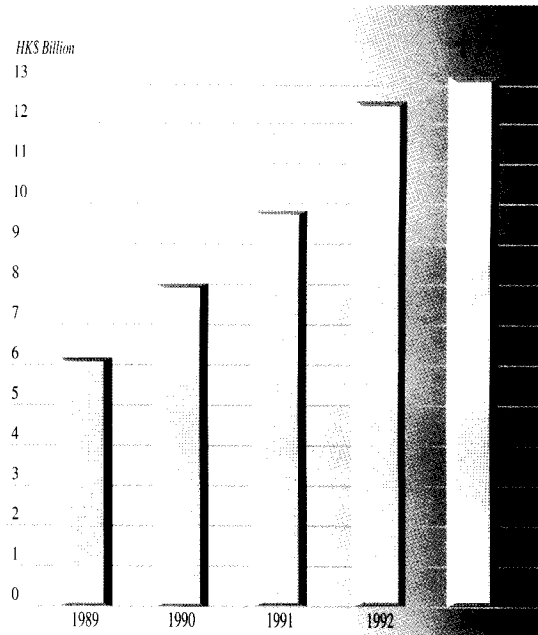
Rental Income	20.9%
Property Sales	63.6%
Construction & Piling	3.5%
Hotels & Restaurant Operations	12.0%

The Group's Performance for the last 5 Fiscal Years

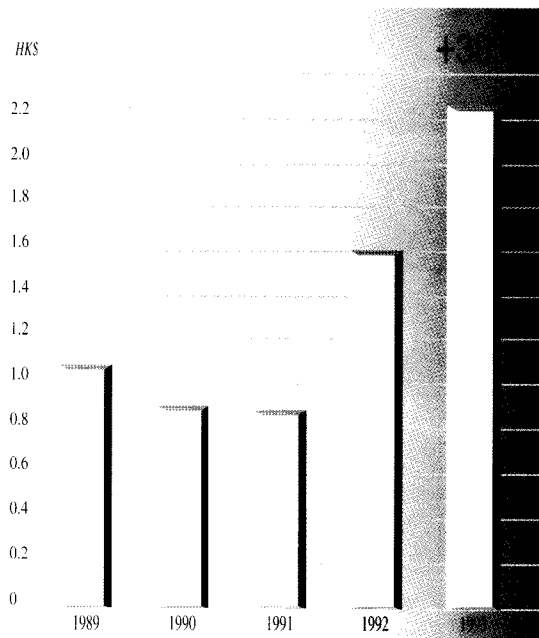
Shareholders' Funds



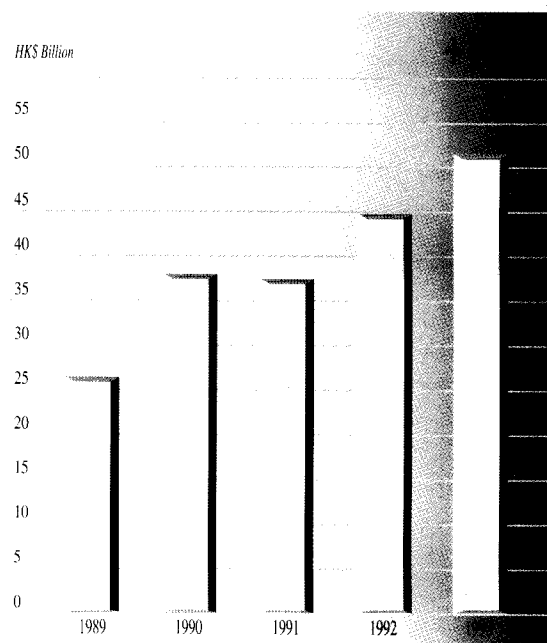
Turnover



Basic Earnings Per Share



Total Assets



Managing Director's Business Review (Cont'd)

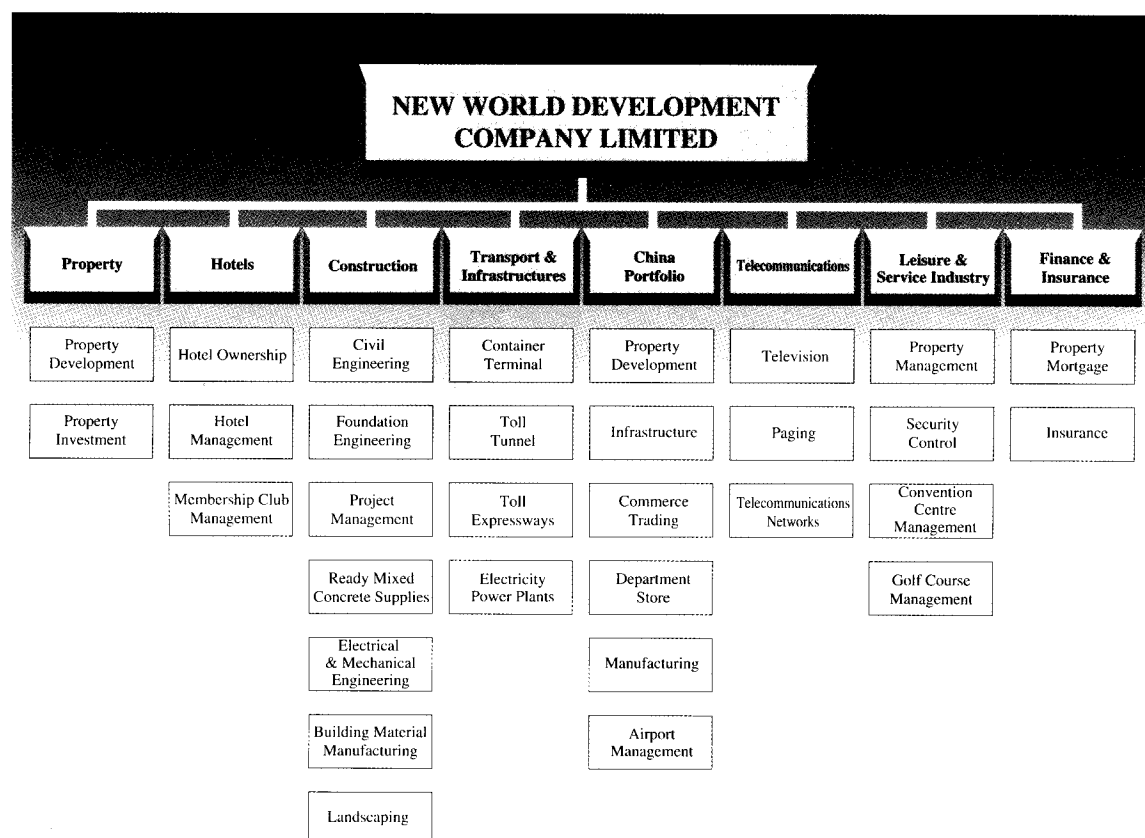
GROUP BUSINESS

The 4 core businesses of the Group are

1. Property development and investment in Hong Kong;
2. Property/infrastructure development and investment in China;
3. Building and foundation construction in Hong Kong and China; and
4. Equity investment and management in hotel and related business.

The Group has also engaged in various other businesses such as transportation, telecommunication, estate management, security service, insurance, electrical and mechanical engineering, interior design, landscaping and manufacturing industries. These areas of business will undoubtedly become more important towards the Group's future success.

Corporate Organization Chart of the Group

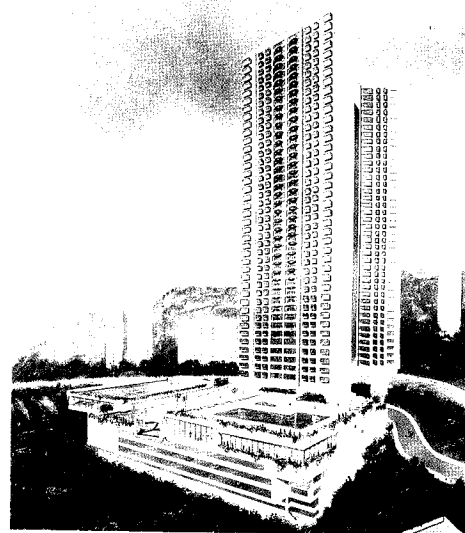


PROPERTY DEVELOPMENT AND INVESTMENT IN HONG KONG

Property Development

During the year, the Group completed 3 major development projects in Hong Kong. These provided a total of 877 residential units and a total gross floor area of about 72,000 square metres for sale.

22 other major development projects are now in progress and in the absence of any unforeseeable circumstances will give the Group a total entitlement of some 562,000 square metres upon completion, with about 139,000 square metres to be completed before 30 June 1994, and the remaining thereafter.



Clovelly Court, May Road

Properties for Development and/or Sale

Expected to be completed by 30 June 1994

No.	Location/ Name of Project	Site	Total	Group	Group's Share of G.F.A.				Stage of Completion
		Area	G.F.A.	Percentage	Total	Commercial	Residential	Industrial	
		Sq.M.	Sq.M.	%	Sq.M.	Sq.M.	Sq.M.	Sq.M.	
1.	Discovery Bay, Phase 4								
	Phase 4A East (Lowrise)	—	24,154	100.00*	24,154	—	24,154	—	Superstructure
2.	Discovery Bay, Phase 5								
	Block 7-9 (Highrise)	—	47,900	100.00*	47,900	—	47,900	—	Superstructure
3.	30 Conduit Road, Mid-Level, HK	1,461	12,746	33.33	4,248	—	4,248	—	Completed
4.	Third Street, Sai Ying Pun	1,035	9,515	100.00*	9,515	—	9,515	—	Completed
5.	12 May Road, Mid-Level, Clovelly Court, HK	6,097	49,671	100.00	49,671	471	49,200	—	Superstructure
6.	46 Lyndhurst Terrace, Central	271	4,063	100.00	4,063	4,063	—	—	Superstructure
			148,049		139,551	4,534	135,017	—	

* Properties in which the Group has a development interest, other parties provide the land whilst the Group finances the construction costs and occasionally also the land costs, and is entitled to a share of the sales proceeds/properties after completion or a share of the development profits in accordance with the terms and conditions of the joint development agreements.

PROPERTY DEVELOPMENT AND INVESTMENT IN HONG KONG (Cont'd)

Properties for Development and/or Sale

Expected to be completed after 30 June 1994

No.	Location/ Name of Project	Site Area	Total G.F.A.	Group Percentage	Total	Group's Share of G.F.A.			Stage of Completion
		Sq.M.	Sq.M.	%	Sq.M.	Sq.M.	Sq.M.	Sq.M.	
1.	1-20 Li Chit Street, Wanchai	1,207	8,542	100.00*	8,542	—	8,542	—	Superstructure
2.	580A-580F Nathan Rd, Kowloon	794	12,191	100.00*	12,191	12,191	—	—	Planning
3.	44 Lyttelton Rd & 3 Babington Path, HK	2,656	21,252	100.00	21,252	—	21,252	—	Foundation
4.	95, 95A-E Robinson Rd, HK	1,657	15,729	50.00	7,865	—	7,865	—	Superstructure
5.	56-58 Conduit Rd, HK	1,798	15,655	86.41	13,527	—	13,527	—	Superstructure
6.	Discovery Bay, Phase 4 Phase 4C (Lowrise)	—	31,400	100.00*	31,400	—	31,400	—	Planning
7.	Wing Sing Street, Central	7,200	104,060	100.00*	104,060	104,060	—	—	Foundation
8.	The China Dyeing Factory Redevelopment, Tsuen Wan	—	105,266	100.00*	105,266	—	105,266	—	Planning
9.	NKIL 4850 RP, Tai Po Rd, Kln	5,883	17,649	50.00	8,825	—	8,825	—	Planning
10.	Telford Gardens Extension Development	13,477	35,868	100.00*	35,868	35,868	—	—	Planning
11.	Queen Street, Sheung Wan	—	35,382	50.00*	17,691	6,426	11,265	—	Planning
12.	41-55 Wo Tong Tsui St, Kwai Chung	2,925	27,792	50.00	13,896	—	—	13,896	Planning
13.	15 Luk Hop St, San Po Kong	650	9,755	100.00	9,755	—	—	9,755	Planning
14.	17-19 Luk Hop St, San Po Kong	1,560	23,411	100.00	23,411	—	—	23,411	Planning
15.	157 Prince Edward Rd W, Mongkok	686	8,228	50.00	4,114	4,114	—	—	Planning
16.	171 Prince Edward Rd W, Mongkok	700	8,406	50.00	4,203	4,203	—	—	Planning
			480,586		421,866	166,862	207,942	47,062	

* Properties in which the Group has a development interest, other parties provide the land whilst the Group finances the construction costs and occasionally also the land costs, and is entitled to a share of the sales proceeds/properties after completion or a share of the development profits in accordance with the terms and conditions of the joint development agreements.



Redevelopment of Headquarters of MTRC at Telford Gardens. The contract signing ceremony was attended by Mr. Hamish Mathers, Chairman of MTRC and Dato' Dr. Cheng Yu-Tung, Chairman of the Group on 6 July 1993.

New Development Projects

9 new development projects were acquired or contracted by the Group since last year.

Old Carlton Hotel Site

The Group has participated in a 50/50 joint venture for the redevelopment of the old Carlton Hotel site at Tai Po Road, Kowloon. The site area is about 6,000 square metres. The

development is for an 8-storey luxurious residential building with 140 units and a total gross floor area of about 17,000 square metres. This project is expected to be completed after 1995.

MTRC Headquarters Redevelopment

The Group successfully won the tender for the redevelopment of the Headquarters of the Mass Transit Railway Corporation (MTRC) at Telford Gardens, Kowloon Bay. This project will take 3 years to complete and will yield about 51,426 square metres of office space, 32,310 square metres of shopping space and 215 car parking spaces. Certain office space will be taken up by MTRC as its new Headquarters and the remaining will be sold or leased. The proceeds generated are to be shared with MTRC at an agreed profit sharing ratio.

Prince Edward Road Redevelopment

The Group holds a 50% interest in a consortium which has contracted to purchase 2 residential buildings at the corner of Prince Edward Road and Nathan Road in Kowloon. The total site area is about 1,390 square metres and it is planned to redevelop the site into a commercial complex with a total gross floor area of about 17,000 square metres.

Queen Street Redevelopment

In another major tendering, the Group has successfully secured the contract to redevelop with the Land Development Corporation the old town area at Queen Street, Sheung Wan, Hong Kong. This redevelopment is for a comprehensive estate with a total gross floor area of about 70,764 square metres for both commercial and residential purposes. The Group has an effective interest of 25% in this project which is expected to be completed in phases after 1995.

PROPERTY DEVELOPMENT AND INVESTMENT IN HONG KONG (Cont'd)

Luk Hop Street

The Group acquired 2 buildings at Luk Hop Street, San Po Kong with a total site area of about 2,210 square metres. The site will be redeveloped into an industrial building with a total gross floor area of about 33,166 square metres. This project is expected to be completed after 1995.

Projects Acquired or Contracted Since 1 July 1992 for Property Development

Location/ Name of Project		Site Area	Total G.F.A.	Group Percentage	Total	Group's Share of G.F.A.		
No.		Sq.M.	Sq.M.	%	Sq.M.	Sq.M.	Sq.M.	Sq.M.
1.	NKIL 4850 RP, Tai Po Rd, Kowloon	5,883	17,649	50.00	8,825	—	8,825	—
2.	Telford Gardens Extension Development	13,477	35,868	100.00*	35,868	35,868	—	—
3.	Queen Street, Sheung Wan	—	35,382	50.00*	17,691	6,426	11,265	—
4.	41-55 Wo Tong Tsui Street, Kwai Chung	2,925	27,792	50.00	13,896	—	—	13,896
5.	15 Luk Hop Street, San Po Kong	650	9,755	100.00	9,755	—	—	9,755
6.	17-19 Luk Hop Street, San Po Kong	1,560	23,411	100.00	23,411	—	—	23,411
7.	Riviera Plaza Arcade, Tsuen Wan	—	22,546	100.00	22,546	22,546	—	—
8.	157 Prince Edward Road West, Mongkok	686	8,228	50.00	4,114	4,114	—	—
9.	171 Prince Edward Road West, Mongkok	700	8,406	50.00	4,203	4,203	—	—
			189,037		140,309	73,157	20,090	47,062

* Properties in which the Group has a development interest, other parties provide the land whilst the Group finances the construction costs and occasionally also the land costs, and is entitled to a share of the sales proceeds/properties after completion or a share of the development profits in accordance with the terms and conditions of the joint development agreements.

Land Bank in the New Territories

During the year the Group acquired a further 100,000 square metres of farm land at Yuen Long and an additional 60,000 square metres at Sai Kung. The farm land at Ting Kok has been disposed of during the year for a satisfactory profit. At present, the Group has a total reserve of about 1,437,000 square metres of farm land in the New Territories. Applications for modifications of land use for most of the farm land have been submitted to the Hong Kong Government. Upon obtaining approvals, the farm land will be developed into residential and/or commercial properties.

Property Investment

The Group's gross rental incomes during the year amounted to HK\$1,284 million, which is HK\$84 million lower than last year's, due to the sale of approximately 35,300 square metres of gross floor area from the Convention Plaza Apartment and the Convention Plaza Office Tower during the year. These sales brought in substantial profits to the Group.

It is the Group's policy to look for new property investment opportunities in Hong Kong. The Salisbury Garden underground development in Tsim Sha Tsui near the New World Centre will add about 13,140 square metres of commercial area to the existing shopping mall and 250 car parking spaces when completed in 1995. Phase 4 and Phase 5 development of the Container Freight Station in Berth 3 Kwai Chung will be completed in 1993/1994 and will provide a total of approximate 286,660 square metres gross floor area of commercial space. The Group has an effective interest of 46.25%. The acquisition of Riviera Plaza Arcade in Tsuen Wan added another 22,546 square metres of commercial area.

Major Investment Properties

Existing Investment Properties

No.	Location/ Name of Project	Total G.F.A.	Group Percentage	Group's Share of G.F.A.				Lease Expiry
		Sq.M.	%	Total Sq.M.	Commercial Sq.M.	Residential Sq.M.	Hotel Sq.M.	
1.	Manning House, 48 Queen's Road, C	10,223	100.00	10,223	10,223	—	—	2843
2.	New World Tower & Extension, 14-18 Queen's Road, C	59,470	100.00	59,470	59,470	—	—	2863
3.	New World Centre KIL 9844	234,598	100.00	234,598	141,383	39,273	53,942	2052
4.	Container Freight Station in Berth 3, Kwai Chung							
	Phases 1 & 2	182,350	46.25	84,337	84,337	—	—	2047
	Phase 3	102,420	46.25	47,369	47,369	—	—	2047
5.	Shun Tak Centre IL 8517	112,731	45.00	50,729	16,188	16,974	17,567	2055
6.	Hong Kong Convention & Exhibition Centre IL 8593	137,868	100.00	137,868	32,021	6,493	99,354	2060
7.	Paterson Plaza, 24-30 Paterson Street	2,293	100.00	2,293	2,293	—	—	2868
8.	G/F, 1/F-5/F Pearl City Mansion	4,988	40.00	1,995	1,995	—	—	2868
9.	Riviera Plaza Arcade	22,546	100.00	22,546	22,546	—	—	2047
		<u>869,487</u>		<u>651,428</u>	<u>417,825</u>	<u>62,740</u>	<u>170,863</u>	

Managing Director's Business Review (Cont'd)

Major Investment Properties (Cont'd)

Investment Properties to be Completed

No.	Location/ Name of Project	Expected Completion	Total G.F.A.	Group Percentage	Group's Share of G.F.A.				Lease Expiry
			Sq.M.	%	Total Sq.M.	Commercial Sq.M.	Residential Sq.M.	Hotel Sq.M.	
1.	Container Freight Station in Berth 3, Kwai Chung								
	Phase 4	1994	123,180	46.25	56,971	56,971	—	—	2047
	Phase 5	1994	163,480	46.25	75,610	75,610	—	—	2047
2.	Salisbury Garden, Tsim Sha Tsui	1995	13,140	100.00	13,140	13,140	—	—	2052
3.	The China Dyeing Factory Redevelopment, Tsuen Wan	after 1995	43,330	100.00*	43,330	43,330	—	—	2047
4.	Telford Gardens Extension Development	after 1995	32,310	100.00*	32,310	32,310	—	—	1997
			<u>375,440</u>		<u>221,361</u>	<u>221,361</u>	<u>—</u>	<u>—</u>	

* Properties in which the Group has a development interest, other parties provide the land whilst the Group finances the construction costs and occasionally also the land costs, and is entitled to a share of the sales proceeds/properties after completion or a share of the development profits in accordance with the terms and conditions of the joint development agreement.

Property Sales

A total of 3 floors of commercial and 1,157 residential units with a total gross floor area of 107,474 square metres were sold during the year. The properties at MP Industrial Centre in Chai Wan, in which the Group held an effective interest of 19,692 square metres were sold. The property sales provide the Group with a gross profit of HK\$2,803.8 million for the fiscal year, an increase of 38.6% over the previous year.

Certain properties under construction have been released for pre-sale during the year and have received good response.

Properties sold During the Year

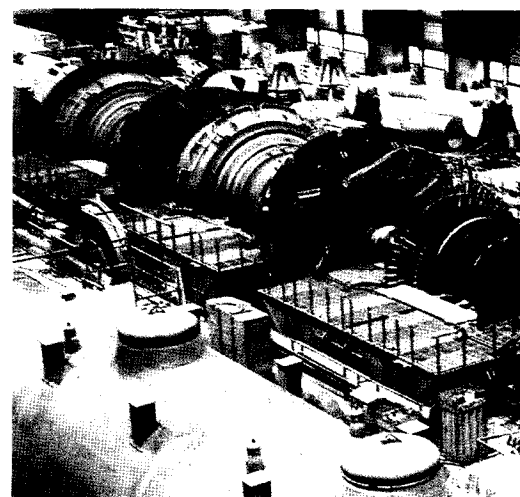
No.	Location	Usage	No.	Total	Group	Group's Share	Occupation Permit Date
			of Units	G.F.A.	Percentage	of G.F.A.	
				Sq.M.	%	Sq.M.	
1.	Convention Plaza Apartments, No.1 Harbour Road	R	280	30,317	100.00	30,317	7 March 1990
2.	Convention Plaza Office Tower, No.1 Harbour Road	C	3 Floors	4,987	100.00	4,987	7 March 1990
3.	Illumination Terrace, Nos 5-7 Tai Hang Road	R	704	55,444	100.00	55,444	6 May 1993
4.	Lytelton Garden, Nos 17-29 Lyttelton Road	R	125	13,273	100.00	13,273	6 May 1993
5.	Greenway Terrace, 7 Link Road, Block I	R	48	3,453	100.00	3,453	29 July 1992
			1,160	107,474		107,474	
6.	MP Industrial Centre, CWIL 139, No.18 Ka Yip Street, Chai Wan	I	416	56,264	35.00	19,692	12 May 1992
			1,576	163,738		127,166	

C: Commercial
R: Residential
I: Industrial

PROPERTY/INFRASTRUCTURE DEVELOPMENT AND INVESTMENT IN CHINA

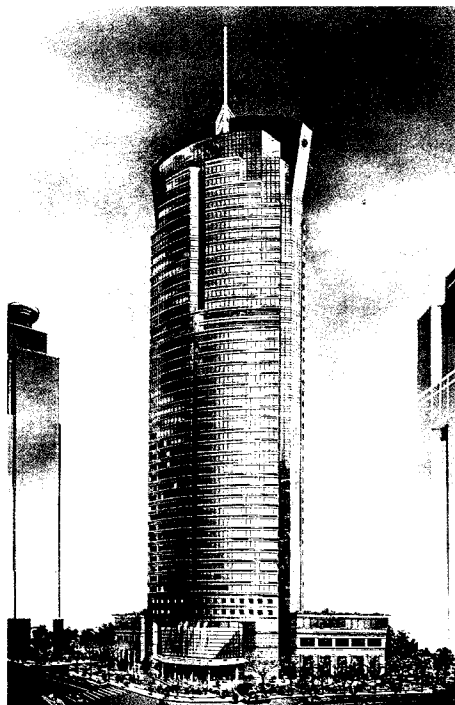
The Group's policy on China investments is a long term commitment. Between 20-25% of the Group's net asset value is designated for investment in China with primary focus on infrastructure and property development projects. The Group's strategy is to invest in a diversified portfolio consisting of short, medium and long term projects, with the latter accounting for 50% of its investments.

In respect of infrastructure projects, the Group's strategy is to denominate the investment and repatriation thereof in the same foreign currency to eliminate exchange risks. With respect to property development projects, the Group's strategy is to concentrate its investments in major cities which have the prospect of economic growth and to participate in joint ventures with China partners who represent and are fully supported by municipal government authorities. Through joint ventures with these China partners, the Group has been successful in accumulating more than 50 million square metres of land for various development purposes. The land will be developed in phases in accordance with market conditions.



Zhujiang Thermal Power Station

PROPERTY/INFRASTRUCTURE DEVELOPMENT AND INVESTMENT IN CHINA (Cont'd)



World Finance Tower, Pudong, Shanghai

In 1994, the following China investments will start to contribute operating profit and/or cashflow to the Group:

Infrastructure Development

- Zhujiang Thermal Power Station
- Guangzhou Northern Ring Road
- Shenzhou-Huizhou Expressway (Huizhou Section)
- Wuhan Airport Highway
- Wuhan Tianhe Airport

Property Development

- Dongguan New World Square & Dongguan New World Garden
- Wuhan World Trade Centre Extension

Hotel & Other Development

- Wuhan Taibei New World Hotel
- Wuhan-New World Refrigeration Industrial Corporation Limited

Major Projects which the Group has contracted for since 1 July 1992

Property Development	Location	Usage	Site Area Sq.M.	Total Gross Floor Area Sq.M.	Attributable Interest (Note)
<i>(Contracts made between 1/7/92 and 30/6/93)</i>					
Guangzhou Fangcun District	Guangzhou	Commercial/Residential	522,126	2,002,600	60
Guangzhou Yi Hing New World Commercial Building	Guangzhou	Commercial/Office	2,632	39,000	50
Area 13,14 Ersha Island	Guangzhou	Residential	70,642	38,509	60
Guangzhou Metropolitan Garden	Guangzhou	Residential/Commercial	30,000	230,000	90
Guangzhou New World Centre	Guangzhou	Residential/Commercial/Office	15,000	180,000	90
Riviera Garden	Guangzhou	Residential	724,597	500,000	47.5
Golden Lake Development	Guangzhou	Residential	170,000	272,814	40
Tianhe, Guangzhou	Guangzhou	Residential/Commercial	64,565	177,000	20
China New World Electronics Building	Beijing	Commercial/Office	17,000	60,000	50-60
Beijing Chong Wen District Redevelopment	Beijing	Commercial/Residential/Office	2,000,000	to be determined	56
Beijing Yee Lok Gardens	Beijing	Residential/Commercial	796,000	1,140,080	65
Beijing Dynasty Garden	Beijing	Residential	204,500	65,800	34.8
Tazi Lake Redevelopment	Wuhan	Recreational Facilities/Residential	207,000	to be determined/	50
Wuhan World Trade Centre Extension	Wuhan	Commercial	1,800	20,000	70
East and West Lake Land Development	Wuhan	Land Development	7,500,000	-	37.5
Wuhan "Home Ownership Scheme"	Wuhan	Residential	2,734,380	3,280,000	60
World Finance Tower	Shanghai	Office	8,250	66,000	40
Euston Villa	Shanghai	Residential/Commercial	161,595	102,057	51.2
World Trade Centre	Tianjin	Commercial/Office	10,834	75,838	80
Tianjin Free Trade Zone	Tianjin	Land Development	2,000,000	-	45

Major Projects which the Group has contracted for since 1 July 1992 (Cont'd)

<u>Property development</u>	<u>Location</u>	<u>Usage</u>	<u>Site Area</u> Sq.M.	<u>Total Gross Floor Area</u> Sq.M.	<u>Attributable Interest</u> (Note)
Tianjin Tang Gu Garden	Tianjin	Residential/Commercial	39,734	192,860	80
Foshan Golf & Country Club	Foshan	Recreational Facilities/ Residential	2,910,420	to be determined	23.6
Dongguan New World Square and Dongguan New World Garden, Guangdong	Dongguan	Residential/Commercial	514,627	1,114,975	36.7
(Preliminary agreements made between 1/7/92-30/6/93)					
Friendship Theatre and Friendship Hotel Redevelopment	Guangzhou	Hotel/Cultural/Commercial/ Residential	22,500	to be determined	55
Beijing Tung Ren Tang	Beijing	Commercial/Residential	113,200	to be determined	45
Beijing Longshan Fishing Centre	Beijing	Recreational Facilities/ Residential	933,800	to be determined	70
(Contract made after 30/6/93)					
Beijing "Home Ownership Scheme"	Beijing	Residential	3,000,000	to be determined	60
(Preliminary Agreement made after 30/6/93)					
Yangtze River Beach Island Development	Wuhan	Residential/Commercial/ Office/Land Development	30,000,000	to be determined	60
<u>Infrastructure Development</u>	<u>Location</u>	<u>Particulars</u>	<u>Attributable Interest</u> (Note)		
(Contracts made between 1/7/92 and 30/6/93)					
Guangzhou Zhuhai East Expressway	Guangzhou	129 km Toll Road			20
Wuhan Airport Highway	Wuhan	17 km Toll Road			40
Shenzhen-Huizhou Expressway (Huizhou Section)	Huizhou	34.67 km Toll Road			35.1
(Preliminary agreements made between 1/7/92-30/6/93)					
Wuhan Tianhe Airport	Wuhan	International Airport Development			33
Guangxi Power Station	Beihai	2x300 MW coal-fire power plants			25
(Preliminary agreements made after 30/6/93)					
Zhujiang Thermal Power Station (Phase 2)	Guangzhou	2x300MW coal-fire power plants (phase 2)			25
Wuhan Bridge Development	Wuhan	Construction of bridges/Development of properties			48.86
<u>Hotel and Industrial Development</u>	<u>Location</u>	<u>Particulars</u>	<u>Attributable Interest</u> (Note)		
(Contracts made between 1/7/92 and 30/6/93)					
Wuhan Taibei New World Hotel (Phase I)	Wuhan	Hotel Redevelopment			50-60
Wuhan Wuxin Energy Conservation Co., Ltd.	Wuhan	Industrial Modernization			25
Wuhan-New World Refrigeration Industrial Corporation Limited	Wuhan	Industrial Modernization			40
(Preliminary agreements made between 1/7/92-30/6/93)					
Wuhan Taibei New World Hotel (Phase 2)	Wuhan	Hotel/Apartments/Office			50-60
Changxin Telecommunication	Guizhou	Industrial Modernization			50
Dongxin Telecommunication	Guizhou	Industrial Modernization			50
Xinsing Tractors	Guizhou	Industrial Modernization			50
Guizhou Electrical Connectors	Guizhou	Industrial Modernization			50
Guizhou Electrical Vacuum Switch	Guizhou	Industrial Modernization			50
(Contract made after 30/6/93)					
Wuhan Hotel Redevelopment	Wuhan	Hotel Redevelopment			60
(Preliminary Agreements made after 30/6/93)					
Wuhan Electrical Switch & Panel Manufacturing Works	Wuhan	Industrial Modernization			40
Yangtze River Bio-Chemical Pharmaceutical Works	Wuhan	Industrial Modernization			40

Note: Attributable Interest refers to the Group's

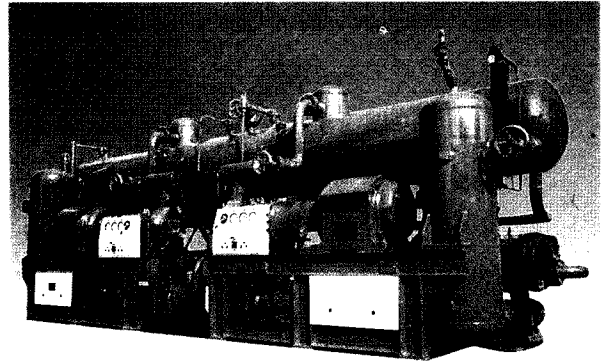
a) equity interest, in the case of equity joint ventures or

b) profit sharing percentage, in the case of co-operative joint ventures.

Managing Director's Business Review (Cont'd)

Listing of NW China Investment Limited (NWCI)

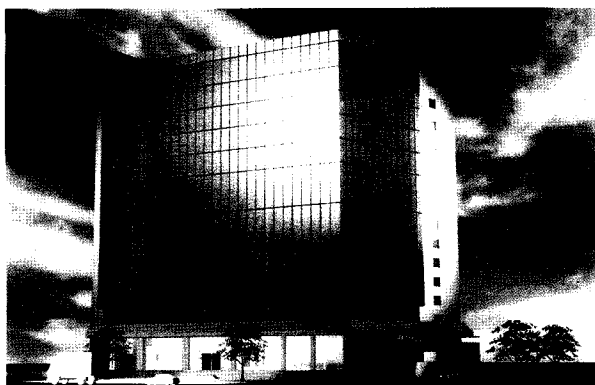
The Group has set up a China investment company for international institutional investors to participate with the Group in some of its investments in China. NW China Investment Limited was incorporated during the year and has obtained listing on the Irish Stock Exchange. This company has an initial capital of 20,000,000 shares at US\$10 each for full cash payment. The Group has taken up 50% of its equity and the balance was successfully placed to institutional investors. The support from these institutional investors in NWCI is an endorsement of the Group's experience and expertise in China.



*Screw Freon Pump Unit
Produced by Wuhan-New World Refrigeration Industrial
Corporation Limited*

The Group recognises the existence of a strong demand from institutional investors wishing to make direct investments in China and intends to expand on this concept to attract these investment funds to co-invest with the Group in China.

This move has benefited the Group in gaining international recognition of its China investment expertise. It has also promoted the Group's reputation and image throughout China. This will additionally provide the Group with a new source of funds for future China investments.



Wuhan New World Department Store

Management of China Investments

The Group has always recognised the importance of effective and efficient management of its many investments in China. A centralised control system has been implemented under the management team of New World Development (China) Limited. The team consists of many well-trained and experienced staff who are all well acquainted with the laws and business environments of China. This team is

supervised by qualified professional executives with thorough knowledge of China affairs. There are also various supporting resources from other specialised subsidiaries within the Group, such as the China groups under the Construction, Project and Hotels subsidiaries. Department store and trading businesses in China are managed under New World (Trading and Investment) Limited which has been staffed with specialists in that area.

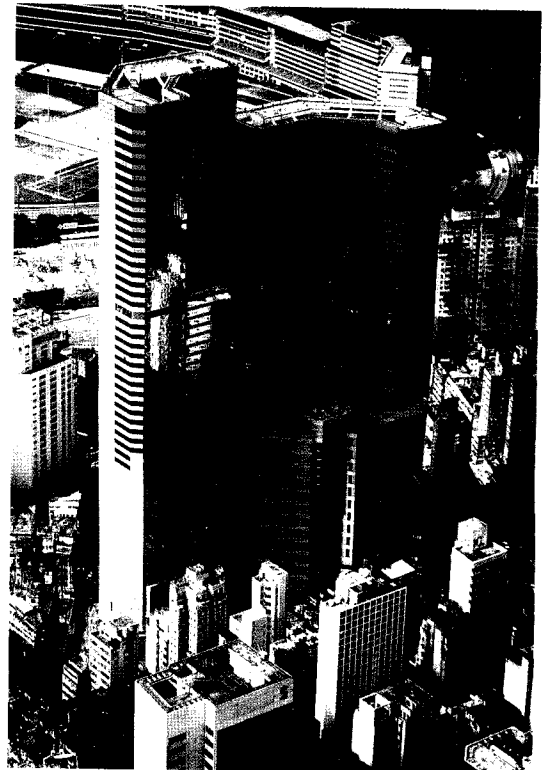
For some of the equity investments such as manufacturing industry, the Group would screen the quality of its joint venture partners who would be responsible for the day-to-day operations. The executives will closely review and monitor the operating results. For most of these investments, the Group has been protected with a guaranteed return of its investments, from either the joint venture partners themselves or such parties acting jointly with the local municipal government authorities.

For effective supervision and control over the Group's China investments, the Group has set up offices in the major cities in China. These offices are located in Guangzhou, Shanghai, Beijing and Wuhan.

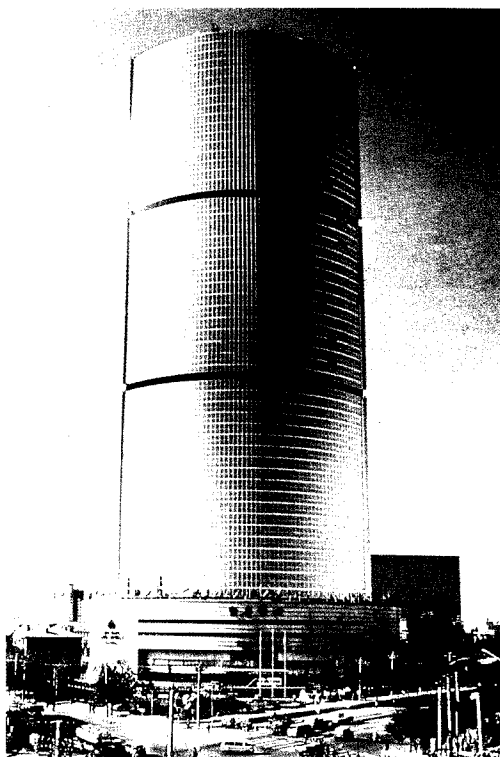
BUILDING AND FOUNDATION CONSTRUCTION

The construction subsidiary of the Group, Hip Hing Construction Company Limited, continues its good performance as one of the leading building contractors in Hong Kong. It contributed significant income to the Group in spite of slight drop in turnover as compared to the previous year's. However, the growing property market and the expanding infrastructure construction in China provide this company with new opportunities outside its domestic market. This company intends to play an important part in the construction industry in China.

During the year, the Hip Hing Group completed 13 projects with a total contract value of HK\$1,678 million. At present this Group is involved in a total of 21 projects with a total value of HK\$9,349 million, of which about HK\$3,640 million will be completed in the coming year with expected satisfactory profit margin.



*Time Square Complex
Constructed by Hip Hing Construction Company Limited*



Jing Guang New World Hotel, Beijing

HOTEL OPERATIONS

New World Hotels

Hotels in Hong Kong owned by the Group produced good results during the year under review. It is expected that local hotel business will continue to be buoyant for the coming years as more foreign investors transit through Hong Kong to participate in the business opportunities provided by the growing China market. As a result, hotels in China will also benefit immensely. Occupancy rates in some of the Group's hotels in China have obtained exceptionally good results for the past year.

As one of the pioneers who operated international class hotels in China, the Group has now gained valuable experience as a knowledgeable hotel operator in China. To maximise this benefit, the Group plans to further expand its hotel chain in China and has executed a letter of intent to form a joint venture with the China

Travel Services Group for equity investments and for management of a new 3-star chain of hotels in selected cities in China.

The Group sold its 30% equity interest in the Macau Hyatt Hotel during the year and realised substantial profits. A new New World Hotel in Manila and another in Vietnam will be opened in 1994, with a further one in Kuala Lumpur scheduled for opening in 1995.

At present one of the Group's hotel management subsidiaries, the New World Hotels International Limited manages 3 hotels in Hong Kong and 7 hotels in China, 1 hotel in Macau, and 1 hotel in the Union of Myamar (formerly Burma). The new hotels in Manila, Vietnam, Kuala Lumpur and the new joint venture hotel chain with China Travel Services will come under its management in the coming years. Furthermore, opportunities for hotel management contracts are actively explored for various cities in China such as Qingdao, Shenyang, Dailian, Wuhan and Harbin.

The food and beverage and other related services provided by the New World Hotels have played an important role under its operations. The Group will aim to develop this area as aggressively as its hotel operations in China. The New World Hotels also plan to operate high class private executive clubs in China and other major Asian Pacific cities.

Hotels Managed by New World Hotels International Limited

	<u>Hong Kong</u>		<u>China</u>		<u>South East Asia</u>		<u>Macau</u>		<u>Total</u>	
	<u>Prop</u>	<u>Rms</u>	<u>Prop</u>	<u>Rms</u>	<u>Prop</u>	<u>Rms</u>	<u>Prop</u>	<u>Rms</u>	<u>Prop</u>	<u>Rms</u>
Managed	–	–	5	2,551	1	319	1	394	7	3,264
Owned	3	1,936	2	1,433	–	–	–	–	5	3,369
Total	<u>3</u>	<u>1,936</u>	<u>7</u>	<u>3,984</u>	<u>1</u>	<u>319</u>	<u>1</u>	<u>394</u>	<u>12</u>	<u>6,633</u>

The Ramada International Hotels and Resorts

There are positive signs of recovery in the economy of the U.S. in the latter part of 1992 and early 1993 as evidenced by improving occupancies and room rates. Europe continues to be slow in recovering from its recession. Asia Pacific, however, remained strong during the period under review. Ramada International reports improvements in its operations for 1992/1993 compared to the previous year largely due to continuous cost controls and higher revenues.

Since the acquisition of Ramada Inc. in 1989, the Group pursued the object of establishing the Renaissance brand as an upscale four to five star product. In accordance with that strategy, the Group in 1990 disposed of the mid-priced Ramada real estate holdings in the U.S., and leased out the Ramada Franchise System to HFS Corporation of New York.

As a further step to better define the hotel portfolio, the “Ramada Renaissance” product was officially renamed “Renaissance Hotels & Resorts”, a separate brand on 1 January 1993. This rebranding enabled the Group to better distinguish the upscale Renaissance Hotels as a separate brand, apart from the mid-market product of Ramada hotels in the U.S.A.. Ramada products will continue to be marketed as a quality product offering price-value to the mid-market consumer.

During the year, the Group acquired management rights for the European based Penta Hotels chain of 12 hotels located throughout Europe, with the exception of two locations in the U.S.A.. In the same period, the Group successfully obtained long term management rights to manage 38 upscale quality Stouffer Hotels located primarily in the U.S.A. and Mexico.



Stouffer Mayflower Hotel, Washington D.C.

Managing Director's Business Review (Cont'd)

The Ramada International Hotels and Resorts (Cont'd)

In the U.S., all Stouffer and Renaissance hotels will be renamed "Stouffer-Renaissance" Hotels. In Europe, the Renaissance name will largely remain unchanged (with the exception of properties where the Penta name carries important local following, the "Penta-Renaissance" name will be used). For the remainder of the world, only Renaissance Hotels will be marketed as the upscale product, affiliated with its European and American counterparts.

Ramada products will continue to be marketed as a quality product offering excellent price-value to the mid-market consumer. The corporate name of "Ramada International Hotels & Resorts" will be replaced by "Renaissance Hotels International Inc."

The business outlook for Renaissance Hotels International Inc. is excellent. The addition of Penta and Stouffer have added significantly to the strength of the company which has achieved critical mass and worldwide coverage. With an improving economy, the Renaissance Hotel Group is expected to become a positive contributor to the Group's profits.

Hotels Managed by Ramada Hotels & Resorts International

	N.America		Europe/Middle East		Latin America		Asia		Australia		Total	
	Prop	Rms	Prop	Rms	Prop	Rms	Prop	Rms	Prop	Rms	Prop	Rms
Managed	40	15,618	9	2,866	4	851	4	1,245	4	1,189	61	21,769
Leased	5	1,904	26	6,321	—	—	—	—	1	404	32	8,629
Franchised	4	1,057	14	3,198	6	1,807	6	1,839	1	220	31	8,121
Owned	5	2,302	—	—	2	538	—	—	1	181	8	3,021
Joint Venture	2	980	1	96	2	867	1	496	—	—	6	2,439
Total	56	21,861	50	12,481	14	4,063	11	3,580	7	1,994	138	43,979

TRANSPORT AND INFRASTRUCTURES IN HONG KONG

Container Freight Station

Phase 3 development of the Container Freight Station in Berth 3, Kwai Chung was completed during the year providing 102,420 square metres in addition to the existing 182,350 square metres of commercial area. Phase 4 is expected to be completed by early next year, providing a further 123,180 square metres. The final Phase 5 for 163,480 square metres will be completed by end 1994.

Container Terminal No.9, Tsing Yi

The Group participates in the Consortium for the development of the Container Terminal No.9 at Tsing Yi. This Consortium has obtained approval from the Hong Kong Government. The Consortium is awaiting the outcome of the negotiation between the Sino-British Governments on this project.

Tate's Cairn Tunnel

The Group has increased its holding in the company from 24% to 27.5%. The present traffic flow is about 80,000 vehicles per day, an increase of approximately 30% over the previous year.

Kowloon Sky Rail

The consortium for this project has decided to suspend its prolonged negotiations with the Government for the time being, and is considering reconfiguration to support its future application.

OTHER BUSINESSES

Telecommunications

Telecommunication Networks

The Group plans to invest a substantial sum in this fast growing and cash generating business. A consortium led by the Group and with several strong technical partners is in the course of creating an interactive voice, data and image "Superhighway" which will be second to none in the world. It has applied for a Fixed Telecommunications Network Service licence from the Hong Kong Government. In the long run this licence will enable the consortium to perform the full spectrum of cable television and advanced interactive services to be carried to Hong Kong homes and offices in competition with existing telephone and cable TV licences. Cable television could be added to the newly fixed network telephone service, subject to the Government's acceptance of the consortium's future application for a cable TV licence, as early as 1996.

This consortium is also seeking business opportunities within the neighbourhood regions and where appropriate, to work in co-operation with Chinese Government authorities to modernise and improve existing telecommunication networks.

Managing Director's Business Review *(Cont'd)*

OTHER BUSINESSES *(Cont'd)*

Asia Television Limited

The overall financial situation of this company has been improved. The quality of its programmes has been upgraded and has succeeded in continuing to attract viewers. The company is expected to achieve better performance in the coming year.

PROSPECTS

It is clear that China and Hong Kong's economy and their respective prosperities are closely inter-connected. With the levels of cross-border investments increasing, China has recognized the importance of maintaining Hong Kong's prosperity pre-and post-1997.

China's newly developed market economy has experienced explosive double-digit growth in the recent years. As widely anticipated, prevailing market conditions have necessitated governmental economic reforms to re-align this overheated economy. The recently launched economic reform programs in China clearly reflects the country's determination to create a healthier economic system poised for future growth. We hold the view that regardless of political changes, this evolution and progression of China's economy will continue.

Accordingly, in the near term, China's economy is expected to move from the current level of double-digit growth to a more sustainable level of high single-digit growth. We believe the present consolidation and reformation of China's economy is a vital step that will strengthen the long-term economic prospects for China. Henceforth, the Group is confident that the outlook for China remains extremely positive.

As an integral part of the Country's growth, China has significant needs in the areas of public utility, transportation, housing and infrastructure development. The Group has substantial investments in these areas and looks forward to the near future when profits from these developments will begin to augment overall income.

While the Group has placed considerable emphasis on China, property development activities in Hong Kong continue to constitute the core business for the Group. In Hong Kong, the Group is presently engaged in several significant land development projects and holds a substantial land bank for future utilization. While we are cognizant of the impact of several issues on Hong Kong, including China's designation as "Most Favoured Nations" and China and Great Britain's negotiations on Hong Kong, we strongly believe positive resolutions to these issues will be forthcoming. We hold the view that Hong

Kong's prosperity will continue post 1997, as the dampening effect of the shadow of 1997 is removed. In the near term, market supply and demand for residential and commercial development are expected to remain healthy.

China and Hong Kong represent viable markets for investment and it is the Group's intention to continue to focus its activities in these areas.

The Group has achieved a profitable year and is confident that it shall achieve even greater successes in the years to come.

Cheng Kar-Shun, Henry
Managing Director

Hong Kong, 28 October 1993

Report of the Auditors

**To the Members of
New World Development Company Limited**

We have audited the accounts on pages 31 to 59 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 1993 and of the profit and cash flows 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, 28 October 1993

Consolidated Profit And Loss Account

		Year ended 30 June	
	Note	1993 HK\$m	1992 HK\$m
Turnover	2	<u>13,320.1</u>	<u>12,459.2</u>
Operating profit	3	4,141.6	2,858.0
Share of results of associated companies		<u>204.0</u>	<u>27.6</u>
Profit before taxation		4,345.6	2,885.6
Taxation	4	<u>(593.7)</u>	<u>(352.3)</u>
Profit after taxation		3,751.9	2,533.3
Minority interests		<u>(290.2)</u>	<u>(170.3)</u>
Profit attributable to shareholders	5	3,461.7	2,363.0
Dividends	6	<u>(1,367.9)</u>	<u>(1,070.9)</u>
Retained profit for the year		<u>2,093.8</u>	<u>1,292.1</u>
Retained by:			
Company and subsidiary companies		2,083.7	1,314.7
Associated companies		<u>10.1</u>	<u>(22.6)</u>
		<u>2,093.8</u>	<u>1,292.1</u>
Earnings per share	7		
Basic		<u>HK\$2.23</u>	<u>HK\$1.62</u>
Fully diluted		<u>HK\$2.17</u>	<u>HK\$1.61</u>

Consolidated Balance Sheet

	Note	As at 30 June	
		1993 HK\$m	1992 HK\$m
Fixed assets	9	31,735.0	28,786.3
Associated companies	11	4,652.2	4,792.9
Joint ventures in the People's Republic of China	12	2,625.0	1,100.1
Other investments	13	938.0	527.3
Licence agreement	14	943.3	941.0
Long term loans receivable	15	1,050.5	488.3
Net current assets	16	2,465.4	564.6
		44,409.4	37,200.5
Intangible assets	17	897.1	961.3
Deferred expenditure	18	57.0	86.0
		45,363.5	38,247.8
Financed by:			
Share capital	19	1,575.3	1,538.3
Reserves	21	34,740.6	28,817.8
Shareholders' funds		36,315.9	30,356.1
Minority interests		3,037.0	2,641.9
Long term liabilities	22	5,998.6	5,243.9
Deferred taxation	23	12.0	5.9
		45,363.5	38,247.8

Sin Wai-Kin
Cheng Kar-Shun, Henry
Directors

Company Balance Sheet

	Note	As at 30 June	
		1993 HK\$m	1992 HK\$m
Fixed assets	9	42.8	33.9
Subsidiary companies	10	10,025.0	8,257.8
Associated companies	11	696.8	1,314.5
Joint ventures in the People's Republic of China	12	527.8	—
Other investments	13	11.1	3.4
Long term loans receivable	15	463.4	—
Net current liabilities	16	(452.2)	(561.4)
		<u>11,314.7</u>	<u>9,048.2</u>
Financed by:			
Share capital	19	1,575.3	1,538.3
Reserves	21	<u>9,519.8</u>	<u>7,509.9</u>
Shareholders' funds		11,095.1	9,048.2
Long term liabilities	22	<u>219.6</u>	—
		<u>11,314.7</u>	<u>9,048.2</u>

Sin Wai-Kin
Cheng Kar-Shun, Henry
Directors

Consolidated Cash Flow Statement

	Year ended 30 June	
	1993	1992
	HK\$m	HK\$m
OPERATING ACTIVITIES		
Operating profit	4,141.6	2,858.0
Depreciation charge	276.4	213.6
Profit on disposal of		
Fixed assets	(32.1)	(1.6)
Investment properties	(1,254.4)	(1,445.3)
Associated companies	(107.7)	—
Other investments	(0.3)	(0.1)
Provision against other investments	0.7	0.3
Amortisation of		
Intangible assets	64.2	71.3
Deferred expenditure	32.2	23.1
Discount on zero coupon bonds	64.8	6.8
Licence agreement	1.5	5.2
Write off issuing expenses of zero coupon bonds	22.0	15.5
Exchange loss	34.8	15.4
(Increase)/decrease in		
Stocks	10.4	(13.5)
Construction in progress	(378.0)	198.4
Properties held for sale	(1,074.6)	(1,179.5)
Debtors and prepayments	(475.4)	(689.6)
Other loans receivable	23.2	13.3
Increase/(decrease) in		
Creditors and accrued charges	352.7	544.3
Deposits received on sale of properties	(571.5)	1,043.9
Discount on early repayment of bank loans	(48.8)	(135.8)
Net interest expenses and dividend income	207.7	410.1
NET CASH INFLOWS FROM OPERATING ACTIVITIES	<u>1,289.4</u>	<u>1,953.8</u>
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest received	157.1	101.4
Interest paid on bank loans and finance leases	(402.9)	(532.0)
Discount on early repayment of bank loans	48.8	135.8
Dividends received from		
Other investments	38.1	20.5
Associated companies	120.4	23.4
Dividends paid	(465.5)	(362.3)
Dividends paid to minority shareholders	(254.3)	(174.0)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	<u>(758.3)</u>	<u>(787.2)</u>
TAXATION		
Hong Kong profits tax paid	(246.2)	(218.3)
Overseas taxation paid	(44.6)	(13.0)
TAX PAID	<u>(290.8)</u>	<u>(231.3)</u>

	Year ended 30 June	
	1993	1992
	HK\$m	HK\$m
INVESTING ACTIVITIES		
Purchase of fixed assets	(575.9)	(1,031.0)
Increase in investment in associated companies	(355.4)	(293.1)
Increase in joint ventures in the People's Republic of China	(1,683.5)	(748.0)
Increase in other investments	(434.6)	(313.6)
Increase in long term loans receivable	(283.8)	(141.5)
Hotel pre-operating expenses	(3.2)	(42.6)
Disposal of overseas treasury bills	63.7	—
Acquisition of additional interests in subsidiary companies	(47.3)	(12.4)
Acquisition of subsidiary companies (net of cash and cash equivalents)	—	1.0
Proceeds on disposal of		
Fixed assets	68.8	30.4
Investment properties	1,808.1	2,279.7
Associated companies	472.5	0.4
Other investments	23.5	1.4
Net Cash Outflow from Investing Activities	<u>(947.1)</u>	<u>(269.3)</u>
Net Cash (Outflow)/Inflow before Financing	<u>(706.8)</u>	<u>666.0</u>
Financing		
Issue of shares	—	963.2
Issue of warrants	220.8	167.5
Issuing expenses on shares and warrants	(9.5)	(12.2)
Loans from minority shareholders	—	18.8
Net proceeds from issue of zero coupon bonds	957.4	675.0
Capital element of finance lease rental payment	(62.5)	(13.9)
Decrease in long term bank loans and other loans	(51.2)	(1,209.2)
Increase/(decrease) in short term other loans	162.7	(344.0)
Contribution from minority shareholders	86.8	76.5
Net Cash Inflow from Financing	<u>1,304.5</u>	<u>321.7</u>
Increase in Cash and Cash Equivalents	597.7	987.7
Cash and Cash Equivalents at Beginning of Year	447.7	(544.8)
Effect of Foreign Exchange Rate Changes	<u>(0.7)</u>	<u>4.8</u>
Cash and Cash Equivalents at End of Year	<u>1,044.7</u>	<u>447.7</u>
Cash and Cash Equivalents at End of Year		
Cash and bank balances	1,536.0	1,209.1
Bank loans and overdrafts	(481.0)	(758.3)
Bills payable	(10.3)	(3.1)
	<u>1,044.7</u>	<u>447.7</u>

Consolidated Cash Flow Statement (Cont'd)

Notes to the Consolidated Cash Flow Statement

(a) Analysis of changes in financing during the year

	Share capital (including share premium) HK\$m	Long term loans and finance lease obligations HK\$m	Other loans- short term HK\$m	Minority interests HK\$m	Total HK\$m
Balance at 1.7.1992	5,998.5	5,809.1	53.4	2,641.9	14,502.9
Net cash flows from financing	211.3	843.7	162.7	86.8	1,304.5
Scrip dividend issued	648.7	—	—	—	648.7
Inception of finance lease contracts	—	60.8	—	—	60.8
Deferred income from sales of an associated company	—	208.9	—	—	208.9
Discounting charges and issuing expenses of the zero coupon bond	—	86.8	—	—	86.8
Effect of foreign exchange rate changes	—	(22.3)	—	3.8	(18.5)
Minority interests acquired	—	—	—	(5.4)	(5.4)
Minority interests' share of profit and reserves	—	—	—	564.2	564.2
Dividends paid to minority shareholders	—	—	—	(254.3)	(254.3)
Balance at 30.6.1993	<u>6,858.5</u>	<u>6,987.0</u>	<u>216.1</u>	<u>3,037.0</u>	<u>17,098.6</u>

(b) Major non-cash transactions

- (i) During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$60.8 million.
- (ii) Scrip dividends totalling HK\$648.7 million were issued during the year in lieu of cash.
- (iii) As shown in Notes 15 and 22(c), long term loans receivable include an amount of HK\$623.4 million which represents the balance of the proceeds receivable on disposal of an associated company.

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 or an equity joint venture and, in all 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) Co-operative joint ventures

Co-operative joint ventures are joint ventures in respect of which the operations are governed by contracts entered into by the joint venture partners, and the profit sharing ratios between partners or the share of net assets of the joint venture upon expiration of the joint venture period are not in proportion to their equity ratios but are defined by the joint venture contracts.

The Group's investments in co-operative joint ventures, in which the Group is entitled to share more than 20% of the results of the joint ventures, are carried at cost plus share of post-acquisition results of the joint ventures in accordance with the defined profit sharing ratios less any provision for permanent diminution in value.

The Company's investments in co-operative joint ventures are carried at cost less any provision for permanent diminution in value. Income from co-operative joint ventures is accounted for to the extent of cash received and receivable.

(f) Turnover

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

(g) 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.

Notes to the Accounts (Cont'd)

1 Principal Accounting Policies (Cont'd)

- (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.

(h) 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.

(i) 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 repairs 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%

(j) 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.

1 Principal Accounting Policies (Cont'd)

(k) Other investments

Other investments are long term investments other than subsidiary companies, associated companies and co-operative joint ventures. Other investments are carried at cost less provision for any permanent diminution in value.

(l) 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.

(m) 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.

(n) 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.

(o) Deferred expenditure

Pre-operating expenses are amortised over 5 years by equal annual instalments commencing from the first year of operation.

(p) 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.

(q) 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.

(r) Foreign currencies

Foreign currency transactions during the year are converted at exchange rates ruling at the transaction dates. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies and the accounts of overseas subsidiary companies, associated companies and joint ventures 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, associated companies and joint ventures are dealt with through the currency translation reserve account. All other exchange differences are included in the determination of operating profit.

Notes to the Accounts (Cont'd)

2 Turnover and Contribution to Operating Profit

	1993 HK\$m	1992 HK\$m
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	1,344.4	1,417.9
Property sales	4,882.3	3,627.2
Construction and piling	2,905.3	4,289.5
Hotels and restaurant operations	4,682.5	3,937.4
Others	509.5	453.1
	<u>14,324.0</u>	<u>13,725.1</u>
Less: Intra-group transactions		
Rental	(60.4)	(50.1)
Property sales	(86.6)	—
Construction and piling	(726.2)	(1,167.9)
Others	(130.7)	(47.9)
	<u>13,320.1</u>	<u>12,459.2</u>
(ii) Contribution to operating profit		
Rental income	922.3	968.1
Property sales	2,803.8	2,022.2
Construction and piling	154.2	171.9
Hotels and restaurant operations	529.9	186.8
Others	(24.8)	(60.3)
	<u>4,385.4</u>	<u>3,288.7</u>
Less: Net interest paid	(243.8)	(430.7)
	<u>4,141.6</u>	<u>2,858.0</u>
(b) Analysis by geography		
(i) Turnover		
Hong Kong	10,636.2	10,221.1
South-east Asia and the People's Republic of China	108.5	85.8
North America	1,125.1	855.8
Europe	1,317.4	1,165.0
Australia	124.2	114.7
Others	8.7	16.8
	<u>13,320.1</u>	<u>12,459.2</u>
(ii) Contribution to operating profit before interest		
Hong Kong	4,445.3	3,567.5
South-east Asia and the People's Republic of China	32.0	(21.0)
North America	(51.6)	(238.3)
Europe	(28.5)	65.9
Australia	(14.1)	(97.6)
Others	2.3	12.2
	<u>4,385.4</u>	<u>3,288.7</u>

3 Operating Profit

	1993 HK\$m	1992 HK\$m
Operating profit of the Group is arrived at after crediting and charging the following:		
Crediting:		
Net rental income	937.0	1,028.9
Dividend income		
Listed investments	18.2	20.2
Unlisted investments	19.9	0.3
Gain on sales of investment properties	1,254.4	1,445.3
Gain on disposal of an associated company	107.7	—
Royalty income from licence agreement	127.4	127.2
Discount on early repayment of bank loans	48.8	135.8
	<u> </u>	<u> </u>
Charging:		
Interest on bank loans, overdrafts and other loans	370.4	498.9
Interest on finance leases	32.5	33.2
Amortisation of discount on zero coupon bonds	64.8	6.8
	<u> </u>	<u> </u>
	467.7	538.9
Auditors' remuneration	14.0	9.4
Depreciation		
Leased fixed assets	40.2	70.3
Owned fixed assets	236.2	143.3
Operating lease rentals for land and buildings	335.1	268.1
Amortisation of intangible assets	64.2	71.3
Amortisation of deferred expenditure	32.2	23.1
	<u> </u>	<u> </u>

4 Taxation

	1993 HK\$m	1992 HK\$m
Company and subsidiary companies		
Hong Kong profits tax	531.8	304.5
Overseas taxation	10.1	20.9
Deferred taxation	6.1	(1.7)
	<u> </u>	<u> </u>
	548.0	323.7
Associated companies		
Hong Kong profits tax	44.4	25.4
Overseas taxation	1.3	3.2
	<u> </u>	<u> </u>
	593.7	352.3
	<u> </u>	<u> </u>

Hong Kong profits tax is provided at the rate of 17.5% (1992: 17.5%) 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.

Notes to the Accounts (Cont'd)

5 Profit Attributable to Shareholders

Profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$2,545.7 million (1992: HK\$1,078.3 million).

6 Dividends

	1993 HK\$m	1992 HK\$m
Interim dividend paid of 25 cents per share (1992: 21 cents)	391.2	347.9
Proposed final dividend of 62 cents per share (1992: 47 cents)	976.7	723.0
	<u>1,367.9</u>	<u>1,070.9</u>

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

Interim dividend	227.0	171.6
Final dividend	*	421.7

* Full provision has been made for the 1993 final dividend on the basis that all shareholders will elect to receive cash, being the alternative to their entitlements to the scrip dividend.

7 Earnings Per Share

The calculation of basic earnings per share is based on profit of HK\$3,461.7 million (1992: HK\$2,363.0 million) and the weighted average of 1,551.2 million shares in issue (1992: 1,463.0 million shares) during the year.

The fully diluted earnings per share is based on adjusted profit of HK\$3,492.8 million (1992: HK\$2,365.1 million) on the assumption that all outstanding warrants had been exercised at the beginning of the financial year or, if later, 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 1,608.5 million shares (1992: 1,466.8 million shares) issued and issuable.

8 Directors' Emoluments

	1993 HK\$m	1992 HK\$m
Fees	0.6	0.7
Other emoluments	0.2	0.2
	<u>0.8</u>	<u>0.9</u>

9 Fixed Assets

	Group				
	Investment properties HK\$m	Hotel properties HK\$m	Land and buildings HK\$m	Other assets HK\$m	Total HK\$m
Cost or valuation					
At 1.7.1992	18,469.2	8,284.1	1,245.1	1,450.0	29,448.4
Translation difference	—	(19.9)	—	(59.9)	(79.8)
Additions	3.5	17.8	270.5	344.9	636.7
Disposals	(1,822.9)	—	(16.6)	(50.5)	(1,890.0)
Revaluation surplus	3,564.8	962.5	—	—	4,527.3
At 30.6.1993	20,214.6	9,244.5	1,499.0	1,684.5	32,642.6
Accumulated depreciation					
At 1.7.1992	—	—	17.4	644.7	662.1
Translation difference	—	—	—	(0.5)	(0.5)
Charge for the year	—	—	67.1	209.3	276.4
Written back on disposals	—	—	(2.4)	(28.0)	(30.4)
At 30.6.1993	—	—	82.1	825.5	907.6
Net book value					
At 30.6.1993	20,214.6	9,244.5	1,416.9	859.0	31,735.0
At 30.6.1992	18,469.2	8,284.1	1,227.7	805.3	28,786.3

	Company		
	Investment properties HK\$m	Land and buildings HK\$m	Total HK\$m
Cost or valuation			
At 1.7.1992	29.5	5.1	34.6
Revaluation surplus	9.1	—	9.1
Disposals	—	(0.2)	(0.2)
At 30.6.1993	38.6	4.9	43.5
Accumulated depreciation			
At 1.7.1992	—	0.7	0.7
Charge for the year	—	0.1	0.1
Written back on disposals	—	(0.1)	(0.1)
At 30.6.1993	—	0.7	0.7
Net book value			
At 30.6.1993	38.6	4.2	42.8
At 30.6.1992	29.5	4.4	33.9

Notes to the Accounts (Cont'd)

9 Fixed Assets (Cont'd)

Cost or valuation of properties at 30 June 1993 was made up as follows:

	Investment properties	Hotel properties	Hotel properties	Land and buildings	Total
	Hong Kong long lease HK\$m	Hong Kong long lease HK\$m	Overseas freehold HK\$m	Hong Kong long lease HK\$m	HK\$m
Group					
At cost, less provision	—	—	—	1,499.0	1,499.0
At 1993 professional valuation	20,214.6	8,462.0	782.5	—	29,459.1
	<u>20,214.6</u>	<u>8,462.0</u>	<u>782.5</u>	<u>1,499.0</u>	<u>30,958.1</u>
Company					
At cost	—	—	—	4.9	4.9
At 1993 professional valuation	38.6	—	—	—	38.6
	<u>38.6</u>	<u>—</u>	<u>—</u>	<u>4.9</u>	<u>43.5</u>

The investment properties and hotel properties were revalued on 30 June 1993 on an open market value basis by Chesterton Petty Limited, PKF Consulting and JLV TransAct.

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

The net book value of fixed assets includes assets held under finance leases amounting to HK\$278.3 million (1992: HK\$375.9 million).

10 Subsidiary Companies

	Company	
	1993 HK\$m	1992 HK\$m
Unlisted shares		
At cost	2,429.3	2,423.8
Less: Provision for permanent diminution in value	(394.1)	(394.1)
	<u>2,035.2</u>	<u>2,029.7</u>
At directors' valuation in 1972	72.0	72.0
	<u>2,107.2</u>	<u>2,101.7</u>
Amounts due by subsidiary companies less provision	10,942.6	8,842.5
	<u>13,049.8</u>	<u>10,944.2</u>
Less: Amounts due to subsidiary companies	(3,024.8)	(2,686.4)
	<u>10,025.0</u>	<u>8,257.8</u>

Details of principal subsidiary companies are given in Note 29.

11 Associated Companies

	Group		Company	
	1993 HK\$m	1992 HK\$m	1993 HK\$m	1992 HK\$m
Unlisted shares, at cost less provision	1,344.8	1,863.0	462.1	966.4
Share of post acquisition reserves	1,234.7	962.0	—	—
Group's share of net assets	2,579.5	2,825.0	462.1	966.4
Amounts due by associated companies				
Current accounts less provision	1,842.9	1,627.1	155.8	188.7
Subordinated loans	499.4	486.6	196.9	222.2
	2,342.3	2,113.7	352.7	410.9
Less: Amounts due to associated companies	(269.6)	(145.8)	(118.0)	(62.8)
	2,072.7	1,967.9	234.7	348.1
	4,652.2	4,792.9	696.8	1,314.5

Shares and advances in the form of subordinated loans, totalling HK\$769.4 million (1992: HK\$733.4 million) have been pledged as part of the security for credit facilities of HK\$3,990.1 million (1992: HK\$3,990.1 million) granted to associated companies of which HK\$2,553.3 million (1992: HK\$2,426.8 million) had been utilised as at balance sheet date.

Shares and advances totalling HK\$464.9 million (1992: HK\$430.4 million) have been pledged to a third party as security for credit facilities totalling HK\$200 million (1992: HK\$200 million) granted to a subsidiary company of which HK\$170.1 million (1992: HK\$135.6 million) had been utilised as at balance sheet date.

Details of principal associated companies are given in Note 30.

12 Joint Ventures in the People's Republic of China

	Group		Company	
	1993 HK\$m	1992 HK\$m	1993 HK\$m	1992 HK\$m
Co-operative joint ventures				
Cost of investment	818.0	167.3	352.6	—
Amounts due by joint ventures	916.1	254.5	—	—
	1,734.1	421.8	352.6	—
Equity joint ventures				
Group's share of net assets	688.5	316.9	175.2	—
Amounts due by joint ventures less provision	202.4	361.4	—	—
	890.9	678.3	175.2	—
	2,625.0	1,100.1	527.8	—
Analysis by activities				
Infrastructure	1,423.0	721.7	—	—
Property development	945.8	17.5	527.8	—
Others	256.2	360.9	—	—
	2,625.0	1,100.1	527.8	—

(a) The Group's interest in a joint venture is pledged to secure a syndicated bank loan of HK\$444.6 million (1992: HK\$70.2 million) granted to a subsidiary company.

(b) Particulars of principal joint ventures are given in Note 31.

Notes to the Accounts (Cont'd)

13 Other Investments

	Group		Company	
	1993 HK\$m	1992 HK\$m	1993 HK\$m	1992 HK\$m
Unlisted shares, at cost	113.9	75.3	44.2	3.4
Less: Provision for permanent diminution in value	(1.2)	(0.4)	—	—
	112.7	74.9	44.2	3.4
Listed shares, at cost				
Hong Kong	248.4	248.0	—	—
Overseas	153.3	23.3	—	—
	401.7	271.3	—	—
Investment in joint ventures				
At cost less provision	464.5	153.9	15.0	—
Advances to joint ventures	7.2	27.2	—	—
Advances from joint ventures	(48.1)	—	(48.1)	—
	423.6	181.1	(33.1)	—
	938.0	527.3	11.1	3.4
Market value of listed shares	619.2	435.3	—	—

14 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 U.S.A. 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.

15 Long Term Loans Receivable

	Group		Company	
	1993 HK\$m	1992 HK\$m	1993 HK\$m	1992 HK\$m
Accounts receivable (Note 22c)	623.4	—	623.4	—
Notes receivable	189.7	191.3	—	—
Mortgage loans	610.7	224.6	—	—
Loan to a minority shareholder	—	100.7	—	—
	1,423.8	516.6	623.4	—
Less: Amounts receivable within one year included in current assets (Note 16)	(373.3)	(28.3)	(160.0)	—
	1,050.5	488.3	463.4	—

16 Net Current Assets/(Liabilities)

	Group		Company	
	1993 HK\$m	1992 HK\$m	1993 HK\$m	1992 HK\$m
Current assets				
Construction in progress (Note a)	14.9	(363.1)	—	—
Properties held for sale (Note b)	5,356.3	4,281.7	458.6	361.9
Stocks	165.3	175.7	—	—
Overseas treasury bills, at cost	—	63.7	—	—
Long term loans receivable				
– current portion (Note 15)	373.3	28.3	160.0	—
Other loans receivable	74.5	97.7	—	—
Debtors and prepayments	3,331.9	2,856.5	382.6	363.3
Cash and bank balances	1,536.0	1,209.1	41.7	3.6
	<u>10,852.2</u>	<u>8,349.6</u>	<u>1,042.9</u>	<u>728.8</u>
Current liabilities				
Creditors and accrued charges	4,169.5	3,816.8	423.3	481.9
Deposits received on sale of properties	890.7	1,462.2	—	—
Bills payable	10.3	3.1	—	—
Bank loans and overdrafts				
Secured	138.2	175.7	—	—
Unsecured	342.8	582.6	—	0.5
Other loans				
Secured	207.5	—	59.6	33.5
Unsecured	8.6	53.4	—	—
Long term liabilities				
– current portion (Note 22)	988.4	565.2	—	—
Taxation	654.1	403.0	35.5	51.3
Proposed final dividend	976.7	723.0	976.7	723.0
	<u>8,386.8</u>	<u>7,785.0</u>	<u>1,495.1</u>	<u>1,290.2</u>
	<u>2,465.4</u>	<u>564.6</u>	<u>(452.2)</u>	<u>(561.4)</u>
 (a) Construction in progress				
At cost	4,607.9	3,506.1		
Less: Provision for anticipated losses	(3.0)	(3.0)		
Progress payments				
received and receivable	(4,590.0)	(3,866.2)		
	<u>14.9</u>	<u>(363.1)</u>		
 (b) Properties held for sale				
Properties under development, at cost	4,770.8	3,664.1	458.6	361.9
Completed properties, at cost less provision	36.7	27.7	—	—
	<u>4,807.5</u>	<u>3,691.8</u>	<u>458.6</u>	<u>361.9</u>
Overseas hotel properties, at cost less provision	548.8	589.9	—	—
	<u>5,356.3</u>	<u>4,281.7</u>	<u>458.6</u>	<u>361.9</u>

Notes to the Accounts (Cont'd)

17 Intangible Assets

	Group	
	1993 HK\$m	1992 HK\$m
Hotel management and franchise agreements	845.7	845.7
Franchise rights and trademarks	299.4	299.4
	<u>1,145.1</u>	<u>1,145.1</u>
Less: Amortisation	(248.0)	(183.8)
	<u>897.1</u>	<u>961.3</u>

18 Deferred Expenditure

	Group	
	1993 HK\$m	1992 HK\$m
Pre-operating expenses at cost less amounts amortised:		
Hong Kong Convention and Exhibition Centre	1.2	4.1
Hotels	55.8	81.9
	<u>57.0</u>	<u>86.0</u>

19 Share Capital

	1993 HK\$m	1992 HK\$m
Authorised:		
Shares of HK\$1 each	<u>1,800.0</u>	<u>1,800.0</u>
Issued and fully paid:		
Shares of HK\$1 each		
Balance at 1 July	1,538.3	1,396.9
Exercise of warrant subscription rights	—	107.0
Issued as scrip dividends	37.0	34.4
Balance at 30 June	<u>1,575.3</u>	<u>1,538.3</u>

20 Warrants

At the balance sheet date the Company has outstanding warrants (1995 Warrants) 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 1993.

Pursuant to the Placing Agreement dated 31 March 1993, the Company made a private placing of 56,612,000 units of warrants (1996 Warrants), at an issue price of HK\$3.90 per warrant, with subscription rights to subscribe for 56,612,000 shares of HK\$1 each of the Company at the current subscription price of HK\$19.50 per share, exercisable at any time until 5 April 1996. No 1996 Warrants holders exercised their subscription rights prior to 30 June 1993.

21 Reserves

	Group		Company	
	1993 HK\$m	1992 HK\$m	1993 HK\$m	1992 HK\$m
Share premium (Note a)	5,283.2	4,460.2	5,283.2	4,460.2
Capital reserve (Note b)	20.8	4.8	—	—
Asset revaluation reserve (Note c)	22,202.3	19,019.4	37.1	28.0
General reserve	70.8	70.8	—	—
Currency translation reserve	—	0.1	—	—
Retained profits (Note d)	7,163.5	5,262.5	4,199.5	3,021.7
	<u>34,740.6</u>	<u>28,817.8</u>	<u>9,519.8</u>	<u>7,509.9</u>
(a) Share premium				
Balance at 1 July	4,460.2	3,022.4	4,460.2	3,022.4
Premium on issue of warrants	220.8	167.5	220.8	167.5
Exercise of warrant subscription rights	—	856.2	—	856.2
Scrip dividends	611.7	426.3	611.7	426.3
Share issue expenses	(9.5)	(12.2)	(9.5)	(12.2)
Balance at 30 June	<u>5,283.2</u>	<u>4,460.2</u>	<u>5,283.2</u>	<u>4,460.2</u>
(b) Capital reserve				
Balance at 1 July	4.8	12.3		
Goodwill on consolidation	(33.5)	(5.9)		
Share of capital reserve/(goodwill) of an associated company	34.1	(1.6)		
Transfer from retained profits (Note)	15.4	—		
Balance at 30 June	<u>20.8</u>	<u>4.8</u>		
Dealt with by:				
Company and subsidiary companies	(24.7)	(6.6)		
Associated companies	45.5	11.4		
	<u>20.8</u>	<u>4.8</u>		

Note: The amount transferred from retained profits represents the amount of the Group's revenue reserves which have been capitalised for the issue of bonus shares by a subsidiary company.

Notes to the Accounts (Cont'd)

21 Reserves (Cont'd)

	Group		Company	
	1993 HK\$m	1992 HK\$m	1993 HK\$m	1992 HK\$m
(c) Asset revaluation reserve				
Investment and hotel properties				
Balance at 1 July	19,018.3	15,430.0	28.0	21.3
Surplus for the year	4,278.1	4,212.9	9.1	6.7
Share of surplus of associated companies	260.9	290.8	—	—
Disposal	(1,357.6)	(915.4)	—	—
Balance at 30 June	22,199.7	19,018.3	37.1	28.0
Land and buildings				
Balance at 1 July	1.1	1.5	—	—
Share of surplus of an associated company	1.5	—	—	—
Disposal	—	(0.4)	—	—
Balance at 30 June	2.6	1.1	—	—
	22,202.3	19,019.4	37.1	28.0
Dealt with by:				
Company and subsidiary companies				
Investment and hotel properties	21,422.2	18,361.7		
Land and buildings	1.1	1.1		
	21,423.3	18,362.8		
Associated companies				
Investment and hotel properties	777.5	656.6		
Land and buildings	1.5	—		
	779.0	656.6		
	22,202.3	19,019.4		
(d) Retained profits				
Balance at 1 July	5,262.5	3,970.4	3,021.7	3,014.3
Retained profit for the year	2,093.8	1,292.1	1,177.8	7.4
Transfer to capital reserve	(15.4)	—	—	—
Foreign exchange adjustment	(177.4)	—	—	—
Balance at 30 June	7,163.5	5,262.5	4,199.5	3,021.7
Retained by:				
Company and subsidiary companies	7,241.8	5,350.9		
Associated companies	(78.3)	(88.4)		
	7,163.5	5,262.5		

22 Long Term Liabilities

	Group		Company	
	1993 HK\$m	1992 HK\$m	1993 HK\$m	1992 HK\$m
Long term loans				
Secured bank loans	2,049.6	2,202.5	—	—
Unsecured bank loans	956.7	983.2	—	—
Other unsecured loans	698.4	1,069.9	—	—
Other secured loans	822.3	373.0	—	—
Obligations under finance leases				
Wholly repayable within five years	2.3	0.2	—	—
Not wholly repayable within five years	287.2	291.0	—	—
	4,816.5	4,919.8	—	—
Zero coupon bonds (Note a)	1,741.5	697.4	—	—
Debentures (Note b)	207.9	179.7	—	—
Deferred income (Note c)	208.9	—	219.6	—
Accounts payable	12.2	12.2	—	—
	6,987.0	5,809.1	219.6	—
Less: Amounts repayable within one year included in current liabilities (Note 16)	(988.4)	(565.2)	—	—
	5,998.6	5,243.9	219.6	—

	Group					Total HK\$m
	Secured bank loans HK\$m	Unsecured bank loans HK\$m	Other unse- cured loans HK\$m	Other se- cured loans HK\$m	Obligations under fin- ance leases HK\$m	
Long term loans are repayable within periods as follows:						
Of less than one year	409.6	213.9	7.3	278.5	79.1	988.4
Of more than one year, but not exceeding two years	376.6	212.0	13.9	397.9	51.5	1,051.9
Of more than two years, but not exceeding five years	1,178.5	530.8	541.3	145.9	127.1	2,523.6
Of more than five years	84.9	—	135.9	—	31.8	252.6
	2,049.6	956.7	698.4	822.3	289.5	4,816.5

Notes to the Accounts (Cont'd)

22 Long Term Liabilities (Cont'd)

(a) Zero coupon bonds

	Group	
	1993 HK\$m	1992 HK\$m
Face value	858.0	858.0
Due 1995	1,170.0	—
Due 1996	2,028.0	858.0
Less: Unamortised discount	286.5	160.6
	<u>1,741.5</u>	<u>697.4</u>

(b) 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.

(c) Deferred income

The amount represents the surplus on sale of an associated company in respect of which the sales proceeds would be adjusted based on the outcome of certain events and which would be recognised in the profit and loss account upon full receipt of the sales proceeds. The balance of the proceeds is included in long term loans receivable (Note 15).

23 Deferred Taxation

	Group	
	1993 HK\$m	1992 HK\$m
Balance at 1 July	5.9	7.6
Transfer from/(to) profit and loss account	6.1	(1.7)
Balance at 30 June	<u>12.0</u>	<u>5.9</u>
The amount provided is in respect of:		
Accelerated depreciation allowances	7.6	6.6
Other timing differences	4.4	(0.7)
	<u>12.0</u>	<u>5.9</u>

No provision has been made in respect of the 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.

24 Commitments

	Group		Company	
	1993 HK\$m	1992 HK\$m	1993 HK\$m	1992 HK\$m
(a) Contracted for but not provided				
Fixed assets	24.3	375.7	—	—
Investments in joint ventures	4,060.2	146.1	1,749.1	—
Others	63.3	—	—	—
	<u>4,147.8</u>	<u>521.8</u>	<u>1,749.1</u>	<u>—</u>
Authorised but not contracted for				
Investments in joint ventures	<u>1,469.8</u>	<u>370.7</u>	<u>—</u>	<u>—</u>
(b) Commitments under operating leases payable in 1993/94 expiring:				
(i) Land and buildings				
In the first year	10.3	4.1	—	—
In the second to fifth years inclusive	85.1	86.3	—	—
After the fifth year	376.5	185.8	—	—
	<u>471.9</u>	<u>276.2</u>	<u>—</u>	<u>—</u>
(ii) Other assets				
In the first year	2.1	0.6	—	—
In the second to fifth years inclusive	5.5	5.4	—	—
After the fifth year	1.1	5.9	—	—
	<u>8.7</u>	<u>11.9</u>	<u>—</u>	<u>—</u>
	<u>480.6</u>	<u>288.1</u>	<u>—</u>	<u>—</u>

25 Contingent Liabilities

	Group		Company	
	1993 HK\$m	1992 HK\$m	1993 HK\$m	1992 HK\$m
Guarantees for the performance and completion of construction contracts	428.9	242.9	58.6	—
Guarantees for credit facilities granted to:				
Subsidiary companies	—	—	4,688.7	4,448.7
Associated companies	808.9	886.3	646.1	646.1
Investee companies included under other investments	109.6	110.8	5.4	110.8
Joint ventures in the People's Republic of China	882.7	15.1	867.6	—
	<u>2,230.1</u>	<u>1,255.1</u>	<u>6,266.4</u>	<u>5,205.6</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)

26 Subsequent Event

In September 1993, NW China Investment Limited ("NWCi") placed a total of 20 million new shares ("Shares") at the net price of US\$10.00 per Share. Half of the Shares were subscribed by the Group and the other half subscribed by institutional investors. The Shares are listed on the Irish Stock Exchange. Following completion of the placing, NWCi became an associated company of the Group.

NWCi will acquire from the Group certain interests in some of the joint ventures in the People's Republic of China in which the Group holds at least a 25% interest.

Pursuant to the placing, the Company has agreed to grant an option to the shareholders of NWCi (other than the members of the Group) enabling them to put their Shares to the Company in return for new shares of the Company in accordance with the placing agreement. Such new shares would rank *pari passu* with all other shares of the Company in issue at the time of the exercise of the put option and, subject to the approval by the Stock Exchange of Hong Kong Limited, would also be listed in Hong Kong.

27 Comparative Figures

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

28 Approval of Accounts

The accounts set out on pages 31 to 59 were approved by the Board of Directors on 28 October 1993.

29 Principal Subsidiary Companies

As at 30 June 1993

	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					
Atlantic Land Properties Limited	2	1	100	100	Investment Holding
Billionable Investment Limited	2	1	100	100	Investment Holding
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
China Joy International Limited	2	1	—	100	Investment Holding
Convention Plaza Apartments Limited	2	10	—	100	Apartment Services
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)

29 Principal Subsidiary Companies (Cont'd)

As at 30 June 1993

	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 Company Limited	1,000	100	—	33	Property Management
Lord City Development Limited	10,000	1	—	88	Property Trading
Loyalton Limited	2	10	—	100	Property Investment
Manning Entertainment & Investment Company Limited	20,000	100	—	100	Property Investment
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
New World Suncity (Shanghai) Company Limited	2	1	—	100	Investment Holding
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

29 Principal Subsidiary Companies (Cont'd)

As at 30 June 1993

	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					
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	Investment Holding
Urban Property Management Limited	15,000	1	—	52	Property Management
Vibro (HK) Limited	799,479	3	—	59	Piling and Caisson
Yargoan Company Limited	150,000	100	62	79	Stone Quarrying
Young's Engineering Company Limited	2,000,000	10	—	55	Air-Conditioning Engineering
Yue Wah Enterprises Company Limited	390,500	100	100	100	Investment Holding
Incorporated and operated in the People's Republic of China					
New World (Tianjin) Development Company Limited	US\$2,960,918	—	100	100	Property Investment
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 the United States of America					
Ramada International Hotels & Resorts Inc.	100	US\$0.01	—	64	Hotel Operation
Incorporated in the 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
Young's Engineering Holdings Limited	1,000,000	US\$1	55	55	Investment Holding

Notes to the Accounts (Cont'd)

30 Principal Associated Companies

As at 30 June 1993

	Ordinary share capital issued		Percentage of equity share held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Asia Television Limited	120	0.25	—	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
Ever Sure Investments Limited	2	1	—	50	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	27.50	27.50	Operation of Tate's Cairn Tunnel
Waking Builders Limited	5,000	1,000	—	49	Construction
Incorporated and operated in Thailand					
Century Country Club Company Limited	30,000,000	Baht 10	—	26	Golf Club Investment
Sathianrasuth 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
T & T Properties Sdn. Bhd.	9,500,000	M\$1	—	33.33	Hotel/Commercial Complex Investment

31 Principal Joint Ventures

As at 30 June 1993

	Registered capital	Percentage of Attributable interest*		Principal activities
	Amount	By the Company	By the Group	
Co-operative Joint Ventures				
Incorporated and operated in the People's Republic of China				
Beijing Chong Wen-New World Properties Development Limited	US\$50,000,000	—	56	Property Investment
Beijing New World Real Estate Development Company Limited	US\$25,460,000	65	65	Property Investment
China New World Electronics Limited	US\$20,000,000	—	50	Property Investment
Guangzhou Cosmart Estate Development Limited	HK\$32,000,000	—	70	Property Investment
Guangzhou Fong Chuen-New World Property Development Limited	RMB 230,000,000 (Phase I)	—	60	Property Investment
Guangzhou Fucheng Property Development Company Limited	HK\$80,000,000	—	60	Property Investment
Guangzhou Metropolitan Real Estate Company Limited	HK\$140,000,000	Subcontractor		Property Investment
Guangzhou New World Development Centre Company Limited	HK\$140,000,000	Subcontractor		Property Investment
Guangzhou Northring Freeway Company Limited	US\$19,255,000	—	40	Infrastructure Investment
Guangzhou Zhuhai East Expressway Company Limited	RMB 580,000,000	—	20	Infrastructure Investment
Wuhan Airport Road Development Corporation Limited	RMB 45,000,000	—	40	Infrastructure Investment
Wuhan New World Development Company Limited	RMB 60,000,000	—	60	Property Investment
Wuhan Wu Xin Property Company Limited	RMB 15,000,000	—	37.50	Property Investment
Wuhan Xinhan Development Company Limited	RMB 30,000,000	—	50	Property Investment
Equity Joint Ventures				
Incorporated and operated in the People's Republic of China				
Guangzhou Pearl River Power Company Limited	RMB 420,000,000	—	50	Generation and Supply of Electricity
Shanghai New World Construction Development Company Limited	US\$30,000,000	—	40	Property Investment
Wuhan New Eagle Development Company Limited	US\$10,000,000	—	70	Property Investment
Wuhan-New World Refrigeration Industrial Corporation Limited	RMB 60,000,000	—	40	Refrigeration Equipment Manufacturing

Note *:

a) equity interest, in the case of equity joint ventures or

b) profit sharing percentage, in the case of co-operative joint ventures.

Five-Year Financial Summary

	1993 HK\$m	1992 HK\$m	1991 HK\$m	1990 HK\$m	1989 HK\$m
Fixed assets	31,735.0	28,786.3	25,935.4	24,603.0	18,118.9
Associated companies	4,652.2	4,792.9	4,154.7	3,709.9	1,965.1
Joint ventures in the People's Republic of China	2,625.0	1,100.1	587.5	383.6	311.2
Other investments	938.0	527.3	49.9	626.5	1,040.4
Licence agreement	943.3	941.0	946.2	880.2	—
Long term loans receivable	1,050.5	488.3	363.6	487.1	318.2
Current assets	10,852.2	8,349.6	5,703.9	7,575.4	4,481.2
Total assets	52,796.2	44,985.5	37,741.2	38,265.7	26,235.0
Less: Current liabilities	8,386.8	7,785.0	6,874.4	10,195.6	5,781.7
	44,409.4	37,200.5	30,866.8	28,070.1	20,453.3
Intangible assets	897.1	961.3	1,032.6	1,108.7	—
Deferred expenditure	57.0	86.0	66.4	89.6	21.4
	45,363.5	38,247.8	31,965.8	29,268.4	20,474.7
Share capital	1,575.3	1,538.3	1,396.9	1,323.2	1,188.1
Reserves	34,740.6	28,817.8	22,509.2	20,977.6	16,411.3
Shareholders' funds	36,315.9	30,356.1	23,906.1	22,300.8	17,599.4
Minority interests	3,037.0	2,641.9	2,838.6	2,859.0	1,392.1
Long term liabilities	5,998.6	5,243.9	5,213.6	4,105.9	1,482.3
Deferred taxation	12.0	5.9	7.5	2.7	0.9
	45,363.5	38,247.8	31,965.8	29,268.4	20,474.7
Turnover	13,320.1	12,459.2	9,677.4	7,947.8	6,115.4
Operating profit	4,141.6	2,858.0	1,627.7	1,708.2	1,669.3
Share of results of associated companies	204.0	27.6	(38.9)	(69.2)	95.9
Profit before taxation	4,345.6	2,885.6	1,588.8	1,639.0	1,765.2
Taxation	(593.7)	(352.3)	(262.2)	(255.1)	(236.5)
Profit after taxation	3,751.9	2,533.3	1,326.6	1,383.9	1,528.7
Minority interests	(290.2)	(170.3)	(158.4)	(255.6)	(280.2)
Profit before extraordinary items	3,461.7	2,363.0	1,168.2	1,128.3	1,248.5
Extraordinary items	—	—	—	(35.1)	121.4
Profit attributable to shareholders	3,461.7	2,363.0	1,168.2	1,093.2	1,369.9
Dividend per share — interim (cents)	25	21	16	22	21
— final (cents)	62	47	34	39	39
	87	68	50	61	60