

## CONTENTS

2

Corporate Information

3

Notice of Annual General Meeting

4

Chairman's Statement

5

Directors' Report

10

Managing Director's Business Review

26

Report of the Auditors

27

Consolidated Profit and Loss Account

28

Consolidated Balance Sheet

29

Company Balance Sheet

30

Consolidated Cash Flow Statement

31

Notes to the Accounts

60

Five-Year Financial Summary

# CORPORATE INFORMATION

## 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.
- \* Dr. 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
- Cheng Kar-Shing, Peter
- Leung Chi-Kin, Stewart
- Chan Kam-Ling
- Chow Kwai-Cheung
- \* Members of Executive Committee

## Secretary

Leung Chi-Kin, Stewart

## Auditors

Price Waterhouse  
H.C. Watt & Company

## Principal Bankers

ABN AMRO Bank N.V.  
Banque Paribas  
Bank of America NT & SA  
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  
J.P. Morgan Securities Asia Ltd.  
Sin Hua Trust, Savings & Commercial Bank  
Standard Chartered Bank  
The Fuji Bank  
The Mitsubishi Bank  
The Sakura Bank  
The Sanwa Bank  
The Sumitomo Bank  
The Tokai Bank  
The Toyo Trust Bank  
Westdeutsche Landesbank Girozentrale  
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 404, Level 4, Hong Kong Convention & Exhibition Centre, 1, Harbour Road, Wanchai, Hong Kong on Tuesday, 20 December 1994 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 1994 and to approve a final dividend of 78 cents per share.
2. To re-elect Directors.
3. To appoint Joint Auditors and authorise the Directors to fix their remuneration.

By Order of the Board of Directors

**Leung Chi-Kin, Stewart**

*Secretary*

Hong Kong, 27 October 1994

*Note:*

- (1) Register of Shareholders will be closed from 12 to 20 December 1994, both days inclusive.
- (2) Shareholders are entitled to appoint a proxy to attend and vote on their behalf at the meeting and such proxy need not be a shareholder of the Company. A proxy form, to be valid, must be completed and returned to the Company's registered office not less than 48 hours before the time for the holding of the meeting.



## CHAIRMAN'S STATEMENT

---

The Group's audited consolidated net profit after taxation, minority interests and share of the results of associated companies for the year ended 30 June 1994 amounted to HK\$4,296 million. This represented an increase of 24% over that of the previous year. Earnings per share for the year was HK\$2.72.

In line with the increase in profit, the Board of Directors recommended a final dividend of 78 cents (1993: 62 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 77 cents per share with a cash option to shareholders registered on 20 December 1994. Together with the interim dividend of 28 cents per share paid in June 1994, total distributions for 1994 would thus be HK\$1.06 per share.

The Group's business activities for the fiscal year have been set out in the Managing Director's Business Review in details. During the year under review, the Group has continued to dedicate itself to its core businesses in property development and investment, infrastructure development, construction and hotel operation.

The Group has been enthusiastic about investments in China, keeping its portfolio diversified with emphasis on infrastructure projects, land development and hotel management. A list of all major China projects contracted by the Group this year has been included in the Managing Director's Business Review. The Review also includes lists of projects starting to contribute to the Group in 1994 and 1995.

I am pleased to announce that Mr. Cheng Kar-Shing, Peter, Mr. Leung Chi-Kin, Stewart, Mr. Chan Kam-Ling and Mr. Chow Kwai-Cheung are appointed directors of the Company effective today.

The Group has achieved a profitable year and shall keep dedicate itself to better achievement for the coming years.

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, 27 October 1994

# DIRECTORS' REPORT

---

The Directors have pleasure in presenting their Annual Report and Statement of Accounts for the year ended 30 June 1994.

## 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 venture companies are shown in Notes 29, 30 and 31 to the Accounts on pages 54 to 59.

## Accounts

The profit of the Group for the year ended 30 June 1994 and the state of the Company's and the Group's affairs at that date are set out in the Accounts on pages 27 to 59.

## Dividends

The Directors have resolved to recommend a final dividend of 78 cents per share (1993: 62 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 77 cents per share with a cash option to shareholders registered on 20 December 1994. Together with the interim dividend of 28 cents per share paid in June 1994, total distributions for 1994 would thus be HK\$1.06 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 77 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.



## **DIRECTORS' REPORT (CONT'D)**

---

### **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 made charitable donations during the year amounted to HK\$10,867,000.

### **Fixed Assets**

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

### **Directors**

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

Mr. Cheng Kar-Shing, Peter, Mr. Leung Chi-Kin, Stewart, Mr. Chan Kam-Ling and Mr. Chow Kwai-Cheung were appointed directors of the Company on 27 October 1994.

In accordance with Article 103 of the Company's Articles of Association, Sir Quo-Wei Lee, Sir Michael Sandberg, Mr. Yeung Ping-Leung, Howard and Mr. Cha Mou-Sing, Payson, retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 106 of the Company's Articles of Association, Mr. Cheng Kar-Shing, Peter, Mr. Leung Chi-Kin, Stewart, Mr. Chan Kam-Ling and Mr. Chow Kwai-Cheung retire from office 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' Interests in Contracts

- (a) In accordance with a ten-year management agreement (the "Agreement") dated 5 August 1993, Ramada Hotel Operating Company (the "Operator"), a 64% owned subsidiary of the Group, was appointed by Stouffer Hotel Holdings Inc. ("Stouffer") to act as the exclusive manager to manage the hotels owned or managed by Stouffer located in the United States (the "Hotels"). The Operator is entitled to management and incentive fees, which are based on a percentage of the gross revenue of the Hotels, amounting to US\$29,259,000 (1993: US\$2,036,000) for the year. Mr. Cheng Kar-Shun, Henry, director of the Company, and Mr. Doo Wai-Hoi, director of the Group's certain subsidiary companies, are interested in this transaction to the extent that they have beneficial interests in Stouffer. Mr. Cheng Kar-Shun, Henry has also provided a personal guarantee in favour of the Operator to guarantee the payments due and payable under the Agreement to the Operator.
- (b) In addition, Ramada Holdings (BVI) Ltd. ("Ramada Holdings"), a 64% owned subsidiary of the Group, paid CTF Holdings Ltd. ("CTF"), an annual fee which is based on a percentage of the gross revenue from its non-U.S. operations in accordance with an agreement dated 5 August 1993, in consideration of the benefits Ramada Holdings expects to derive from its non-U.S. operations in respect of the foregoing appointment of the Operator. Such fee paid during the year amounted to US\$8,879,000 (1993: US\$1,129,000). Mr. Cheng Kar-Shun, Henry, director of the Company, and Mr. Doo Wai-Hoi, director of the Group's certain subsidiary companies, are interested in this transaction to the extent that they have beneficial interests in CTF.

Save for contracts amongst group companies and the transactions aforementioned, no other contracts of significance to which the Company or any of its subsidiary companies was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Directors' Rights to Acquire Shares or Debentures

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





## DIRECTORS' REPORT (CONT'D)

### Directors' Interests in Shares

As at 30 June 1994, interests of the Directors and their associates in the equity securities 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
<b>New World Development Company Limited</b> (shares of HK\$1.00 each)				
Dato' Dr. Cheng Yu-Tung	452,208	—	—	—
Sir Quo-Wei Lee	—	—	2,757,185	455,022 *
Sir Michael Sandberg	—	—	—	—
Dr. Ho Tim	1,511,416	—	—	—
Dr. Sin Wai-Kin	3,637,478	752,067	—	—
Dr. Young Bing-Ching, Albert	—	—	—	—
Mr. Cheng Yue-Pui	—	—	—	—
Mr. Cheng Kar-Shun, Henry	—	—	—	—
Mr. Liang Chong-Hou, David	294,569	—	—	—
Mr. Yeung Ping-Leung, Howard	—	—	—	—
Mr. Cha Mou-Sing, Payson	—	—	1,046,000	—
<b>Hip Hing Construction Company Limited</b> (shares of HK\$100.00 each)				
Dr. Sin Wai-Kin	42,000	—	—	—
<b>International Property Management Limited</b> (shares of HK\$10.00 each)				
Dr. 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 1994, Chow Tai Fook Enterprises Limited, together with its subsidiary companies had interests in 603,452,956 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, 27 October 1994



# MANAGING DIRECTOR'S BUSINESS REVIEW



Cheng Kar-Shun, Henry, Managing Director

## PERFORMANCE

The Group enjoyed another successful year in its diversified businesses in Hong Kong, China and worldwide including property development and investment, infrastructure development, building and foundation construction, and investment and management in hotel and related businesses.

The Group's turnover for the year amounted to HK\$18,590 million, an increase of HK\$5,270 million over the previous year. Total profit before taxation was HK\$5,311 million, representing an improvement of 22% over last year. Basic earnings per share increased by 22% over the previous year.

The Group's rental income during the year amounted to HK\$1,391 million, which is HK\$107 million higher than last year's.

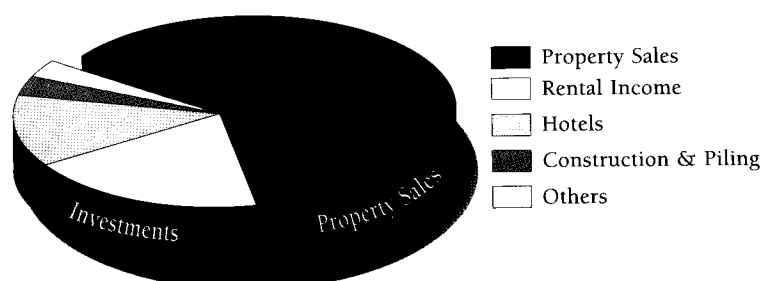
Performance of the Group's Principal Activities for the Year Ended 30 June 1994:

Turnover



HK\$ Million	
Property Sales	6,314 34%
Rental Income	1,391 8%
Hotels	5,405 29%
Construction & Piling	5,048 27%
Others	432 2%
<b>Total</b>	<b>18,590 100%</b>

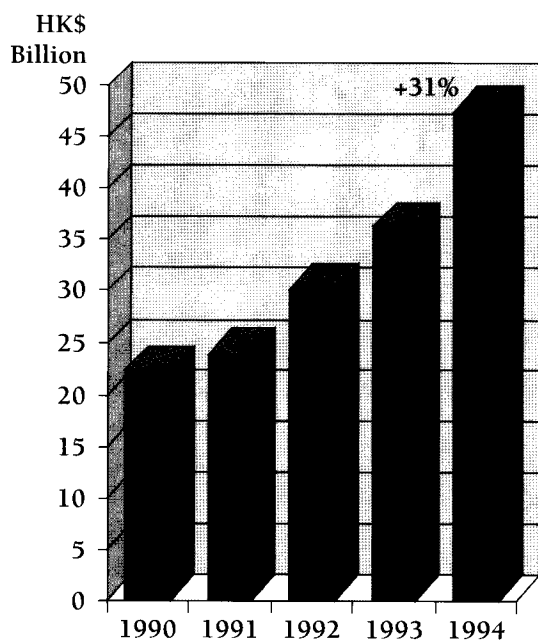
Contribution to Operating Profit (before interest)



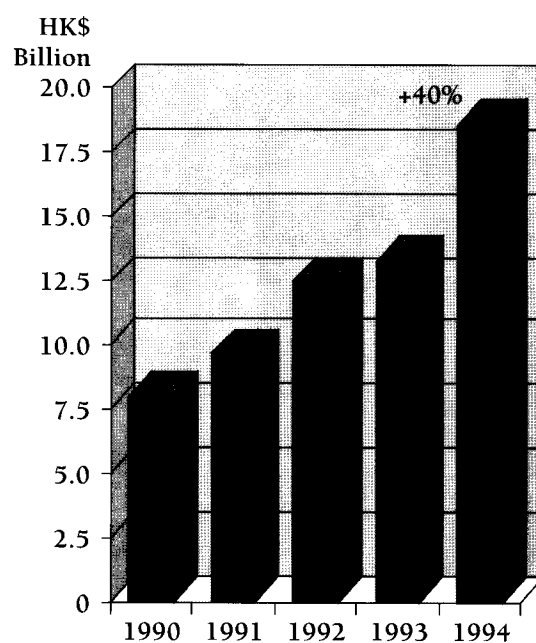
HK\$ Million	
Property Sales	3,319 62%
Rental Income	1,021 19%
Hotels	667 13%
Construction & Piling	171 3%
Others	157 3%
<b>Total</b>	<b>5,335 100%</b>

The Group's Performance for the last 5 Fiscal Years:

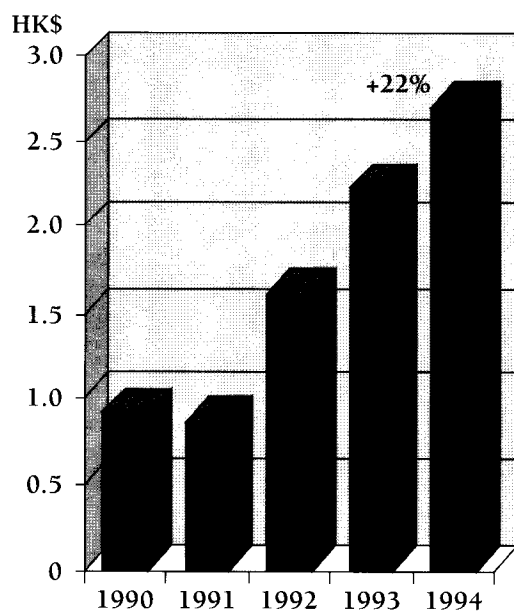
*Shareholders' Funds*



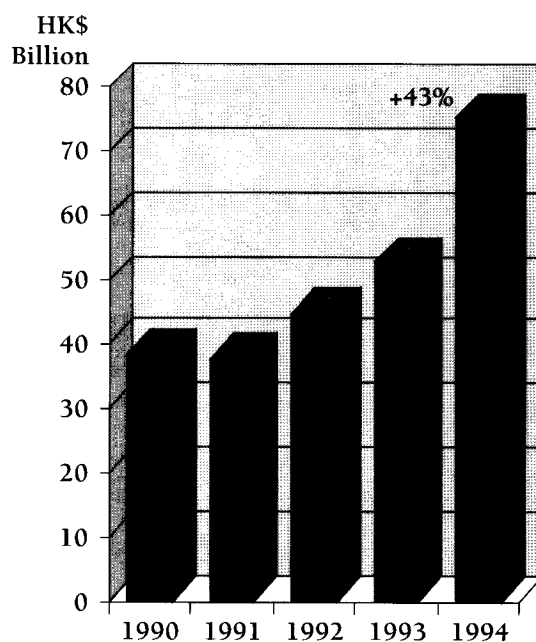
*Turnover*



*Basic Earnings Per Share*

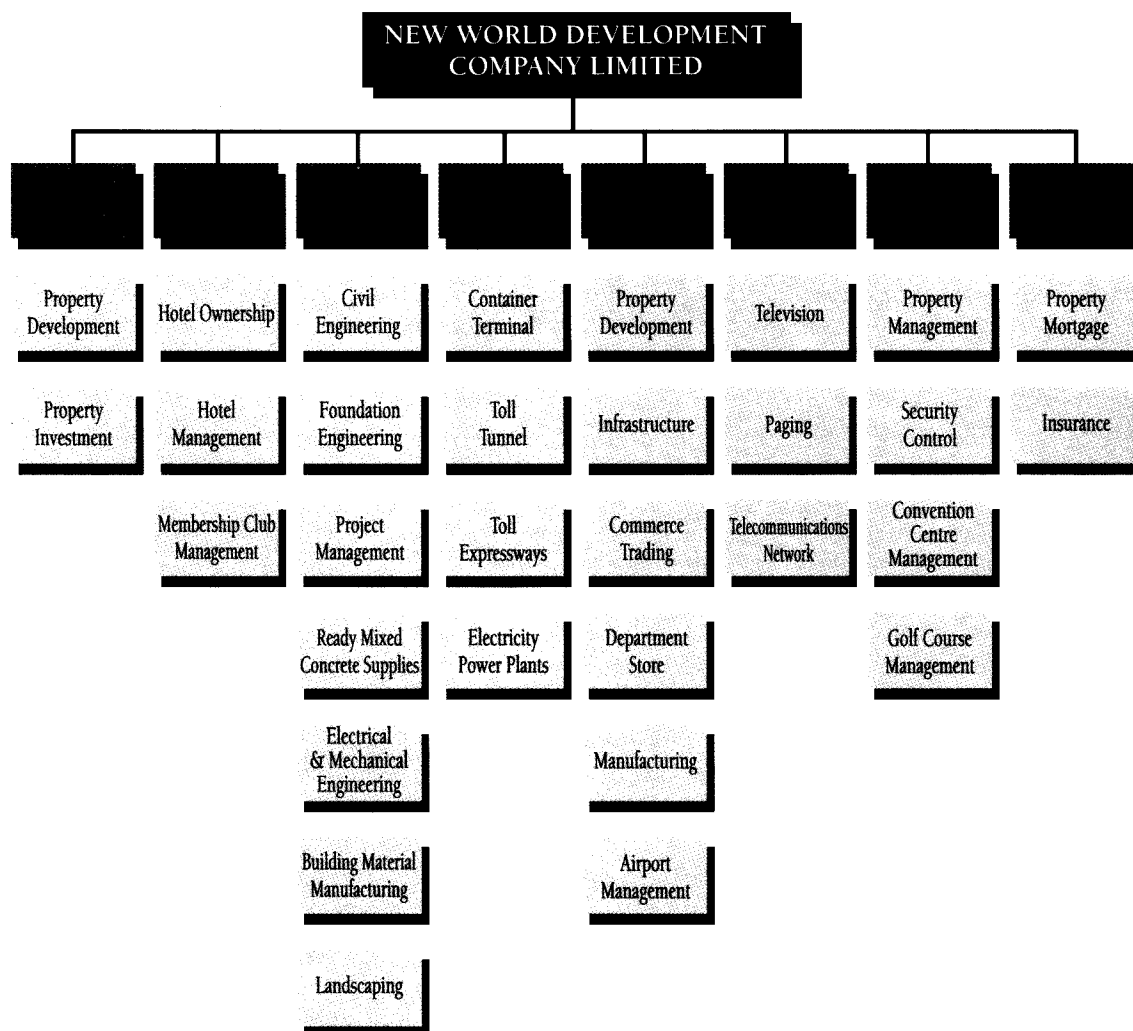


*Total Assets*



# MANAGING DIRECTOR'S BUSINESS REVIEW (CONT'D)

## Corporate Organization Chart of the Group

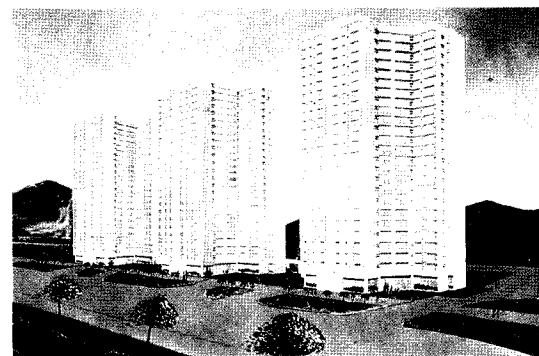


## PROPERTY DEVELOPMENT AND INVESTMENT IN HONG KONG

### Property Development

During the year, the Group completed 4 major development projects in Hong Kong. These provided a total of 1,083 residential units and a total gross floor area of about 110,318 square metres for residential area and 471 square metres for commercial area.

The following properties in Hong Kong were completed during the year:



Block 7-9, Phase 5, Discovery Bay



Clovelly Court, May Road

Location/ Name of Project	No. of Units	Total G.F.A. Sq.M.	Group Percentage	Group's Share of G.F.A.		
				Total Sq.M.	Commercial Sq.M.	Residential Sq.M.
1. Discovery Bay, Phase 5 Block 7-9 (Highrise)	546	47,365	100 *	47,365	—	47,365
2. 30-34 Conduit Road, Mid-Level, H.K.	117	12,716	33	4,238	—	4,238
3. 12 May Road, Mid-Level, Clovelly Court, H.K.	241	49,200	100	49,671	471	49,200
4. Third Street, Sai Ying Pun, H.K.	180	9,515	100 *	9,515	—	9,515
		<u>118,796</u>		<u>110,789</u>	<u>471</u>	<u>110,318</u>

17 other major existing projects and 6 projects acquired during the year are now in progress and will provide the Group a total entitlement of some 747,151 square metres upon completion with about 92,350 square metres to be completed by 30 June 1995.

The following projects are expected to be completed by 30 June 1995:

Location	Site Area Sq.M.	Total G.F.A. Sq.M.	Group Percentage	Group's Share of G.F.A.			Stage of Completion
				Total Sq.M.	Commercial Sq.M.	Residential Sq.M.	
1. Discovery Bay, Phase 4A (Lowrise)	—	23,415	100 *	23,415	—	23,415	Superstructure
2. Discovery Bay, Phase 4C (Lowrise)	—	33,727	100 *	33,727	—	33,727	Superstructure
3. 56-58 Conduit Road, H.K.	1,798	15,626	86	13,503	—	13,503	Superstructure
4. 95 A-E Robinson Road, H.K.	1,657	15,724	50	7,862	—	7,862	Superstructure
5. 46-58 Lyndhurst Terrace, H.K.	271	4,062	100	4,062	4,062	—	Superstructure
6. 1-20 Li Chit Street, H.K.	1,207	9,781	100 *	9,781	—	9,781	Superstructure
		<u>102,335</u>		<u>92,350</u>	<u>4,062</u>	<u>88,288</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 agreements.



# MANAGING DIRECTOR'S BUSINESS REVIEW (CONT'D)

## PROPERTY DEVELOPMENT AND INVESTMENT IN HONG KONG (cont'd)

The following projects are expected to be completed after 30 June 1995:

Location/ Name of Project	Site Area	Total G.F.A.	Group Percentage	Group's Share of G.F.A.				Stage of Completion
				Total	Commercial	Residential	Industrial	
	Sq.M.	Sq.M.		Sq.M.	Sq.M.	Sq.M.	Sq.M.	
Existing Projects								
1. 580A-580F Nathan Road, Kowloon	794	12,026	100*	12,026	12,026	—	—	Piling
2. 44 Lyttelton Road & 3 Babington Path, H.K.	2,723	21,785	100	21,785	—	21,785	—	Superstructure
3. 41-55 Wo Tong Tsui Street, Kwai Chung	2,925	27,791	50	13,896	—	—	13,896	Foundation
4. 15-19 Luk Hop Street, San Po Kong	2,211	26,532	100	26,532	—	—	26,532	Demolition
5. NKIL 4850 RP Tai Po Road, Kowloon	5,884	17,651	50	8,826	—	8,826	—	Site Investigation
6. Wing Sing Street, Central	7,200	104,064	100*	104,060	104,060	—	—	Foundation
7. Telford Gardens, Extension Development	13,477	35,868	100*	35,868	35,868	—	—	Foundation
8. Queen Street, Sheung Wan	6,784	77,558	50*	38,780	16,661	22,119	—	Planning
9. 157 Prince Edward Road West, Mongkok	686	8,228	50	4,114	4,114	—	—	Planning
10. 171 Prince Edward Road West, Mongkok	700	8,406	50	4,203	4,203	—	—	Planning
11. The China Dyeing Factory Redevelopment, Tsuen Wan	32,409	210,558	100*	210,558	—	210,558	—	Foundation
Projects Acquired During the Year								
12. 51 Tsun Yip Street, Kwun Tong	436	4,797	100	4,797	—	—	4,797	Demolition
13. Methodist Church Redevelopment	486	3,837	99*	3,799	3,799	—	—	Demolition
14. 35-47 Tsing Yi Road, Tsing Yi Island, N.T.	28,350	141,750	100*	141,750	—	—	141,750	Planning
15. NKIL4850 RP, Tai Po Road, Kln.	5,884	17,651	50	8,826	—	8,826	—	Site Investigation
16. Fanling Town Lot No. 126	20,780	106,853	12	12,822	748	12,074	—	Planning
17. Yuen Long Town Lot No. 463	5,889	30,843	7	2,159	—	2,159	—	Planning
		856,198		654,801	181,479	286,347	186,975	

\* 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.

---

The Group acquired 6 new development and investment projects during the year under review:

#### **51 Tsun Yip Street**

The Group acquired in October 1993 a 13-storey industrial building with a site area of 436 square metres at 51 Tsun Yip Street in Kwun Tong for redevelopment into a multi-storey building of a total gross floor area of about 4,797 square metres for industrial and office usage.

#### **Methodist Church Redevelopment**

The Group signed a redevelopment agreement with the Methodist Church in Wanchai to develop the church site area of 486 square metres into a multi-purpose complex for church portion and for office development with a total gross floor area of about 7,290 square metres.

#### **Tsing Yi Island**

The Group entered into an agreement with Outboard Marine Corporation Asia Limited to redevelop its existing site of 28,350 square metres at 35-47 Tsing Yi Road in Tsing Yi Island, New Territories into a multi-storey industrial/warehousing building with a total gross floor area of about 141,750 square metres.

#### **Tai Po Road**

The old Carlton Hotel site at Tai Po Road, Kowloon with about 5,884 square metres is to be developed into 8-storey luxurious residential buildings with 140 units of a total gross floor area of about 17,651 square metres and the Group has recently entered into an agreement to increase its interest in this project from 50% to 100%.

#### **Fanling Town Lot and Yuen Long Town Lot**

The Group participated with other land developers to acquire two town lots at Fanling and Yuen Long. Both sites are now at planning stage.





# MANAGING DIRECTOR'S BUSINESS REVIEW (CONT'D)

## PROPERTY DEVELOPMENT AND INVESTMENT IN HONG KONG (cont'd)

### Land Bank in the New Territories

During the year, the Group has disposed of about 78,000 square metres of farm land in Ting Kok. Together with 18,000 square metres of farm land acquired this year, the Group has at present a total reserve of about 1,377,000 square metres of farm land in the New Territories.

The Group has submitted applications to modify certain farm land for redevelopment into residential and commercial usage.

### Property Investment

The Group's investment properties have all been rented out during the year. The 5 hotels owned by the Group in Hong Kong, namely Regent Hotel, Grand Hyatt Hotel, Hotel Victoria, New World Hotel and New World Harbourview Hotel, have recorded satisfactory occupancy rates and results. Rental income and income from hotel operations both contributed considerable profit and cash flow to the Group.

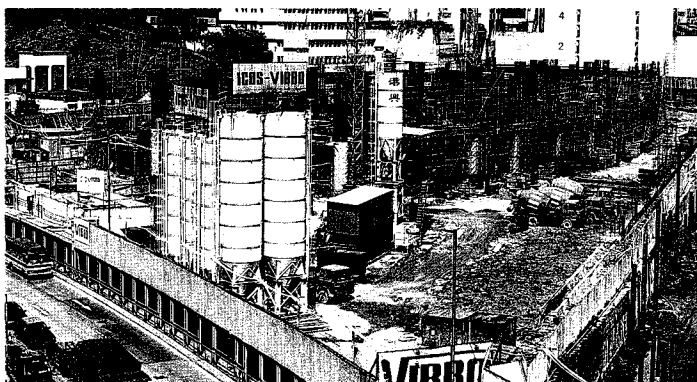
### Major existing investment properties:

Location/ Name of Property	Total G.F.A. Sq.M.	Group Percentage	Group's Share of G.F.A.				Lease Expiry
			Total Sq.M.	Commercial Sq.M.	Residential Sq.M.	Hotel Sq.M.	
1. Manning House, 48 Queen's Road, Central	10,223	100	10,223	10,223	—	—	2843
2. New World Tower, 14-18 Queen's Road, Central	59,470	100	59,470	59,470	—	—	2863
3. New World Centre KIL 9844	234,598	100	234,598	141,383	39,273	53,942	2052
4. Container Freight Station Berth 3, Kwai Chung	571,430	46	264,287	264,287	—	—	2047
5. Shun Tak Centre IL 8517	112,731	45	50,729	16,188	16,974	17,567	2055
6. Hong Kong Convention & Exhibition Centre IL 8593	116,733	100	116,733	13,874	3,505	99,354	2060
7. Paterson Plaza, 24-30 Paterson Street	2,293	100	2,293	2,293	—	—	2868
8. G/F, 1/F-5/F Pearl City Mansion	4,988	40	1,995	1,995	—	—	2868
9. Riviera Plaza Arcade	22,546	100	22,546	22,546	—	—	2047
	<u>1,135,012</u>		<u>762,874</u>	<u>532,259</u>	<u>59,752</u>	<u>170,863</u>	

Major investment properties to be completed:

Location/ Name of Project	Expected Completion	Total G.F.A. Sq.M.	Group Percentage	Group's Share of G.F.A.				Lease Expiry
				Total Sq.M.	Commercial Sq.M.	Residential Sq.M.	Hotel Sq.M.	
1. Salisbury Garden, Tsim Sha Tsui	1995	13,140	100	13,140	13,140	—	—	2052
2. The China Dyeing Factory Redevelopment, Tsuen Wan	after 1995	43,330	100*	43,330	43,330	—	—	2047
3. Telford Gardens Extension Development	after 1995	32,310	100*	32,310	32,310	—	—	2047
		<u>88,780</u>		<u>88,780</u>	<u>88,780</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 rental income /properties after completion or a share of the development profits in accordance with the terms and conditions of the joint development agreements.



China Dyeing Factory Site, Tsuen Wan

## Property Sales

During the year, the Group sold 12 floors of commercial and 1,107 residential units with a total gross floor area of 140,402 square metres. The gross income of property sales amounted to HK\$6,314 million, representing an increase of 31% over the previous year.

The following properties under construction have been released for pre-sale during the year and have all been sold:

Location	No. of Units	Total G.F.A. Sq.M.	Group Percentage	Group's Share of G.F.A. Sq.M.	Expected Completion
1. 46-58 Lyndhurst Terrace Central	24 Floors	4,062	100	4,062	July 1994
2. Phase I, Blessing Garden 95 A-E Robinson Road, Mid-Level	174	15,724	50	7,862	June 1995
		<u>19,786</u>		<u>11,924</u>	



# MANAGING DIRECTOR'S BUSINESS REVIEW (CONT'D)

## PROPERTY/INFRASTRUCTURE DEVELOPMENT AND INVESTMENT IN CHINA

The Group has investment interests in a diversity of projects in China. Projects with contracts executed include the following:

Toll Roads and Bridges	297 Km
Power Plants	700 MW
Land Bank (site area)	30 Million Sq.M

The following properties were put to the market for presale during the year:

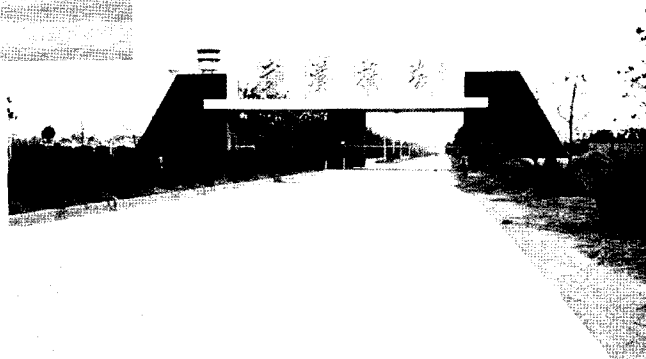
<u>Location/Name of Project</u>	<u>No. of Units</u>	<u>Total G.F.A. Sq.M.</u>	<u>Attributable Interest (Note)</u>	<u>Group's Share of G.F.A. Sq.M.</u>	<u>Expected Completion</u>
1. Dongguan New World Square and Dongguan New World Garden, Guangdong (Phases 1 & 2)	468	71,518	21%	15,233	October 1995
2. Fortuna Garden, Guangzhou	440	35,000	70%	24,500	January 1995
		<u>106,518</u>		<u>39,733</u>	

Note: Attributable Interest refers to the Group's

- equity interest, in the cases of equity joint ventures, foreign-owned enterprise and joint stock company, or
- profit sharing percentage, in the case of co-operative joint ventures.



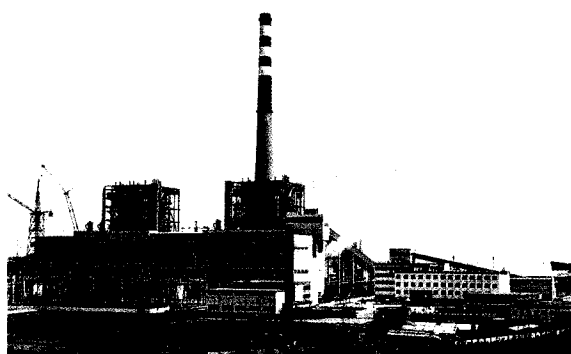
Wuhan Tianhe Airport



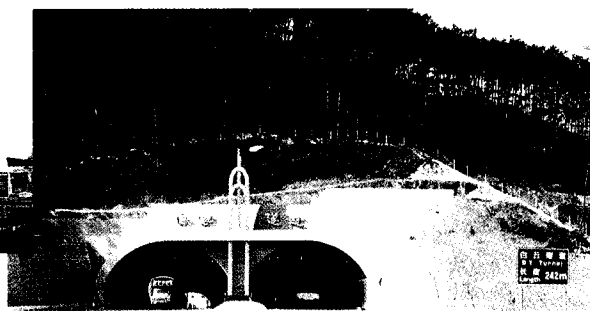
Wuhan Airport Highway

The following investments have started to generate revenue and/or cash flow during the year:

<u>Property Development</u>	<u>Infrastructure Development</u>	<u>Other Investments</u>
1. Dongguan New World Square & Dongguan New World Garden, Guangdong	1. Zhujiang Thermal Power Station (Phase I)	1. Wuhan — New World Refrigeration Industrial Corporation Limited
2. Fortuna Garden, Guangzhou	2. Guangzhou Northern Ring Road	2. Wuhan Electrical Switch and Panel Manufacturing Works
	3. Shenzhen — Huizhou Expressway (Huizhou Section)	
	4. Roadway No. 324 (Gaoyao Section) in Zhaoqing	



Zhujiang Thermal Power Station



Guangzhou Northern Ring Road

The following investments are expected to generate revenue and/or cash flow in 1995:

<u>Property Development</u>	<u>Infrastructure Development</u>	<u>Other Investments</u>
1. East and West Lake Land Development, Wuhan	1. Wuhan Bridge Development	1. Wuhan Ramada Hotel
2. Wuhan World Trade Centre Extension	2. Wuhan Airport Highway	2. Shenyang New World Luming Chun Building
3. Wuhan "Home Ownership Scheme"	3. Roadway No. 321 (Fengkai Section) in Zhaoqing	3. Wuhan New World Department Store
4. Beijing New World Centre	4. Roadway No. 1964 (Zhaojiang Section) in Zhaoqing	4. Shenyang New World Department Store
5. Shanghai World Finance Tower		5. Shenyang New World Hotel
6. Area 13,14 Ersha Island, Guangzhou		
7. Golden Lake Development, Guangzhou		
8. Guangdong Gaoyao City Land Development		
9. Tianjin World Trade Centre		
10. Tianjin Tang Gu Garden		



# MANAGING DIRECTOR'S BUSINESS REVIEW (CONT'D)

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

Major Projects contracted since 1 July 1993:

<u>Property Development</u>	<u>Location</u>	<u>Usage</u>	<u>Site Area</u> Sq.M.	<u>G.F.A.</u> Sq.M.	<u>Attributable Interest</u> (Note)
1. Guangzhou Nanhu National Recreational & Tourist Area	Guangzhou	Commercial/Residential/Hotel/Recreational	1,223,339	to be determined	50-80%
2. Guangzhou Dong Shan District Redevelopment	Guangzhou	Commercial/Residential/Recreational/Industrial	to be determined	to be determined	60%
3. Shanghai Hong Qiao Bus Depot Redevelopment	Shanghai	Residential/Commercial	52,101	204,455	32.4%
4. Shanghai Lu Wan Redevelopment	Shanghai	Residential/Commercial	34,100	187,750	76.5%
5. Lot No. 6 Huai Hai Zhong Lu	Shanghai	Commercial/Office/Hotel	9,953	84,600	to be determined
6. Shunde Dai Liang Property Development	Shunde	Residential/Commercial	533,600	2,401,200	30%
7. Dalian New World Plaza	Dalian	Residential/Commercial	9,800	134,565	35%
8. Dalian Bond Tak International Finance Centre	Dalian	Hotel/Apartment/Office/Commercial	16,431	178,000	30%
9. Shenyang New World Luming Chun Building	Shenyang	Commercial/Office/Hotel	8,600	32,200	38%
10. Shenyang "Home Ownership Scheme"	Shenyang	Residential	1,650,000	to be determined	60-100%
11. Huizhou Huicheng District Redevelopment	Huizhou	Residential/Commercial	67,051	to be determined	62.5%
12. Huizhou Huicheng District "Home Ownership Scheme"	Huizhou	Residential	500,000	to be determined	60-100%
13. Guangdong Gaoyao City Land Development	Gaoyao, Guangdong	Land Development	667,000	to be determined	70%
14. Nanjing Huawei Real Estate Development	Nanjing	Commercial/Residential/Office/Hotel	12,276	150,000	39%
15. Beijing Lai Loi Gardens Development	Beijing	Residential	1,270,500	648,000	30%
16. Beijing "Home Ownership Scheme"	Beijing	Residential	3,000,000	to be determined	60-100%

<u>Infrastructure Development</u>	<u>Location</u>	<u>Particulars</u>	<u>Attributable Interest</u> (Note)
1. Qingyuan Qiaoyuan Power Plant	Qingyuan, Guangdong	8x6.35 MW Diesel Power Plant	10-16%
2. Roadway No. 324 (Gaoyao Section)	Zhaoqing, Guangdong	24.2Km Toll Road	24%
3. Roadway No. 321 (Fengkai Section)	Zhaoqing, Guangdong	41.66Km Toll Road	45%
4. Roadway No. 1964 (Zhaojiang Section)	Zhaoqing, Guangdong	23.775Km Toll Road	70%
5. Wuhan Bridge Development	Wuhan	Toll Bridges/Development of Properties	48.86%
6. Dalian Xiang Hai Thermal Power Plant	Dalian	2x25 MW Coal-fired Thermal Power Plant	70%

<u>Other Investments</u>	<u>Location</u>	<u>Particulars</u>	<u>Attributable Interest</u> (Note)
1. Wuhan Hotel Redevelopment	Wuhan	Hotel	60%
2. Wuhan Electrical Switch and Panel Manufacturing Works	Wuhan	Industrial Modernization	40%

Note: Attributable Interest refers to the Group's

- equity interest, in the cases of equity joint ventures, foreign-owned enterprise and joint stock company, or
- profit sharing percentage, in the case of co-operative joint ventures.



*Shenyang New World Department Store*

## Department Stores

The Wuhan New World Department Store and the Shenyang New World Department Store are scheduled to open by the end of 1994 and in early 1995 respectively.

The Group continues to actively explore department store business opportunities in major cities in China, including Beijing, Harbin, Qingdao, Guangzhou, Chengdu, Chongqing, Nanjing and Dalian.

## BUILDING AND FOUNDATION CONSTRUCTION

During the year, Hip Hing Construction Company Limited has completed 13 projects and reported a total turnover of HK\$4,693 million, resulting in an increase of profit by over 15% compared with that of previous year. Total value of job orders on hand reached HK\$9,500 million.

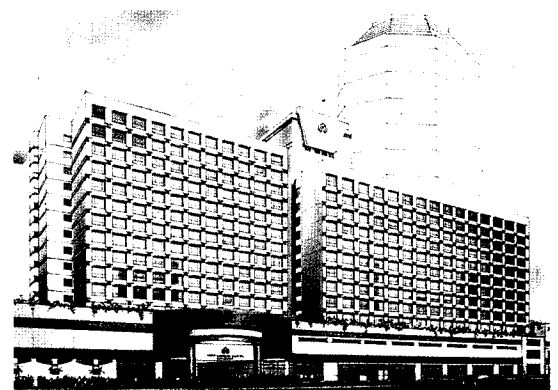
It is noteworthy that China has become an important market for the company. In fact, regional offices are set up in Guangzhou, Shanghai, Beijing and Dalian to carry out construction activities in relation to the Group's projects.

## HOTEL OPERATIONS

New World Hotels International Limited ("New World Hotels")

### Hotels in Hong Kong

The three hotels managed by New World Hotels in Hong Kong showed encouraging performance due to the increase of visitor arrivals.



*New World Hotel Saigon*



# MANAGING DIRECTOR'S BUSINESS REVIEW (CONT'D)

## HOTEL OPERATIONS (cont'd)

### Hotels in China

The occupancy and average rate of hotels managed by New World Hotels in China have been satisfactory during the year. New World Hotels has entered into two hotel management contracts in Shenyang and Harbin. New World Hotel, Shenyang with 252 rooms, was opened in September 1994 and New World Northern Hotel, Harbin with 334 rooms is scheduled to open by the end of 1995.

### Hotels in South-East Asia

New World Hotel, Manila with 610 rooms was opened in July 1994. The soft opening of New World Hotel Saigon with 544 rooms, took place in October 1994. Due to the shortage of luxurious hotel rooms in Ho Chi Minh City, the hotel should be able to out-perform other hotels. The opening of New World Hotel, Kuala Lumpur with 501 rooms, is scheduled by the end of 1995.

The existing hotel portfolio of New World Hotels is as follows:

	Hong Kong		China		South East Asia		Macau		Total	
	Prop	Rms	Prop	Rms	Prop	Rms	Prop	Rms	Prop	Rms
Managed	—	—	2	1,102	1	236	1	393	4	1,731
Owned by the Group	3	1,940	4	2,240	2	1,154	—	—	9	5,334
Total	3	1,940	6	3,342	3	1,390	1	393	13	7,065



Moscow Olympic Penta Renaissance Hotel, Moscow, Russia

### Renaissance Hotels International, Inc. ("Renaissance Hotels")

Renaissance Hotels continues to report improvements in its operations. The major U.S. market achieved satisfactory performance as the U.S. economy gradually improves while the Asia Pacific region performed well above expectation. Europe, however, was still suffering from the lingering recession and is expected to recover slowly.

The past year has been a year of tremendous growth for Renaissance Hotels' business following the acquisition of the management rights to 28 Stouffer hotels, primarily in the U.S., and 9 Penta hotels in Europe. The addition of these hotels has widened Renaissance Hotels' coverage in key U.S. and European cities and at the same time allowed the Renaissance Hotels to achieve an effective cost structure through the integration of administrative and marketing functions.

The strategy initiated in January 1993 to market its upscale image as Renaissance hotels has proven to be highly successful and has effectively segregated the Renaissance product from the mid-priced Ramada image. To capitalize on the quality image of Stouffer hotels, Renaissance Hotels plans to market some of the Stouffer as "Stouffer-Renaissance" hotels in the coming year.

Renaissance Hotels has entered into a master franchise agreement with New World Hotels, to enable the latter to operate three star hotels in China using the Ramada name. The first such hotel is expected to open in Wuhan at the beginning of November 1994 while another is scheduled to open in Qingdao in early 1995.



*Ramada Hotel Halm, Konstanz, Germany*



*Naruto Renaissance Resort, Naruto, Japan*

The coming year will be a year of consolidation for Renaissance Hotels following the major expansion undertaken in the past year. With the extensive market coverage achieved through the year, Renaissance Hotels is expected to benefit substantially from any economic upturns in North America and Europe. In order to take advantage of the continuing economic growth in the Asia Pacific region, new hotels will be opened in the next two years in Gifu, Japan;

Kuala Lumpur, Johore Bahru, Malaysia; and Ho Chi Minh City, Vietnam.

The existing hotel portfolio of Renaissance Hotels is as follows:

	North America		Europe/ Middle East		Latin America		Asia		Australia		Total	
	Prop	Rms	Prop	Rms	Prop	Rms	Prop	Rms	Prop	Rms	Prop	Rms
Managed	31	12,741	8	2,365	4	904	4	1,061	3	986	50	18,057
Leased	5	1,906	26	6,333	—	—	—	—	1	404	32	8,643
Franchised	3	734	15	3,389	7	1,524	7	2,063	1	220	33	7,930
Owned	5	2,301	—	—	1	310	—	—	1	181	7	2,792
Joint Venture	2	979	1	498	2	871	1	492	—	—	6	2,840
Total	46	18,661	50	12,585	14	3,609	12	3,616	6	1,791	128	40,262





---

## OTHER BUSINESSES

### Container Terminal

Construction of Asia Terminals Centre (the largest building of its kind in the world) was completed in July 1994. The completion of the Centre entailed taking delivery of 260,120 square metres of space. The Terminals' rental income has increased 40% over last year and this trend will continue with new tenants moving in.

### Telecommunications Network

On 1 December 1993, the Hong Kong Government announced its intention to award a licence to New World Telephone Limited a subsidiary of the Group to operate Fixed Telecommunications Network Services upon the expiry of the current exclusive telephone franchise held by Hongkong Telecom on 30 June 1995.

The Group plans to invest a substantial sum in the fast growing business. In the long run this licence will enable the Group to perform the full spectrum of advanced information and entertainment services to be carried to Hong Kong homes and offices.

The Group is also seeking telecommunications business opportunities within the neighbourhood regions.

### Television

The Group has sold a block of shares representing 20% of the issued shares of Asia Television Limited ("ATV") to Mr. Lim Por Yen, the Chairman of ATV. After such sale, the Group holds only 27.5% of ATV. ATV has achieved a better result in the last year and is expected to achieve better performance in the coming year.

### Shun Fung Ironworks Limited

In 1992 the Group's subsidiary, Shun Fung Ironworks Limited ("Shun Fung") was awarded the sum of HK\$132 million (plus interest) by the Hong Kong Lands Tribunal as compensation for the resumption (compulsory acquisition) of its steelworks at Junk Bay in the New Territories. Shun Fung appealed against the decision to the Court of Appeal in Hong Kong which in December 1993 overturned the judgement of the Lands Tribunal and increased the compensation to HK\$519 million. Interest on the award of a further HK\$202 million increased the total compensation to HK\$721 million. The Government is appealing against the judgement of the Court of Appeal to the Privy Council in London. Shun Fung is now implementing its plans for relocating its business to Shunde County in China.

---

## **ADR Program**

The Group has through The Bank of New York announced the establishment of a sponsored American Depositary Receipt (“ADR”) Program for the Company. Each ADR represents 2 shares of the Company with trading to commence on the “Over The Counter” market effective February 1994. This move shall further promote the Group’s international recognition and also provide a new source of funds for the Group’s future investments.

## **PROSPECTS**

China has witnessed steady progress in its economic reforms over the past 15 years and the current trend of reform is expected to continue. With China’s economy steaming ahead, measures have been taken to ensure macrostability. The implementation of macroeconomics adjustment program last year has shown promising results in stabilizing inflation while maintaining a healthy economic growth rate. In conjunction with China’s concerted effort to rejoin the GATT, a series of legal and financial reforms were instituted during the year, including the unification of the dual exchange rates and the promulgation of the first Company Law. As the currency becomes more freely convertible and the corporate legal system better defined, a market-oriented investment environment is being created. We strongly believe that these changes will boost the confidence of international investors and will be positive for both the short and long term economic developments in China. Given the Group’s sizable investment portfolio in China, we are well positioned to benefit from these changes.

In Hong Kong, the property market is experiencing a period of consolidation which shall nurture a healthier and more stable environment for future property development. The fundamental factor supporting long term growth in property value has remained unchanged with the facts that the demand far exceeds supply. The robust economic growth in China will be another significant factor contributing to the long term prosperity and stability of Hong Kong. We believe that the property market in Hong Kong remains stable and healthy.

**Cheng Kar-Shun, Henry**

*Managing Director*

Hong Kong, 27 October 1994



# REPORT OF THE AUDITORS

---

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

We have audited the accounts on pages 27 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 1994 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, 27 October 1994

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Year ended 30 June	
	Note	1994 HK\$m	1993 HK\$m
Turnover	2	<u>18,590.6</u>	<u>13,320.1</u>
Operating profit	2 & 3	4,968.0	4,141.6
Share of results of associated companies		<u>343.1</u>	<u>204.0</u>
Profit before taxation		5,311.1	4,345.6
Taxation	4	<u>(775.6)</u>	<u>(593.7)</u>
Profit after taxation		4,535.5	3,751.9
Minority interests		<u>(239.2)</u>	<u>(290.2)</u>
Profit attributable to shareholders	5	4,296.3	3,461.7
Dividends	6	<u>(1,688.2)</u>	<u>(1,367.9)</u>
Retained profit for the year		<u>2,608.1</u>	<u>2,093.8</u>
Retained by:			
Company and subsidiary companies		2,487.4	2,083.7
Associated companies		<u>120.7</u>	<u>10.1</u>
		<u>2,608.1</u>	<u>2,093.8</u>
Earnings per share	7		
Basic		<u>HK\$2.72</u>	<u>HK\$2.23</u>
Fully diluted		<u>HK\$2.57</u>	<u>HK\$2.17</u>



# CONSOLIDATED BALANCE SHEET

	Note	As at 30 June	
		1994 HK\$m	1993 HK\$m
Fixed assets	9	39,676.3	31,735.0
Associated companies	11	6,281.3	4,497.1
Investments in the People's Republic of China	12	7,212.5	3,345.0
Other investments	13	1,018.7	938.0
Licence agreement	14	937.5	943.3
Long term receivables	15	542.4	1,050.5
Net current assets	16	5,987.4	1,902.6
		<u>61,656.1</u>	<u>44,411.5</u>
Intangible assets	17	925.4	897.1
Deferred expenditure	18	16.6	57.0
		<u>62,598.1</u>	<u>45,365.6</u>
Employment of funds			
Financed by:			
Share capital	19	1,593.3	1,575.3
Reserves	21	46,139.7	34,740.6
		<u>47,733.0</u>	<u>36,315.9</u>
Shareholders' funds			
Minority interests		3,705.5	3,037.0
Long term liabilities	22	11,144.3	6,000.7
Deferred taxation	23	15.3	12.0
		<u>62,598.1</u>	<u>45,365.6</u>
Funds employed			

Sin Wai-Kin  
Cheng Kar-Shun, Henry  
*Directors*

# COMPANY BALANCE SHEET

	Note	As at 30 June	
		1994 HK\$m	1993 HK\$m
Fixed assets	9	46.7	42.8
Subsidiary companies	10	10,541.5	10,025.0
Associated companies	11	798.2	696.8
Investments in the People's Republic of China	12	1,023.2	829.9
Other investments	13	28.0	11.1
Long term receivables	15	245.6	463.4
Net current liabilities	16	(423.3)	(754.3)
Employment of funds		<u>12,259.9</u>	<u>11,314.7</u>
Financed by:			
Share capital	19	1,593.3	1,575.3
Reserves	21	<u>10,447.0</u>	<u>9,519.8</u>
Shareholders' funds		12,040.3	11,095.1
Long term liabilities	22	<u>219.6</u>	<u>219.6</u>
Funds employed		<u>12,259.9</u>	<u>11,314.7</u>

Sin Wai-Kin  
Cheng Kar-Shun, Henry  
Directors



# CONSOLIDATED CASH FLOW STATEMENT

		Year ended 30 June	
	Note	1994 HK\$m	1993 HK\$m
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	26(a)	(4,104.8)	1,852.2
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		294.3	157.1
Interest paid		(738.6)	(402.9)
Dividends received from			
Associated companies		143.7	120.4
Other investments		111.0	38.1
Dividends paid		(1,012.6)	(465.5)
Dividends paid to minority shareholders		(92.4)	(254.3)
Discount on early repayment of bank loans		—	48.8
Net cash outflow from returns on investments and servicing of finance		(1,294.6)	(758.3)
TAXATION			
Hong Kong profits tax paid		(451.9)	(246.2)
Overseas taxation refunded/(paid)		12.8	(44.6)
Net tax paid		(439.1)	(290.8)
INVESTING ACTIVITIES			
Purchase of fixed assets		(797.3)	(575.9)
Increase in investments in associated companies		(1,063.3)	(200.3)
Increase in investments in the People's Republic of China		(4,400.1)	(2,403.5)
Increase in other investments		(112.6)	(434.6)
Decrease/(Increase) in long term receivables		501.5	(283.8)
Increase in intangible assets and deferred expenditure		(7.7)	(3.2)
Acquisition of additional interests in subsidiary companies		0.8	(47.3)
Acquisition of subsidiary companies (net of cash and cash equivalents)	26(c)	(354.3)	—
Proceeds on disposal of			
Fixed assets, including investment properties		2,540.9	1,876.9
Associated companies		33.0	472.5
Investments in the People's Republic of China		835.7	—
Other investments		—	23.5
Disposal of overseas treasury bills		—	63.7
Net cash outflow from investing activities		(2,823.4)	(1,512.0)
Net cash outflow before financing		(8,661.9)	(708.9)
FINANCING			
Exercise of warrants subscription rights		56.4	—
Issuing expenses on shares and warrants		(4.6)	(9.5)
Increase in long term liabilities		5,667.9	845.8
Increase in short term bank and other loans		495.0	162.7
Contribution from minority shareholders		74.3	86.8
Issue of warrants		—	220.8
Net cash inflow from financing	26(d)	6,289.0	1,306.6
(Decrease)/increase in cash and cash equivalents		(2,372.9)	597.7
Cash and cash equivalents at beginning of year		1,044.7	447.7
Effect of foreign exchange rate changes		6.9	(0.7)
Cash and cash equivalents at end of year	26(e)	(1,321.3)	1,044.7

# NOTES TO THE ACCOUNTS

## 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 distribution received and receivable.

**(f) Turnover**

Group turnover represents all revenues from rental, sales of properties, construction and 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.

(ii) Gain or loss on sales of fixed assets, including investment properties, are included in the operating profit.





# NOTES TO THE ACCOUNTS (CONT'D)

## 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (g) Profit recognition (Cont'd)

- (iii) Profits on joint venture property development 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, other than legal title, 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. Assets held under finance leases are depreciated on the basis described in Note 1(i) below.

#### (ii) Operating leases

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

### (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

No depreciation is provided on long term leasehold land. Depreciation of other fixed assets is calculated to write off their cost or valuation over their estimated useful lives or, if shorter, the relevant finance lease periods, using the straight line method at the following annual rates:

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.

### (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) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, amounts repayable on demand from banks and financial institutions, less advances from banks and financial institutions repayable within three months from the date of the advance.

**(s) 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 reserves. 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

An analysis of the Group's turnover and contribution to operating profit by principal activities and geography are as follows:

	1994 HK\$m	1993 HK\$m
(a) Analysis by principal activities		
(i) Turnover		
Rental income	1,461.9	1,344.4
Property sales	6,313.8	4,882.3
Construction and piling	5,809.2	2,905.3
Hotels and restaurant operations	5,405.4	4,682.5
Others	566.9	509.5
	<u>19,557.2</u>	<u>14,324.0</u>
Intra-group transactions		
Rental income	(70.6)	(60.4)
Property sales	—	(86.6)
Construction and piling	(761.4)	(726.2)
Others	(134.6)	(130.7)
	<u>18,590.6</u>	<u>13,320.1</u>
(ii) Contribution to operating profit		
Rental income	1,021.3	922.3
Property sales	3,318.6	2,803.8
Construction and piling	171.1	154.2
Hotels and restaurant operations	666.9	529.9
Others	157.4	(24.8)
	<u>5,335.3</u>	<u>4,385.4</u>
Net interest paid	(367.3)	(243.8)
	<u>4,968.0</u>	<u>4,141.6</u>
(b) Analysis by geography		
(i) Turnover		
Hong Kong	15,784.1	10,877.6
North America	1,334.4	1,125.1
Europe	1,472.1	1,317.4
	<u>18,590.6</u>	<u>13,320.1</u>
(ii) Contribution to operating profit before interest		
Hong Kong	5,348.1	4,465.5
North America	6.5	(51.6)
Europe	(19.3)	(28.5)
	<u>5,335.3</u>	<u>4,385.4</u>

### 3 OPERATING PROFIT

Operating profit of the Group is arrived at after crediting and charging the following:

	1994 HK\$m	1993 HK\$m
<b>Crediting:</b>		
Net rental income	1,069.6	937.0
Dividend income		
Listed investments	19.7	18.2
Unlisted investments	91.3	19.9
Gain on sales of investment properties	1,304.1	1,254.4
Gain on disposal of associated companies	153.3	107.7
Royalty income from licence agreement	134.1	127.4
Discount on early repayment of bank loans	—	48.8
	<u>          </u>	<u>          </u>
<b>Charging:</b>		
Interest on bank loans, overdrafts and other loans	643.0	370.4
Interest on finance leases	38.6	32.5
Interest on convertible bonds	57.0	—
Amortisation of discount on zero coupon bonds	116.8	64.8
Interest capitalised as cost of properties under development	(68.5)	—
	<u>          </u>	<u>          </u>
	786.9	467.7
Auditors' remuneration	15.9	14.0
Depreciation		
Leased fixed assets	83.2	40.2
Owned fixed assets	260.0	236.2
Operating lease rentals for land and buildings	497.2	335.1
Amortisation of intangible assets	70.9	64.2
Amortisation of deferred expenditure	46.5	32.2
	<u>          </u>	<u>          </u>

### 4 TAXATION

	1994 HK\$m	1993 HK\$m
<b>Company and subsidiary companies</b>		
Hong Kong profits tax	713.1	531.8
Overseas taxation	4.7	10.1
Deferred taxation	3.3	6.1
	<u>          </u>	<u>          </u>
	721.1	548.0
<b>Associated companies</b>		
Hong Kong profits tax	53.1	44.4
Overseas taxation	1.4	1.3
	<u>          </u>	<u>          </u>
	775.6	593.7

Hong Kong profits tax is provided at the rate of 16.5% (1993: 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\$2,168.0 million (1993: HK\$2,545.7 million).

### 6 DIVIDENDS

	1994 HK\$m	1993 HK\$m
Interim dividend paid of 28 cents per share (1993: 25 cents)	445.4	391.2
Proposed final dividend of 78 cents per share (1993: 62 cents)	1,242.8	976.7
	<u>1,688.2</u>	<u>1,367.9</u>

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

Interim dividend	255.1	227.0
Final dividend	*	154.4

\* Full provision has been made for the 1994 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\$4,296.3 million (1993: HK\$3,461.7 million) and the weighted average of 1,579.9 million shares in issue (1993: 1,551.2 million shares) during the year.

The fully diluted earnings per share is based on adjusted profit of HK\$4,406.6 million (1993: HK\$3,492.8 million) on the assumption that all outstanding warrants had been exercised at the beginning of the year and convertible bonds had been converted at the date of issue and that the proceeds of subscription of warrants had been placed on fixed deposits with a leading bank earning interest while the conversion of convertible bonds had saved interest payable thereon, and the weighted average of 1,715.1 million shares (1993: 1,608.5 million shares) issued and issuable.

### 8 DIRECTORS' REMUNERATION

	1994 HK\$m	1993 HK\$m
Fees	0.6	0.6
Other emoluments	0.2	0.2
	<u>0.8</u>	<u>0.8</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
<b>Cost or valuation</b>					
At 1.7.1993	20,214.6	9,244.5	1,499.0	1,684.5	32,642.6
Translation difference	-	(14.6)	-	14.1	(0.5)
Acquisition of subsidiary companies	364.6	-	2.3	29.0	395.9
Additions	-	14.4	369.5	431.1	815.0
Disposals	(1,502.7)	(94.4)	(857.1)	(80.9)	(2,535.1)
Revaluation surplus	8,145.5	1,421.2	14.8	-	9,581.5
At 30.6.1994	27,222.0	10,571.1	1,028.5	2,077.8	40,899.4
<b>Accumulated depreciation</b>					
At 1.7.1993	-	-	82.1	825.5	907.6
Translation difference	-	-	-	5.7	5.7
Acquisition of subsidiary companies	-	-	-	1.1	1.1
Charge for the year	-	-	3.7	339.5	343.2
Written back on disposals	-	-	(0.6)	(32.6)	(33.2)
Written back on revaluation	-	-	(1.3)	-	(1.3)
At 30.6.1994	-	-	83.9	1,139.2	1,223.1
<b>Net book value</b>					
At 30.6.1994	27,222.0	10,571.1	944.6	938.6	39,676.3
At 30.6.1993	20,214.6	9,244.5	1,416.9	859.0	31,735.0

	Company		
	Investment properties HK\$m	Land and buildings HK\$m	Total HK\$m
<b>Cost or valuation</b>			
At 1.7.1993	38.6	4.9	43.5
Disposals	-	(0.2)	(0.2)
Revaluation surplus	4.1	-	4.1
At 30.6.1994	42.7	4.7	47.4
<b>Accumulated depreciation</b>			
At 1.7.1993	-	0.7	0.7
Charge for the year	-	0.1	0.1
Written back on disposals	-	(0.1)	(0.1)
At 30.6.1994	-	0.7	0.7
<b>Net book value</b>			
At 30.6.1994	42.7	4.0	46.7
At 30.6.1993	38.6	4.2	42.8



## NOTES TO THE ACCOUNTS (CONT'D)

### 9 FIXED ASSETS (Cont'd)

Cost or valuation of properties at 30 June 1994 was made up as follows:

	Investment properties	Hotel properties	Hotel properties	Land and buildings	
	Hong Kong long lease HK\$m	Hong Kong long lease HK\$m	Overseas freehold HK\$m	Hong Kong long lease HK\$m	Total HK\$m
Group					
At cost	—	—	—	999.1	999.1
At 1994 professional valuation	27,222.0	9,900.0	671.1	29.4	37,822.5
	<u>27,222.0</u>	<u>9,900.0</u>	<u>671.1</u>	<u>1,028.5</u>	<u>38,821.6</u>
Company					
At cost	—	—	—	4.7	4.7
At 1994 professional valuation	42.7	—	—	—	42.7
	<u>42.7</u>	<u>—</u>	<u>—</u>	<u>4.7</u>	<u>47.4</u>

The investment properties, hotel properties and certain land and buildings were revalued on 30 June 1994 on an open market value basis by Chesterton Petty Limited, PKF Consulting and Prudential Surveyors International Limited.

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\$211.4 million (1993: HK\$278.3 million).

### 10 SUBSIDIARY COMPANIES

	1994 HK\$m	1993 HK\$m
Unlisted shares		
At cost	2,472.0	2,429.3
Provision for permanent diminution in value	(394.1)	(394.1)
	<u>2,077.9</u>	<u>2,035.2</u>
At directors' valuation in 1972	72.0	72.0
	<u>2,149.9</u>	<u>2,107.2</u>
Amounts due by subsidiary companies less provision	13,543.4	10,942.6
	<u>15,693.3</u>	<u>13,049.8</u>
Amounts due to subsidiary companies	(5,151.8)	(3,024.8)
	<u>10,541.5</u>	<u>10,025.0</u>

Details of principal subsidiary companies are given in Note 29.

## 11 ASSOCIATED COMPANIES

	Group		Company	
	1994 HK\$m	1993 HK\$m	1994 HK\$m	1993 HK\$m
Unlisted shares, at cost less provision	1,542.0	1,342.3	462.1	462.1
Share of post acquisition reserves	2,135.4	1,236.0	—	—
Group's share of net assets	3,677.4	2,578.3	462.1	462.1
Amounts due by associated companies				
Current accounts less provision	2,424.5	1,689.0	221.7	155.8
Subordinated loans	473.5	499.4	196.9	196.9
	2,898.0	2,188.4	418.6	352.7
Amounts due to associated companies	(294.1)	(269.6)	(82.5)	(118.0)
	2,603.9	1,918.8	336.1	234.7
	6,281.3	4,497.1	798.2	696.8

Shares and advances in the form of subordinated loans, totalling HK\$727.2 million (1993: HK\$769.4 million) have been pledged as part of the security for credit facilities of HK\$3,890.1 million (1993: HK\$3,990.1 million) granted to associated companies of which HK\$2,750.6 million (1993: HK\$2,553.3 million) had been utilised as at the balance sheet date.

Dividends received and receivable by the Group from associated companies were HK\$143.7 million (1993: HK\$120.4 million).

Details of principal associated companies are given in Note 30.





# NOTES TO THE ACCOUNTS (CONT'D)

## 12 INVESTMENTS IN THE PEOPLE'S REPUBLIC OF CHINA

	Group		Company	
	1994 HK\$m	1993 HK\$m	1994 HK\$m	1993 HK\$m
Co-operative joint ventures				
Cost of investment less provision	1,516.2	818.0	279.5	352.6
Amounts due by joint ventures less provision	2,061.5	916.1	105.1	—
	<u>3,577.7</u>	<u>1,734.1</u>	<u>384.6</u>	<u>352.6</u>
Equity joint ventures				
Group's share of net assets	699.9	688.5	219.5	175.2
Amounts due by joint ventures less provision	322.3	202.4	20.7	—
	<u>1,022.2</u>	<u>890.9</u>	<u>240.2</u>	<u>175.2</u>
Associated companies				
Group's share of net assets (Note b)	1,048.2	1.2	—	—
Amounts due by associated companies	552.1	153.9	—	—
	<u>1,600.3</u>	<u>155.1</u>	<u>—</u>	<u>—</u>
Deposits paid for joint ventures (Note c)	1,012.3	564.9	398.4	302.1
	<u>7,212.5</u>	<u>3,345.0</u>	<u>1,023.2</u>	<u>829.9</u>
Analysis by activities				
Infrastructure	2,908.8	1,579.7	—	—
Property development	3,526.2	1,370.0	1,023.2	829.9
Others	777.5	395.3	—	—
	<u>7,212.5</u>	<u>3,345.0</u>	<u>1,023.2</u>	<u>829.9</u>

- (a) The Group's interest in a joint venture is pledged as part of the security to secure a syndicated bank loan of HK\$760.5 million (1993: HK\$444.6 million) granted to a subsidiary company.
- (b) The Group has 50% equity interest in NW China Investment Limited, a company listed on the Irish Stock Exchange and the Group's share of net assets and the market value at 30 June 1994 are HK\$780.0 million and HK\$791.9 million respectively.
- (c) The balances represent advances paid to various joint ventures in respect of which the joint venture companies have not yet been legally established or only preliminary agreements were signed. Upon the completion of the relevant joint venture contracts and the establishment of the respective joint venture companies, the relevant amounts will be reclassified to joint venture balances.
- (d) Particulars of principal associated companies and principal joint venture companies are given in Note 30 and Note 31 respectively.

## 13 OTHER INVESTMENTS

	Group		Company	
	1994 HK\$m	1993 HK\$m	1994 HK\$m	1993 HK\$m
Unlisted shares, at cost	185.6	113.9	44.2	44.2
Provision for permanent diminution in value	(2.2)	(1.2)	-	-
	<u>183.4</u>	<u>112.7</u>	<u>44.2</u>	<u>44.2</u>
Listed shares, at cost				
Hong Kong	253.3	248.4	-	-
Overseas	173.7	153.3	-	-
	<u>427.0</u>	<u>401.7</u>	<u>-</u>	<u>-</u>
Investments in joint ventures				
At cost less provision	182.9	464.5	15.0	15.0
Advances to joint ventures	256.8	7.2	-	-
Advances from joint ventures	(31.4)	(48.1)	(31.2)	(48.1)
	<u>408.3</u>	<u>423.6</u>	<u>(16.2)</u>	<u>(33.1)</u>
	<u>1,018.7</u>	<u>938.0</u>	<u>28.0</u>	<u>11.1</u>
Market value of listed shares	<u>639.8</u>	<u>619.2</u>	<u>-</u>	<u>-</u>

## 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.



# NOTES TO THE ACCOUNTS (CONT'D)

## 15 LONG TERM RECEIVABLES

	Group		Company	
	1994 HK\$m	1993 HK\$m	1994 HK\$m	1993 HK\$m
Accounts receivable (Note 22(d))	463.4	623.4	463.4	623.4
Notes receivable	149.5	189.7	-	-
Mortgage loans	309.4	610.7	-	-
	<u>922.3</u>	<u>1,423.8</u>	<u>463.4</u>	<u>623.4</u>
Amounts receivable within one year included in current assets (Note 16)	(379.9)	(373.3)	(217.8)	(160.0)
	<u>542.4</u>	<u>1,050.5</u>	<u>245.6</u>	<u>463.4</u>

## 16 NET CURRENT ASSETS/(LIABILITIES)

	Group		Company	
	1994 HK\$m	1993 HK\$m	1994 HK\$m	1993 HK\$m
<b>Current assets</b>				
Construction in progress (Note a)	(26.6)	14.9	-	-
Properties held for sale (Note b)	14,393.7	5,356.3	654.7	458.6
Stocks	157.1	165.3	-	-
Current portion of long term receivables (Note 15)	379.9	373.3	217.8	160.0
Other loans receivable	39.6	74.5	-	-
Debtors and prepayments	3,620.1	2,767.0	531.7	80.5
Cash and bank balances	1,234.7	1,536.0	7.2	41.7
	<u>19,798.5</u>	<u>10,287.3</u>	<u>1,411.4</u>	<u>740.8</u>
<b>Current liabilities</b>				
Creditors and accrued charges	6,255.8	4,167.4	403.6	423.3
Deposits received on sale of properties	295.8	890.7	-	-
Bills payable	27.8	10.3	-	-
Bank loans and overdrafts				
Secured	88.2	138.2	-	-
Unsecured	3,142.0	342.8	114.3	-
Other loans				
Secured	-	207.5	-	59.6
Unsecured	9.1	8.6	-	-
Current portion of long term liabilities (Note 22)	1,802.8	988.4	-	-
Taxation	946.8	654.1	74.0	35.5
Proposed final dividend	1,242.8	976.7	1,242.8	976.7
	<u>13,811.1</u>	<u>8,384.7</u>	<u>1,834.7</u>	<u>1,495.1</u>
	<u>5,987.4</u>	<u>1,902.6</u>	<u>(423.3)</u>	<u>(754.3)</u>

	Group		Company	
	1994 HK\$m	1993 HK\$m	1994 HK\$m	1993 HK\$m
(a) Construction in progress				
At cost	3,700.7	4,607.9		
Provision for anticipated losses	(3.0)	(3.0)		
Progress payments received and receivable	(3,724.3)	(4,590.0)		
	<u>(26.6)</u>	<u>14.9</u>		
(b) Properties held for sale				
Properties under development, at cost	13,705.9	4,770.8	632.2	458.6
Completed properties, at cost less provision	61.2	36.7	22.5	—
	<u>13,767.1</u>	<u>4,807.5</u>	<u>654.7</u>	<u>458.6</u>
Overseas properties, at cost less provision	626.6	548.8	—	—
	<u>14,393.7</u>	<u>5,356.3</u>	<u>654.7</u>	<u>458.6</u>

## 17 INTANGIBLE ASSETS

	Group	
	1994 HK\$m	1993 HK\$m
Hotel management and franchise agreements	946.9	845.7
Franchise rights and trademarks	297.4	299.4
	<u>1,244.3</u>	<u>1,145.1</u>
Accumulated amortisation	(318.9)	(248.0)
	<u>925.4</u>	<u>897.1</u>

## 18 DEFERRED EXPENDITURE

	Group	
	1994 HK\$m	1993 HK\$m
Pre-operating expenses at cost less amounts amortised:		
Hotels	16.6	55.8
Hong Kong Convention and Exhibition Centre	—	1.2
	<u>16.6</u>	<u>57.0</u>



## NOTES TO THE ACCOUNTS (CONT'D)

### 19 SHARE CAPITAL

	1994 HK\$m	1993 HK\$m
Authorised:		
Shares of HK\$1 each		
Balance at 1 July	1,800.0	1,800.0
Increase during the year	300.0	—
Balance at 30 June	<u>2,100.0</u>	<u>1,800.0</u>
Issued and fully paid:		
Shares of HK\$1 each		
Balance at 1 July	1,575.3	1,538.3
Exercise of warrant subscription rights	3.8	—
Issued as scrip dividends	14.2	37.0
Balance at 30 June	<u>1,593.3</u>	<u>1,575.3</u>

By an ordinary resolution passed on 6 December 1993, the authorised share capital of the Company was increased from HK\$1,800 million to HK\$2,100 million by the creation of 300 million shares of HK\$1 each.

### 20 WARRANTS

At the balance sheet date, the Company has outstanding 1995 warrants and 1996 warrants which entitle their holders to subscribe in cash for a total of HK\$613,475,100 and HK\$1,103,934,000, respectively, for shares of HK\$1 each of the Company at any time up to 12 May 1995 and 5 April 1996, respectively, at the current subscription price of HK\$14.70 and HK\$19.50, respectively, per share. Full exercise of the subscription right of the 1995 warrants and the 1996 warrants outstanding at the balance sheet date would result in the issue of 98,345,000 new shares of HK\$1 each.

## 21 RESERVES

	Group		Company	
	1994	1993	1994	1993
	HK\$m	HK\$m	HK\$m	HK\$m
Share premium (Note a)	5,726.5	5,283.2	5,726.5	5,283.2
Capital reserve (Note b)	4.1	20.8	—	—
Assets revaluation reserve (Note c)	30,527.6	22,202.3	41.2	37.1
General reserve	70.8	70.8	—	—
Retained profits (Note d)	9,810.7	7,163.5	4,679.3	4,199.5
	<u>46,139.7</u>	<u>34,740.6</u>	<u>10,447.0</u>	<u>9,519.8</u>
(a) Share premium				
Balance at 1 July	5,283.2	4,460.2	5,283.2	4,460.2
Premium on issue of warrants	—	220.8	—	220.8
Exercise of warrant subscription rights	52.6	—	52.6	—
Scrip dividends	395.3	611.7	395.3	611.7
Share issue expenses	(4.6)	(9.5)	(4.6)	(9.5)
Balance at 30 June	<u>5,726.5</u>	<u>5,283.2</u>	<u>5,726.5</u>	<u>5,283.2</u>
(b) Capital reserve				
Balance at 1 July	20.8	4.8		
Goodwill on consolidation	(3.1)	(33.5)		
Share of (goodwill)/capital reserve of an associated company	(13.6)	34.1		
Transfer from retained profits	—	15.4		
Balance at 30 June	<u>4.1</u>	<u>20.8</u>		
Dealt with by:				
Company and subsidiary companies	(27.8)	(24.7)		
Associated companies	31.9	45.5		
	<u>4.1</u>	<u>20.8</u>		



# NOTES TO THE ACCOUNTS (CONT'D)

## 21 RESERVES (Cont'd)

	Group		Company	
	1994 HK\$m	1993 HK\$m	1994 HK\$m	1993 HK\$m
(c) Assets revaluation reserve				
Investment and hotel properties				
Balance at 1 July	22,199.7	19,018.3	37.1	28.0
Surplus for the year	9,344.3	4,278.1	4.1	9.1
Share of surplus of associated companies	388.1	260.9	-	-
Disposals	(1,416.0)	(1,357.6)	-	-
Balance at 30 June	30,516.1	22,199.7	41.2	37.1
Land and buildings				
Balance at 1 July	2.6	1.1	-	-
Surplus for the year	8.9	-	-	-
Share of surplus of an associated company	-	1.5	-	-
Balance at 30 June	11.5	2.6	-	-
	30,527.6	22,202.3	41.2	37.1
Dealt with by:				
Company and subsidiary companies				
Investment and hotel properties	29,475.0	21,422.2		
Land and buildings	10.0	1.1		
	29,485.0	21,423.3		
Associated companies				
Investment and hotel properties	1,041.1	777.5		
Land and buildings	1.5	1.5		
	1,042.6	779.0		
	30,527.6	22,202.3		
(d) Retained profits				
Balance at 1 July	7,163.5	5,262.5	4,199.5	3,021.7
Retained profit for the year	2,608.1	2,093.8	479.8	1,177.8
Transfer to capital reserve	-	(15.4)	-	-
Foreign exchange adjustment	39.1	(177.4)	-	-
Balance at 30 June	9,810.7	7,163.5	4,679.3	4,199.5
Retained by:				
Company and subsidiary companies	9,768.3	7,241.8		
Associated companies	42.4	(78.3)		
	9,810.7	7,163.5		

## 22 LONG TERM LIABILITIES

	Group		Company	
	1994 HK\$m	1993 HK\$m	1994 HK\$m	1993 HK\$m
Bank loans				
Secured	5,450.1	2,049.6	—	—
Unsecured	1,064.6	956.7	—	—
Other loans				
Secured	452.7	822.3	—	—
Unsecured	190.9	698.4	—	—
Obligations under finance leases				
Wholly payable within five years	2.3	2.3	—	—
Not wholly payable within five years	245.3	287.2	—	—
Zero coupon bonds (Note a)	1,858.3	1,741.5	—	—
	9,264.2	6,558.0	—	—
Convertible bonds (Note b)	2,340.0	—	—	—
Debentures (Note c)	254.4	207.9	—	—
Deferred income (Note d)	208.9	208.9	219.6	219.6
Land resumption account (Note e)	601.7	2.1	—	—
Loans from minority shareholders (Note f)	265.6	—	—	—
Rental received in advance	12.3	12.2	—	—
	12,947.1	6,989.1	219.6	219.6
Amounts repayable within one year included in current liabilities (Note 16)	(1,802.8)	(988.4)	—	—
	11,144.3	6,000.7	219.6	219.6

	Group						Total HK\$m
	Secured bank loans HK\$m	Unsecured bank loans HK\$m	Other secured loans HK\$m	Other unsecured loans HK\$m	Obligations under fin- ance leases HK\$m	Zero coupon bonds HK\$m	
The maturity of long term borrowings is as follows:							
Of less than one year	375.8	202.5	321.4	37.2	59.9	806.0	1,802.8
Of more than one year, but not exceeding two years	401.2	455.2	10.8	7.7	53.5	1,052.3	1,980.7
Of more than two years, but not exceeding five years	4,552.3	406.9	120.5	123.6	112.9	—	5,316.2
Of more than five years	120.8	—	—	22.4	21.3	—	164.5
	5,450.1	1,064.6	452.7	190.9	247.6	1,858.3	9,264.2





## NOTES TO THE ACCOUNTS (CONT'D)

### 22 LONG TERM LIABILITIES (Cont'd)

(a) Zero coupon bonds

	Group	
	1994 HK\$m	1993 HK\$m
Face value		
Due 1995	858.0	858.0
Due 1996	1,170.0	1,170.0
	<u>2,028.0</u>	<u>2,028.0</u>
Unamortised discount	(169.7)	(286.5)
	<u>1,858.3</u>	<u>1,741.5</u>

(b) Convertible bonds

During the year a subsidiary company has issued US\$300 million convertible bonds which carry interest at 4.375% per annum and are repayable on 11 December 2000. The bonds are guaranteed by the Company and listed on the Luxembourg Stock Exchange. Each holder has the option to convert the bond into shares of HK\$1 each of the Company at the current conversion price of HK\$35.15 per share, at any time until 4 December 2000.

(c) Debentures

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

(d) Deferred income

The amount represents the surplus on sale of a former associated company in respect of which the sale 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 sale proceeds. The balance of the proceeds is included in long term receivables (Note 15).

(e) Land resumption account

Land resumption account represents compensation and provisional compensation received by a subsidiary from the Hong Kong Government, following the award from the Court of Appeal on 8 December 1993, in respect of a claim on 19 December 1986 pursuant to section 16A of the Crown Lands Resumption Ordinance. The Government has filed an appeal against the award before the Privy Council in England. The balance of the land resumption account will be taken to the profit and loss account as and when the claim is finalised.

(f) Loans from minority shareholders

The amounts payable are unsecured, interest free and have no specific repayment terms.

## 23 DEFERRED TAXATION

	Group	
	1994 HK\$m	1993 HK\$m
Balance at 1 July	12.0	5.9
Transfer from profit and loss account	3.3	6.1
Balance at 30 June	<u>15.3</u>	<u>12.0</u>
The amount provided is in respect of:		
Accelerated depreciation allowances	10.7	7.6
Other timing differences	4.6	4.4
	<u>15.3</u>	<u>12.0</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	
	1994 HK\$m	1993 HK\$m	1994 HK\$m	1993 HK\$m
(a) Contracted for but not provided				
Fixed assets	134.7	24.3	—	—
Investments in the People's Republic of China	6,612.1	4,060.2	2,085.1	1,749.1
Others	—	63.3	—	—
	<u>6,746.8</u>	<u>4,147.8</u>	<u>2,085.1</u>	<u>1,749.1</u>
Authorised but not contracted for				
Fixed assets	7.6	—	—	—
Investments in the People's Republic of China	833.4	1,469.8	93.6	—
	<u>841.0</u>	<u>1,469.8</u>	<u>93.6</u>	<u>—</u>



## NOTES TO THE ACCOUNTS (CONT'D)

### 24 COMMITMENTS (Cont'd)

	Group	
	1994 HK\$m	1993 HK\$m
(b) Commitments under operating leases payable in 1994/95 expiring:		
(i) Land and buildings		
In the first year	11.9	10.3
In the second to fifth years inclusive	77.7	85.1
After the fifth year	436.7	376.5
	<u>526.3</u>	<u>471.9</u>
(ii) Other assets		
In the first year	2.5	2.1
In the second to fifth years inclusive	40.9	5.5
After the fifth year	19.8	1.1
	<u>63.2</u>	<u>8.7</u>
	<u>589.5</u>	<u>480.6</u>

### 25 CONTINGENT LIABILITIES

	Group		Company	
	1994 HK\$m	1993 HK\$m	1994 HK\$m	1993 HK\$m
Guarantees for the performance and completion of construction contracts	360.0	428.9	58.6	58.6
Guarantees for credit facilities granted to:				
Subsidiary companies	—	—	11,646.3	4,688.7
Associated companies	826.8	808.9	644.1	646.1
Investee companies included under other investments	125.0	109.6	5.5	5.4
Joint ventures in the People's Republic of China	1,391.5	882.7	1,375.9	867.6
	<u>2,703.3</u>	<u>2,230.1</u>	<u>13,730.4</u>	<u>6,266.4</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.

## 26 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

- (a) Reconciliation of operating profit to net cash  
(outflow)/inflow from operating activities

	Year ended 30 June	
	1994	1993
	HK\$m	HK\$m
Operating profit	4,968.0	4,141.6
Depreciation	343.2	276.4
Profit on disposal of		
Fixed assets, including investment properties	(1,330.5)	(1,286.5)
Associated companies	(153.3)	(107.7)
Investments in the People's Republic of China	(66.9)	—
Other investments	—	(0.3)
Provision against other investments	1.0	0.7
Amortisation of		
Intangible assets	70.9	64.2
Deferred expenditure	46.5	32.2
Discount on zero coupon bonds	116.8	64.8
Licence agreement	2.8	1.5
Write off issuing expenses of bonds	58.5	22.0
Exchange loss	2.6	34.8
Decrease in stocks	11.0	10.4
Decrease/(Increase) in construction in progress	41.5	(378.0)
Increase in properties held for sale	(8,968.9)	(1,074.6)
(Increase)/decrease in debtors and prepayments	(783.4)	89.5
Decrease in other loans receivable	34.9	23.2
Increase in creditors and accrued charges	1,917.4	350.6
Decrease in deposits received on sale of properties	(594.9)	(571.5)
Discount on early repayment of bank loans	—	(48.8)
Net interest expenses and dividend income	178.0	207.7
Net cash (outflow)/inflow from operating activities	<u>(4,104.8)</u>	<u>1,852.2</u>



# NOTES TO THE ACCOUNTS (CONT'D)

## 26 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

### (b) Acquisition of subsidiary companies

	Year ended 30 June 1994 HK\$m
Net assets acquired	
Fixed assets	394.8
Associated companies	5.4
Other investments	28.4
Intangible assets	97.7
Stocks	2.8
Debtors and prepayments	69.7
Cash and bank balances	58.6
Creditors and accrued charges	(77.8)
Bank loan and overdraft	(4.5)
Taxation	(14.0)
Long term liabilities	(97.1)
Minority interests	(0.3)
Goodwill on consolidation	4.0
	<u>467.7</u>
Interest in subsidiary companies acquired originally held by Group	<u>(59.3)</u>
	<u>408.4</u>
Cash consideration	<u>408.4</u>

The subsidiary companies acquired during the year contributed HK\$42.0 million to the Group's net cash flows from operating activities, received HK\$0.3 million in respect of the net returns on investments and servicing of finance, paid HK\$20.5 million in respect of taxation and utilised HK\$26.9 million for investing activities.

### (c) Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiary companies

	HK\$m
Cash consideration	408.4
Cash and bank balances acquired	(58.6)
Bank loan and overdraft acquired	4.5
	<u>354.3</u>

(d) Analysis of changes in financing during the year

	Share capital (including share premium) HK\$m	Long term liabilities HK\$m	Short term bank and other loans HK\$m	Minority interests HK\$m	Total HK\$m
Balance at 1.7.1993	6,858.5	6,989.1	216.1	3,037.0	17,100.7
Net cash inflow from financing	51.8	5,667.9	495.0	74.3	6,289.0
Scrip dividends issued	409.5	—	—	—	409.5
Issuing expenses on convertible bonds	—	58.5	—	—	58.5
Discount on zero coupon bonds	—	116.8	—	—	116.8
Inception of finance lease contracts	—	17.7	—	—	17.7
Acquisition of subsidiary companies	—	97.1	—	0.3	97.4
Minority interests' share of profit and reserves	—	—	—	679.7	679.7
Dividends paid to minority shareholders	—	—	—	(92.4)	(92.4)
Effect of foreign exchange rate changes	—	—	—	6.6	6.6
Balance at 30.6.1994	<u>7,319.8</u>	<u>12,947.1</u>	<u>711.1</u>	<u>3,705.5</u>	<u>24,683.5</u>

(e) Analysis of cash and cash equivalents

	1994 HK\$m	1993 HK\$m
Cash and bank balances	1,234.7	1,536.0
Bank loans and overdrafts	(2,528.2)	(481.0)
Bills payable	(27.8)	(10.3)
	<u>(1,321.3)</u>	<u>1,044.7</u>

## 27 COMPARATIVE FIGURES

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

## 28 APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 27 October 1994.



# NOTES TO THE ACCOUNTS (CONT'D)

## 29 PRINCIPAL SUBSIDIARY COMPANIES

As at 30 June 1994

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Arlaken Development Limited	40	100	100	100	Investment Holding
Atlantic Land Properties Limited	2	1	100	100	Investment Holding
Billionable Investment Limited	2	1	100	100	Investment Holding
Billion Huge (International) Limited	1,000,000	1	40	55	Investment Holding
Billion Town Company Limited	200	10	100	100	Property Trading
Birkenshaw Limited	10,000	1	–	100	Property Investment
Blanca Limited	10,000	1	–	100	Investment Holding
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
Cheer Best Enterprises Limited	2	1	100	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
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
Head Step Limited	2	1	100	100	Property Investment
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

As at 30 June 1994

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
<b>Incorporated and operated in Hong Kong</b>					
Honour Shares Limited	100	1	—	100	Investment Holding
International Property Management Limited	100,000	10	55	55	Property Management
Island Sauna Company Limited	10,000	1	—	100	Sauna & Fitness Centre
Joint Profit Limited	2	1	100	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
Mark Chain Limited	2	1	100	100	Investment Holding
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
New World Tacko (Xian) Limited	10,000	1	—	45	Hotel Operation
Paterson Plaza Properties Limited	10,000	1	—	100	Property Investment
Peterson Investment Company Limited	10,000	1	100	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
Ramada China Hotels Limited	1,000,000	1	—	33	Hotel Management
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





# NOTES TO THE ACCOUNTS (CONT'D)

## 29 PRINCIPAL SUBSIDIARY COMPANIES (Cont'd)

As at 30 June 1994

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number/ Amount	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Timely Enterprises Corporation Limited	450,000	100	100	100	Property Investment
True Hope Investment Limited	2	1	–	100	Investment Holding
Tridant Engineering Company Limited	30,000,000	1	–	77	Electrical Engineering
Try Force Limited	2	1	–	100	Investment Holding
Tsuen Wan Property Limited	200	100	–	100	Property Investment
Urban Property Management Limited	15,000	1	–	52	Property Management
Vibro (HK) Limited	799,479	3	–	59	Piling and Caisson
World Empire Property Limited	2	1	100	100	Property Investment
Yargoan Company Limited	150,000	100	62	79	Stone Quarrying
Young's Engineering Company Limited	2,000,000	10	–	55	Air-Conditioning Engineering
Incorporated and operated in the People's Republic of China					
New World (Tianjin) Development Company Limited	US\$4,960,918	–	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					
Guildford Park Enterprises Limited	100	C\$1	–	58	Property Trading
Incorporated and operated in the United States of America					
Renaissance Hotels International Inc.	100	US\$0.01	–	64	Hotel Operation
Incorporated in the British Virgin Islands					
Master Services Limited	1,000,000	US\$0.01	–	33	Investment Holding
NWD Finance (BVI) Limited	1	US\$1	100	100	Financial Services
New World Development (BVI) Limited	1	US\$1	100	100	Financial Services
New World Hotels (Corporation) Limited	1	US\$1	–	64	Investment Holding
New World Hotels International Corporation Limited	10,000	US\$1	–	33	Hotel Management
The New Era Property Trust	C\$17	–	–	64	Hotel Operation
Crowley Investments Limited	1	US\$1	–	64	Hotel Operation
Young's Engineering Holdings Limited	1,000,000	US\$1	55	55	Investment Holding

### 30 PRINCIPAL ASSOCIATED COMPANIES

As at 30 June 1994

	Ordinary share capital issued		Percentage of equity shares 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	–	27.5	Television Broadcasting
Asia Terminals Limited	100,000	1	39	46.25	Operation of Container Terminal
Birkenhead Property & Investment Limited	1,200,000	1	–	50	Property Investment
Daily Win Development Limited	400	1	–	25	Property Trading
Direct Profit Development Limited	200,000	0.05	–	12	Property Investment
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
Global Perfect Development Limited	2	1	–	50	Investment Holding
Gloryland Limited	900	1	–	33	Property Trading
Goodsun Industries Limited	100	1	–	50	
	1,500,000 “5% deferred share”	1	–	50	Property Investment
Keep Glory Limited	1,000,000	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
Ocean Champion Development Limited	10,000	1	–	50	Property Investment
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	–	12.5	Property Investment
Sea-Land Orient Terminals Limited	55,000‘A’	1	–	–	
	5,000‘B’	1	–	14.6	Terminal Operation
Sheeniy Enterprises Limited	10,000	1	–	50	Property Investment
Shun Tak Centre Limited	1,000	100	–	29	Property Investment
Siu Ming Development Company Limited	600	100	20	20	Property Trading
Soon Start Limited	10,000	1	50	50	Property Trading
SHK Hong Kong Industries Limited	1,491,695,701	0.10	–	11.4	Investment Holding
Super Lion Enterprises Limited	2	1	50	50	Property Investment
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	27.5	27.5	Operation of Toll 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
Ploenchit Company Limited	20,000	Baht 10,000	–	13	Hotel Investment
Thai-World Development Company Limited	10,000,000	Baht 100	–	17	Hotel Investment



# NOTES TO THE ACCOUNTS (CONT'D)

## 30 PRINCIPAL ASSOCIATED COMPANIES (Cont'd)

As at 30 June 1994

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share	By the Company	By the Group	
Incorporated in Cayman Islands and listed on the Irish Stock Exchange					
NW China Investment Limited	20,000,000	US\$0.01	—	50	Investment Holding
Incorporated and operated in Malaysia					
Great Union Properties Sdn. Bhd.	100,000,000	M\$1	—	37.5	Hotel/Commercial
T & T Properties Sdn. Bhd.	9,500,000	M\$1	—	33.3	Hotel/Commercial Complex Investment
Incorporated and operated in the People's Republic of China					
Wuhan Bridge Construction Company Limited	1,760,000,000	RMB 3.5	—	48.9	Operation of Toll Bridge

## 31 PRINCIPAL JOINT VENTURE COMPANIES

As at 30 June 1994

AS at 30 June 1994

	Registered capital	Attributable interest (Note)		Principal activities
	Amount	To the Company	To 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
Dongguan New World Garden Trade Construction Co Ltd	US\$12,000,000	—	21.3	Property Investment
Dongguan New World Square Trade Construction Co Ltd	US\$12,000,000	—	21.3	Property Investment
Foshan Country Club Company Limited	US\$52,923,600	—	21.6	Golf Club Investment
Guangdong Xinzhaao Gao Freeway Company Limited	RMB 63,120,000	—	70	Operation of Toll Road
Guangzhou Cosmart Estate Development Limited	HK\$48,000,000	—	70	Property Investment
Guangzhou Dongxin Enterprises Company Limited	RMB 80,000,000	—	60	Property Investment
Guangzhou Fong Chuen-New World Property Development Limited (Phase I)	RMB 200,000,000	—	60	Property Investment
Guangzhou Fucheng Property Development Company Limited	HK\$80,000,000	—	60	Property Investment
Guangzhou Northring Freeway Company Limited	US\$19,255,000	—	32.8	Operation of Toll Road
Guangzhou Xinsui Tourism Centre Limited	HK\$100,000,000	—	50	Property Investment
Guangzhou Zhuhai East Expressway Company Limited	RMB 580,000,000	—	20	Operation of Toll Road

As at 30 June 1994

	Registered capital Amount	Attributable Interest (Note)		Principal activities
		To the Company	To the Group	
Jing Xin Development Company Limited	RMB 60,000,000	—	60	Property Investment
Qingyuan Qiaoyuan Power Plant Company Limited	US\$37,500,000	—	16	Generation and Supply of Electricity
Wuhan Airport Road Development Corporation Limited	RMB 60,000,000	—	34	Operation of Toll Road
Wuhan New World Development Company Limited	RMB 60,000,000	—	60	Property Investment
Wuhan New World Housing Development Limited	RMB 96,000,000	—	60	Property Investment
Wuhan Wu Xin Property Company Limited	RMB 15,000,000	—	45	Property Investment
Wuhan Xinhuan Development Company Limited	RMB 30,000,000	—	50	Property Investment
Zhaoqing Xin Feng Freeway Company Limited	RMB 94,000,000	—	45	Operation of Toll Road
Zhaoqing Xin Gao Freeway Company Limited	RMB 54,000,000	—	24	Operation of Toll Road
<b>Equity Joint Ventures</b>				
<b>Incorporated and operated in the People's Republic of China</b>				
Beijing Niceline Real Estates Development Company Limited	US\$8,000,000	—	30	Property Investment
Dalian New World Square International Company Limited	RMB 58,000,000	—	35	Property Investment
Guangzhou Pearl River Power Company Limited	RMB 420,000,000	—	42.5	Generation and Supply of Electricity
Huizhou Hui Xin Expressway Company Limited	RMB 21,500,000	—	37.5	Operation of Toll Road
Shanghai New World Construction Development Company Limited	US\$30,000,000	—	23	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	—	25	Refrigeration Equipment Manufacturing

Note :

- a) percentage of 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

	1994 HK\$m	1993 HK\$m	1992 HK\$m	1991 HK\$m	1990 HK\$m
<b>Consolidated balance sheet</b>					
Fixed assets	39,676.3	31,735.0	28,786.3	25,935.4	24,603.0
Associated companies	6,281.3	4,497.1	4,792.9	4,154.7	3,709.9
Investments in the People's Republic of China	7,212.5	3,345.0	1,100.1	587.5	383.6
Other investments	1,018.7	938.0	527.3	49.9	626.5
Licence agreement	937.5	943.3	941.0	946.2	880.2
Long term receivables	542.4	1,050.5	488.3	363.6	487.1
Current assets	19,798.5	10,287.3	8,349.6	5,703.9	7,575.4
	<u>75,467.2</u>	<u>52,796.2</u>	<u>44,985.5</u>	<u>37,741.2</u>	<u>38,265.7</u>
Less: Current liabilities	13,811.1	8,384.7	7,785.0	6,874.4	10,195.6
	<u>61,656.1</u>	<u>44,411.5</u>	<u>37,200.5</u>	<u>30,866.8</u>	<u>28,070.1</u>
Intangible assets	925.4	897.1	961.3	1,032.6	1,108.7
Deferred expenditure	16.6	57.0	86.0	66.4	89.6
	<u>62,598.1</u>	<u>45,365.6</u>	<u>38,247.8</u>	<u>31,965.8</u>	<u>29,268.4</u>
Share capital	1,593.3	1,575.3	1,538.3	1,396.9	1,323.2
Reserves	46,139.7	34,740.6	28,817.8	22,509.2	20,977.6
Shareholders' funds	<u>47,733.0</u>	<u>36,315.9</u>	<u>30,356.1</u>	<u>23,906.1</u>	<u>22,300.8</u>
Minority interests	3,705.5	3,037.0	2,641.9	2,838.6	2,859.0
Long term liabilities	11,144.3	6,000.7	5,243.9	5,213.6	4,105.9
Deferred taxation	15.3	12.0	5.9	7.5	2.7
	<u>62,598.1</u>	<u>45,365.6</u>	<u>38,247.8</u>	<u>31,965.8</u>	<u>29,268.4</u>
<b>Consolidated profit and loss account</b>					
Turnover	<u>18,590.6</u>	<u>13,320.1</u>	<u>12,459.2</u>	<u>9,677.4</u>	<u>7,947.8</u>
Operating profit	4,968.0	4,141.6	2,858.0	1,627.7	1,673.1
Share of results of associated companies	343.1	204.0	27.6	(38.9)	(69.2)
Profit before taxation	<u>5,311.1</u>	<u>4,345.6</u>	<u>2,885.6</u>	<u>1,588.8</u>	<u>1,603.9</u>
Taxation	(775.6)	(593.7)	(352.3)	(262.2)	(255.1)
Profit after taxation	<u>4,535.5</u>	<u>3,751.9</u>	<u>2,533.3</u>	<u>1,326.6</u>	<u>1,348.8</u>
Minority interests	(239.2)	(290.2)	(170.3)	(158.4)	(255.6)
Profit attributable to shareholders	<u>4,296.3</u>	<u>3,461.7</u>	<u>2,363.0</u>	<u>1,168.2</u>	<u>1,093.2</u>
Dividend per share - interim (cents)	28	25	21	16	22
- final (cents)	78	62	47	34	39
	<u>106</u>	<u>87</u>	<u>68</u>	<u>50</u>	<u>61</u>

**Note:**

Pursuant to the revised Hong Kong Statement of Standard Accounting Practice No 2 "Extraordinary items and prior period adjustments", items previously reported as extraordinary have been reclassified as exceptional items which were included under operating profit.

