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**Board of Directors**

- \* Dato' Dr. Cheng Yu-Tung,  
D.P.M.S., LL.D., D.B.A. Hon., D.S.Sc.  
(Chairman)
  
- Sir Quo-Wei Lee,  
C.B.E., F.C.I.B., LL.D., J.P.
  
- Sir Michael Sandberg,  
C.B.E.
  
- Dr. Ho Tim,  
O.B.E., Chev. Leg. d'Hon., J.P., D.S.Sc.
  
- \* Dr. Sin Wai-Kin,  
D.S.Sc. (Hon.)
  
- \* 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  
Sin Hua Trust, Savings & Commercial Bank  
Societe Generale  
The Mitsubishi Bank  
The Mitsui Trust & Banking  
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 406, Level 4, Hong Kong Convention & Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Friday, 22 December 1995 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 1995 and to approve a final dividend.
2. To re-elect the Directors and authorise the Directors to fix their remuneration.
3. To re-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, 8 November 1995

Note:

- (1) *Register of Shareholders will be closed from 15 to 22 December 1995, both days inclusive.*
- (2) *Shareholders are entitled to appoint a proxy to attend and vote on their behalf at the meeting and such proxy need not be a shareholder of the Company. A proxy form, to be valid, must be completed and returned to the Company's registered office not less than 48 hours before the time for the holding of the meeting.*



The Group's audited consolidated net profit after taxation, minority interests and share of the results of associated companies and joint ventures for the year ended 30 June 1995 amounted to HK\$3,410.9 million. Earnings per share for the year was HK\$2.11.

The Board of Directors recommended a final dividend of 78 cents per share (1994: 78 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 22 December 1995. Together with the interim dividend of 28 cents per share paid in June 1995, total distributions for 1995 would thus be HK\$1.06 per share.

Details of the Group's activities for the current year have been set out in the 'Management Discussion and Analysis of the Group's Performance' of this report. During the year under review, the Group has continued to dedicate itself to its core businesses in property, infrastructure development, hotel operations and telecommunications. As for our operations in China, we expect to reap good returns from the investments in infrastructure, government housing and city core redevelopment projects as time goes by. Our strategic foothold in telecommunications will allow us to become an important player in the telecom industry. Aside from increased transparency to investors, the current spin-off of the international hotel management and infrastructure businesses would have enhanced the net asset value and created additional funding capability for the Group. We are very confident that all the above factors together with a dedicated and capable management team will ensure New World with a healthy long-term growth.

Finally, I sincerely thank our shareholders for their continued support and the Group's management and staff for their dedicated loyalty and devoted services.

**Dato' Dr. Cheng Yu-Tung**  
*Chairman*

Hong Kong, 8 November 1995

**Dato' Dr. Cheng Yu-Tung** (aged 70), was appointed a Director in May 1970 and became the Chairman of New World Development Company Limited since 1982. He is also the Chairman of New World Hotels (Holdings) Limited, Chow Tai Fook Enterprises Limited and a Director of Hang Seng Bank Limited. He is the brother of Mr. Cheng Yue-Pui, father of Mr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter.

**Sir Quo-Wei Lee** (aged 77), was appointed a Director in October 1972. He is the Chairman of Hang Seng Bank Limited and Deputy Chairman of Hysan Development Company Limited. He is a Director of Miramar Hotel & Investment Company Limited, Shaw Brothers (Hong Kong) Limited, the Kowloon Motor Bus Company (1933) Limited, and Furama Hotel Enterprises Limited. He also acts as an advisor to the Board of HSBC Holdings Plc.

**Sir Michael Sandberg** (aged 68), was a Director for the period from October 1972 to May 1977 and was reappointed a Director in January 1987. He was the Chairman of The Hongkong and Shanghai Banking Corporation Limited from September 1977 to December 1986.

**Dr. Ho Tim** (aged 86), was appointed a Director in October 1972. He is the Chairman of Miramar Hotel & Investment Company Limited and a Director of Hang Seng Bank Limited, Sun Hung Kai Properties Limited, Kumagai Gumi (Hong Kong) Limited, and King Fook Holdings Limited. Dr. Ho is also a Council Member of the Chinese University of Hong Kong.

**Dr. Sin Wai-Kin** (aged 66), was appointed an Executive Director in June 1970. He is the Chairman of Myer Jewellery Manufacturer Limited, Vice Chairman of Miramar Hotel & Investment Company Limited and Hip Hing Construction Company Limited. He is a Director of Hang Seng Bank Limited. Dr. Sin is also a Council Member of the Chinese University of Hong Kong.

**Mr. Cheng Kar-Shun, Henry** (aged 48), was appointed a Director in October 1972 and became Executive Director in 1973 and Managing Director in 1989. He is currently the Chairman and a Director of Renaissance Hotel Group N.V., the Chairman of New World Development (China) Limited, and a Director of New World Hotels (Holdings) Limited, Asia Television Limited, Chow Tai Fook Jewellery Company Limited and Eurasia Hotel Limited. He is the son of Dato' Dr. Cheng Yu-Tung and the brother of Mr. Cheng Kar-Shing, Peter.

**Dr. Young Bing-Ching, Albert** (aged 58), was appointed Deputy Managing Director in October 1972. He is also Director and Group General Manager of Miramar Hotel & Investment Company Limited, and Chairman of King Fook Holdings Limited. He is the brother of Mr. Yeung Ping-Leung, Howard.

**Mr. Cheng Yue-Pui** (aged 66), was appointed a Director in June 1970. He is also a Director of Chow Tai Fook Enterprises Limited. He is the brother of Dato' Dr. Cheng Yu-Tung.

**Mr. Liang Chong-Hou, David** (aged 50) was appointed a Director in November 1979 and became Executive Director in 1986.

**Mr. Yeung Ping-Leung, Howard** (aged 58), was appointed a Director in November 1985. He is also a Director of King Fook Holdings Limited. He is the brother of Dr. Young Bing-Ching, Albert.

**Mr. Cha Mou-Sing, Payson** (aged 53), was appointed a Director in April 1989. He is also Managing Director of HKR International Limited.

**Mr. Cheng Kar-Shing, Peter** (aged 43), was appointed a Director in October 1994. He is a Director of New World Hotels (Holdings) Limited and Deputy Managing Director of New World Development (China) Limited. He is the son of Dato' Dr. Cheng Yu-Tung and brother of Mr. Cheng Kar-Shun, Henry.

**Mr. Leung Chi-Kin, Stewart** (aged 56), was appointed a Director in October 1994 and has been the Group General Manager since May 1988. He is Managing Director of Urban Property Management Limited and a Director of Hip Hing Construction Company Limited, Asia Television Limited and Young's Engineering Company Limited.

**Mr. Chan Kam-Ling** (aged 55), was appointed a Director in October 1994. He is Managing Director of Hip Hing Construction Company Limited and a Director of New World Development (China) Limited.

**Mr. Chow Kwai-Cheung** (aged 53), was appointed a Director in October 1994. He is a Director of Hip Hing Construction Company Limited, Hong Kong Convention & Exhibition Centre (Management) Limited and Urban Property Management Limited.

The Directors have pleasure in presenting their Annual Report and Statement of Accounts for the year ended 30 June 1995.

**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 31, 32 and 33 to the Accounts on pages 69 to 76.

**ACCOUNTS**

The profit of the Group for the year ended 30 June 1995 and the state of the Company's and the Group's affairs at that date are set out in the Accounts on pages 37 to 76.

**DIVIDENDS**

The Directors have resolved to recommend a final dividend of 78 cents per share (1994: 78 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 22 December 1995. Together with the interim dividend of 28 cents (1994: 28 cents) per share paid in June 1995, total distributions for 1995 would thus be HK\$1.06 (1994: 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.

**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 amounting to HK\$20,848,000.

**FIXED ASSETS**

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

**DIRECTORS**

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

In accordance with Article 103 of the Company's Articles of Association, Dr. Ho Tim, Dr. Sin Wai-Kin, Mr Cheng Kar-Shun, Henry, Dr. Young Bing-Ching, Albert and Mr. Cheng Yue-Pui, retire by rotation and, being eligible, offer themselves for re-election.

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

**DIRECTORS' INTERESTS IN CONTRACTS**

On 29 August 1995, a re-organisation (the "Re-organisation") took place whereby certain hotel and related interests of the Group (then held via New World Hotels (Holdings) Limited ("NWHH"), a 64% owned subsidiary company of the Group) and certain related parties were re-structured and as a result of which all the existing New World Hotels hotel management business and all the Ramada/Renaissance hotel management and franchise business was consolidated in Renaissance Hotel Group N.V. ("RHG"), a company incorporated in the Netherlands and a subsidiary company of the Group. The Re-organisation involved, inter alia, the following:-

- (a) RHG's acquisition of 49% interests in New World Hotels International Limited ("NWHIL") from certain connected persons (namely, Mr. Wong Kwok-Kin, Andrew, Mr. Wong Chi-Keung, Mr. Ma Sai-On, Mr. Fong Shing-Kwong, Mr. Leung Chi-Kin, Stewart, Mr. Chan Kam-Ling, Dr. Tong Yuk-Lun, Paul, Mr. Chow Yu-Chun, Alexander, Mr. Chow Kwai-Cheung and Mr. Doo Wai-Hoi, William, all being directors of either the Company and/or subsidiary companies of the Group) (the "Connected Persons") in consideration of RHG issuing its shares to the Connected Persons resulting in them holding approximately 12.0% of the Shares (as hereinafter defined) in RHG immediately upon completion of the Flotation (as hereinafter defined);

- (b) the extension of the duration of an existing management agreement (the "CTF Agreement") dated 5 August 1993 and made between Renaissance Hotel Operating Company (formerly known as Ramada Hotel Operating Company) (the "Operator"), a 64% owned subsidiary company of the Group, and CTF Hotel Holdings, Inc. (formerly known as Stouffer Hotel Holdings, Inc.) ("CTF"), for approximately 12 years with a termination date expiring in the year 2015. CTF is a company incorporated in the United States with limited liability and is controlled by Mr. Cheng Kar-Shun, Henry, Mr. Cheng Kam-Biu and Mr. Doo Wai-Hoi, William. Mr. Cheng Kar-Shun, Henry is a director of the Group and Mr. Doo Wai-Hoi, William is a director of certain subsidiary companies of the Group;
- (c) the extension of the duration of an existing agreement (the "BVI Agreement") dated 5 August 1993 and made between Hotel Property Investments (B.V.I.) Ltd. (formerly known as Ramada Holdings (B.V.I.) Limited and Renaissance Hotel Holdings (B.V.I.) Ltd.) ("Renaissance BVI"), a wholly-owned subsidiary company of NWHH, and CTF Holdings Ltd. ("CTF Holdings"), for approximately 12 years with a termination date also expiring in the year 2015. CTF Holdings is a company incorporated in the British Virgin Islands with limited liability and is controlled by Mr. Cheng Kar-Shun, Henry, Mr. Cheng Kam-Biu and Mr. Doo Wai-Hoi, William;
- (d) an indemnity to RHG being granted by Chow Tai Fook Enterprises Limited ("CTFEL"), the controlling shareholder of the Company, and the Company severally in the proportion of 36% and 64% in respect of any obligations RHG or its subsidiary companies may have in respect of certain lease payment obligations or guarantees of leases of Hotel Property Investments, Inc., a Delaware corporation held by Renaissance BVI, and related liabilities; and
- (e) a strategic alliance agreement being entered into between the Company, Mr. Cheng Kar-Shun, Henry, CTFEL and RHG which provides that, inter alia, RHG has a right of first and last refusal to manage any hotel controlled by the Group or CTFEL and the Group and CTFEL shall not compete with the hotel management and/or franchise business of RHG.

Following completion of the Re-organisation, a listing (the "Flotation") of RHG shares was sought on the New York Stock Exchange by way of an offer for sale of 10,120,000 shares ("Shares") of common stocks of RHG (representing approximately 33.6% of the issued share capital of RHG) by Diamant Hotel Investments N.V., a Netherlands Antilles corporation which is a wholly-owned subsidiary company of NWHH, at a price of US\$17 per Share. Closing of the said offer for sale took place on 2 October 1995. NWHH now holds Shares representing approximately 54.4% of the issued share capital of RHG.

Simultaneously with the Flotation, RHG issued, through RHG Finance Corporation (a Delaware corporation and an indirect wholly-owned subsidiary company of RHG), up to US\$120 million of 8-7/8% Guaranteed Notes Due 2005, the proceeds of which were used to repay debt of RHG, including approximately US\$65.5 million of debt owed to the Group.

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' INTERESTS IN SHARES

As at 30 June 1995, 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 are set out below.

	Personal Interests	Family Interests	Corporate Interests	Other Interests
<b>New World Development Co., Ltd.</b> (ordinary shares of HK\$1.00 each)				
Dato' Dr. Cheng Yu-Tung	452,208	—	—	—
Sir Quo-Wei Lee	—	—	2,898,465	695,508 *
Sir Michael Sandberg	—	—	—	—
Dr. Ho Tim	1,529,267	—	—	—
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	—
Mr. Cheng Kar-Shing, Peter	—	—	—	—
Mr. Leung Chi-Kin, Stewart	23,253	—	—	—
Mr. Chan Kam-Ling	84,918	—	—	—
Mr. Chow Kwai-Cheung	20,818	—	—	—
<b>Hip Hing Construction Co., Ltd.</b> (ordinary shares of HK\$100.00 each)				
Dr. Sin Wai-Kin	42,000	—	—	—
Mr. Chan Kam-Ling	15,000	—	—	—
<b>International Property Management Ltd.</b> (ordinary shares of HK\$10.00 each)				
Dr. Sin Wai-Kin	5,400	—	—	—
Mr. Chan Kam-Ling	1,350	—	—	—
<b>New World Hotels International Ltd.</b> (ordinary shares of HK\$10.00 each)				
Mr. Leung Chi-Kin, Stewart	16,335	—	—	—
Mr. Chan Kam-Ling	16,335	—	—	—
Mr. Chow Kwai-Cheung	16,335	—	—	—

	Personal Interests	Family Interests	Corporate Interests	Other Interests
<b>Master Services Ltd.</b> (ordinary shares of US\$0.01 each)				
Mr. Leung Chi-Kin, Stewart	16,335	—	—	—
Mr. Chan Kam-Ling	16,335	—	—	—
Mr. Chow Kwai-Cheung	16,335	—	—	—
<b>Urban Property Management Ltd.</b> (ordinary shares of HK\$1.00 each)				
Mr. Leung Chi-Kin, Stewart	750	—	—	—
Mr. Chow Kwai-Cheung	750	—	—	—
<b>Young's Engineering Holdings Ltd.</b> (ordinary shares of US\$1.00 each)				
Mr. Leung Chi-Kin, Stewart	37,500	—	—	—
<b>Progreso Investment Ltd.</b> (ordinary shares of HK\$1.00 each)				
Mr. Leung Chi-Kin, Stewart	—	—	119,000	—

*Note:*

\* Interests held by a charitable foundation of which Sir Quo-Wei Lee and his spouse are members of its board of trustees.

#### SUBSTANTIAL SHAREHOLDER

As at 30 June 1995, Chow Tai Fook Enterprises Limited, together with its subsidiary companies had interests in 637,514,877 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.



# PERFORMANCE

The Group's turnover for the year amounted to HK\$17,457 million. Profit before taxation was HK\$4,010 million.

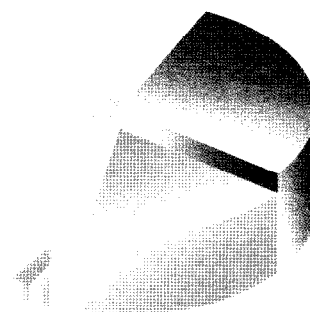
Analysis of the Group's performance by Principal Activities for Year Ended 30 June 1995:

Turnover (HK \$Million)



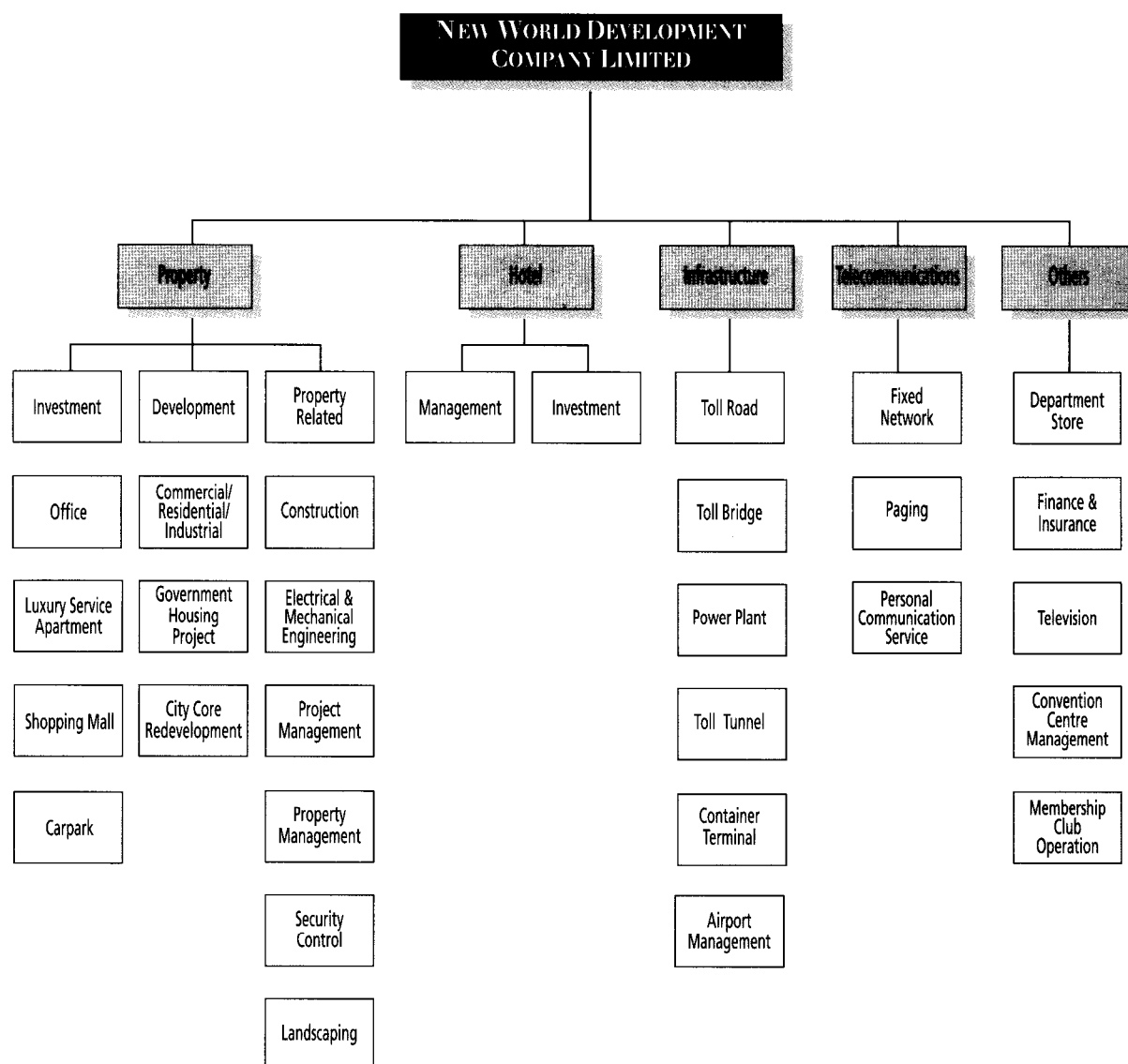
Rental Income	1,564	9%
Property Sales	3,184	18%
Construction & Piling	5,608	32%
Hotels & Restaurant Operations	6,486	37%
Toll Road & Bridge Operations	165	1%
Others	450	3%
	<u>17,457</u>	<u>100%</u>

Contribution to Operating Profit (before interest) (HK \$Million)



Rental Income	1,184	28%	76%
Property Sales	2,018	48%	63%
Construction & Piling	133	3%	2%
Hotels & Restaurant Operations	804	19%	12%
Toll Road & Bridge Operations	56	1%	34%
Others	66	1%	15%
	<u>4,261</u>	<u>100%</u>	

## OPERATIONAL STRUCTURE



Started out as a property developer, New World has, over the past years, strategically expanded its core business operations to include hotel and infrastructure. This chart highlights the core businesses of New World. Following the recent restructuring of activities, the international hotel management operations and the infrastructure investments in Hong Kong and China have been spun off as two separately listed companies: Renaissance Hotel Group N.V. and New World Infrastructure Limited. On the property front, some of our China projects have been grouped into specialized business activities, which include government housing and city core redevelopment projects. In 1990, we entered into the increasingly significant telecommunications business in Hong Kong. We expect to leverage our strategic foothold in this industry into another successful operation by the end of the decade.

## BUSINESS REVIEW

### 1. PROPERTY DEVELOPMENT

#### 1.1 Hong Kong

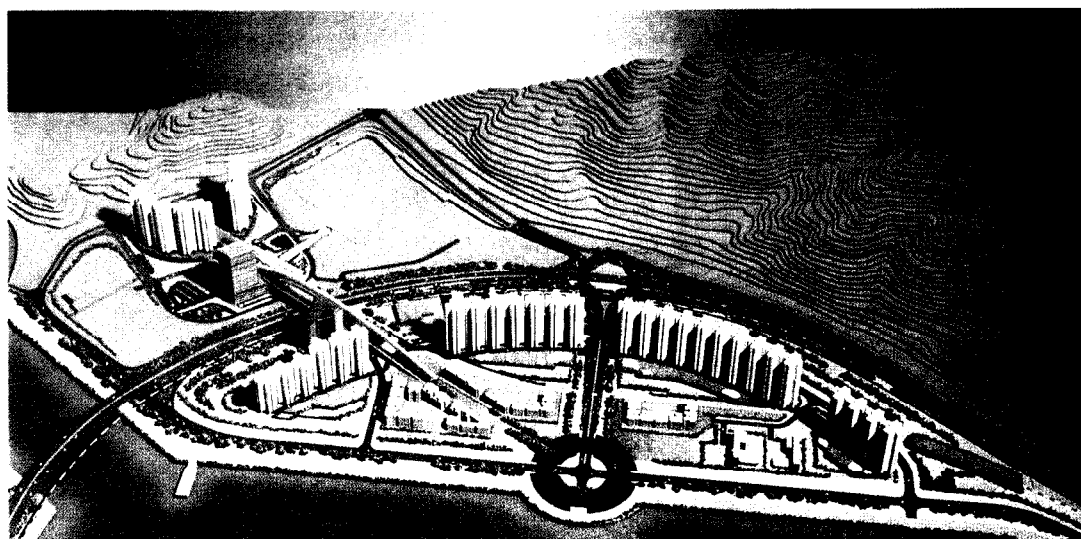
To date, the portfolio of development properties in Hong Kong held by the Group consists of 17 sites with total development potential of about 8 million square feet accruing to the Group. All projects are proceeding on schedule.

During the year under review, the following residential/commercial properties were completed:-



The Crestmont Villa writes a new page into the exciting Discovery Bay residential development.  
倚濤軒為愉景灣大型住宅發展藍圖添上嶄新一頁。

Location	Name of Project	Gross Floor Area (Sq. ft.)	Type
1. Phase IV Area 4A East, Discovery Bay	Crestmont Villa (low-rise)	251,945	Residential
2. 1 Li Chit Street, Wan Chai	Li Chit Garden	102,382	Residential
3. 95 Robinson Road, Mid- Levels	Blessings Garden Phase I	169,253	Residential
4. 56 Conduit Road, Mid-Levels	Blessings Garden Phase 2	168,202	Residential
5. 46 Lyndhurst Terrace, Central	-	43,707	Commercial



The MTRC's Tung Chung Station Development Project, a new landmark along the Airport Railway.  
集團參與之東涌地鐵上蓋發展，將成為機場鐵路上新標誌。

The Group participates in a consortium which has been awarded the contract for the MTRC's Tung Chung Station Development Project (Package One). The development, with site area 920,800 square feet and total buildable area 3,728,000 square feet, will provide over 3,700 flats, one office tower, one hotel and one retail centre. There will be created a highly attractive environment for people living, working and shopping at developments above and adjacent to the Tung Chung Station on the Airport Railway - Lantau Line.

Hong Kong's property market is yet to fully recover. But pre-sale progress of the Group's units from Li Chit Garden, Crestmont Villa and Blessings Garden Phase 2 has still been satisfactory. Current property prices have been stabilized at a more affordable level inducing some stimulus to end-user demand in pre-completion sale of selected residential developments. Most potential home buyers have now shifted their focus to the primary market where developers are offering incentives like better price discounts, variety of preferential payment terms and top-up loans on bank mortgages. The fundamentals in the property market will improve in the face of stabilizing interest rates and better economic conditions in Hong Kong and China. And the residential sector for the near future will consolidate at the present levels.

## 1.2 China

Broadly speaking, our property development activities in China comprise three categories: (a) Commercial and Residential Developments (b) Government Housing Projects and (c) City Core Redevelopments.

### (a) Commercial and Residential Developments

With its economy growing rapidly, local companies and individuals have prospered and foreign businesses have flocked into China, creating supply and demand imbalance for modern commercial and residential facilities. New World has pursued opportunities for commercial and residential developments in several major cities throughout China, including Guangzhou, Beijing, Shanghai and Wuhan. The portfolio now comprises some 30 development projects in key cities and strategic locations, details of them are set out in the section headed "Property Development & Investment Projects" on pages 31 to 33. During the period under review, the following properties had been offered to the market.



The Wuhan World Trade Centre, a window for China to overseas investors.  
武漢國際貿易中心為中國對外窗戶，吸引海外投資者。

	Location	Name of Project	Group's Interest (%)	Gross Floor Area (Sq. ft.)	Status
1.	Suiyin Road Guangzhou	Fortuna Garden	61.4	376,726	Residential (65% sold)
2.	Dongguan Guangdong	Dongguan New World Garden Phases I & II	21.3	734,071	Residential (95% sold)
3.	Area 14 Ersha Island, Guangzhou	New World Riverside Villa Phase I	60.0	79,923	Residential (26 out of 28 units sold)
4.	Wuhan	Wuhan World Trade Centre Extension	70.0	219,475	Commercial (95% let)

Overall, the Group had in the past accumulated a sizeable landbank at low cost for future development. And the publication of guidelines in late February 1995 for implementing the property gains tax retroactive to 1 January 1994 had virtually no effect on our property investments, as most of them were all committed before 1 January 1994. The projects will be developed in phases in accordance with the prevailing market conditions. As China's property market is undergoing some consolidations in its transition period, the Group opts to closely monitor the situation and reassess such strategies as are necessary to enable us to capitalize on all future opportunities.



Amidst the hustle and bustle of Guangzhou city, Ersha Island stands out as the place where one can truly unwind. 在繁囂的廣州市中，集團座落二沙島的花園別墅誠為寧謐閑適之理想居停。

#### (b) Government Housing Projects

The concept is pioneered by New World in China as a direct outgrowth of our experience in Hong Kong of providing affordable housing to the less affluent sectors of the population. The Chinese government, in its earnest desire to improve people's living conditions, has committed itself to translating the concept into reality. For the Government Housing Projects under development in China, each project consists of the development of moderate quality subsidized housing, commercial space and commodity housing. Actual percentage mixes of land in respect of commercial and residential usages vary with projects. The projects are now on high priorities in the working schedules of both central and city governments.

Since the first project started in Wuhan in 1993, further contracts have been signed to extend the same kind of developments to other cities of Shenyang, Tianjin and Huizhou. Development details of them are set out in the section headed "Property – Government Housing Projects" on page 31. Prospects are also in pipeline to extend such developments to Guangzhou, Beijing and Nanjing.

A proposal is also now being actively considered to set up a home ownership fund for financing these projects, with equity interests shared by the Group and other institutional investors.

#### (c) City Core Redevelopments

The traditional commercial centres inside the key cities of China are plagued with congested and dilapidated buildings, inadequate public facilities and lack of modern amenities. The government has also committed to redeveloping the traditional city cores. New World has teamed up with local governments to comprehensively redevelop these

areas. These represent priority developments in the city governments' working schedules. Currently, we have in our portfolio three such joint venture projects on City Core Redevelopments:

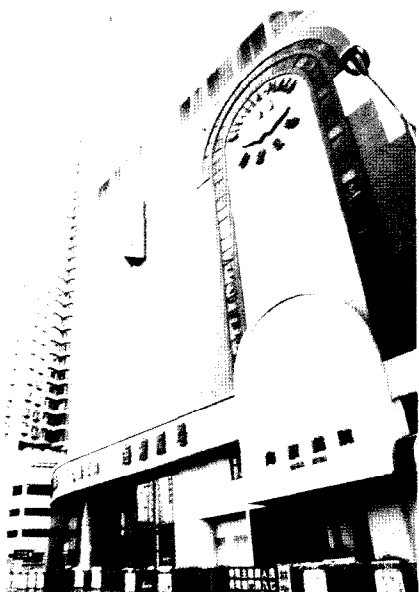
- Beijing Chong Wen District
- Guangzhou Dong Shan District
- Huizhou Huicheng District

Development details of these projects are set out in the section headed "City Core Redevelopment Projects" on page 33.

Under these joint ventures, the local governments provide large tracts of land in prime locations at low premiums and advantageous payment terms, with New World reciprocating in terms of capital and expertise. There are special investment incentives such as allowances for higher plot ratios and special reductions in relocation expenses provided to the joint ventures. While the government redevelops aging city cores into modern city centres, New World is able to gain low-cost access to the most desirable land for its future property development activities to the effect of reaping attractive returns with minimal risk exposure. In addition, New World is able to establish a degree of exclusivity and control through its close involvement in overall town planning, design and construction of these city cores.

A fund similar to that of Government Housing Projects is also under study for financing the City Core Redevelopments.

## 2. RENTAL OPERATIONS



The Riviera Plaza affords consumers in Tsuen Wan a comfortable ambience for shopping and dining.  
荃灣海濱廣場為區內消費者提供優閒愜意之購物及飲食場所。

The Group's sizeable rental portfolio comprises a good balance of office/commercial buildings, luxury service apartments, shopping centres and car parks, all strategically located throughout Hong Kong and Kowloon. Despite the soft market for retail business and an increasingly competitive leasing environment, the Group's rental properties continued to record another year of respectable performance. Rental income of the Group for the year under review amounted to approximately HK\$1,564 million.

The Group's major investment properties in the New World Centre, Shun Tak Centre and the New World Tower etc. have reported occupancy of between 96-98%. Other investment properties have also been enjoying high occupancy. The two shopping centres of Pearl City and Riviera Plaza respectively in Causeway Bay and Tsuen

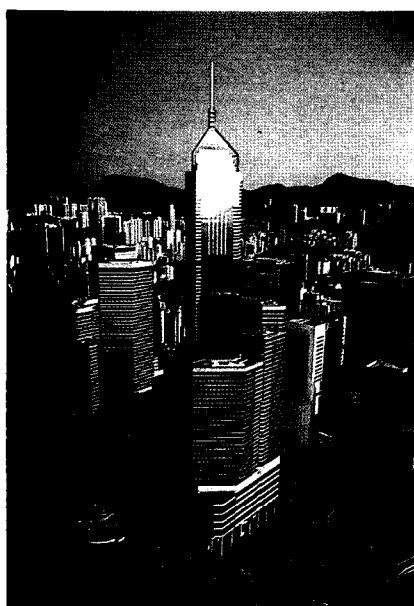
Wan have much improved to reach a percentage close to the nineties. There will be in due course new additions of retail space in the redevelopment of the China Dyeing Factory in Tsuen Wan, the Telford Garden Extension in Kowloon Bay, and the Salisbury Garden in Tsim Sha Tsui.

In the longer term, with the Hong Kong economy moving more devoted to the service sector type, the trend is for continuous increase in the demand for office spaces, commercial shops and service apartments. Rental income from our high quality property portfolio will thus continue to provide the Group with a solid base of recurrent income.



The New World Centre lends its unmistakable presence to the waterfront of Tsimshatsui – the focal point for commerce and trade.  
座落尖沙咀海旁之新世界中心，位置優越，盡享商貿中心之地利。

### 3. HONG KONG CONVENTION & EXHIBITION CENTRE



The Hong Kong Convention and Exhibition Centre has become an integral part in the continued prosperity of Hong Kong.  
香港會議展覽中心與香港同步邁進，共証繁榮。

Under the management of the New World Group, the Hong Kong Convention and Exhibition Centre continues to achieve success as it has since its opening in late 1988. This has led to the \$4.8 billion expansion programme by the Hong Kong Trade Development Council, with funds obtained from the government. When the expanded facilities open in mid-1997, the Centre in its new enlarged shape will double the rentable space of the existing Centre.

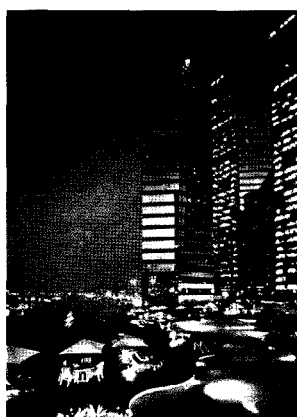
The solid portfolio of 60 recurrent major exhibitions is now established and the major international exhibition and conference bookings past the year 2000, will form the basis for the future occupancy of the expanded facilities. Upon completion of the expanded facilities, the whole Centre will include five Exhibition Halls totaling 495,000 square feet, two Convention Halls seating 2,000 and 4,200 persons, two theatres seating 337 and 637 persons and 71,000 square feet of meeting space totaling 52 rooms. The Centre will place Hong Kong firmly in the forefront of the increasing regional competition, and will enhance its existing reputation as a major international exhibition and convention centre.

#### 4. SPIN-OFF OF CORE BUSINESSES

The New World Group has now accomplished the spin-off of its core businesses of infrastructure and hotel management, restructuring them into the two listed subsidiaries of New World Infrastructure Limited (NWIL) and Renaissance Hotel Group (RHG). Apart from streamlining the management structure, such spin-off will also increase transparency of the operations of New World and the two listed subsidiaries to investors. NWIL and RHG each can now develop its own separate identity as a focused player in the respective fields, thus enabling investors to assess and invest in these two new entities independently from other businesses of New World. The new corporate arrangements will create financial independence and additional sources of funding for expansion of the separately listed subsidiaries. This would enhance shareholders' investment value by fairly reflecting the value of the listed subsidiaries on the balance sheet of New World.

#### 5. HOTEL BUSINESS

##### 5.1 Hong Kong



Exquisitely appointed, the New World Harbour View Hotel is designed as a home away from home for the discerning executives of today.  
新世界海景酒店為商務旅客精心鋪排各項住宿細節，務求給予賓客如在家中的舒適感覺。

During the year under review, performance of the Group's hotels has been encouraging. The Regent of Hong Kong and the Grand Hyatt Hong Kong continued to carve a strong niche in the luxury hotel market in terms of enjoying high occupancy and room rates. As for the Group's three other hotels, New World, Victoria and New World Harbour View, they also benefitted from occupancy and room rates generally above the industry average. The Hotel Victoria was sold and subsequently ceased operation in June 1995 for conversion into office. Contract in respect of the sale had been signed in April this year. The trend of hotel conversion and redevelopment creates an imbalance of hotel-room demand and supply, helping push up the overall average occupancy and rates in Hong Kong. All in all, the hotel performance of Hong Kong is looking up on the backdrop of growing affluence around the Asia-Pacific region and greater emphasis on intra-regional travels.

##### 5.2 China

Hotel business in China has been impacted by the government's on-going economy control measures. Occupancy and room rates for our hotels in China vary but are generally regarded as satisfactory relative to the industry averages. In particular, our hotels continue to maintain reasonable market share, especially the ones in Beijing, Guangzhou and Shanghai. New World Hotel, Shenyang opened in September 1994 while New World Bei Fang Hotel, Harbin recently commenced business in September 1995. In addition, Ramada Hotel, Wuhan and Ramada Hotel, Qingdao respectively opened in November 1994 and April 1995.



### 5.3 South-East Asia

New World Hotel, Makati is gradually attaining the position of best performing as a high-tariff hotel for tourists in Manila, in terms of market share, occupancy and relative average rate. New World Hotel, Ho Chi Minh City opened in October 1994 and the hotel has been regarded as the best hotel there. The hotel has captured all the major high-yield business in town. The prospect of the hotel is promising as the visitor arrivals keep building up. Another two hotels, New World Hotel and Renaissance Hotel at Kuala Lumpur will open around mid-1996.

### 5.4 Renaissance Hotel Group

Renaissance Hotels International expects to continue to benefit from improvements in the hotel industry and reports a successful year of operations. In particular, the company expects to benefit from the continuation of improved operating conditions of the hotel industry in the United States and from improved economic conditions in Europe.



The Cleveland Hotel embraces every business executive with all manner of comfort and the convenience of modernised business facilities. Cleveland Hotel 以細意殷勤的服務以及現代化的商務設施，迎接每位賓客。

Renaissance Hotels International was restructured in 1995, forming a hotel management and franchise arm called Renaissance Hotel Group N.V. (RHG). In this connection, the hotel properties had been transferred to Hotel Property Investment (BVI) Limited (HPI), which is wholly-owned by the New World Hotels (Holdings) Group. Whilst New World Hotels International Limited, a regional management subsidiary of the New World Group located in Asia has merged and become part of the RHG group. RHG now represents 137 hotels on five continents and strategically positions its dynamic presence as one of the world's leading hotel management chains. Details of them are set out in the section headed "Renaissance Hotel Group" on page 35.

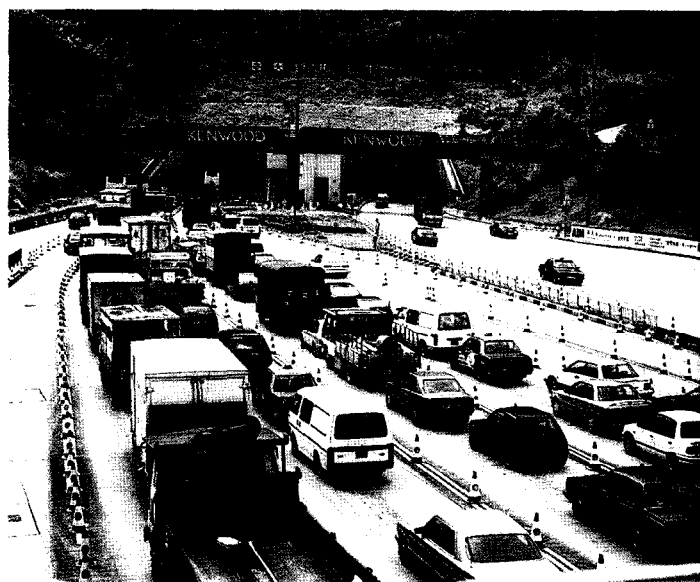
RHG became a listed company on the New York Stock Exchange on 27 September 1995 with an initial offering of 10,120,000 shares, bringing in gross proceeds of US\$172 million. The flotation of RHG will be beneficial to the New World Group as it can enhance shareholders' investment value by benefitting from the favourable market conditions for hotel management industry stocks. Further, it will increase the transparency and stature of New World Group's hotel management arm.

As of June 1995, RHG had entered into management and franchise agreements for 27 additional hotels (20 of which are under construction), representing planned additions of approximately 8,700 rooms to the company's base of approximately 44,700 rooms. It expects to benefit from the strong global economy as it continues to focus on expansion of the company's portfolio in the coming year.

## 6. INFRASTRUCTURE DEVELOPMENT AND INVESTMENT

Dedicated to infrastructure development, the Group has built a well structured portfolio of projects in China and Hong Kong. It spans the development, operation and management of toll roads, tunnel and bridges, electric power stations, container terminal, cargo handling and distribution facilities complex, and airport. This dynamic portfolio assumes diversity in terms of range, types and geography of projects, details of them are set out in the section headed "Infrastructure Development & Investment" on pages 34 and 35.

The Group's strategy is to concentrate on its infrastructure investment in high-growth regions in China and Hong Kong. All the existing projects are strategically located in two of the most important hubs in China's transportation networks: the Pearl River Delta (Guangdong and Hong Kong) and Wuhan. The Pearl River Delta has been experiencing the fastest economic growth in China and is also China's southern gateway to the world. Wuhan is at the centre of over half of China's 1.2 billion population, and is the intersection of two major national trunk roads running north-south and east-west respectively across a large part of China Mainland. The city is also one of the country's largest industrial bases.



The dual 2-lane Tate's Cairn Tunnel relieves traffic congestion in northeastern Kowloon.  
雙道向雙線行車之大老山隧道通車後，對東北九龍交通情況起了疏導作用。

Currently, there is in China a noticeable shortfall in the supply of the types of infrastructure that the Group is interested in and which are also on high government priorities. Such infrastructure projects serve the needs of the regions concerned, are less recession-prone and capable of generating recurring income.

With the growing economic integration of Hong Kong and China, there is a continuing trend of developing complementary infrastructure projects for both regions. And in Hong Kong, rapidly expanding international and cross-border trading activities, and the accelerated decentralization in town planning have also spurred huge demand for infrastructure developments.

As far as our infrastructure investments in China are concerned, the Group has where possible sought contractual support to significantly reduce the risk profile. This would require structuring in place such mechanisms like entering into offtake and fuel supply contracts in relation to the power stations. Other projects would involve fixed-price turnkey contracts, exchange rate-protected mandatory repayment of principal and interest, and in most cases, a scheduled return of shareholders' invested capital. While those projects in operation are already generating cash flow and profit, the momentum has already built up for considerable growth in cash flow, with more projects coming into operation in the near future.

## 6.1 New World Infrastructure Limited

As part of the exercises currently undertaken to restructure the Group's wide array of activities into their respective cores each with distinctly defined roles, a Hong Kong-listed subsidiary company, New World Infrastructure Limited (NWIL) has been created to embrace the Group's portfolio of infrastructure projects in Hong Kong and China. NWIL can now begin to develop its own identity as an infrastructure company, being blessed with the opportunities to exclusively involve in all the infrastructure projects participated by the Group.

Prior to its listing on 27 October 1995, infrastructure assets with an appraised value of \$7.86 billion, with \$6.57 billion directly attributable to the New World Group have been transferred into NWIL. The remainder of the assets comes from the Ireland-listed NW China Investment Ltd, in which the Group has a 50 per cent equity interest, and an independent third party. After this reorganization, 170,579,000 shares were issued at HK\$12.75 per share by way of placing and public offer, raising a total of HK\$2.17 billion, the Group now holds 67.9 per cent of the issued share capital of NWIL (Position as of 7 November 1995).



The Northern Ring Road constitutes an essential link in the entire Guangzhou ring road system.  
北環高速公路繫扣整個廣州環城公路系統。

After the spin-off of its infrastructure business, the Group intends to seek through the operations of NWIL additional investments and involvement in infrastructure projects in both China and Hong Kong, which will offer significant potential for attractive returns. By so doing, the Group will look for infrastructure projects which have characteristics similar to and/or synergize with the Group's other projects. Such opportunities will present themselves in China as a result of the tremendous demand for infrastructure in the country necessary to sustain economic growth and the need for capital resources to fund important developments.



The Tianhe Airport Highway development denotes the Group's active participation in the infrastructural construction in China.  
天河機場高速公路項目的發展，為集團積極參與中國基礎建設之明証。

In respect of Hong Kong, many investment opportunities in infrastructure projects will become available as part of the government's efforts to expand the territory's infrastructure network. The Group is also well-positioned to identify other favourable infrastructure projects and obtain attractive terms as a result of its reputation in infrastructure developments in China and Hong Kong, and the excellent working relationship of its management in certain regions of high economic growth in China.



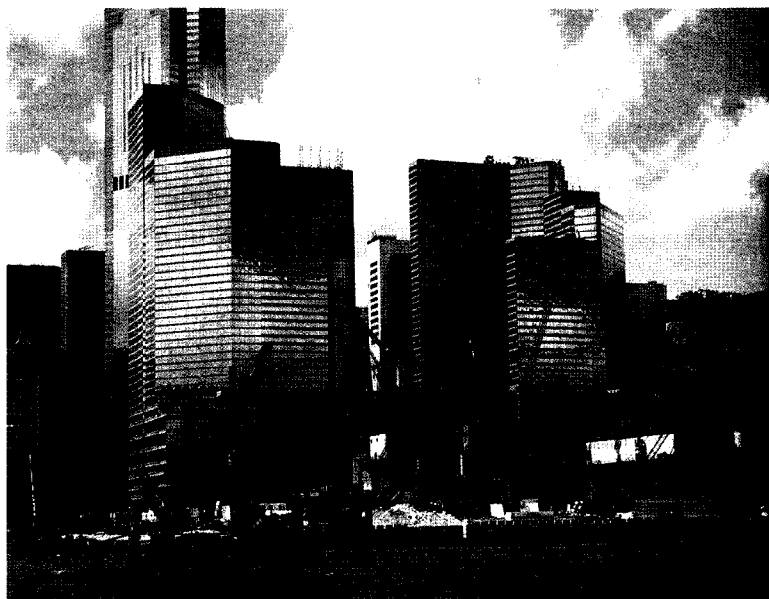
## 7. CONSTRUCTION AND ENGINEERING

The operating results of the Hip Hing Group of companies for the year ended 30 June 1995 had been very promising. During the year under review, turnover reached HK\$5,323 million, and net profit surged to about HK\$150 million, achieving the respective growth rates of 14% and 16% as compared to 1994.

Hip Hing Construction Company Limited is one of the largest private construction conglomerates in Hong Kong. Since its establishment in 1961, Hip Hing has been progressing at tremendous paces and now becomes a dominant player in the local construction industry. Through vertical integration, Hip Hing together with other subsidiaries of the New World Group, Vibro (H.K.) Limited, Young's Engineering Holdings Company Limited and Tridant Engineering Limited, provide comprehensive building services encompassing superstructure construction, piling and foundation works, civil engineering works, electrical and mechanical engineering, and renovation and fitting-out works. For the near future, Hip Hing looks forward to focussing its growth on deriving contracts from the local airport-related projects and the heavy construction volumes in China. Young's Engineering continues to maintain its status as one of the leading companies providing air-conditioning services, while Tridant Engineering competes to become a major electrical and mechanical engineering contractor. Their business activities span across Hong Kong and China. Their total commitments to high quality, dedicated client services and timely completion of construction projects have earned them high prestige in the industry.

The Hip Hing Group during the year had completed a number of sizeable projects. In Hong Kong, projects completed include Phases 4 and 5 of the Kwai Chung Container Terminal, 'Robinson Place' at 70 Robinson Road, Lee Theatre Development, Li Po Chun Chamber Redevelopment and Discovery Bay Phase 4 Area 4A East. In China, a major project completed was the Yimin Commercial Building in Shanghai. In the Philippines, New World Hotel Makati was completed. In Vietnam, a major phase of the New World Hotel, Ho Chi Minh City was also completed during the year.

Contracts on hand have reached a record high. As of October 1995, the figure approximates HK\$22.2 billion, comprising of HK\$13.8 billion in Hong Kong, and HK\$8.4 billion in China and elsewhere in South East Asia.



THE HKCEC's expansion into Phase II will continue to anchor Hong Kong firmly as the world's hub for conventions and major exhibitions in the 21st century. 香港會展中心擴建第二期，讓香港於邁進二十一世紀的同時，繼續穩居世界會議及大型展覽中心之領導地位。

The Hip Hing Group had obtained the ISO 9002 accreditation in 1993, denoting international recognition of the high standard of quality services provided. The accreditation is unique in the sense that it covers all facets of construction, engineering and other related activities. Overall the Hip Hing Group has continued to uphold its hard-earned prestige in the industry, both locally and overseas.

## 8. STRATEGIC INVESTMENTS

### 8.1 Telecommunications

The New World Group is committed to the development of modern telecommunications infrastructure and to a philosophy of innovation and customer value in providing quality services to the subscribers in Hong Kong.

New World Telephone Holdings Limited (NWTH) was formed in April 1995 as a holding company for its various telecom service operating subsidiaries. NWTH's plan is to become a full service network providing:

- fixed, mobile and wireless communication services
- integrated voice, data and video communication, and
- local, long distance and international communications

The plan, when fully realized, will put NWTH in the forefront of the telecommunications industry by bringing innovative, convenient and versatile communication services to the general public in Hong Kong. Meanwhile, NWTH is actively pursuing other business development opportunities including Cordless Access Services, Infotainment and telecom infrastructure investments in China.

#### 8.1.1 New World Telephone

New World Telephone is a new licensed telephone company in Hong Kong providing both basic and premium fixed telecommunications services. The Company's initial investment amounts to HK\$2 billion and its network architecture is a high capacity, highly reliable integrated digital and optic fibre network with the capacity to support "broadband" services in the future. In addition, intelligent networking facilities are deployed to allow the Company to offer intelligent, innovative and personalized local and international services.



The Group is set to become a key player in the gradually deregulated local telecommunications market.

集團將積極在逐步開放的本地電訊市場中尋求發展，以期佔據重要一席。

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集團將積極在逐步開放的本地電訊市場中尋求發展，以期佔據重要一席。



### **8.1.2 New World PCS (Personal Communication Service)**

In March 1995, the Group submitted a comprehensive proposal to the Government to apply for a PCS licence. PCS is an advanced form of digital mobile communication service. The Company's strategy is to make mobile service highly affordable and accessible to more users. The Company aims to build a quality mobile network with over 400 sites, one that performs better than any of the existing cellular networks in Hong Kong. The Company will leverage on the Group's fixed network infrastructure to provide a range of versatile value-added service features.

### **8.1.3 New World Paging**

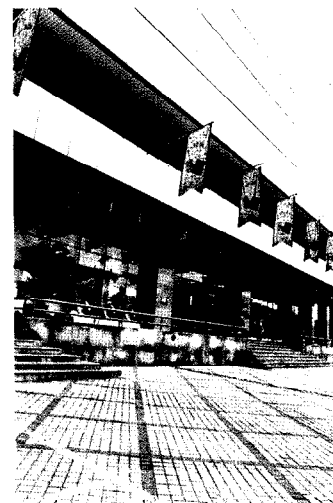
New World Paging is maintaining its position as the largest secretarial paging service operator in Hong Kong. Building on its reputation for innovation, New World Paging's upcoming services include customised information-on-demand services, personalized call management, as well as China roaming. The offering of integrated service packages allows our subscribers to benefit from innovations in our fixed and PCS services and one-stop shopping convenience.

## **8.2 PRC Department Store Operation**

The first department store managed by New World Department Stores Limited was officially opened in Wuhan on 2 December 1994. Enhanced by sound promotional and product mix strategies, business operations since then have shown promising and encouraging developments. The second one will be opened in Shenyang in November 1995. It will occupy a total area of around 96,840 sq. ft. Following this will be another 172,160 sq. ft. department store at Wuxi, which is scheduled to open in 1996.

To take advantage of the continuing consumerism growth in China, new department stores have also been scheduled for Harbin and Beijing, to be opened respectively in September 1996 and March 1997.

The Group is also prompted to actively study the feasibility of developing and expanding more outlets into those major cities in China, including Nanjing, Dalian, Qingdao, Guangzhou, Chengdu and Chongqing.



Wuhan New World Department Store,  
the Group's debut in the area.  
集團位於武漢之首家新世界百貨公司。



**9. LIQUIDITY AND FINANCIAL RESOURCES**

During the year, the Group has made the following investing activities:

	HK\$m
Purchase of fixed assets	1,477
Investments in the People's Republic of China	1,747
Development properties	1,397
Other investments	509
	<u>5,130</u>

The principal cash flow is derived from the following activities:

	HK\$m
Operating activities	1,023
Disposals of:	
Fixed assets	438
Investments in the People's Republic of China	185
Long term receivables	381
Exercise of warrant subscription rights	614
External long term borrowings	3,108
	<u>5,749</u>

At 30 June 1995, the Group's borrowings, net of cash, were HK\$18,052.4 million. The debt to equity ratio at the balance sheet date stood at an acceptable level of 38%. Approximately 25% of the Group's borrowings were repayable within one year, 61% were repayable within two to five years and 14% were repayable after five years.

The Company's 1995 warrant expired on 12 May 1995, 99.93% of the warrants were exercised. As a result, HK\$613.8 million were raised and 41.8 million shares were issued.

The flotation of Renaissance Hotel Group N.V. in September 1995 and New World Infrastructure Limited in October 1995 generated US\$172 million equivalent to approximately HK\$1,330 million and HK\$2,174 million respectively to the Group and the conversion of the Company's 1996 warrants by April 1996 will raise additional HK\$1,103 million. This cash flow, together with cash from operation and undrawn credit facilities available to the Group, will provide sufficient funding to the Group's operational requirements and current capital commitments.

It is the Group's policy to match its long term projects with long term debts and, if possible, to match the assets located in the countries with borrowings in the same currencies. Debt instruments used by the Group including syndicated loans, term loans, revolving credit facilities and equity-linked instruments. Interest rate swaps are utilised to hedge against the Group's interest rate exposures.

**10. EMPLOYEES**

Much of the Group's success depends on the dedicated loyalty, hard work and efficiency of our employees. The Group's management together with the 45,000 employees have now attained many achievements in its core operations of property, hotel and infrastructure. Such momentum is continuing with the Group gearing up its diversification efforts in those infrastructure developments of high-growth potential in Hong Kong and China, as well as taking measured steps to expand our hotel business into the international arena. Management orientation is always directing towards anticipating and responding to the needs of our employees.

The Group always takes to its heart the welfare of our employees. Apart from rewarding them with competitive salaries and fringe benefits, we also provide ample training opportunities, both internal and external, to equip them to advance together with the Group. Those employees who demonstrate that they possess the necessary qualifications, experiences and capabilities will always be able to realize their career aspirations. And we always adopt a liberal attitude in balancing diversity of viewpoints so as to arrive at optimal solutions to problems. We are fully convinced that these strengths of management and employees would continue to achieve synergies guaranteeing the rapid translation of our ideals into reality.

**PROSPECTS**

The Hong Kong economy remains healthy despite some concern about inflation climbing along with unemployment, the relative quiet on the fronts of the retail sales and property markets. The rising unemployment undoubtedly reflects a weak consumer demand in Hong Kong and China. Hong Kong's economic growth in 1995 has by and large come from the sources of external trade and domestic investments. External trade continues to flourish over the rapid economic integration between Hong Kong and China, and rapid economic growth in the Asia-Pacific region. Fixed capital investments especially from the public sector tend to concentrate on those large infrastructure projects related to the airport and the airport railway. Such heavy investments ensure that Hong Kong's position as a leading financial, commercial and communication centre in this part of the world will continue. Another positive factor outlook is that China has been successful in its endeavours to cool down the overheated economy and tackle high inflation, with a view to gradually moving the economy to a more sustainable growth path. It is reasonable to expect that China's economy will continue to grow on the basis of improving economic fundamentals and political stability. The global economic environment looks set to improve soon with US interest rates now being stabilized. The Group's current exercises in corporate restructuring of the activities to focus on property, hotel and infrastructure should thus be viewed as timely moves to equip us with the necessary organized strength to capitalize on our significant presence in China so as to reap the synergy of economic benefits potentially flowing through the interdependence of the two fast-growing economies of Hong Kong and China in the longer run.

**Cheng Kar-Shun, Henry**  
*Managing Director*

Hong Kong, 8 November 1995

# APPENDIX

## HONG KONG

### PROPERTY DEVELOPMENT

Location	Site Area	Attributable	Total GFA	Group's Share of GFA			Stage of Completion
		Interest		Commercial	Residential	Industrial	
	SQ.FT.	%	SQ.FT.	SQ.FT.	SQ.FT.	SQ.FT.	
Discovery Bay – Phase 4 Area 4C Bay & Headland		100 *	363,000		363,000		Superstructure
7-9 High Street, Hong Kong	1,174	100 *	14,938		14,938		Foundation
41-55 Wo Tong Tsui Street, Kwai Chung	31,490	50	299,155			149,578	Foundation
51 Tsun Yip Street, Kwun Tong	4,694	100	51,634			51,634	Demolition completed
44-48 Lyttelton Road, Hong Kong	29,312	100	234,496		234,496		Superstructure
The China Dyeing Factory Redevelopment, Tsuen Wan	538,000	100 *	2,266,000		2,266,000		Superstructure
Telford Gardens Extension Redevelopment, Kowloon Bay	145,072	100 *	565,099	565,099			Superstructure
15-19 Luk Hop Street, San Po Kong, Kowloon	23,788	100	356,820			356,820	Foundation
Nathan Road/Dundas Street, Kowloon	8,550	100 *	129,485	129,485			Foundation
Wing Sing Street, Redevelopment Project, Central	75,499	100 *	1,118,163	1,118,163			Superstructure
35-47 Tsing Yi Road, Tsing Yi Island	305,190	100 *	1,522,730			1,522,730	Foundation
Area 19, Luen Wo Hui, Fanling, New Territories	223,686	12	1,150,141	8,050	129,966		Site Investigation Completed
Fung Kam Street, Yuen Long, New Territories	63,389	7	335,780		23,505		Planning
NKIL 4850RP, Tai Po Road, Kowloon	63,334	50	189,974		94,987		Site Formation
Queen Street, Redevelopment Project, Sheung Wan	73,268	50 *	794,472	166,841	230,395		Acquisition In Progress
157 Prince Edward Road West, Kowloon	7,384	50	88,566	44,283			Planning
171 Prince Edward Road West, Kowloon	7,536	50	90,485	45,242			Planning
Tung Chung Development, Lantau Island							
Site 1		20	1,828,600	6,460	359,260		Planning
Site 2		20	860,300	79,660	92,400		Planning
Site 3		20	1,039,616	5,382	202,542		Planning
<b>Total</b>			<b>13,299,454</b>	<b>2,168,665</b>	<b>4,011,489</b>	<b>2,080,762</b>	

\* 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 respective joint development agreements.

## PROPERTY INVESTMENTS

Name of Property	Total GFA	Group Interest	Total	Group's Share of GFA		Hotels	Lease Expiry
	SQ.FT.	%	SQ.FT.	SQ.FT.	SQ.FT.		
Existing							
1. Manning House, 48 Queen's Road Central	110,040	100	110,040	110,040	–	–	2843
2. New World Tower, 18 Queen's Road Central	640,135	100	640,135	640,135	–	–	2863
3. New World Centre	2,525,214	100	2,525,214	1,521,847	422,735	580,632	2052
4. Asia Terminals Centre	6,150,873	46	2,844,785	2,844,785	–	–	2047
5. Shun Tak Centre	1,213,436	45	546,047	174,248	182,708	189,091	2055
6. Hong Kong Convention & Exhibition Centre	202,126	100	202,126	162,898	39,228	–	2060
7. Grand Hyatt Hong Kong	524,928	100	524,928	–	–	524,928	2060
8. New World Harbourview Hotel	544,518	100	544,518	–	–	544,518	2060
9. Paterson Plaza, 24-30 Paterson Street, Causeway Bay	24,682	100	24,682	24,682	–	–	2868
10. G/F., 1-5/F. Pearl City Mansion, Causeway Bay	53,691	40	21,474	21,474	–	–	2868
11. Riviera Plaza Arcade, Tsuen Wan	242,685	100	242,685	242,685	–	–	2047
Sub-Total	12,232,328		8,226,634	5,742,794	644,671	1,839,169	
To be completed							
1. Salisbury Garden, Tsimshatsui	141,439	100	141,439	141,439	–	–	2052
2. China Dyeing Factory Redevelopment	466,400	100 *	466,400	466,400	–	–	2047
3. Telford Gardens Extension Redevelopment	336,183	100 *	336,183	336,183	–	–	2047
4. 2 MacDonnell Road	116,954	100 *	116,954	–	116,954	–	2031
5. Methodist Church Redevelopment, Wanchai	41,300	99 *	40,887	40,887	–	–	2084
Sub-Total	1,102,276		1,101,863	984,909	116,954	–	
Total	13,334,604		9,328,497	6,727,703	761,625	1,839,169	

\* Properties in which the Group has a development interests: 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 respective joint development agreements.

## CHINA

## PROPERTY – GOVERNMENT HOUSING PROJECTS

Location	Project	Usage	Attributable Interest	Site Area
			%	SQ.FT.
Wuhan	Wuhan Home Ownership Scheme	Residential	60-100	28,708,000 *
Huizhou	Huizhou Home Ownership Scheme (first site)	Residential	60-100	1,507,000
Shenyang	Shenyang Home Ownership Scheme	Residential	60-100	17,223,000
Tianjin	Tianjin Home Ownership Scheme	Residential	60-100	12,917,000

\* Site area for Changqing Garden

## PROPERTY – DEVELOPMENT &amp; INVESTMENT PROJECTS

Location	Project	Usage	Attributable Interest	Site Area	GFA
			%	SQ.FT.	SQ.FT.
<b>Commercial &amp; Residential Property Projects</b>					
Guangdong	Guangzhou Fortuna Garden	Residential	60	75,000	377,000
Guangdong	Guangzhou Fangcun District	Residential/ Commercial	60	5,199,000	18,299,000
Guangdong	Areas 13 & 14 Ersha Island, Guangzhou New World Riverside Garden (Area 14)	Residential	60	764,000	420,000
Guangdong	Guangzhou Yi Hing New World Commercial Building	Commercial/ Office	50	32,000	420,000
Guangdong	Guangzhou Riviera Garden	Residential	47.5	7,804,000	7,804,000
Guangdong	Guangzhou Metropolitan Garden	Residential/ Commercial	90	441,000	2,121,000
Guangdong	Guangzhou New World Centre	Residential/ Commercial/ Office	90	172,000	1,615,000
Guangdong	Guangzhou Shun Fung Chou Yuen	Residential/ Commercial	20	700,000	1,905,000
Guangdong	Dongguan New World Square And Dongguan New World Garden	Commercial Residential	21.3	915,000	1,184,000
Guangdong	Shunde-Rongqi Port Riverside Road	Residential/ Commercial	33	1,001,000	4,478,000
Guangdong	Shunde Dai Liang Property Development	Residential/ Commercial	30	5,963,000	25,844,000

Location	Project	Usage	Attributable Interest	Site Area	GFA
			%	SQ.FT.	SQ.FT.
Guangdong	Guangzhou Golden Lake Development Phase I - III	Residential	40	2,885,000	4,521,000
Guangdong	Foshan Golf & Country Club	Recreational Facilities/ Residential	22.3	31,323,000	TBD
Guangdong	Guangzhou Nanhu National Recreational & Tourist Area	Commercial/ Residential/ Hotel/ Recreational	50-80	17,545,000	TBD
Shanghai	World Finance Tower, Pudong	Commercial	23	86,000	710,000
Shanghai	Yanan Xi Lu, Jingan District, Shanghai	Residential/ Commercial	30	65,000	301,000
Shanghai	Shanghai Lu Wan Redevelopment	Residential/ Commercial	76.5	366,000	2,024,000
Shanghai	Lot No. 6 Huai Hai Road	Commercial/ Office/Hotel	63.7	108,000	1,604,000
Shanghai	Shanghai Euston Villa	Residential/ Commercial	51.2	1,744,000	1,044,000
Shanghai	Hongqiao Bus Depot Redevelopment	Residential/ Commercial	32.4	560,000	2,196,000
Beijing	New World Centre, Beijing	Residential/office/ Commercial/Hotel	50-55	215,000	2,153,000
Beijing	Beijing Dynasty Garden	Residential	34.8	1,744,000	710,000
Beijing	Beijing Lai Loi Gardens Development	Residential	30	13,681,000	6,835,000
Beijing	Beijing Yee Lok Garden	Residential/ Commercial	65	1,970,000	3,843,000
Wuhan	Wuhan World Trade Centre Extension	Commercial	70	22,000	215,000
Wuhan	Wuhan Hotel Redevelopment	Hotel/ Commercial	60	86,000	603,000
Wuhan	Tazi Lake Redevelopment	Recreational Facilities/ Residential	50	2,228,000	N/A
Tianjin	Tianjin Tang Gu Garden	Residential/ Commercial	100	431,000	2,024,000
Tianjin	Tianjin World Trade Centre	Commercial	100	118,000	818,000
Dalian	Dalian New World Plaza	Commercial/ Residential	35	97,000	1,119,000

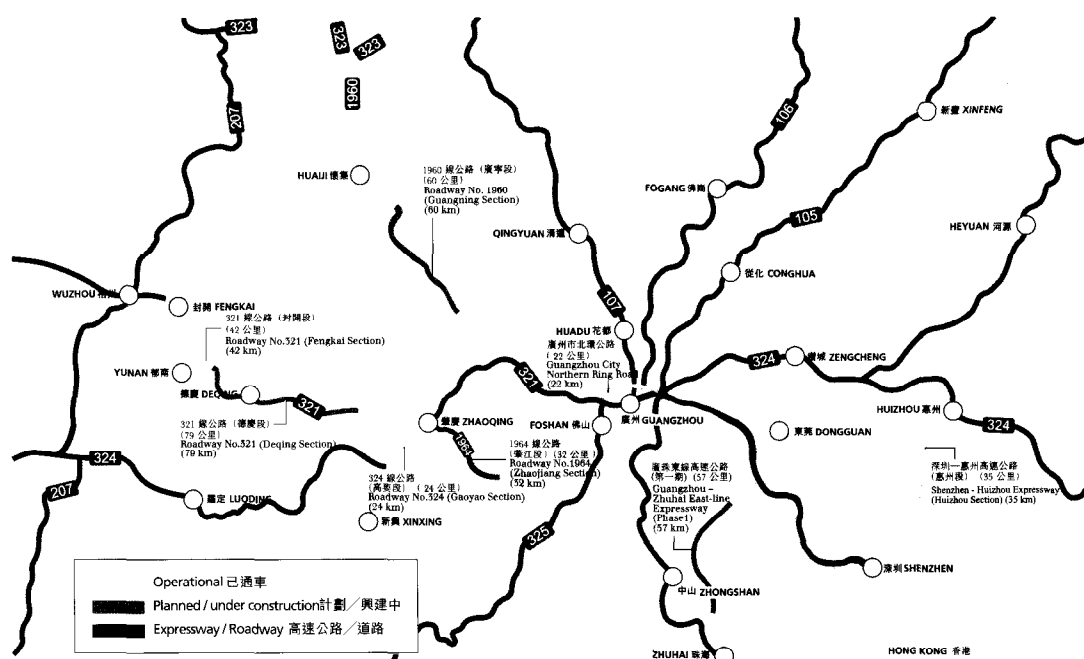
Location	Project	Usage	Attributable Interest	Site Area	GFA
			%	SQ.FT.	SQ.FT.
Dalian	Bond Tak International Finance Centre	Hotel/ Apartment/ Office/ Commercial	30	172,000	1,830,000
Nanjing	Nanjing Hua Wei Real Estate Development	Commercial/ Residential/ Office/ Hotel	60	129,000	1,798,000

## CITY CORE REDEVELOPMENT PROJECTS

Location	Project	Attributable Interest	Site Area
		%	SQ.FT.
Guangdong	Guangzhou Dongshan District Redevelopment	60	TBD
Guangdong	Huizhou Huicheng District Redevelopment	62.5	721,000
Beijing	Beijing Chong Wen District Redevelopment	56	21,528,000

## INFRASTRUCTURE DEVELOPMENT &amp; INVESTMENT

Project Name (Location)	Type of Project	Attributable Interest	Description	Actual or Target Date of Operation
%				
PRC				
I. Road Projects				
Guangzhou City Northern Ring Road (Guangdong)	22 km toll expressway	32.80	• Dual three-lane toll expressway linking the Guangzhou-Foshan Expressway in the West and the Guangzhou-Shenzhen Expressway in the East	January 1994
Shenzhen - Huizhou Expressway (Huizhou Section) (Guangdong)	35 km toll expressway	25.50	• Dual two-lane expressway between Huizhou and Shenzhen	June 1993
Guangzhou-Zhuhai East-line Expressway (Guangdong)	57 km for Phase I (129 km toll expressway)	20.00	• Phase I comprises a planned dual three-lane toll expressway between Tangkeng of Panyu City and Waisha of Zhuhai City	1999 (Phase I)
Roadway No. 324 (Gaoyao Section) in Zhaoqing (Guangdong)	24 km toll road	24.00	• Dual two-lane toll road between Zhaoqing City and Gaoyao City	February 1994
Roadway No. 321 (Fengkai Section) in Zhaoqing (Guangdong)	42 km toll road	38.20	• Dual two-lane toll road between the Guangxi/Guangdong border and Fengkai County	March 1995
Roadway No. 1964 (Zhaojiang Section) in Zhaoqing (Guangdong)	32 km toll road	59.50	• Dual two-lane toll road between Zhaoqing City and Gaoming County	December 1995
Roadway No. 321 (Deqing Section) in Zhaoqing (Guangdong)	79 km toll road	38.20	• Dual two-lane toll road between Deqing County and Gaoyao City	December 1995
Wuhan Bridge Development (Wuhan)	3 toll bridges	48.86	• Linking the districts of Wuchang, Hankou and Hanyang	June 1995
Wuhan Airport Expressway	18 km toll expressway	34.00	• Dual two-lane toll expressway linking Wuhan to the new Wuhan Tianhe Airport	April 1995



Locations of the Group's Road Projects in Guangdong Province  
本集團於廣東省之道路項目位置圖



Project Name (Location)	Type of Project	Attributable Interest	Description	Actual or Target Date of Operation
%				
PRC				
<b>II. Power Projects</b>				
Zhujiang Power Station (Phase I) ( <i>Guangdong</i> )	Power plant	42.50	• Two 300 MW coal-fired generators	January 1994
Zhujiang Power Station (Phase II)* ( <i>Guangdong</i> )	Power plant	25.00	• Two 300 MW coal-fired generators	1997
<b>III. Airport</b>				
Wuhan Tianhe Airport	Airport	33.30	• Capacity: 6 million passengers per year	April 1995
Hong Kong				
<b>IV. Cargo Handling Projects</b>				
Sea-Land Orient Terminals	Container terminal operator	14.60	• Approximately 41 acres (16.7 hectares) of container terminal, and wharf of about 305 metres and the terminal operations at Berth 3 at Kwai Chung Container Terminals, with a capacity throughput of 1,100,000 TEUs per year	1973
Asia Terminals Centre	Cargo handling and storage	46.20	• The building above part of Kwai Chung Lot No. 3 and the extension thereto, being a container freight station and cargo distribution centre at Berth 3 at Kwai Chung Container Terminals; with a total lettable floor area of approximately 6 million square feet	February 1987 (Phase I) November 1994 (Phase V)
<b>V. Road Project</b>				
Tate's Cairn Tunnel	4 km toll tunnel	27.50	• Twin tube tunnel from northeast Kowloon to Shatin	June 1991

\* Provisional project

**RENAISSANCE HOTEL GROUP**

The following table sets forth for each region and brand the number of hotels managed and franchised by the Group and the number of hotels under construction and under contract as of 30 June 1995:

	Total Hotels Opened	Managed Hotels	Franchised Hotels	Hotels Under Construction	Hotels Under Contract
AMERICAS					
Renaissance	44	42	2	2	0
Ramada	9	4	5	0	0
Total	53	46	7	2	0
EUROPE					
Renaissance	18	17	1	2	1
Ramada	31	19	12	3	1
Total	49	36	13	5	2
ASIA/PACIFIC					
Renaissance	12	7	5	5	1
New World	12	12	0	5	2
Ramada	11	6	5	3	2
Total	35	25	10	13	5
TOTAL	137	107	30	20	7

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
NEW WORLD DEVELOPMENT COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

We have audited the accounts on pages 37 to 76 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**Respective responsibilities of Directors and Auditors**

The Companies Ordinance requires the Directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the accounts and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion the accounts give a true and fair view, in all material respects, of the state of affairs of the Company and the Group as at 30 June 1995 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, 8 November 1995



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Year ended 30 June	
		1995 HK\$m	1994 HK\$m
Turnover	2	<u>17,456.7</u>	<u>18,590.6</u>
Operating profit	2 & 3	<u>3,616.3</u>	<u>4,968.0</u>
Share of results of associated companies and joint ventures		<u>393.8</u>	<u>343.1</u>
Profit before taxation		<u>4,010.1</u>	<u>5,311.1</u>
Taxation	4	<u>(373.9)</u>	<u>(775.6)</u>
Profit after taxation		<u>3,636.2</u>	<u>4,535.5</u>
Minority interests		<u>(225.3)</u>	<u>(239.2)</u>
Profit attributable to shareholders	5	<u>3,410.9</u>	<u>4,296.3</u>
Dividends	6	<u>(1,772.2)</u>	<u>(1,688.2)</u>
Retained profit for the year	21(e)	<u>1,638.7</u>	<u>2,608.1</u>
Retained by:			
Company and subsidiary companies		<u>1,458.9</u>	<u>2,487.4</u>
Associated companies and joint ventures		<u>179.8</u>	<u>120.7</u>
		<u>1,638.7</u>	<u>2,608.1</u>
Earnings per share	7		
Basic		<u>HK\$2.11</u>	<u>HK\$2.72</u>
Fully diluted		<u>HK\$2.05</u>	<u>HK\$2.57</u>

# CONSOLIDATED BALANCE SHEET

	Note	As at 30 June	
		1995 HK\$m	1994 HK\$m
Fixed assets	9	39,879.0	39,676.3
Associated companies	11	6,847.7	7,881.6
Joint ventures in the People's Republic of China	12	7,413.8	5,612.2
Other investments	13	1,527.6	1,018.7
Licence agreement	14	912.6	937.5
Long term receivables	15	227.1	542.4
Net current assets	16	8,234.1	5,987.4
		<hr/>	<hr/>
		65,041.9	61,656.1
Intangible assets	17	833.8	925.4
Deferred expenditure	18	87.8	16.6
		<hr/>	<hr/>
Employment of funds		65,963.5	62,598.1
		<hr/>	<hr/>
Financed by:			
Share capital	19	1,674.3	1,593.3
Reserves	21	45,892.6	46,139.7
		<hr/>	<hr/>
Shareholders' funds		47,566.9	47,733.0
Minority interests		4,644.9	3,705.5
Long term liabilities	22	13,739.5	11,144.3
Deferred taxation	23	12.2	15.3
		<hr/>	<hr/>
Funds employed		65,963.5	62,598.1
		<hr/>	<hr/>

Sin Wai-Kin  
Cheng Kar-Shun, Henry  
Directors

# COMPANY BALANCE SHEET

	Note	As at 30 June	
		1995 HK\$m	1994 HK\$m
Fixed assets	9	38.4	46.7
Subsidiary companies	10	12,531.5	10,541.5
Associated companies	11	859.5	798.2
Joint ventures in the People's Republic of China	12	733.7	1,023.2
Other investments	13	93.7	28.0
Long term receivables	15	-	245.6
Net current liabilities	16	(476.5)	(423.3)
Employment of funds		<u>13,780.3</u>	<u>12,259.9</u>
Financed by:			
Share capital	19	1,674.3	1,593.3
Reserves	21	<u>12,106.0</u>	<u>10,447.0</u>
Shareholders' funds		13,780.3	12,040.3
Long term liabilities	22	-	219.6
Funds employed		<u>13,780.3</u>	<u>12,259.9</u>

Sin Wai-Kin  
Cheng Kar-Shun, Henry  
Directors

# CONSOLIDATED CASH FLOW STATEMENT

		Year ended 30 June	
		1995	1994
	Note	HK\$m	HK\$m
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	28(a)	1,023.4	(4,104.8)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		421.6	294.3
Interest paid		(1,306.9)	(738.6)
Dividends received from			
Associated companies		147.0	143.7
Other investments		60.9	111.0
Dividends paid		(887.0)	(1,012.6)
Dividends paid to minority shareholders		(129.6)	(92.4)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(1,694.0)	(1,294.6)
<b>TAXATION</b>			
Hong Kong profits tax paid		(400.4)	(451.9)
Overseas taxation (paid)/refunded		(11.2)	12.8
<b>Net tax paid</b>		(411.6)	(439.1)
<b>INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(1,476.9)	(797.3)
Decrease/(increase) in investments in associated companies		173.6	(1,063.3)
Increase in investments in joint ventures in the People's Republic of China		(1,746.6)	(4,400.1)
Increase in other investments		(509.4)	(112.6)
Decrease in long term receivables		381.1	501.5
Increase in intangible assets and deferred expenditure		(119.0)	(7.7)
Acquisition of additional interests in subsidiary companies		-	0.8
Acquisition of subsidiary companies (net of cash and cash equivalents)	28(c)	(11.8)	(354.3)
Proceeds on disposal of			
Fixed assets, including investment properties		437.6	2,540.9
Associated companies		17.6	33.0
Joint ventures in the People's Republic of China		185.3	835.7
<b>Net cash outflow from investing activities</b>		(2,668.5)	(2,823.4)
<b>Net cash outflow before financing</b>		(3,750.7)	(8,661.9)
<b>FINANCING</b>			
Exercise of warrant subscription rights		613.8	56.4
Share issue expenses		(8.3)	(4.6)
Increase in long term liabilities		3,108.5	5,667.9
Increase in short term bank and other loans		1,324.5	495.0
Contribution from minority shareholders		66.9	74.3
<b>Net cash inflow from financing</b>	28(d)	5,105.4	6,289.0
<b>Increase/(decrease) in cash and cash equivalents</b>		1,354.7	(2,372.9)
<b>Cash and cash equivalents at beginning of year</b>		(1,321.3)	1,044.7
<b>Effect of foreign exchange rate changes</b>		(3.8)	6.9
<b>Cash and cash equivalents at end of year</b>	28(e)	29.6	(1,321.3)

## 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 and joint ventures. 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 tangible assets acquired and is written off directly to reserves in the year of acquisition.

### (c) Subsidiary companies

A company is a subsidiary company if more than 50% of the voting capital is held for the long term or if the composition of the board of directors is controlled by the Group.

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, and significant influence is exercised through representatives on the board of directors. The Group's investments in associated companies are stated at the Group's share of net assets. 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) Joint ventures in the People's Republic of China

#### (i) *Equity joint ventures*

Equity joint ventures are Sino-foreign joint ventures in respect of which the partners' capital contribution ratios are defined in the joint venture contracts and the partners' profit sharing ratios are in proportion to the equity ratios. The Group's investments in equity joint ventures are accounted for as subsidiary companies (where the Group controls the composition of the board of directors) or on the same basis as associated companies (where the Group exercises significant influence through representatives on the board of directors).

#### (ii) *Co-operative joint ventures*

Co-operative joint ventures are Sino-foreign joint ventures in respect of which the partners' profit sharing ratios and share of net assets upon the expiration of the joint venture periods are not in proportion to their equity ratios but are as defined in the joint venture contracts. Where the Group is not entitled to share the net assets of a co-operative joint venture at the end of the joint venture period, the cost of investment in such co-operative joint venture is amortised over the joint venture period.

## 1 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(ii) *Co-operative joint ventures (cont'd)*

The Group's investments in co-operative joint ventures are carried at cost plus its share of undistributed post-acquisition results of the joint ventures in accordance with the defined profit sharing ratios, less any amortisation or provision for any permanent diminution in value. Where the Group controls the board of directors of a co-operative joint venture, such co-operative joint venture is accounted for as a subsidiary company.

(iii) *Domestic joint ventures*

Domestic joint ventures are joint ventures where all the joint venture partners are entities established in the People's Republic of China. Domestic joint ventures are accounted for on the same basis as co-operative joint ventures.

(f) **Turnover**

Group turnover represents all revenues from rental, sales of properties, construction and piling, air-conditioning engineering, hotel and restaurant operations, toll road and bridge operations, telecommunication services, 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.
- (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)(iv).

(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 and rentals payable are accounted for on the straight line basis over the periods of the leases.





(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. Upon sale of an investment property, the revaluation surplus is transferred to operating profit. 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) *Capitalisation of fixed assets*

All direct and indirect costs relating to the construction of fixed assets including interest cost and foreign exchange differences on the related borrowed funds during the construction period are capitalised as the costs of the fixed assets.

(iv) *Depreciation*

No depreciation is provided on land held on long lease and assets under construction.

Depreciation of toll roads and toll bridges is provided for on the basis of a sinking fund calculation whereby annual depreciation amounts compounded at rates ranging from 1.5% to 8% per annum will equal the costs of the relevant toll roads and toll bridges at the expiry of 75 years or the relevant joint venture periods if these are shorter.

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. Estimated useful lives are summarised as follows:

Buildings held on long lease land	40 years
Land and buildings held on medium-term lease	Unexpired period of the lease
Other assets	3 to 10 years



## 1 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

## (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 joint ventures in the People's Republic of China. 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 United States of America. 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) Pensions and retirement benefits**

The Group operates a number of defined benefit and defined contribution pension and retirement benefit schemes throughout Hong Kong, North America and Europe.

**(i) *Defined contribution schemes***

The Group's contributions to these schemes are expensed as incurred.

**(ii) *Defined benefit schemes***

Retirement benefit expenses are charged to the profit and loss account in the current year and are determined based on the value of the retirement scheme assets and the actuarial valuation of accrued pension obligations. The Group has an obligation to ensure that there are sufficient funds in these plans to pay the benefits earned. The annual contributions are determined by a qualified actuary using the projected unit credit method.

**(s) Foreign currencies**

Foreign currency transactions during the year are translated 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, other than those dealt with in Note 1(i)(iii).

**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:

	1995 HK\$m	1994 HK\$m
(a) Analysis by principal activities		
(i) Turnover		
Rental income	1,665.3	1,461.9
Property sales	3,185.8	6,313.8
Construction and piling	6,129.2	5,809.2
Hotel and restaurant operations	6,485.9	5,405.4
Toll road and bridge operations	165.0	–
Others	616.1	566.9
	<u>18,245.3</u>	<u>19,557.2</u>
Intra-group transactions		
Rental income	(101.1)	(70.6)
Construction and piling	(520.8)	(761.4)
Others	(166.7)	(134.6)
	<u>17,456.7</u>	<u>18,590.6</u>
(ii) Contribution to operating profit		
Rental income	1,183.5	1,021.3
Property sales	2,018.1	3,318.6
Construction and piling	132.7	171.1
Hotel and restaurant operations	804.4	666.9
Toll road and bridge operations	55.8	–
Others	66.2	157.4
	<u>4,260.7</u>	<u>5,335.3</u>
Net interest paid	(644.4)	(367.3)
	<u>3,616.3</u>	<u>4,968.0</u>
(b) Analysis by geography		
(i) Turnover		
Hong Kong	14,037.3	15,784.1
North America	1,544.1	1,334.4
Europe	1,875.3	1,472.1
	<u>17,456.7</u>	<u>18,590.6</u>
(ii) Contribution to operating profit before interest		
Hong Kong	4,191.9	5,348.1
North America	94.8	6.5
Europe	(26.0)	(19.3)
	<u>4,260.7</u>	<u>5,335.3</u>

The turnover and contribution to operating profit before interest relating to the Group's activities in the People's Republic of China have been included under Hong Kong as they are not significant.

**3 OPERATING PROFIT**

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

	1995 HK\$m	1994 HK\$m
Crediting:		
Gross rental income from investment properties	1,477.5	1,329.0
Outgoings	(197.4)	(210.2)
	<u>1,280.1</u>	<u>1,118.8</u>
Dividend income		
Listed investments	31.8	19.7
Unlisted investments	29.1	91.3
Gain on sales of investment properties	281.1	1,304.1
Gain on disposal of associated companies	10.7	153.3
Royalty income from licence agreement	<u>129.9</u>	<u>134.1</u>
Charging:		
Interest on bank loans, overdrafts and other loans	1,151.9	643.0
Interest on finance leases	37.1	38.6
Interest on convertible bonds	101.5	57.0
Interest on loans from minority shareholders	16.4	-
Amortisation of discount on zero coupon bonds	116.2	116.8
Interest capitalised as cost of		
Fixed assets	(5.9)	-
Properties under development	<u>(250.8)</u>	<u>(68.5)</u>
	<u>1,166.4</u>	<u>786.9</u>
Auditors' remuneration	16.9	15.9
Depreciation		
Leased fixed assets	93.4	83.2
Owned fixed assets	209.1	260.0
Operating lease rentals for land and buildings	612.6	497.2
Amortisation of intangible assets	70.3	70.9
Amortisation of deferred expenditure	<u>65.3</u>	<u>46.5</u>

**4 TAXATION**

	1995 HK\$m	1994 HK\$m
Company and subsidiary companies		
Hong Kong profits tax	300.6	713.1
Overseas taxation	18.7	4.7
Deferred taxation	(3.1)	3.3
	<u>316.2</u>	<u>721.1</u>
Associated companies and joint ventures		
Hong Kong profits tax	48.2	53.1
Overseas taxation	9.5	1.4
	<u>573.9</u>	<u>775.6</u>

Hong Kong profits tax is provided at the rate of 16.5% (1994: 16.5%) on the estimated assessable profits for the year. Tax on overseas profits has been calculated on the estimated taxable profits for the year at the rate of taxation prevailing in the countries in which the Group operates.

**5 PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

Profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$2,097.4 million (1994: HK\$2,168.0 million).

**6 DIVIDENDS**

	1995 HK\$m	1994 HK\$m
Interim dividend paid of 28 cents (1994: 28 cents) per share	461.7	445.4
Proposed final dividend of 78 cents (1994: 78 cents) per share	1,310.5	1,242.8
	<u>1,772.2</u>	<u>1,688.2</u>

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

Interim dividend	256.3	255.1
Final dividend	*	561.2

\* Full provision has been made for the 1995 final dividend on the basis that all shareholders will elect to receive cash, being the alternative to their entitlements to the scrip dividend.

**7 EARNINGS PER SHARE**

The calculation of basic earnings per share is based on profit of HK\$3,410.9 million (1994: HK\$4,296.3million) and the weighted average of 1,615.1 million shares (1994: 1,579.9 million shares) in issue during the year.

The fully diluted earnings per share is based on adjusted profit of HK\$3,570.2 million (1994: HK\$4,406.6 million) on the assumption that all outstanding warrants and convertible bonds had been exercised and converted at the beginning of the year 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 1,737.8 million shares (1994: 1,715.1 million shares) issued and issuable.

**8 EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT**

Details of the emoluments paid to the Directors are as follows:

	1995 HK\$m	1994 HK\$m
Fees	1.5	0.6
Salaries and other emoluments	11.2	0.2
Contributions to retirement benefits	0.5	—
	<u>13.2</u>	<u>0.8</u>

The emoluments of the Directors fall within the following bands:

Emolument band (HK\$)	Number of individuals	
	1995	1994
0 - 1,000,000	10	11
1,000,001 - 1,500,000	1	—
2,000,001 - 2,500,000	1	—
2,500,001 - 3,000,000	2	—
3,500,001 - 4,000,000	1	—
	<u>15</u>	<u>11</u>

Details of the emoluments paid to the five individuals, including two Directors (1994: Nil), whose emoluments were the highest in the Group are as follows:

	1995 HK\$m	1994 HK\$m
Salaries and other emoluments	15.3	11.1
Contributions to retirement benefits	0.4	0.4
	<u>15.7</u>	<u>11.5</u>

## 8 EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT (CONT'D)

The emoluments of the five individuals fall within the following bands:

Emolument band (HK\$)	Number of individuals	
	1995	1994
2,000,001 – 2,500,000	–	5
2,500,001 – 3,000,000	3	–
3,500,001 – 4,000,000	2	–
	<u>5</u>	<u>5</u>

## 9 FIXED ASSETS

	Group						
	Investment properties HK\$m	Hotel properties HK\$m	Land and buildings HK\$m	Toll roads and bridges HK\$m	Other assets HK\$m	Assets under construction HK\$m	Total HK\$m
<b>Cost or valuation</b>							
At 1.7.1994	27,222.0	10,571.1	1,028.5	–	2,077.8	–	40,899.4
Translation difference	–	5.5	–	–	83.4	–	88.9
Acquisition of subsidiary companies	–	–	11.7	268.6	58.5	1,430.7	1,769.5
Reclassification	–	–	(36.0)	1,615.7	–	(1,579.7)	–
Additions	15.5	11.5	59.1	–	482.1	1,061.9	1,630.1
Disposals	(349.2)	–	–	–	(205.9)	–	(555.1)
Revaluation (deficit)/ surplus	(2,858.9)	460.3	(20.5)	–	–	–	(2,419.1)
At 30.6.1995	<u>24,029.4</u>	<u>11,048.4</u>	<u>1,042.8</u>	<u>1,884.3</u>	<u>2,495.9</u>	<u>912.9</u>	<u>41,413.7</u>
<b>Accumulated depreciation</b>							
At 1.7.1994	–	–	83.9	–	1,139.2	–	1,223.1
Translation difference	–	–	–	–	51.3	–	51.3
Acquisition of subsidiary companies	–	–	0.6	55.3	14.1	–	70.0
Charge for the year	–	–	34.2	10.4	257.9	–	302.5
Written back on disposals	–	–	–	–	(112.2)	–	(112.2)
At 30.6.1995	<u>–</u>	<u>–</u>	<u>118.7</u>	<u>65.7</u>	<u>1,350.3</u>	<u>–</u>	<u>1,534.7</u>
<b>Net book value</b>							
At 30.6.1995	<u>24,029.4</u>	<u>11,048.4</u>	<u>924.1</u>	<u>1,818.6</u>	<u>1,145.6</u>	<u>912.9</u>	<u>39,879.0</u>
At 30.6.1994	<u>27,222.0</u>	<u>10,571.1</u>	<u>944.6</u>	<u>–</u>	<u>938.6</u>	<u>–</u>	<u>39,676.3</u>



	Company		
	Investment properties HK\$m	Land and buildings HK\$m	Total HK\$m
<b>Cost or valuation</b>			
At 1.7.1994	42.7	4.7	47.4
Revaluation deficit	(8.2)	–	(8.2)
At 30.6.1995	34.5	4.7	39.2
<b>Accumulated depreciation</b>			
At 1.7.1994	–	0.7	0.7
Charge for the year	–	0.1	0.1
At 30.6.1995	–	0.8	0.8
<b>Net book value</b>			
At 30.6.1995	34.5	3.9	38.4
At 30.6.1994	42.7	4.0	46.7

Cost or valuation of properties at 30 June 1995 was made up as follows:

	Investment properties	Hotel properties		Land and buildings			Total HK\$m
	Hong Kong long lease HK\$m	Hong Kong long lease HK\$m	Overseas freehold HK\$m	Hong Kong long lease HK\$m	Overseas long lease HK\$m	Overseas medium- term lease HK\$m	
<b>Group</b>							
At cost	–	–	–	231.8	36.2	774.8	1,042.8
At 1995 professional valuation	24,029.4	10,420.0	628.4	–	–	–	35,077.8
	<u>24,029.4</u>	<u>10,420.0</u>	<u>628.4</u>	<u>231.8</u>	<u>36.2</u>	<u>774.8</u>	<u>36,120.6</u>
<b>Company</b>							
At cost	–	–	–	4.7	–	–	4.7
At 1995 professional valuation	34.5	–	–	–	–	–	34.5
	<u>34.5</u>	<u>–</u>	<u>–</u>	<u>4.7</u>	<u>–</u>	<u>–</u>	<u>39.2</u>

The investment properties and hotel properties were revalued on 30 June 1995 on an open market value basis by Chesterton Petty Limited and Arthur Andersen LLP.

## 9 FIXED ASSETS (CONT'D)

Toll roads and bridges, assets under construction and 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\$265.8 million (1994: HK\$211.4 million).

## 10 SUBSIDIARY COMPANIES

	1995 HK\$m	1994 HK\$m
Unlisted shares		
At cost	2,474.4	2,472.0
Provision for permanent diminution in value	(394.1)	(394.1)
	<u>2,080.3</u>	<u>2,077.9</u>
At Directors' valuation in 1972	72.0	72.0
	<u>2,152.3</u>	<u>2,149.9</u>
Amounts due by subsidiary companies less provision	<u>26,609.6</u>	<u>13,543.4</u>
	<u>28,761.9</u>	<u>15,693.3</u>
Amounts due to subsidiary companies	<u>(16,230.4)</u>	<u>(5,151.8)</u>
	<u>12,531.5</u>	<u>10,541.5</u>

Details of principal subsidiary companies are given in Note 31.

## 11 ASSOCIATED COMPANIES

	Group		Company	
	1995 HK\$m	1994 HK\$m	1995 HK\$m	1994 HK\$m
Listed shares, at cost ( <i>Note a</i> )	633.2	686.3	-	-
Unlisted shares, at cost less provision ( <i>Note b</i> )	1,364.8	1,893.9	466.0	462.1
Share of undistributed post-acquisition reserves	<u>1,605.6</u>	<u>2,145.4</u>	<u>-</u>	<u>-</u>
Group's share of net assets	<u>3,603.6</u>	<u>4,725.6</u>	<u>466.0</u>	<u>462.1</u>
Amounts due by associated companies				
Current accounts less provision	4,334.3	2,976.6	232.9	221.7
Subordinated loans ( <i>Note b</i> )	<u>396.9</u>	<u>473.5</u>	<u>196.9</u>	<u>196.9</u>
	<u>4,731.2</u>	<u>3,450.1</u>	<u>429.8</u>	<u>418.6</u>
Amounts due to associated companies	<u>(1,487.1)</u>	<u>(294.1)</u>	<u>(36.3)</u>	<u>(82.5)</u>
	<u>3,244.1</u>	<u>3,156.0</u>	<u>393.5</u>	<u>336.1</u>
	<u>6,847.7</u>	<u>7,881.6</u>	<u>859.5</u>	<u>798.2</u>
Market value of listed shares	<u>819.6</u>	<u>791.9</u>	<u>-</u>	<u>-</u>

- (a) Listed shares represent the Group's 50% equity interest in NW China Investment Limited, a company listed on the Irish Stock Exchange and the listing of the shares had been withdrawn on 26 October 1995 following the successful implementation of the reorganisation mentioned in Note 27(b).
- (b) Shares and advances in the form of subordinated loans, totalling HK\$650.4 million (1994: HK\$727.2 million) have been pledged as part of the security for credit facilities of HK\$3,372.6 million (1994: HK\$3,890.1 million) granted to associated companies of which HK\$2,449.8 million (1994: HK\$2,750.6 million) had been utilised as at the balance sheet date.
- (c) Dividends received and receivable by the Group from associated companies were HK\$147.0 million (1994: HK\$143.7 million).
- (d) Details of principal associated companies are given in Note 32.

## 12 JOINT VENTURES IN THE PEOPLE'S REPUBLIC OF CHINA

	Group		Company	
	1995 HK\$m	1994 HK\$m	1995 HK\$m	1994 HK\$m
Equity joint ventures				
Group's share of net assets	744.7	699.9	219.5	219.5
Amounts due by joint ventures less provision	539.7	322.3	83.1	20.7
	<u>1,284.4</u>	<u>1,022.2</u>	<u>302.6</u>	<u>240.2</u>
Co-operative joint ventures				
Cost of investment less provision	2,043.6	1,516.2	279.5	279.5
Share of undistributed post-acquisition results	81.5	—	—	—
	<u>2,125.1</u>	<u>1,516.2</u>	<u>279.5</u>	<u>279.5</u>
Amounts due by joint ventures less provision	3,228.2	2,061.5	151.6	105.1
	<u>5,353.3</u>	<u>3,577.7</u>	<u>431.1</u>	<u>384.6</u>
Deposits paid for joint ventures ( <i>Note b</i> )	<u>776.1</u>	<u>1,012.3</u>	<u>—</u>	<u>398.4</u>
	<u><b>7,413.8</b></u>	<u><b>5,612.2</b></u>	<u><b>733.7</b></u>	<u><b>1,023.2</b></u>

- (a) The Group's interest in a joint venture has been pledged as part of the security to secure a syndicated bank loan of HK\$638.8 million (1994: HK\$760.5 million) granted to a subsidiary company.
- (b) The balances represent advances paid in respect of proposed joint ventures although the joint venture companies have not yet been established and only preliminary agreements have been 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.
- (c) Particulars of principal joint venture companies are given in Note 33.

**13 OTHER INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>1995</b>	<b>1994</b>	<b>1995</b>	<b>1994</b>
	<b>HK\$m</b>	<b>HK\$m</b>	<b>HK\$m</b>	<b>HK\$m</b>
Unlisted shares, at cost	264.5	185.6	44.0	44.2
Provision for permanent diminution in value	(0.1)	(2.2)	-	-
	<u>264.4</u>	<u>183.4</u>	<u>44.0</u>	<u>44.2</u>
Listed shares, at cost				
Hong Kong	418.4	253.3	-	-
Overseas	216.9	173.7	-	-
	<u>635.3</u>	<u>427.0</u>	<u>-</u>	<u>-</u>
Investments in joint ventures				
At cost less provision	314.0	182.9	15.0	15.0
Advances to joint ventures	363.9	256.8	34.7	-
Advances from joint ventures	(50.0)	(31.4)	-	(31.2)
	<u>627.9</u>	<u>408.3</u>	<u>49.7</u>	<u>(16.2)</u>
	<u>1,527.6</u>	<u>1,018.7</u>	<u>93.7</u>	<u>28.0</u>
Market value of listed shares	<u>679.2</u>	<u>639.8</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 United States of America owned by the hotel group. Royalties payable under the licence agreement are determined as a specified percentage of the franchise system room sales, as defined in the licence agreement. The performance of the licensee under the licence agreement is guaranteed by its holding company. The licence agreement may be terminated by the Group upon the occurrence of certain events as defined in the licence agreement.

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

# 15 LONG TERM RECEIVABLES

	Group		Company	
	1995 HK\$m	1994 HK\$m	1995 HK\$m	1994 HK\$m
Accounts receivable	148.5	463.4	-	463.4
Notes receivable	122.6	149.5	-	-
Mortgage loans	270.1	309.4	-	-
	541.2	922.3	-	463.4
Amounts receivable within one year included in current assets ( <i>Note 16</i> )	(314.1)	(379.9)	-	(217.8)
	227.1	542.4	-	245.6

# 16 NET CURRENT ASSETS/(LIABILITIES)

	Group		Company	
	1995 HK\$m	1994 HK\$m	1995 HK\$m	1994 HK\$m
Current assets				
Construction in progress ( <i>Note a</i> )	(17.4)	(26.6)	-	-
Properties held for sale ( <i>Note b</i> )	16,041.9	14,393.7	874.2	654.7
Stocks	235.7	157.1	-	-
Current portion of long term receivables ( <i>Note 15</i> )	314.1	379.9	-	217.8
Other loans receivable	32.0	39.6	8.1	-
Debtors and prepayments	4,614.8	3,620.1	684.2	531.7
Cash and bank balances	1,148.7	1,234.7	17.5	7.2
	22,369.8	19,798.5	1,584.0	1,411.4
Current liabilities				
Creditors and accrued charges	6,202.1	6,255.8	491.0	403.6
Deposits received on sale of properties	-	295.8	-	-
Bills payable	14.8	27.8	-	-
Bank loans and overdrafts				
Secured	24.1	88.2	-	-
Unsecured	2,456.0	3,142.0	100.0	114.3
Other unsecured loans	659.8	9.1	35.3	-
Current portion of long term liabilities ( <i>Note 22</i> )	2,612.6	1,802.8	-	-
Taxation	855.8	946.8	123.7	74.0
Proposed dividend	1,310.5	1,242.8	1,310.5	1,242.8
	14,135.7	13,811.1	2,060.5	1,834.7
	8,234.1	5,987.4	(476.5)	(423.3)

## 16 NET CURRENT ASSETS/(LIABILITIES) (CONT'D)

	Group		Company	
	1995 HK\$m	1994 HK\$m	1995 HK\$m	1994 HK\$m
(a) Construction in progress				
At cost	1,929.8	3,700.7	-	-
Provision for anticipated losses	(16.6)	(3.0)	-	-
Progress payments received and receivable	(1,930.6)	(3,724.3)	-	-
	<u>(17.4)</u>	<u>(26.6)</u>	<u>-</u>	<u>-</u>
(b) Properties held for sale				
Properties under development, at cost	15,330.3	13,705.9	650.4	632.2
Completed properties, at cost less provision	345.6	61.2	223.8	22.5
	<u>15,675.9</u>	<u>13,767.1</u>	<u>874.2</u>	<u>654.7</u>
Overseas properties, at cost less provision	366.0	626.6	-	-
	<u>16,041.9</u>	<u>14,393.7</u>	<u>874.2</u>	<u>654.7</u>

## 17 INTANGIBLE ASSETS

	Group	
	1995 HK\$m	1994 HK\$m
Hotel management and franchise agreements	926.7	946.9
Franchise rights and trademarks	296.3	297.4
	<u>1,223.0</u>	<u>1,244.3</u>
Accumulated amortisation	(389.2)	(318.9)
	<u>833.8</u>	<u>925.4</u>

**18 DEFERRED EXPENDITURE**

	Group	
	1995 HK\$m	1994 HK\$m
Pre-operating expenses at cost less amounts amortised:		
Hotels	44.4	16.6
Telecommunication services	43.4	—
	<u>87.8</u>	<u>16.6</u>

**19 SHARE CAPITAL**

	1995 HK\$m	1994 HK\$m
Authorised:		
Shares of HK\$1 each		
Balance at 1 July	2,100.0	1,800.0
Increase during the year	—	300.0
Balance at 30 June	<u>2,100.0</u>	<u>2,100.0</u>
Issued and fully paid:		
Shares of HK\$1 each		
Balance at 1 July	1,593.3	1,575.3
Exercise of warrant subscription rights	41.8	3.8
Issued as scrip dividends	39.2	14.2
Balance at 30 June	<u>1,674.3</u>	<u>1,593.3</u>

**20 WARRANTS**

At the balance sheet date, the Company has outstanding 1996 warrants which entitle their holders to subscribe in cash for a total of HK\$1,103,154,000 for shares of HK\$1 each of the Company at any time up to 5 April 1996 at the current subscription price of HK\$19.50 per share. Full exercise of the subscription right of the 1996 warrants outstanding at the balance sheet date would result in the issue of 56,572,000 new shares of HK\$1 each.

**21 RESERVES**

	Group		Company	
	1995	1994	1995	1994
	HK\$m	HK\$m	HK\$m	HK\$m
Share premium ( <i>Note a</i> )	7,068.5	5,726.5	7,068.5	5,726.5
Assets revaluation reserve ( <i>Note b</i> )	27,362.4	30,527.6	33.0	41.2
Capital reserve ( <i>Note c</i> )	-	4.1	-	-
General reserve ( <i>Note d</i> )	94.4	70.8	-	-
Retained profits ( <i>Note e</i> )	11,367.3	9,810.7	5,004.5	4,679.3
	<u>45,892.6</u>	<u>46,139.7</u>	<u>12,106.0</u>	<u>10,447.0</u>

Distributable reserves of the Company at 30 June 1995 amounted to HK\$5,004.5 million (1994: HK\$4,679.3 million).

(a) Share premium				
Balance at 1 July	5,726.5	5,283.2	5,726.5	5,283.2
Exercise of warrant				
subscription rights	572.0	52.6	572.0	52.6
Scrip dividends	778.3	395.3	778.3	395.3
Share issue expenses	(8.3)	(4.6)	(8.3)	(4.6)
Balance at 30 June	<u>7,068.5</u>	<u>5,726.5</u>	<u>7,068.5</u>	<u>5,726.5</u>
(b) Assets revaluation reserve				
Investment and hotel properties				
Balance at 1 July	30,516.1	22,199.7	41.2	37.1
(Deficit)/surplus for the year	(2,481.7)	9,344.3	(8.2)	4.1
Share of (deficit)/surplus of				
associated companies	(389.5)	388.1	-	-
Disposals	(282.5)	(1,416.0)	-	-
Balance at 30 June	<u>27,362.4</u>	<u>30,516.1</u>	<u>33.0</u>	<u>41.2</u>
Land and buildings				
Balance at 1 July	11.5	2.6	-	-
(Deficit)/surplus for the year	(11.5)	8.9	-	-
Balance at 30 June	<u>-</u>	<u>11.5</u>	<u>-</u>	<u>-</u>
	<u>27,362.4</u>	<u>30,527.6</u>	<u>33.0</u>	<u>41.2</u>





	Group		Company	
	1995 HK\$m	1994 HK\$m	1995 HK\$m	1994 HK\$m
Dealt with by:				
Company and subsidiary companies				
Investment and hotel properties	26,710.8	29,475.0	33.0	41.2
Land and buildings	-	10.0	-	-
	<u>26,710.8</u>	<u>29,485.0</u>	<u>33.0</u>	<u>41.2</u>
Associated companies				
Investment and hotel properties	651.6	1,041.1	-	-
Land and buildings	-	1.5	-	-
	<u>651.6</u>	<u>1,042.6</u>	<u>-</u>	<u>-</u>
	<u>27,362.4</u>	<u>30,527.6</u>	<u>33.0</u>	<u>41.2</u>
(c) Capital reserve				
Balance at 1 July	4.1	20.8	-	-
Goodwill on consolidation	(71.6)	(3.1)	-	-
Share of goodwill of an associated company	(29.1)	(13.6)	-	-
Transfer to retained profits	96.6	-	-	-
	<u>-</u>	<u>4.1</u>	<u>-</u>	<u>-</u>
Balance at 30 June	<u>-</u>	<u>4.1</u>	<u>-</u>	<u>-</u>
Dealt with by:				
Company and subsidiary companies	-	(27.8)	-	-
Associated companies	-	31.9	-	-
	<u>-</u>	<u>4.1</u>	<u>-</u>	<u>-</u>
(d) General reserve				
Balance at 1 July	70.8	70.8	-	-
Transfer from retained profits	23.6	-	-	-
	<u>94.4</u>	<u>70.8</u>	<u>-</u>	<u>-</u>
Balance at 30 June	<u>94.4</u>	<u>70.8</u>	<u>-</u>	<u>-</u>
Dealt with by:				
Company and subsidiary companies	94.4	70.8	-	-

	Group		Company	
	1995 HK\$m	1994 HK\$m	1995 HK\$m	1994 HK\$m
Dealt with by:				
Company and subsidiary companies				
Investment and hotel properties	26,710.8	29,475.0	33.0	41.2
Land and buildings	-	10.0	-	-
	<u>26,710.8</u>	<u>29,485.0</u>	<u>33.0</u>	<u>41.2</u>
Associated companies				
Investment and hotel properties	651.6	1,041.1	-	-
Land and buildings	-	1.5	-	-
	<u>651.6</u>	<u>1,042.6</u>	<u>-</u>	<u>-</u>
	<u>27,362.4</u>	<u>30,527.6</u>	<u>33.0</u>	<u>41.2</u>
(c) Capital reserve				
Balance at 1 July	4.1	20.8	-	-
Goodwill on consolidation	(71.6)	(3.1)	-	-
Share of goodwill of an associated company	(29.1)	(13.6)	-	-
Transfer to retained profits	96.6	-	-	-
	<u>-</u>	<u>4.1</u>	<u>-</u>	<u>-</u>
Balance at 30 June	<u>-</u>	<u>4.1</u>	<u>-</u>	<u>-</u>
Dealt with by:				
Company and subsidiary companies	-	(27.8)	-	-
Associated companies	-	31.9	-	-
	<u>-</u>	<u>4.1</u>	<u>-</u>	<u>-</u>
(d) General reserve				
Balance at 1 July	70.8	70.8	-	-
Transfer from retained profits	23.6	-	-	-
	<u>94.4</u>	<u>70.8</u>	<u>-</u>	<u>-</u>
Balance at 30 June	<u>94.4</u>	<u>70.8</u>	<u>-</u>	<u>-</u>
Dealt with by:				
Company and subsidiary companies	94.4	70.8	-	-

	Group						Total HK\$m
	Secured bank loans	Unsecured bank loans	Other secured loans	Other unsecured loans	Obligations under fin- ance leases	Zero coupon bonds	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
The maturity of long term borrowings is as follows:							
Of less than one year	1,298.9	48.5	8.5	69.0	71.2	1,116.5	2,612.6
Of more than one year, but not exceeding two years	2,153.4	1,438.2	376.2	23.8	77.6	-	4,069.2
Of more than two years, but not exceeding five years	5,367.7	384.3	62.5	155.2	115.2	-	6,084.9
Of more than five years	16.9	13.0	-	39.1	35.3	-	104.3
	<u>8,836.9</u>	<u>1,884.0</u>	<u>447.2</u>	<u>287.1</u>	<u>299.3</u>	<u>1,116.5</u>	<u>12,871.0</u>

(a) Zero coupon bonds

	Group	
	1995 HK\$m	1994 HK\$m
Face value		
Due 1996	1,170.0	1,170.0
Due 1995	-	858.0
	<u>1,170.0</u>	<u>2,028.0</u>
Unamortised discount	(53.5)	(169.7)
	<u>1,116.5</u>	<u>1,858.3</u>

(b) Convertible bonds

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) Loans from minority shareholders

The loans from minority shareholders include loans of HK\$129.2 million (1994: Nil) to certain joint ventures in the People's Republic of China for the development of the relevant infrastructural projects, which are unsecured, carry interest at 10% per annum and have repayment terms specified in the relevant joint venture agreements. The balance is unsecured, interest free and has no specific repayment terms.

**23 DEFERRED TAXATION**

	Group	
	1995 HK\$m	1994 HK\$m
Balance at 1 July	15.3	12.0
Transfer (to)/from profit and loss account	(3.1)	3.3
Balance at 30 June	<u>12.2</u>	<u>15.3</u>
The amount provided is in respect of:		
Accelerated depreciation allowances	10.7	10.7
Other timing differences	1.5	4.6
	<u>12.2</u>	<u>15.3</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 PENSIONS AND RETIREMENT BENEFITS**

The Group operates a number of pension and retirement schemes throughout Hong Kong, North America and Europe.

The majority of the schemes are defined contribution schemes which are mainly operated in Hong Kong and cover approximately 73% of the Group's employees who are entitled to join such schemes. The remaining are a few defined benefit schemes operated in Europe and North America. The total amount charged to the profit and loss account in respect of all the Group's pension and retirement schemes was HK\$70.1 million (1994: HK\$58.8 million).

Contributions to the defined contribution schemes either by the Group or by the employees are based on a percentage of employees' salaries ranging from 5% to 21%, depending upon the length of service of the employees. The amount charged to the profit and loss account in respect of these schemes was HK\$50.5 million (1994: HK\$42.1 million) after netting off forfeited contribution of HK\$6.2 million (1994: HK\$4.2 million).

The Group's defined benefit schemes are mainly operated in North America and cover mainly the Group's senior executives in the subsidiary companies operating there. These schemes are not managed by third parties and the benefits are supported by corporate assets. The amount charged to the profit and loss account for the year was HK\$8.4 million (1994: HK\$5.3 million). Based on an independent actuarial valuation made by Watson Wyatt Worldwide, the total accumulated benefit obligations as at 30 June 1995 was HK\$13.6 million (1994: HK\$14.5 million). The valuation method used is projected unit credit method and the main actuarial assumptions were discount rates ranging from 7.25% to 7.5% (1994: 7.5%), rate of salary increase of 5.5% (1994: 5.5%) and rate of social security increase of 5% (1994: 5%).

## 25 COMMITMENTS

	Group		Company	
	1995 HK\$m	1994 HK\$m	1995 HK\$m	1994 HK\$m
(a) Capital Commitments				
(i) Contracted for but not provided				
Fixed assets	423.2	134.7	-	-
Investments in joint ventures	5,775.6	6,612.1	1,710.0	2,085.1
	<u>6,198.8</u>	<u>6,746.8</u>	<u>1,710.0</u>	<u>2,085.1</u>
(ii) Authorised but not contracted for				
Fixed assets	66.1	7.6	-	-
Investments in joint ventures	2,325.6	833.4	-	93.6
	<u>2,391.7</u>	<u>841.0</u>	<u>-</u>	<u>93.6</u>

	Group	
	1995 HK\$m	1994 HK\$m
(b) Commitments under operating leases payable in 1995/96 expiring:		
(i) Land and buildings		
In the first year	17.4	11.9
In the second to fifth years inclusive	154.3	77.7
After the fifth year	532.2	436.7
	<u>703.9</u>	<u>526.3</u>
(ii) Other assets		
In the first year	6.8	2.5
In the second to fifth years inclusive	14.5	40.9
After the fifth year	7.1	19.8
	<u>28.4</u>	<u>63.2</u>
	<u>732.3</u>	<u>589.5</u>

## 26 CONTINGENT LIABILITIES

	Group		Company	
	1995 HK\$m	1994 HK\$m	1995 HK\$m	1994 HK\$m
Guarantees for the performance and completion of construction contracts	661.1	360.0	110.6	58.6
Guarantees for credit facilities granted to:				
Subsidiary companies	–	–	18,357.8	11,646.3
Associated companies	764.2	826.8	593.2	644.1
Investee companies included under other investments	105.8	125.0	5.5	5.5
Joint ventures in the People's Republic of China	1,546.9	1,391.5	1,531.3	1,375.9
	<u>3,078.0</u>	<u>2,703.3</u>	<u>20,598.4</u>	<u>13,730.4</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.

## 27 SUBSEQUENT EVENTS

- (a) A reorganisation took place in August 1995 whereby all the hotel management and franchise business of the Group have been consolidated in Renaissance Hotel Group N.V. ("RHG"), a company incorporated in the Netherlands.

The reorganisation of business, inter alia, involved:

- (i) separating the hotel management business from the non-hotel management business of New World Hotels International Limited ("NWHIL"), a 51% owned subsidiary company of New World Hotels (Holdings) Limited ("NWHH"), which is a 64% owned subsidiary company of the Group;
- (ii) transferring the 51% ownership of NWHIL held by NWHH to RHG in exchange for shares in RHG;
- (iii) acquiring the 49% ownership of NWHIL held by certain directors of either the Company and/or subsidiary companies of the Group in exchange for shares in RHG; and
- (iv) separating the hotel management and franchise business from the real estate interests of Renaissance Hotel Holdings (B.V.I.) Ltd., a wholly owned subsidiary company of NWHH, by transferring the hotel management and franchise business to RHG.

Following the reorganisation, RHG was listed on the New York Stock Exchange in September 1995 by a public offering of 10,120,000 shares at US\$17.00 each representing approximately 33.6% of the total issued share capital of RHG. Net proceeds from the public offering amounted to approximately US\$158 million. Subsequent to the offering, the Group holds, through NWHH, approximately 54.4% equity interest in RHG.

- (b) In October 1995, the Group completed another business reorganisation whereby its various interests in infrastructure projects were consolidated under New World Infrastructure Limited ("NWIL"), a company incorporated in Cayman Islands.

The reorganisation, inter alia, involved:

- (i) NWIL entering into a Spin-off Agreement dated 17 September 1995 relating to the transfer of the Group's interests in the infrastructure projects to NWIL. Pursuant to the Agreement, Mombasa Limited ("Mombasa"), a wholly owned subsidiary company of the Group, transferred the entire issued share capital of certain of its subsidiary companies which directly or indirectly hold interests in various infrastructure projects to Lotsfund Limited ("Lotsfund"), a wholly owned subsidiary company of NWIL, in exchange for shares in NWIL; and
- (ii) NWIL entering into a Reorganisation Agreement dated 17 September 1995 with, inter alia, the Company, NW China Investment Limited ("NWCI") and Feng Ming Investment Limited ("Feng Ming"), an independent third party, relating to, inter alia, the transfer of the rights and benefits held by NWCI and Feng Ming under certain participation agreements in relation to certain infrastructure projects to Lotsfund, in exchange for shares in NWIL.

Following the reorganisation, NWIL was listed on the Stock Exchange of Hong Kong Limited in October 1995 by placing and new issue of 162,000,000 shares at HK\$12.75 each with an over-allotment option for an additional 24,300,000 shares representing approximately 24.8% of the enlarged issued share capital.

As at 8 November 1995, 162,000,000 shares were issued pursuant to the placing and new issue and 8,579,000 shares were issued pursuant to the over-allotment option representing approximately 23.2% of the enlarged issued share capital of NWIL. Net proceeds from the share issue amounted to approximately HK\$2,058 million. Subsequent to the above issue, the Group holds approximately 67.9% equity interest in NWIL.

**28 NOTES TO CONSOLIDATED CASH FLOW STATEMENT**

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

	Year ended 30 June	
	1995 HK\$m	1994 HK\$m
Operating profit	3,616.3	4,968.0
Depreciation	302.5	343.2
Profit on disposal of		
Fixed assets, including investment properties	(277.2)	(1,330.5)
Associated companies	(10.7)	(153.3)
Joint ventures in the People's Republic of China	(18.2)	(66.9)
Release of deferred income	(208.9)	—
Provision against other investments	0.5	1.0
Amortisation of		
Intangible assets	70.3	70.9
Deferred expenditure	65.3	46.5
Discount on zero coupon bonds	116.2	116.8
Licence agreement	24.9	2.8
Write off issuing expenses of bonds	—	58.5
Exchange (gain)/loss	(1.7)	2.6
(Increase)/decrease in stocks	(59.2)	11.0
(Increase)/decrease in construction in progress	(9.2)	41.5
Increase in properties held for sale	(1,397.4)	(8,968.9)
Increase in debtors and prepayments	(823.3)	(783.4)
Decrease in other loans receivable	7.6	34.9
(Decrease)/increase in creditors and accrued charges	(515.1)	1,917.4
Decrease in deposits received on sale of properties	(295.8)	(594.9)
Net interest expenses and dividend income	436.5	178.0
Net cash inflow/(outflow) from operating activities	<u>1,023.4</u>	<u>(4,104.8)</u>



## (b) Acquisition of subsidiary companies

	1995 HK\$m
Net assets acquired	
Fixed assets	1,699.5
Intangible assets	17.5
Stocks	19.4
Debtors and prepayments	171.4
Cash and bank balances	72.9
Creditors and accrued charges	(339.3)
Bank loans and overdrafts	(3.4)
Taxation	(1.3)
Long term liabilities	(241.9)
Minority interests	(915.9)
Goodwill on consolidation	71.6
	<hr/> 552.5
Interest in subsidiary companies acquired originally held by Group	(471.2)
	<hr/> 81.3
Cash consideration	<hr/> <hr/>

The subsidiary companies acquired during the year contributed HK\$217.0 million to the Group's net cash flows from operating activities, paid HK\$70.0 million in respect of the net returns on investments and servicing of finance, received HK\$0.2 million in respect of taxation refunded and utilised HK\$1,094.8 million for investing activities.

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

	1995 HK\$m
Cash consideration	(81.3)
Cash and bank balances acquired	72.9
Bank loans and overdrafts acquired	(3.4)
	<hr/> (11.8) <hr/>

## 28 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

## (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 1.7.1994	7,319.8	12,947.1	711.1	3,705.5	24,683.5
Net cash inflow from financing	605.5	3,108.5	1,324.5	66.9	5,105.4
Scrip dividends issued	817.5	-	-	-	817.5
Discount on zero coupon bonds	-	116.2	-	-	116.2
Inception of finance lease contracts	-	147.3	-	-	147.3
Acquisition of subsidiary companies	-	241.9	-	913.9	1,155.8
Release of deferred income	-	(208.9)	-	-	(208.9)
Minority interests' share of profit and reserves	-	-	-	77.6	77.6
Dividends paid to minority shareholders	-	-	-	(129.6)	(129.6)
Effect of foreign exchange rate changes	-	-	-	10.6	10.6
Balance at 30.6.1995	<u>8,742.8</u>	<u>16,352.1</u>	<u>2,035.6</u>	<u>4,644.9</u>	<u>31,775.4</u>

## (e) Analysis of cash and cash equivalents

	1995 HK\$m	1994 HK\$m
Cash and bank balances	1,148.7	1,234.7
Bank loans and overdrafts	(1,104.3)	(2,528.2)
Bills payable	(14.8)	(27.8)
	<u>29.6</u>	<u>(1,321.3)</u>

## 29 COMPARATIVE FIGURES

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

## 30 APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 8 November 1995.

## 31 PRINCIPAL SUBSIDIARY COMPANIES

As at 30 June 1995

	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
Artist World Advertising Limited	10,000	1	–	100	Advertising Agency
Artist World Enterprises Limited	50,000	1	–	100	Organising Concerts
Atlantic Land Properties Limited	2	1	100	100	Investment Holding
Billionoble 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
Brainchild Productions Limited	50,000	1	–	100	Video Productions
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
CN Music Limited	2	1	–	100	Publications of Musical Composition & Lyrics
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



## 31 PRINCIPAL SUBSIDIARY COMPANIES (CONT'D)

As at 30 June 1995

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
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
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
Mark Chain Limited	2	1	100	100	Investment Holding
Mega Fountain Limited	2	1	100	100	Property Trading
Mill Plan Limited	2	1	–	100	Property Trading
New World Department Stores Limited	2	1	100	100	Management Services to Department Stores
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 Insurance Services Limited	100,000	1	100	100	Insurance Broker
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	Investment Holding
New World Telephone Holdings Limited	200	1	80	80	Telecommunication Services

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
New World Tower Company Limited	2	10	–	100	Property Investment
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
Prakle Limited	120	1	–	100	Artiste Related Business
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
Taiyo Music (HK) Limited	1,400	1	–	100	Publication of Musical Composition & Lyrics
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
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
<b>Incorporated and operated in Jersey</b>					
Bianchi Holdings Limited	1,000	US\$1	100	100	Investment Holding
<b>Incorporated and operated in Canada</b>					
Guildford Park Enterprises Limited	100	C\$1	–	58	Property Trading

## 31 PRINCIPAL SUBSIDIARY COMPANIES (CONT'D)

As at 30 June 1995

	Registered capital/ Issued share capital		Attributable interest (Note)		Principal activities
	Number/ Amount	Par value per share	To the Company	To the Group	
<b>Incorporated and operated in the People's Republic of China</b>					
New World (Tianjin) Development Company Limited	US\$4,960,918	–	100	100	Property Investment
Wuhan Bridge Construction Co., Limited	502,857,143	RMB 3.5	–	48.9	Operation of Toll Bridges
Guangdong Xinzhaogao Highways Co., Ltd	RMB63,120,000	–	–	59.5	Operation of Toll Road
Zhaoqing Xinde Highways Co., Ltd	RMB165,867,000	–	–	38.2	Operation of Toll Road
Zhaoqing Xinfeng Highways Co., Ltd	RMB 94,000,000	–	–	38.2	Operation of Toll Road
Zhaoqing Xingao Highways Co., Ltd	RMB 54,000,000	–	–	24	Operation of Toll Road
Shenyang New World Lumingchun Building Co., Ltd	RMB68,000,000	–	–	38.3	Hotel Operation

Note:

a) percentage of equity interest, in the case of equity joint ventures or joint stock limited company or

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

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number/ Amount	Par value per share	By the Company	By the Group	
<b>Incorporated and operated in the United States of America</b>					
Renaissance Hotels International Inc.	100	US\$0.01	–	64	Hotel Operation
<b>Incorporated in the British Virgin Islands</b>					
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

## 32 PRINCIPAL ASSOCIATED COMPANIES

As at 30 June 1995

	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	46.2	Operation of Container Terminal
Birkenhead Property & Investment Limited	1,200,000	1	–	50	Property Investment
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
Global Winner Limited	2	1	–	50	Property Investment
Gloryland Limited	900	1	–	33	Property Trading
Newfoundworld Limited	100	10	–	20	Property Trading
Ocean Champion Development Limited	10,000	1	–	50	Property Investment
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
Sheenit 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
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

## 52 PRINCIPAL ASSOCIATED COMPANIES (CONT'D)

As at 30 June 1995

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share	By the Company	By the Group	
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
Incorporated in Cayman Islands					
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

## 33 PRINCIPAL JOINT VENTURE COMPANIES

Incorporated and operated in  
the People's Republic of China

As at 30 June 1995

	Registered capital	Attributable interest (Note)		Principal activities
	Amount	To the Company	To the Group	
<i>Equity Joint Ventures</i>				
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 Co., Ltd	RMB 420,000,000	–	42.5	Generation and Supply of Electricity
Huizhou City Huixin Expressway Co., Ltd	RMB 21,500,000	–	37.5	Investment holding



	Registered capital Amount	Attributable interest (Note)		Principal activities
		To the Company	To the Group	
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
<i>Co-operative Joint Ventures</i>				
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	-	22.3	Golf Club Investment
Guangzhou Cosmart Estate Development Limited	HK\$48,000,000	-	61	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
Guangdong Guangzhou-Zhuhai East-line Expressway Co., Ltd	RMB 580,000,000	-	20	Operation of Toll Road
Huizhou New World Development Enterprise Ltd.	RMB 80,000,000	-	62.5	Property Investment
Huizhou New World Housing Development Limited	RMB 80,000,000	-	62.5	Property Investment
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

## 33 PRINCIPAL JOINT VENTURE COMPANIES (CONT'D)

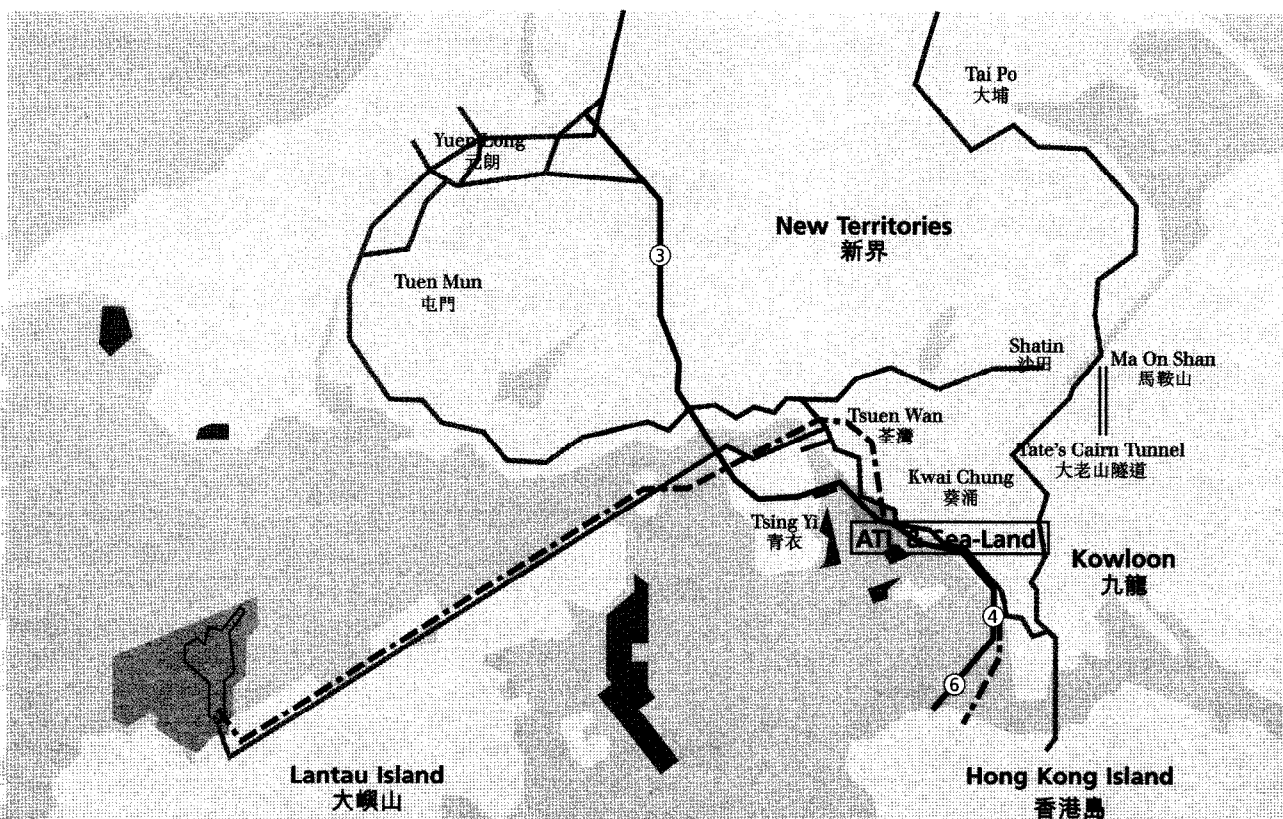
As at 30 June 1995

	Registered capital	Attributable interest (Note)		Principal activities
	Amount	To the Company	To the Group	
Shenyang New World Housing Development Limited	RMB 96,000,000	–	60	Property Development
Wuhan Airport Road Development Ltd.	RMB 60,000,000	–	34	Operation of Toll Road
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 Xinhan Development Company Limited	RMB 30,000,000	–	50	Property Investment
<i>Domestic joint venture</i>				
Huishen (Yantian) Expressway Huizhou Co., Ltd.	RMB2,400,000	–	25.5	Operation of Toll Road

*Note :**a) percentage of equity interest, in the case of equity joint ventures or**b) profit sharing percentage, in the case of co-operative and domestic joint ventures.*

# FIVE-YEAR FINANCIAL SUMMARY

	1995 HK\$m	1994 HK\$m	1993 HK\$m	1992 HK\$m	1991 HK\$m
<b>Consolidated balance sheet</b>					
Fixed assets	39,879.0	39,676.3	31,735.0	28,786.3	25,935.4
Associated companies	6,847.7	7,881.6	4,652.2	4,792.9	4,154.7
Joint ventures in the People's Republic of China	7,413.8	5,612.2	3,189.9	1,100.1	587.5
Other investments	1,527.6	1,018.7	938.0	527.3	49.9
Licence agreement	912.6	937.5	943.3	941.0	946.2
Long term receivables	227.1	542.4	1,050.5	488.3	363.6
Current assets	22,369.8	19,798.5	10,287.3	8,349.6	5,703.9
	79,177.6	75,467.2	52,796.2	44,985.5	37,741.2
Less: Current liabilities	14,135.7	13,811.1	8,384.7	7,785.0	6,874.4
	65,041.9	61,656.1	44,411.5	37,200.5	30,866.8
Intangible assets	833.8	925.4	897.1	961.3	1,032.6
Deferred expenditure	87.8	16.6	57.0	86.0	66.4
	65,963.5	62,598.1	45,365.6	38,247.8	31,965.8
Share capital	1,674.3	1,593.3	1,575.3	1,538.3	1,396.9
Reserves	45,892.6	46,139.7	34,740.6	28,817.8	22,509.2
Shareholders' funds	47,566.9	47,733.0	36,315.9	30,356.1	23,906.1
Minority interests	4,644.9	3,705.5	3,037.0	2,641.9	2,838.6
Long term liabilities	13,739.5	11,144.3	6,000.7	5,243.9	5,213.6
Deferred taxation	12.2	15.3	12.0	5.9	7.5
	65,963.5	62,598.1	45,365.6	38,247.8	31,965.8
<b>Consolidated profit and loss account</b>					
Turnover	17,456.7	18,590.6	13,320.1	12,459.2	9,677.4
Operating profit	5,616.3	4,968.0	4,141.6	2,858.0	1,627.7
Share of results of associated companies and joint ventures	393.8	343.1	204.0	27.6	(38.9)
Profit before taxation	4,010.1	5,311.1	4,345.6	2,885.6	1,588.8
Taxation	(373.9)	(775.6)	(593.7)	(352.3)	(262.2)
Profit after taxation	5,636.2	4,535.5	3,751.9	2,533.3	1,326.6
Minority interests	(225.5)	(239.2)	(290.2)	(170.3)	(158.4)
Profit attributable to shareholders	5,410.9	4,296.3	3,461.7	2,363.0	1,168.2
Dividend per share – interim (cents)	28	28	25	21	16
– final (cents)	78	78	62	47	34
	106	106	87	68	50



### Infrastructure Network in Hong Kong by 1997

一九九七年香港基建網絡

- Existing Roads 現有公路
- Roads to be completed in the year 年內即將完成之公路
- ③ Route 3 三號幹線
- ④ West Kowloon Expressway 西九龍快速公路
- ⑥ Western Harbour Crossing 西區海底隧道
- North Lantau Rail Link 貫通大嶼山北之鐵路線
- Port Facilities 港口設施
- Chek Lap Kok Airport 赤鱗角機場

ATL

Asia Terminals Limited developed and operates the Asia Terminals Centre, a container freight station and cargo distribution centre at Container Terminal 3 in Kwai Chung. 亞洲貨櫃發展及經營亞洲貨櫃中心，即位於葵涌三號貨櫃碼頭之貨櫃貨運站及貨物分發中心。

Sea-Land

Sea-Land Orient Terminals Limited operates Container Terminal 3 in Kwai Chung. 海陸貨櫃經營葵涌三號貨櫃碼頭。