

ANNUAL REPORT



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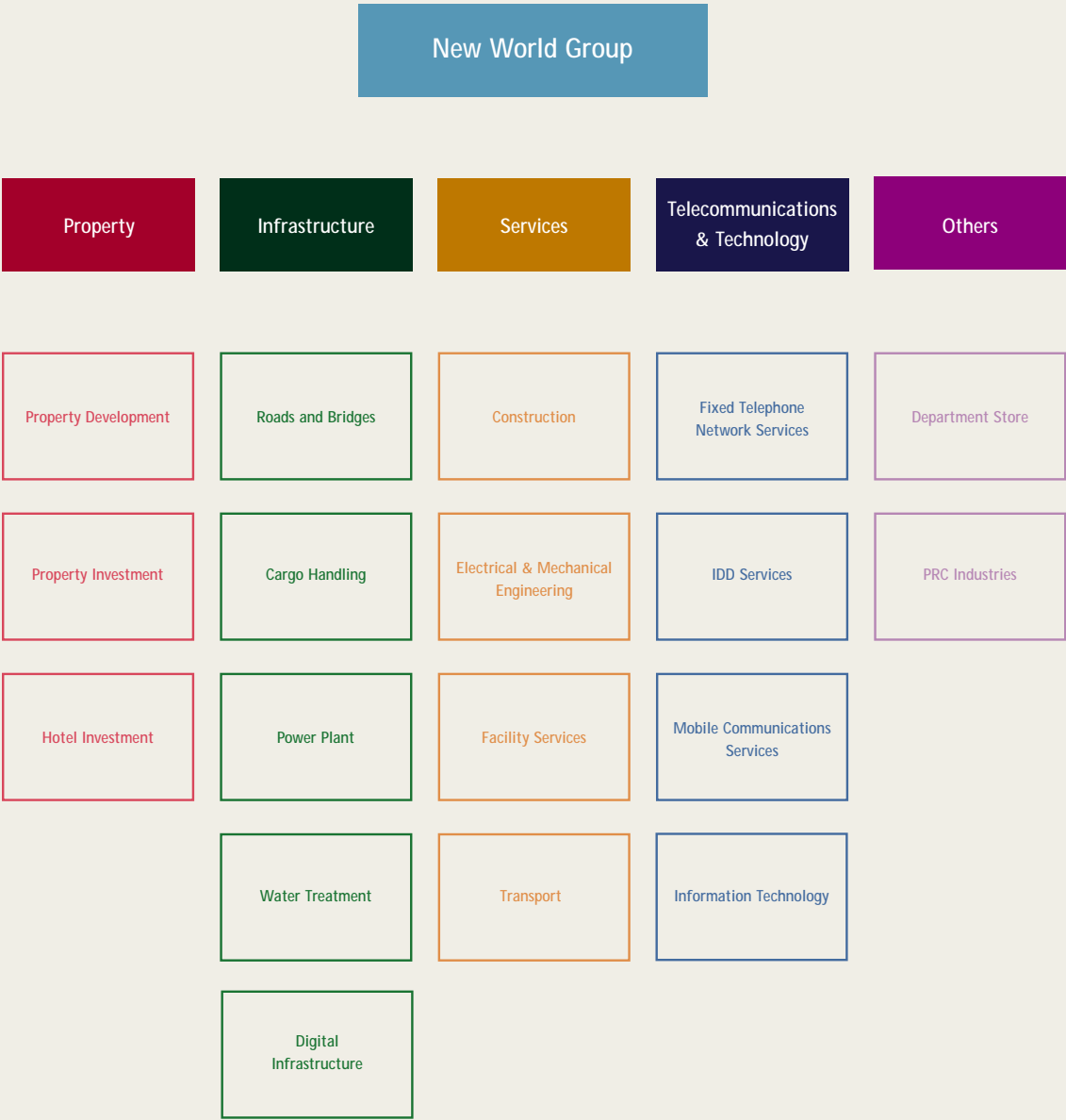
CORPORATE PROFILE

New World Development Company Limited ("New World") is in a period of transformation. Throughout the 1990s New World has pursued a diversification strategy to create a more balanced mix of businesses to support long-term growth and mitigate the impact of cyclical economic swings. Years of significant capital investment have nurtured the diversification process, with a particular focus on the PRC, and introduced new business platforms. Today most of these new business platforms are financially self-sufficient and on their way to producing sustainable profit growth. With this initiative in place, New World is now focused on strengthening its Hong Kong operations, especially in the property sector, while enjoying a growing contribution from its diverse range of businesses.

With the new millennium approaching, the Group has set the following objectives with the aim to build a stronger and more competitive New World:

- Solidify the Group's financial position
- Increase profitability by strengthening core businesses, particularly in the Hong Kong property sector
- Capture opportunities created by the evolution of Hong Kong, the economic revival of China, and technological advancements

CORPORATE STRUCTURE



Established in 1970, New World Development Company Limited is a leading Hong Kong-based enterprise. With its operations focused on Hong Kong and China, the Group's core businesses include property, infrastructure, services as well as telecommunications and technology.



PROPERTY

In Hong Kong, the Group has an investment property portfolio of over 7.7 million sq. ft. of gross floor area ("GFA") and a GFA of 11.4 million sq. ft. of properties to be developed for sale. In addition, the Group owns 18 hotels in Hong Kong, China and Southeast Asia. The Group intends to increase the annual production of residential properties for sale and strengthen its recurrent income by constantly upgrading the quality of hotel and investment properties.



New World China Land Limited ("NWCL"), the Group's China property arm, is by far the largest and most comprehensive nation-wide developer in the PRC with a property portfolio of more than 243 million sq. ft. of GFA in over 20 cities. NWCL plans to accelerate the production of mass residential projects to benefit from the central government's housing and banking reform policy.



INFRASTRUCTURE

Through New World Infrastructure Limited ("NWI"), the Group is dedicated to the development of infrastructure projects in Hong Kong, Macau and China. A total of 71 projects range from toll roads to bridges, power stations, water treatment plants, cargo handling and digital infrastructure. Fuelled by increased cash flows from existing and newly operational projects, NWI is set to capture opportunities in the infrastructure arena.



SERVICES

The Group's New World Services Limited ("NWS") is one of Hong Kong's most comprehensive service companies. The business mix ranges from construction to engineering, facility management and transportation services. NWS will continue to increase business platforms by acquiring and developing new businesses and to increase profitability by improving the performance of existing operations.



TELECOMMUNICATIONS AND TECHNOLOGY

The Group's New World Telephone Holdings Limited ("NWT") is composed of three main divisions: Fixed Telephone Network Services ("FTNS") and IDD Services, Personal Communications Services ("PCS") and Information Technology. After achieving substantial market share growth in IDD and PCS markets, NWT's focus is on improving profit margins and operational efficiency.

ANALYSIS OF ATTRIBUTABLE OPERATING PROFIT ("AOP")* BY BUSINESS SEGMENT



* Attributable Operating Profit: Attributable profit before exceptional items and net interest expense

YEAR IN REVIEW

PROPERTY

Hong Kong

Four property projects with a total attributable GFA of 481,229 sq. ft. were completed or offered for sale:

Oct 98	Harmony Garden, Tsuen Wan (163,412 sq. ft.)
Dec 98	Greenfields, Yuen Long (22,185 sq. ft.)
Jan 99	Tung Chung Crescent (157,614 sq. ft.)
Jan 99	Belair Monte, Fanling (138,018 sq. ft.)



Tung Chung Crescent

Three property projects with a total attributable GFA of 777,773 sq. ft. were acquired:

- No. 11-15 MacDonnell Road (17,651 sq. ft.)
- Nos 1,2,3 & 4 West End Terrace & Nos.11&11A Bonham Road (58,800 sq. ft.)
- DD221, Sai Kung (701,322 sq. ft.)



Dr. Henry Cheng IPO presentation for New World China Land Limited



Harmony Garden, Tsuen Wan

China

Six property projects with a total attributable GFA of 4,056,164 sq. ft. were completed:

Sep 98	Phase I of Guangzhou New World Eastern Garden (233,707 sq. ft.)
Sep 98	A portion of Tianjin Xin Chun Hua Yuan Development (279,964 sq. ft.)
Nov 98	Tianjin Huayuan Residential Area No. 8 (1,577,954 sq. ft.)
Dec 98	Shanghai Zhongshan Square (823,118 sq. ft.)
Jun 99	Dongguan New World Garden Phase VI (372,328 sq. ft.)
Jun 99	Wuhan Changqing Garden (769,093 sq. ft.)

Four property projects with a total GFA of 25,549,825 sq. ft. were acquired during the year:

- Tianjin Nanshi Development (16,676,300 sq. ft.)
- Guangzhou Gloria City (2,416,653 sq. ft.)

Guangzhou Pearl River New Town Zone L (3,067,407 sq. ft.)

Zhaoqing Lake Development (3,389,465 sq. ft.)

Jul 99 NWCL was listed on the Stock Exchange of Hong Kong on 16 July

INFRASTRUCTURE

Major investments made during the year

36.3% stake in Asia Container Terminals Limited

35.0% stake in Changtu Water Plant

China.com Corporation ("China.com"), 17.8% owned by NWI, was listed on NASDAQ in July 1999

Two road projects (Roadway No. 321 - Gaoyao Section and Roadway No. 1962 -

Gaoyao Section) totalling 56 km were contracted

Nine road projects totalling 233 km became operational



Hong Kong Convention & Exhibition Centre



Road No. 321 - Gaoyao Section

One bridge project (Tianjin Yonghe Bridge) with a length of 510 m was contracted

Two bridge projects totalling 1.9 km became operational

One cargo handling project became operational

SERVICES

Jun 99 NWD shareholding in NWS was reduced to 51.3% after a partial disposal to a group of strategic investors

Construction Division

Major contracts awarded to Hip Hing Construction Company Limited ("Hip Hing") this year:

Private Sector Participating Scheme project ("PSPS") at Choi Hung Road, Kowloon

Redevelopment of Sau Mau Ping Estate Phase 5 & 15, Kowloon

Housing development at Nos. 18, 20, 20A & 24, Tin Hau Temple Road, Hong Kong

Housing development at 171 Prince Edward Road West, Kowloon

Housing estate at Lai King Hill Road, Kowloon

Electrical and Mechanical Engineering Division ("E & M")

Awarded the E&M contract for the PSPS project development in Choi Hung Road and Aldrich Bay

Facility Services Division

Oct 98 Hong Kong Convention & Exhibition Centre (Management) Limited was selected as "one of the world's ten best international convention and exhibition centres" in the Global Achievement Awards 1998 and the "Best Convention / Exhibition Centre" as part of the 1998 M&C Gold Service Awards

Transport Division

Sep 98 New World First Bus Services Limited ("NWFB") bus services began operational

Sep 99 Acquisition of 19.9% stake in Kwoon Chung Bus Holdings Limited



New World CyberBase Limited



New World First Bus

TELECOMMUNICATIONS AND TECHNOLOGY

FTNS & IDD Services

FTNS fibre-optic backbone was extended to cover the entire MTR route as well as reaching the Chek Lap Kok Airport

IDD009 attained a customer base of over 720,000 subscribers

IDD009 long distance traffic volume grew 30% and reached 300 million minutes

The fifth switching centre in Tung Chung began operational

Mobile Communication Services

Sep 99 New World Mobility led the PCS market by securing a customer base of over 440,000 subscribers

Information Technology

- Aug 99 NWT acquired a 30.9% stake in Paul Y Properties Group Limited ("Paul Y Properties") by injecting its PowerPhone operations into Paul Y Properties in exchange for 100 million shares and HK\$200 million convertible bonds
- Paul Y Properties was renamed as New World CyberBase Limited ("NW CyberBase")

OTHER GROUP ACTIVITIES

Two department stores were opened:

- Jan 99 Chongqing New World Department Store
- Apr 99 Hong Kong New World Department Store

A joint venture company, New World LifeTech Limited ("NWLTL"), was established by NWD and Life Tech Inc. to explore the opportunities in the health care and Chinese medicine businesses

MAJOR FINANCING ACTIVITIES

- Oct 98 The Group arranged a HK\$2,300 million syndicated loan facility for the PSPS project at Choi Hung Road
- Jan 99 NWFB arranged a HK\$566 million term loan facility for the acquisition of new buses
- Jan 99 NWD raised HK\$2,345 million through a private placement of 117 million shares at HK\$20.05 per share
- Apr 99 NWI issued US\$150 million mandatorily convertible bonds to AIG Asian Infrastructure Fund II LP
- Jun 99 The Group issued US\$300 million convertible bonds convertible into NWD shares
- Jul 99 The Group issued an additional US\$50 million convertible bonds as requested by the Global Co-ordinator
- Jul 99 As a result of the listing of NWCL, the US\$350 million mandatorily convertible bonds issued in 1996 were converted into NWCL shares
- The net proceeds to NWCL amounted to HK\$1,245 million
- Aug 99 NWFB arranged another US\$59.5 million term loan for the second contract of bus acquisitions
- Sep 99 NWI raised RMB998 million term loan from the Bank of China for the construction of the Tangjin Expressway (Tianjin North Section)
- Oct 99 The Group arranged a syndicated loan of HK\$3,000 million for general working capital purposes



CHAIRMAN'S STATEMENT

Platforms
for long term
Growth are in place



The Group reported a profit attributable to shareholders of HK\$1,266.8 million in the fiscal year ended 30 June 1999, a 40.9% decrease compared with HK\$2,142.9 million in the previous year. Diluted earnings per share declined 43.6% to HK\$0.62 from HK\$1.10 last year. The Board of Directors recommended a final dividend of HK\$0.15 per share. Combined with an interim dividend of HK\$0.15 paid in June 1999, the total dividend pay-out is HK\$0.30 per share.

Overall, Hong Kong's economy slightly improved following an unprecedented disruption in regional financial markets during 1998. Foreign exchange rates appear to be stabilising and interest rates maintain at more reasonable levels. However, given a noticeably high unemployment rate and weak consumer sentiment, a full economic recovery has yet to come.

The Group earnings suffered given the difficult operating environment experienced by various divisions and a lack of major property sales. In view of this adverse situation, the management has placed a strong emphasis on outlining a strategic plan for revitalising the Group's financial strength and improving shareholders' returns. Important progress was made on redefining the Group's business model to allow long term sustainable profitability. During the course of this year, a series of financing activities were successfully executed to recapitalise the Group's balance sheet.

PLATFORMS FOR GROWTH

The Group has nearly completed its heavy investment stage in non-property businesses. As these businesses mature and certain businesses become financially self sufficient, they will begin to contribute to bottom line positively. The Group has diversified throughout the 1990s by expanding both its range of business and geographic focus. Complementing the Hong Kong property operations, infrastructure and service operations have now become integral components of the business portfolio. This year, the listing of New World China Land created an independently managed, standalone company dedicated to capturing the benefits of China's mass housing market.

Mobile phone operations, although still operating at a loss, achieved the quickest subscriber growth among all operators since its debut in late 1997. As for the fixed telephone network, traffic volume has grown substantially and operating margins are improving at a satisfactory pace.

All of these business performs - infrastructure, services, China property and telecommunications - were nurtured for varying periods of time before maturing to become key players in their respective areas of operation. In addition, competitiveness is further ensured as each division is run by a team of focused, professional managers supported by New World Group synergies. As these businesses mature, a proper valuation can be attached to better reflect true values of the Group. Despite difficulties encountered in the initial start-up phase, the development of these core operations has firmly put in place solid platforms for long-term growth.

REINFORCING THE BUSINESS MODEL

New World will now return to its roots to seize new opportunities in the Hong Kong property sector while enjoying growing contributions from its other core businesses. It is the Group's intention to increase the production of residential properties for sale by converting agricultural land into residential usage in the New Territories and actively looking for opportunities in the urban area. The Group's financial strength will be significantly restored from the sales proceeds of residential property completions beginning in 2001. The combined result of the reinforced business model will ensure a strong future earnings prospects for a Group that is balanced and more able to resist cyclical swings in the economy.

BUSINESS OUTLOOK

Driven largely by new technologies, globalisation and the opening of borders to international trade, a

new economic order is being forged in Greater China. In due course, the Group is responding to changes in its principal fields of operations in Hong Kong and the PRC.

In terms of the Hong Kong property sector, management maintains a positive outlook due to genuine demand generated by the local population. The Group is prepared to capture the upswing in this market by increasing its market presence.

With the Hong Kong economy geared more and more towards the service industry, NWS, the Group's services arm is in a favourable position to capture the opportunities resulting from this trend. NWS is actively expanding its comprehensive business portfolio to stay ahead of the curve and is expected to produce a growing recurrent income stream by offering more services to the customers of the Group.

In August 1999, the Group acquired a 30.9% interest in Paul Y Properties Group Limited, renamed New World CyberBase Limited. Through this company, the Group intends to invest in the information technology arena.

On the Mainland, with the marking of its 50th Anniversary, the country is in close step with global developments and is undergoing a massive transformation. The Group has formed a solid business network and knowledge base to capture the potential and opportunities offered by the PRC market. Newly-listed New World China Land will benefit from the favourable national housing and banking policies laid down by the central government.

On the infrastructure front, the central government is dedicated to using infrastructure as an economic stimulus and a substantial amount of new investment programs have been introduced to fund the sector. As one of the largest infrastructure investors, NWI is positioned in all areas of the economy to benefit from the building of China.

The Group is on the way to meeting the prime objectives of solidifying financial strength, improving profitability and capturing opportunity. With the restructuring of core businesses in the final stages of completion, the divisions are in place and the building blocks are set to compete in the 21st century. The result of this process is a New World Group that is more efficient, more responsive to market forces, and stronger in every way.

Finally, I would like to take this opportunity to extend my sincere thanks to the Board of Directors for their advice and guidance and all the staff who have dedicated themselves during this period of consolidation and transformation.

Dr. Cheng Yu-Tung

Chairman

Hong Kong, 15 October 1999

A clear
action
plan



Continuing from last year's initiative, the corporate restructuring process has neared its conclusion, and the Group has set the following objectives with the aim to build a stronger and more competitive New World.

- Solidify the Group's financial position
- Increase profitability by strengthening core businesses, particularly in the Hong Kong property sector
- Capture new opportunities created by the evolution of Hong Kong, the economic revival of China, and technological advancements

SOLIDIFY THE GROUP'S FINANCIAL POSITION

First Thing First - Recapitalising the Balance Sheet

During the year, the Group successfully executed a series of fund raisings to solidify the financial position. A total of over HK\$7.3 billion was raised in four major transactions:

Placement of 117 million NWD shares in January 1999	HK\$2.3 billion
US\$350 million convertible bonds due 2004 issued by NWD in June & July 1999	HK\$2.7 billion
US\$150 million mandatorily convertible bonds due 2002 issued by NWI in April	HK\$1.1 billion
Listing of New World China Land in July 1999	HK\$1.2 billion

The Group refinanced short-term loans to prolong the maturity profile for the loan portfolio, and achieved better terms for new borrowings. With cash on hand and new financing arrangements, the Group has substantial resources to ride out cyclical uncertainties and commit new investments when opportunities arise.

The Group plans to generate more cash flows from its assets with the aim to reduce borrowings and acquire new investments when opportunities arise. Strong emphasis is placed on selling remaining property inventory, particularly Grand Millennium Plaza, and various marketing programs are being created for upcoming projects.

Capital Expenditure - Focus on Hong Kong Operations

The listing of New World China Land signifies the end of heavy capital expenditure in China by New World Development. In the short to medium term, more resources will be used on the Group's Hong Kong operations, in particular Hong Kong property projects. So far, approximately 5.2 million sq. ft. of residential GFA has been converted from agricultural land. Management believes residential development offers a relatively short cash return cycle and that is beneficial to the financial structure.

INCREASE PROFITABILITY BY STRENGTHENING CORE BUSINESSES, PARTICULARLY IN THE HONG KONG PROPERTY SECTOR

Continue Land Bank Replenishment

Despite a shortfall in property completions in both this and the coming fiscal year, the Group's land bank is actually growing with the successful conversion of agricultural land into residential use. Currently, 13 sites with a total site area of 12.3 million sq. ft. have applied for conversion. In addition, the Group is participating in certain development projects that will commence construction over the next few years.

Building on a Recurrent Income Base

The Group's recurrent income base has expanded to include the increased contributions from the growth of New World Infrastructure and New World Services. For New World Infrastructure, a number of major projects are due for completion in the coming two years, further boosting both profit and cash flows. Contribution from New World Services is also set to increase with the new investment in the Hong Kong Transportation Industry turning around within one to two year's time. Contribution from the Group's investment property portfolio is also set to rise as the Group has started the development of the New World Centre Extension in Tsimshatsui. The Group intends to continue enlarging its recurrent income base to sustain future growth.

Improve Operational Performance

On the operational level, the Group will enhance the performance of each division and improve overall competitiveness through better cost control measures as well as by monitoring the quality of products and services rendered. With Group assets segregated under clearly defined divisions and authorities, the management of each division can respond quickly to changes in the market.

CAPTURE NEW OPPORTUNITIES CREATED BY THE EVOLUTION OF HONG KONG, THE ECONOMIC REVIVAL OF CHINA, AND TECHNOLOGICAL ADVANCEMENTS

New World CyberBase - A Platform for the Information Age

The Group is alert to changes in the operating environment and the rapid response of management enable new opportunities to be captured. This forward looking strategy has given the Group an edge in a changing environment. For instance, consider the investment made in China.com in 1997. This investment was made well before the Asian Internet craze and was valued at HK\$1.3 billion as at 14 October 1999. In August, the Group acquired 30.9% of Paul Y Properties Group Limited later renamed as New World CyberBase Limited. With a closing share price of HK\$2.15 per share on 15 October 1999, the Group's investment was valued at HK\$1.7 billion (excluding HK\$200 million convertible bonds convertible into NW CyberBase shares).

Challenges and Opportunities Arising in China

Since the Group led the way into China back in the early 1980s, management has worked to grasp the opportunities presented in the world's fastest growing economy. This has been accomplished in a multitude of ways, and the result of this effort has made New World one of the largest direct foreign investors in China.

In the property sector, the Group is focused on the mega-trend of housing reform, the opening of the mortgage market, and opportunities arising in the mass residential sector. New World China Land will

explore prospects in this area by devising strategies to complement the government housing initiatives and attract buyers to quality residential projects.

New World Infrastructure, the Group's infrastructure arm, continues to underpin the recurrent income base. A major milestone was reached with the incorporation of New World Infrastructure (China) Investment Limited ("NWI China") in December 1998. NWI China is a wholly foreign owned PRC registered investment company. The incorporation of NWI China enabled the company to conclude a RMB998 million corporate loan. This local currency corporate loan is one of the first to be obtained by a Hong Kong listed company directly from a PRC bank. The loan proceeds will be used to finance the Tangjin Expressway (Tianjin North Section). Currently, NWI China is working on similar financing initiatives to improve the return on its projects.

To explore opportunities in the PRC industrial sector, the Group has established New World China Enterprises Projects Limited ("NWCEP") in 1997. Steady progress was made for the Group's initial foray in the health care and Chinese medicine businesses.

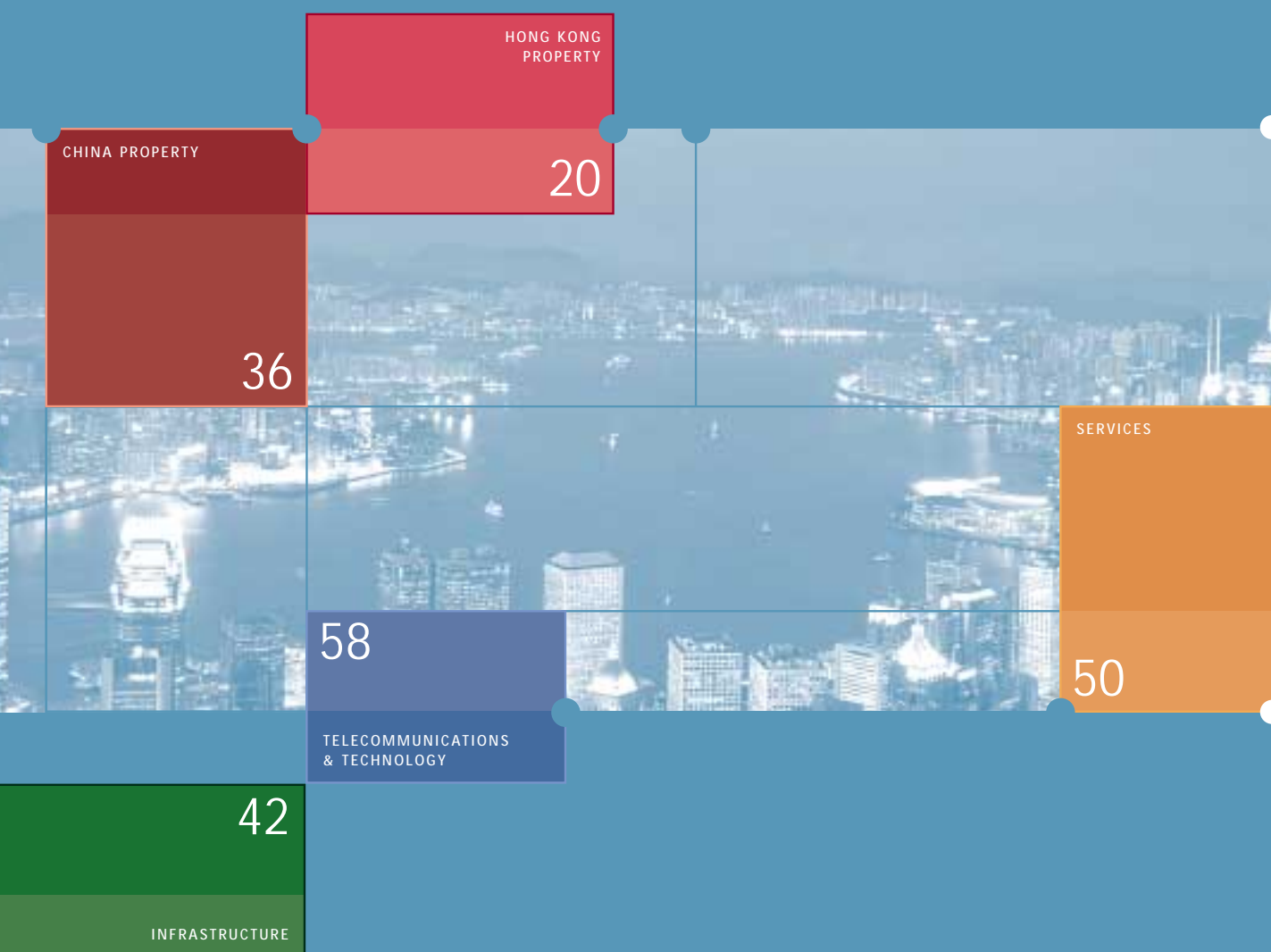
The establishment of separate business platforms allows the management of each unit to execute the Group's action plan with focus and accountability. As a whole, the Group will deliver a much more solid growth in the years ahead.

Dr. Cheng Kar-Shun, Henry

Managing Director

Hong Kong, 15 October 1999

BUSINESS REVIEW



BUSINESS REVIEW

Hong Kong Property





With a growing land bank, the Group is set to increase its market presence in the Hong Kong property market.



After five consecutive quarters of negative growth since the onset of the Asian crisis, domestic GDP growth finally returned to positive in the second quarter of 1999 with unemployment rate stabilising since April 1999.

With property prices fell by nearly 40 to 50% from its peak in 1997, home-buyers' affordability levels have generally been improved. The recovering economy and an increase in the affordability levels of the Hong Kong people are expected to lead a recovery in housing demand.

With property demand and prices expected to recover, the Group's ongoing business initiative

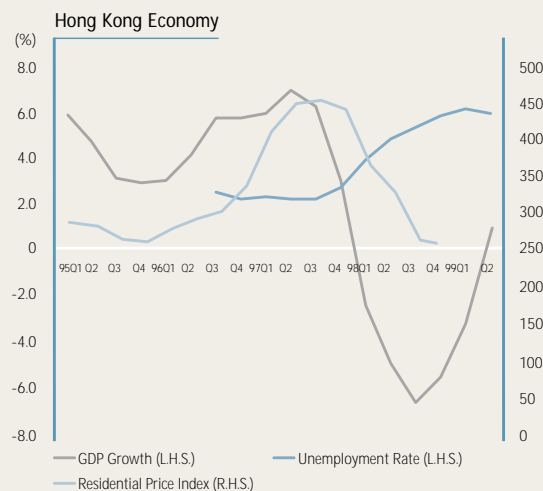
emphasises the replenishment of land bank through conversion of a vast portfolio of agricultural land in the New Territories. The Group is also pursuing different joint ventures to lock in land lots in urban areas.

PROPERTY PORTFOLIO

The Group's property portfolio totals approximately 20.1 million sq. ft. of GFA. This consists of 33 projects developed for sale with an attributable GFA of 11.4 million sq. ft.; 15 investment properties with an attributable GFA of 7.7 million sq. ft.; and one investment property under development with an attributable GFA of 1.0 million sq. ft.



Tung Chung Crescent



Source: Rating and Valuation Department, Hong Kong SAR Government



During the fiscal year, the Group has acquired three sites with an attributable GFA of approximately 780,000 sq. ft.

The total attributable site area of the agricultural land bank increased from 19.4 million sq. ft. to 22.2 million sq. ft. in FY1999. So far, 11 sites with a total land area of 4.0 million sq. ft. attributable to the Group have been converted into residential use with a GFA of some 5.2 million sq. ft. Conversion applications have been filed for another 13 agricultural sites with a total site area amounting to 12.3 million sq. ft.



Projects Acquired During FY1999

Project	Usage	Total GFA (sq. m.)	Attributable Interest (%)
Tianjin Nanshi Development (Mass-C)	R,C	1,337,288	70.0
Tianjin Nanshi Development (Mass-L)	R	212,554	Note
Guangzhou Gloria City (Conventional)	R,O,C	224,596	41.0
Guangzhou Pearl River New Town Zone L (Mass-C)	R,C	285,075	91.0
Zhaoqing Lake Development (Conventional)	R	315,006	32.0
Total		2,374,519	

R: Residential O: Office C: Commercial

PROPERTY DEVELOPMENT

During the fiscal year under review, four residential projects were completed and offered to the market for sale. Details of the Group's principal property development projects in Hong Kong can be found on page 160 of this Annual Report. In the coming fiscal year, the Group intends to launch five new development projects.

Residential

Despite a relatively soft market, the sales response of Belair Monte, Harmony Garden and Tung Chung Crescent has been satisfactory. In addition, the remaining units in Discovery Park Phase III were all sold on the first few days of release.

Office

Slow sales progress was recorded for the Group's office projects, the Grand Millennium Plaza and the remaining office spaces of China Merchants Tower (formerly Victoria Apartment). With the regional economy recovering and the supply for Grade A office falling, the demand for office space should be reinforced. Meanwhile, the Group will continue to market the premises both for sale and for rental.

PROPERTY INVESTMENT

With the aim to maintain high occupancy within the property investment portfolio, the Group employed various strategies which include the



Belair Monte, Fanling



Harmony Garden, Tsuen Wan



lowering of rents and the allowance of rent-free periods for tenants upon lease revisions. Details of the Group's investment property portfolio can be found on page 162.

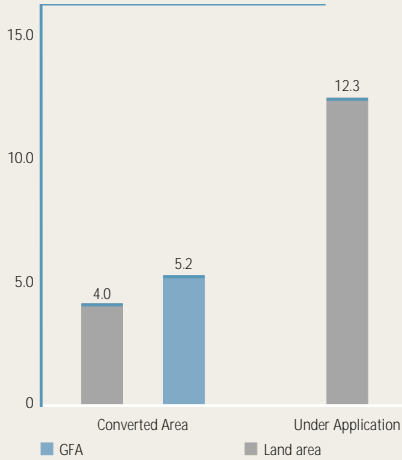
Office

The Group owns approximately 1.3 million sq. ft. of GFA in office spaces in Hong Kong. By the end of 1999, the office market showed signs of stabilisation. Prospects for increased demand in the near-and medium-term are based on improvements in the external economic environment. Over the long-term, the success of the SAR government's implementation of a policy geared to



Grand Millennium Plaza

Agricultural Land Conversion Status as at June 1999 (in million sq. ft.)



Agricultural Land Bank

	Total Area (sq. ft.)	Group's Share of Land Area (sq. ft.)
FY1998 Total	21,202,000	19,420,520
Yuen Long	16,572,000	15,025,000
Fanling	2,360,000	2,360,000
Shatin / Tai Po	3,500,000	2,642,000
Sai Kung	2,250,000	1,960,000
Tuen Mun	198,000	198,000
FY1999 Total	24,880,000	22,185,000

maintaining an efficient business environment and the building of a solid infrastructure to sustain Hong Kong's competitive advantages as a regional financial services hub, will be of great importance.

The Group's two flagship office buildings in Central, New World Tower and Manning House, maintained an occupancy rate of above 90%. Methodist House in Wanchai recorded a satisfactory occupancy rate since its launch last year.

Residential

The Group's two principal residential

properties, the hostel at 2 MacDonnell Road and service apartments at the New World Centre in Tsimshatsui, total about 540,000 sq. ft. of GFA. Both properties achieved satisfactory occupancy levels throughout the year.

Retail

The Group has a total of seven major shopping arcades and retail spaces in Hong Kong including New World Tower, Manning House and the Hong Kong Convention and Exhibition Centre in Wanchai, totalling 2.3 million sq. ft. of GFA. To maintain the occupancy rates of the Group's retail portfolio amid weak



Grand Millennium Plaza



2 MacDonnell Road

Projects Completed and/or Offered to the Market in FY1999

Project	Usage	Total GFA (sq. ft.)	Attributable Interest (%)	Group's Share of GFA (sq. ft.)
Harmony Garden, Tsuen Wan	Residential	163,412	100.0	163,412
Tung Chung Crescent	Residential	964,000	16.4 ⁽¹⁾	157,614
Belair Monte, Fanling	Residential	1,150,144	12.0	138,018
Greenfields, Yuen Long	Residential	316,934	7.0	22,185
Total				481,229

Note (1) Properties in which the Group has a development interest; other parties provide the land whilst the Group finances the construction cost and occasionally 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 agreement.



consumer sentiment and an increased supply of space, the Group decreased rental rates on a selective basis to assist tenants in overcoming the current situation.

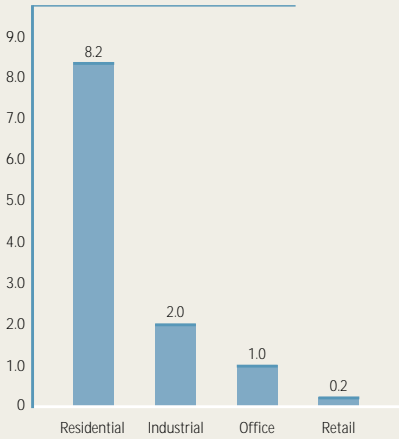
Pearl City in Causeway Bay has been newly renovated and achieved full occupancy during the year. Telford Plaza in Kowloon East also recorded full occupancy during the year at very stable rental rates. Discovery Park Shopping Mall achieved an occupancy rate of over 90% and improved the average rental rate over the previous year.

New World Centre Extension

With construction of the Kowloon Canton



Analysis of Property Development
as at 30 June 1999
(in million sq. ft.)



Railway East Tsimshatsui Station underway, a subway system will be built linking the station with Mass Transit Railway Tsimshatsui station and New World Centre. In view of the increased strategic importance of the Salisbury Road area as a transportation hub for Southern Kowloon, a major renovation and extension programme will be carried out in New World Centre to create a new look for Tsimshatsui and the Victoria Harbour-front. A new hotel will be built as an extension to the existing New World Centre complex and the entire shopping mall will be redesigned to attract high quality tenants. Additional shopping space is planned inside the new hotel to increase the overall retail space.

Connecting subways are currently being built to connect New World Centre, the Regent and New World Centre Palace Mall with various exits on the opposite side of Salisbury Road.

HOTELS

The Group currently owns 18 hotels with a total of 8,462 rooms. A new hotel in Vietnam opened in October 1999 with some 353 rooms. A new hotel will be built on the New World Centre Extension site and is expected to be completed in 2003, adding another 600 rooms to the portfolio.

Performance of the Group's hotels in Hong Kong showed a decline in room rates though the

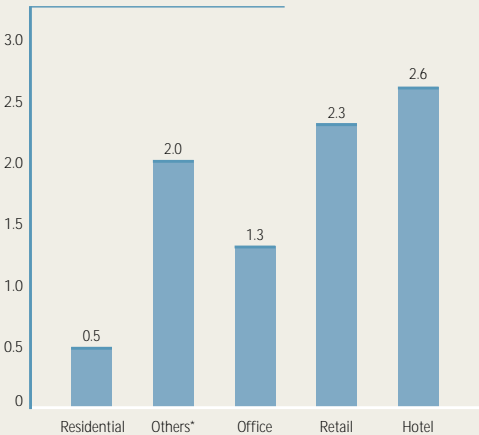


New World Centre Palace Mall



Discovery Park Shopping Mall

Analysis of Property Investment
as at 30 June 1999
(in million sq. ft.)



* This represents 1,916,604 sq. ft. of warehouse space in Asia Terminals Centre and 91,621 sq. ft. of private club at HKCEC.



occupancy rate was sustained. The Group made a substantial effort to maintain its high quality of service. For instance, The Grand Hyatt Hong Kong was renovated to provide a more modern and luxurious atmosphere to allow guests to relax in a five-star environment. Due to convenient locations and competitive room rates, the Group's hotels generally outperform the industry average. Hotel restaurants and dining outlets recorded satisfactory revenue and assisted in maintaining the profitability of the hotel operations during the year.



Renaissance Harbourview Hotel

Projects Completed and/or Offered to the Market in FY2000

Project	Usage	Total GFA (sq.ft.)	Attributable Interest (%)	Group's Share of GFA (sq.ft.)
Grand Millennium Plaza	Office / Retail	902,960	100.0 ⁽¹⁾	902,960
China Merchants Tower	Office	118,013	100.0	118,013
Bijou Court, 171 Prince's Edward Road W	Residential	67,978	50.0	33,989
Belcher Gardens Redevelopment	Residential	2,662,068	10.0	266,208
NKIL 4850RP, Tai Po Road	Residential	190,586	50.0	95,293
IL8876 Tin Hau Temple Road	Residential	63,655	60.0	38,193
3512 RP & Ext. Tai Po Road	Residential	103,015	100.0	103,015
Tung Chung Crescent	Residential	1,207,797	16.4 ⁽¹⁾	203,373
Choi Hung Road Private Sector Participation Scheme	Residential	1,949,150	80.5	1,569,066
Total		7,265,222		3,330,110

(1) Properties in which the Group has a development interest: other parties provide the land whilst the Group finances the construction cost and occasionally 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.

The Group's hotels in Southeast Asia have gradually recovered with inbound business and tourist visitor arrivals increasing during the year. A slight slow-down in the PRC economy has affected the Group's hotels in the PRC.

For more details on the Group's hotel investment portfolio, please refer to page 164 of this Annual Report.



Grand Hyatt Hong Kong



Renaissance Riverside Hotel,
Ho Chi Minh City, Vietnam

PRINCIPAL HONG KONG PROPERTY DEVELOPMENT PROJECTS

HONG KONG

- 1 Grand Millennium Plaza,
183 Queen's Road Central
- 2 Queen Street Redevelopment Project,
Sheung Wan
- 3 18, 20, 20A & 24 Tin Hau Temple Road
- 4 Belcher Gardens Redevelopment
- 5 6-10 Black's Link
- 6 Kennedy Town Redevelopment Project
- 7 No.11-15 MacDonnell Road
- 8 Nos 1, 2, 3 & 4 West End Terrace & Nos.11
& 11A, Bonham Road
- 9 China Merchants Tower

KOWLOON

- 10 Choi Hung Road Private Sector
Participation Scheme Project
- 11 51 Tsun Yip Street, Kwun Tong
- 12 NKIL 4850RP, Tai Po Road
- 13 NKIL 3512 RP & Ext., Tai Po Road
- 14 15-19 Luk Hop Street, San Po Kong
- 15 157 Prince Edward Road West
- 16 Bijou Court, 171 Prince Edward Road West
- 17 444-450 Prince Edward Road West

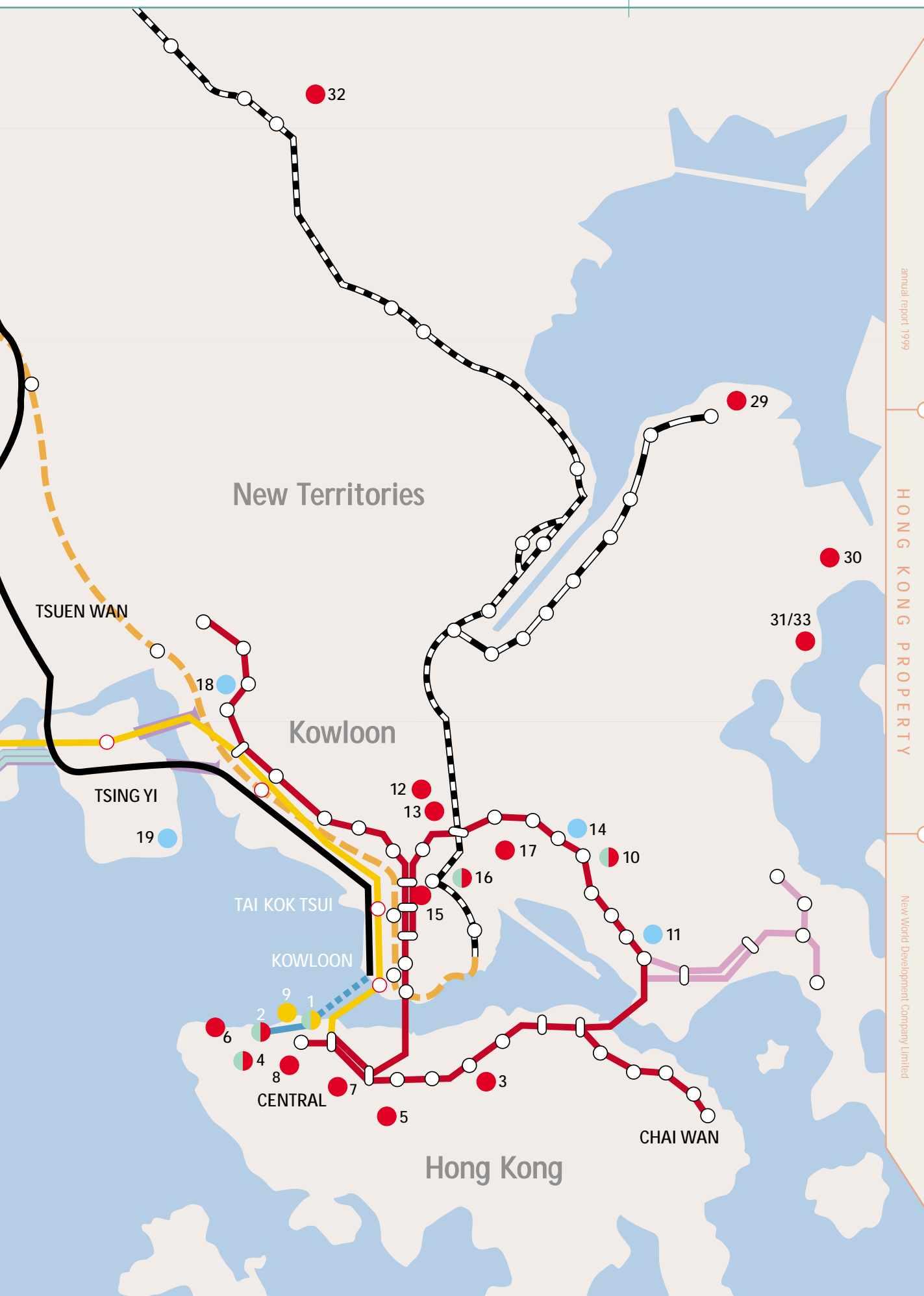
NEW TERRITORIES

- 18 41-55 Wo Tong Tsui Street, Kwai Chung
- 19 35-47 Tsing Yi Road, Tsing Yi Island
- 20 Tung Chung Development
- 21 YLTL 500, Tai Tong Road, Yuen Long
- 22 Project in Yuen Long, DD120
- 23 Project in Tung Tau, Yuen Long, DD115
- 24 Project in Yuen Long, DD115
- 25 Project in Yuen Long, DD129
- 26 Project in Fu Tei, DD132
- 27 Project in Lau Fau Shan, DD128 & 129
- 28 Project in Tong Yan San Tsuen, DD121
- 29 Project in Ma On Shan, DD206
- 30 Project in Sai Kung, DD217, 219 & 222
- 31 Project in Sai Kung, DD221
- 32 Project in Fanling, DD91 & 100
- 33 Project in Sai Kung, DD221

- | | |
|--|---|
| ● RETAIL | ● RESIDENTIAL |
| ● OFFICE | ● OTHERS |
| ● HOTEL | ● CARPARKS |

- | | |
|--|--|
| | Mass Transit Railway |
| | Route 3 |
| | KCRC - West Railway |
| | Airport Railway |
| | Light Transit Railway |
| | KCRC - East Railway |
| | North Lantau Expressway and
Lantau Fixed Crossing |
| | MTR Tseung Kwan O Extension |





PRINCIPAL HONG KONG PROPERTY INVESTMENT PROJECTS

HONG KONG

- 1 Manning House, 48 Queen's Road Central
- 2 New World Tower, 18 Queen's Road Central
- 3 Shun Tak Centre
- 4 Hong Kong Convention & Exhibition Centre
- 5 Grand Hyatt Hong Kong
- 6 Renaissance Harbour View Hotel
- 7 Pearl City, Causeway Bay
- 8 2 MacDonnell Road
- 9 Methodist House









KOWLOON

- 10 New World Centre
- 11 New World Centre Palace Mall
- 12 Telford Plaza, Kowloon Bay

NEW TERRITORIES

- 13 Asia Terminals Centre
- 14 Riviera Plaza Arcade, Tsuen Wan
- 15 Discovery Park Shopping Mall
- to be completed*
- 16 New World Centre Extension

- | | |
|--|---|
| ● RETAIL | ● RESIDENTIAL |
| ● OFFICE | ● OTHERS |
| ● HOTEL | ● CARPARKS |

-  Mass Transit Railway
-  Route 3
-  KCRC - West Railway
-  Airport Railway
-  Light Transit Railway
-  KCRC - East Railway
-  North Lantau Expressway and Lantau Fixed Crossing
-  MTR Tseung Kwan O Extension



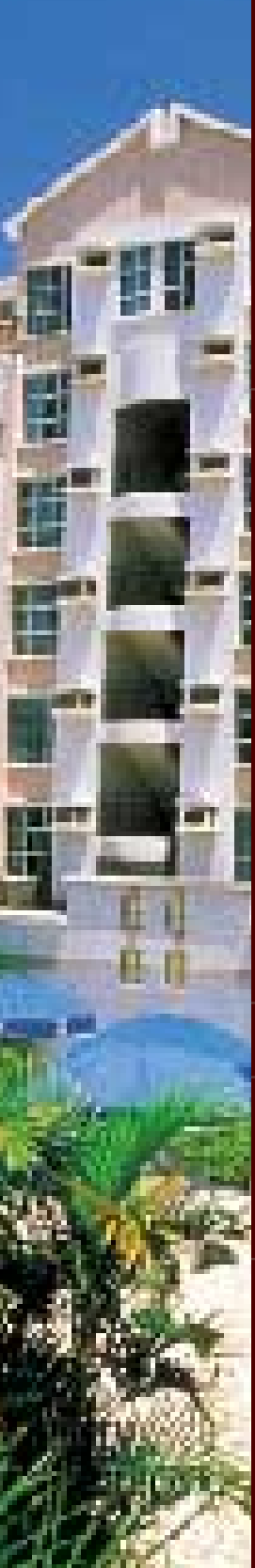
Lantau Island



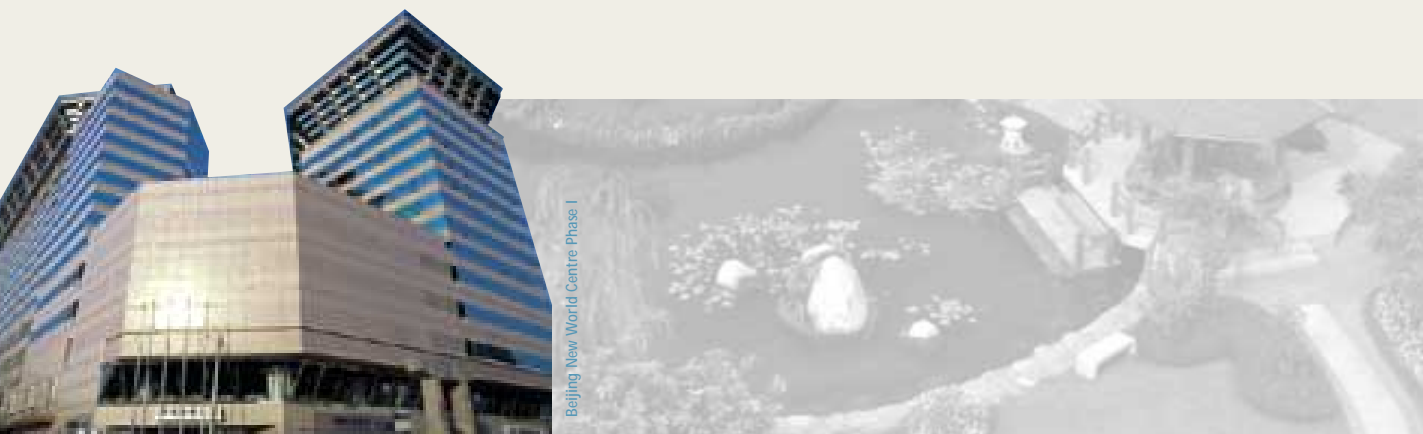
BUSINESS REVIEW

China Property

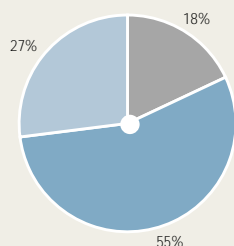




On 16 July 1999 the Group's China property arm, New World China Land Limited ("NWCL") was successfully listed on the Stock Exchange of Hong Kong. NWCL is comprised of a large and well-diversified property portfolio as well as a sizeable land bank that is sufficient for development in the coming decade. With strong financial backing, local currency funding and a large land bank focused on the low- to medium-end housing market, NWCL is ready to be a major player in the PRC property market.



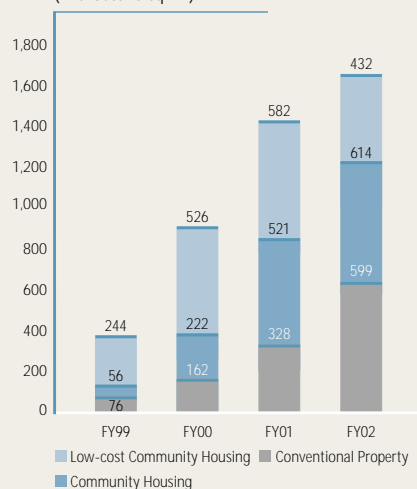
Land Bank by Sector



■ Low-cost Community Housing
 ■ Community Housing
 ■ Conventional Property

Total GFA: 22,565,828 sq.m.

Project Completion Schedule in the Coming Three Years (in thousand sq. m.)



Going forward, the Group will continue to implement the following policies to enhance its core competence and overall growth:

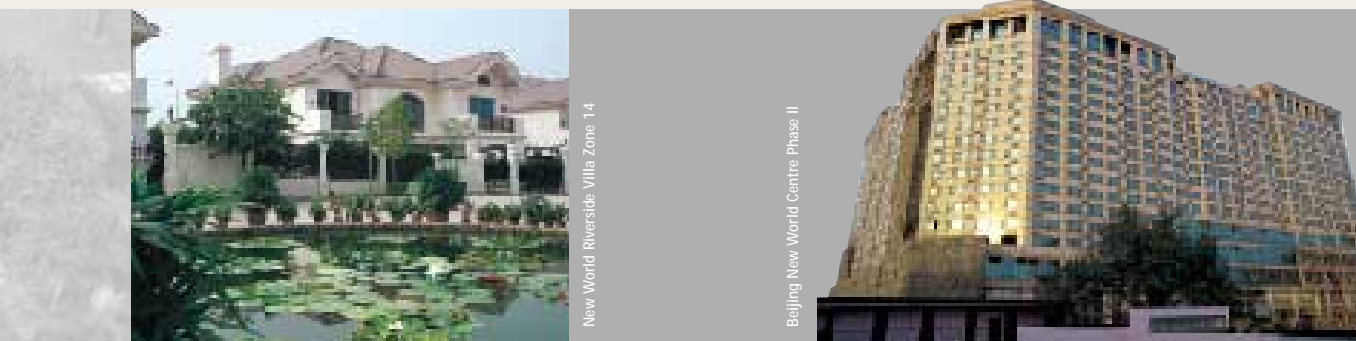
- Increase development in major PRC cities
- Develop its brand name as a quality nation-wide developer
- Focus on developing mass residential projects
- Maintain an optimal mix of investment property portfolio to strengthen its recurrent income base

- Continue currency matching and leverage its strong balance sheet

CONVENTIONAL PROPERTY PROJECTS

During the year, NWCL completed the construction of Shanghai Zhongshan Square Phase I. The property consists of 76,498 sq. m. of service apartments in three 35-storey towers. Sales were slow given the general overbuilt situation in the Shanghai property market.

Satisfactory sales progress was recorded for Guangzhou Baiyun Garden and Guangzhou New World Riverside Villa Zone 14. Increasing rental



Property Portfolio

	No. of Projects	Total GFA (sq. m.)
Conventional Property Projects	37	4,148,198
Community Housing Projects	22	12,364,618
Low-cost Community Housing Projects	7	6,053,012
Total		22,565,828
		Total Site Area (sq. m.)
City Core Redevelopment Projects		
Tianjin City Core Redevelopment Project		2,520,991
Beijing Chongwen District City Core Redevelopment Project – Lots 5 & 6		223,952
		2,744,943
Land Improvement Projects		
Wuhan Wujiashan Economic Development Area Land improvement Project		6,502,088
Total		9,247,031

income was recorded from investment properties such as Tianjin New World Anderson Centre and Wuhan International Trade and Commerce Centre.

NWCL acquired a Conventional Property Project, Zhaoqing Lake Development in FY1999. The project will provide 315,006 sq. m. of residential housing units to be developed in phases.

COMMUNITY HOUSING PROJECTS

NWCL completed construction of 21,720 sq. m. and 34,603 sq. m. in Guangzhou New World

Eastern Garden Phase I and Dongguan New World Garden Phase VI respectively. Sales performance was encouraging in both projects as well as in a number of other developments.

NWCL acquired two Community Housing Projects in FY1999. The first project, Guangzhou Pearl River New Town Zone L, has a GFA of 285,075 sq. m. and is located on the north bank of the Pearl River. The project is in close proximity to the Guangzhou Horse Racing Track and Jinan University. The second, Tianjin Nanshi Development, will provide a GFA of 1.3 million sq. m. of community style residential properties in Nankai.



Tianjin New World Anderson Centre



Guangzhou Jixian Zhuang, Low-cost Housing Development

Projects Acquired During FY1999

Project	Usage	Total GFA (sq. m.)	Attributable Interest (%)
Tianjin Nanshi Development (Mass-C)	R,C	1,337,288	70.0
Tianjin Nanshi Development (Mass-L)	R	212,554	Note
Guangzhou Gloria City (Conventional)	R,O,C	224,596	40.5
Guangzhou Pearl River New Town Zone L (Mass-C)	R,C	285,075	90.5
Zhaoqing Lake Development (Conventional)	R	315,006	32.0
Total		2,374,519	

R: Residential

O: Office

C: Commercial

Note: The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of the development of low-cost community housing

LOW-COST COMMUNITY HOUSING PROJECTS

Low-cost Community Housing Projects continued to contribute the majority of NWCL's profits. NWCL completed more floor area in this category than in any other sector. All of these projects have recorded satisfactory sales. The Low-cost Community Housing portfolio expanded slightly due to the addition of one particular project, the Low-cost Community portion of the Tianjin Nanshi Development.



Tianjin Xin Chun Hua Yuan Development
Lot 603



Wuhan Changqing Garden

Projects Completed in FY1999

Project	GFA (sq. m.)
Conventional Property	
Shanghai Zhongshan Square Phase I	76,498
Community Housing	
Guangzhou New World Eastern Garden Phase I	21,720
Dongguan New World Garden Phase VI	34,603
Low-cost Community Housing	
Tianjin Xin Chun Hua Yuan Development	26,019
Tianjin Huayuan Residential Area Sub area 8	146,650
Wuhan Changqing Garden	71,477
Total	376,967

BUSINESS REVIEW

Infrastructure





The first infrastructure company listed on the Stock Exchange of Hong Kong back in October 1995,



New World Infrastructure Limited ("NWI"), is one of the largest infrastructure investors in Hong Kong, Macau and China.

NWI's reputation for quality and integrity has fuelled its expansion in ten provinces and three municipalities within the PRC while spawning an array of projects in Hong Kong and Macau. In recent years, NWI has diversified its business from cargo handling, toll roads and bridges, and power plants to water treatment and digital infrastructure. Currently, NWI has investments in over 71 projects, encompassing 1,178 km of highways, nine bridges, power generation of 5,628 MW, and a water treatment capacity of 1.67 million cubic meters, a cargo handling capacity of 4.29 million TEUs and digital infrastructure.

reduction and cash flow was conserved to enhance liquidity.

BREAKTHROUGHS AND MILESTONES

NWI seeks strategic alliances with renowned international enterprises and institutional investors to explore opportunities in the infrastructure sector. This year, NWI achieved an impressive breakthrough when US\$150 million mandatorily convertible bonds were issued to AIG Asian Infrastructure Fund II LP ("AAIF II"). The 3-year convertible bonds bring equity and a new strategic alliance into the business. The offering represents one of the largest



Tate's Calm Tunnel Control Room



Toll Booth at Guangzhou City Northern Ring Road

STABLE RESULTS IN A CONSERVATIVE YEAR

NWI took a conservative position in terms of its operations in the fiscal year under review. In light of Asia's adverse market environment, management virtually halted the signing of new projects to assess the situation and focused efforts on consolidating operations and reducing operating expenses. A proactive stance was taken with regards to debt

investments made by a major foreign investor in a single company focused on China since the Asian turmoil commenced. AAIF II's commitment is a strong endorsement of NWI's infrastructure portfolio as well as its underlying investment strategy.

In the past fiscal year, NWI reached an important milestone in the broadening of its domestic base through the creation of NWI

(China). Through this PRC registered investment holding company, NWI obtained an RMB1 billion loan from the Bank of China, thus fulfilling a promise to shareholders to finance new projects in China with local currency.

ROADS AND BRIDGES

In line with the government view of the sector, the Roads and Bridges sector is the most important business line for NWI. In FY1999, a strong performance was recorded in the Roads and Bridges sector due to the stellar performance of the Guangzhou City Northern Ring Road ("GNRR"), a rise in the number of operational roads, and the operation of

NWI's toll roads are expected to improve their performance in FY2000. A further rise in GNRR traffic flows, growing trade flows across the South China region, and the expansion of the national road system will support the growth of the Zhaoqing-Guangxi Road Network and affiliated roads.

A major component of the bridge operation is Wuhan Bridge Development, the manager of the Yangtze River Bridge, Han River Bridge No. 1, and Han River Bridge No. 2. The recent opening of the Guangzhou Three New Bridges is expected to contribute significantly to the Roads and Bridges sector. Located in Guangzhou, the



Guangzhou Three New Bridges.

In addition to GNRR, the NWI Road Network is composed of three systems spanning the provinces of Guangdong and Guangxi: Zhaoqing-Guangxi Road Network, Huizhou Road Network, and Qingyuan Road Network. Other major projects include the Guangzhou-Zhuhai section of the Beiling-Zhuhai Expressway; the Tianjin North Section of the Tangjin Expressway; and Wuhan Airport Expressway.

Hedong Bridge, Jiefang Bridge and Jiangwan Bridge span the Pearl River. Other NWI bridges include Zhaoqing Deqing Xijiang Bridge and Gaoming Bridge, both serving cities located in Guangdong as well as Tianjin Yonghe Bridge.

CARGO HANDLING

NWI has always been an active player in the Cargo Handling sector. Given the acquisition of Pacific Ports Company Limited ("PPC"), as well as existing China operations, the PRC cargo

handling business is in a period of growth. The ability to benefit from the cross synergies of Hong Kong and China operations makes NWI a major force in Greater China cargo handling industry.

The Cargo Handling sector recorded satisfactory performance results based on the improved results of Sea-Land Orient Terminals Limited ("SLOT"), which operates Container Terminal No. 3 ("CT3") at Kwai Chung in Hong Kong, and Asia Terminals Limited ("ATL"), the operator of a freight station and cargo distribution centre at CT3. These gains were partially offset by NWI's share of the loss in

operations await the future development of Container Terminal No. 9, in which SLOT is a consortium member. Meanwhile, the PPC restructuring costs have been taken into consideration and the process of reversing losses is underway. These factors combine with the pending entrance of China into WTO and growing containerisation levels to support a turnaround at PPC.

POWER

NWI's power business is spread across the provinces of Guangdong, Sichuan and Hebei as well as Macau. Guangdong projects include Zhujiang Power Station Phase I and Phase II as



Asia Terminals Limited

PPC. A substantial part of this loss was due to an one-off exceptional provision. In Tianjin, Sea-Land Orient (Tianjin) Container Terminals Company Limited began operating the Dongtuti South Terminal in Tianjin in January 1999. Performance of the Cargo Handling sector expects to rise in FY2000. On the back of growing trade volumes in Hong Kong, strong growth at the Kwai Chung Terminal, and improved operating efficiency, SLOT and ATL will likely to improve their results. These

well as Shunde De Sheng Power Plant. In Sichuan, NWI acquired a stake in a coal-fired plant located in Qianwei County. In Hebei, NWI has an alliance with Beijing Datang Power Generation Co. Ltd. ("Beijing Datang"), one of China's largest power producers. In Macau, NWI owns a 20.3% effective interest in the city's sole supplier of electric power, Companhia de Electricidade de Macau-CEM, SARL through its 50% ownership in Sino-French Holdings (Hong Kong) Ltd. ("Sino-French").

The increase in contribution this year was primarily due to a strong showing from the Zhujiang Power Stations, an improved contribution from Beijing Datang, and better performance at the Shunde De Sheng and Macau power plants. This sector is facing a challenging environment due to excess capacity in certain markets and the government's desire to drop tariffs to increase consumption. NWI is fortunate that most of its activity in the power sector is in Guangdong, a province that is expected to sustain its economic growth in FY1999. Guarantees on return on investment at Zhujiang Power Station Phase I and a special lease arrangement at De Sheng will

French stake. By working closely with one of France's largest water companies, NWI has achieved business diversification within China and extended its reach into Macau. At present, Sino-French has seven operational projects and two more under construction.

The increase in performance in the Water Treatment Sector was the full year effect of two water plants in Zhongshan. A modest rise was registered at the Macau Water Plant where production volume increased and revenue rose modestly.

DIGITAL INFRASTRUCTURE

In FY1999 NWI introduced a new sector to its



Companhia de Electricidade de Macau - CEM, SARL



Zhujiang Power Station

improve the performance of these two plants. In addition, improvement in efficiency and the phasing out of old thermal power plants will allow Zhujiang and De Sheng to increase their market share. Other power operations and Beijing Datang expect stable performance.

WATER TREATMENT

NWI's key strategic partner in the Water Treatment sector is Suez Lyonnaise des Eaux SA an alliance that is encapsulated in the Sino-

core business operations - Digital Infrastructure. Presently, NWI is a shareholder in China Internet Corporation Limited ("CIC") and its affiliate China.com Corporation ("China.com"). CIC is engaged in providing bilingual computer-based information and communications services to businesses in the PRC. China.com is a pan-Asian Internet company delivering content, community services and e-commerce through a portal network. China.com aims to become the

leading Internet Portal for Greater China and the provider of Internet-related services.

The potential of the Information Infrastructure sector as a contributor was illustrated when China.com listed its shares on NASDAQ in mid-1999. NWI holds a 17.8% interest in China.com and as of 14 October 1999, NWI's stake in China.com was worth about HK\$1.3 billion. Initial business development forays were made in a number of sectors, and the expectations are high for this new core sector.



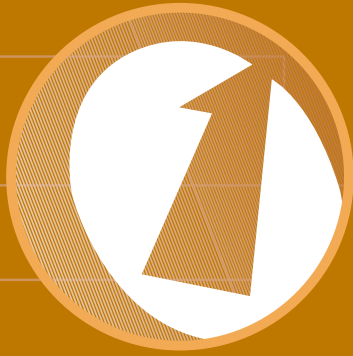
Macau Water Supply Co. Ltd.



BUSINESS REVIEW

Services





New World Services Limited ("NWS"), the services arm of the Group, has undergone a reorganisation during the year. All NWS business units are now grouped under four divisions:



Sheraton Hotel, Suzhou

Construction,
Electrical & Mechanical Engineering,
Facility Services and Transport.

CONSTRUCTION

NWS's principal construction company, Hip Hing Construction Company Limited ("Hip Hing"), is one of Hong Kong's largest and best established building contractors.

Despite the downturn in both the local and PRC economy, the Construction division managed to achieve satisfactory growth primarily as a result of the completion of a number of major projects. Among these projects were Belair Monte at Luen Wo Hui in Fanling, 51 Tsun Yip Street in Kwun Tong, No. 1-3 Leung Fai Terrace, No. 85-99 Ham Tin Street in Tsuen Wan, Shangri-La Hotel at Pudong, Shanghai, Housing

Significant new contracts awarded during the year included the PSPS project at Choi Hung Road, redevelopment of Sau Mau Ping Estate Phase 5 & 15, housing developments at Nos. 18, 20, 20A & 24, Tin Hau Temple Road, Bijou Court at 171 Prince Edward Road West, and housing estate at Lai King Hill Road.

Additional new projects will sustain the division's growth in coming years. These include residential development at 41D Stubbs Road and Tuen Mun Town Lot 409, Housing Authority project at Lai Chi Kok Phase 2 and Tin Shui Wai Area 106 Phase 2, and the ASD Term Fitting-Out Works Contract.



Hip Hing at work in the PRC



Hip Hing at work in Hong Kong

Authority project at Lai Kong Street in Kwai Chung, VIP facilities at Chek Lap Kok Airport, alteration works at Grand Hyatt Hotel and piling projects at Aldrich Bay PSPS project and Choi Hung Road PSPS project, etc.

As of 30 June 1999, the contracts on hand amounted to some HK\$19.2 billion. This amount is represented by HK\$16.5 billion of contracts in Hong Kong, HK\$2.5 billion in the PRC and the balance from other Asian countries.

ELECTRICAL & MECHANICAL ENGINEERING

The Electrical and Mechanical Engineering division provides and installs a wide range of building-related electrical and mechanical equipment. The division is supported by three core companies: Young's Engineering Holdings Limited, Tridant Engineering Company Limited, and Far East Engineering Services Limited. This division suffered the most mainly due to the slowdown in private

sector developments, as there was keen competition in the E&M market.

Major projects completed during the year by Young's Engineering Holdings Limited include Cathay Pacific Flight Training Centre, Tung Chung Station MTR Airport Express Line Station, Shanghai Pudong Shangri-La Hotel, Beijing Aquarium and Bank of China Building in Macau. A total of about HK\$2 billion of contracts was secured during the year. Significant new projects include the Hong Kong New World Tower in Shanghai, Sheung Shui Slaughter House, Esplanada Mall in Singapore and Wartsila Power Plant in Vietnam.

Major projects completed by Tridant Engineering Company Limited include Luen Wo Hui in Fanling, Tseung Kwan O Hospital, Redevelopment of Lam Tin Estate Phase 2 and Shanghai Central Plaza. Contracts on hand totalled about HK\$3.3 billion. Significant new projects include electrical, plumbing and drainage, and fire services for two Housing Authority PSPS projects at Choi Hung Road and Aldrich Bay,

Major projects completed by Far East Engineering Services Limited include Chek Lap Kok Airport maintenance project. As at 30 June 1999, contracts on-hand amounted to HK\$97 million.



FACILITY SERVICES

The Facility Services division consists of the following services: facility management, property management, security & guarding and environmental & consumer services.

FACILITY MANAGEMENT

Hong Kong Convention and Exhibition Centre ("HKCEC"), one of the world's most prestigious multi-function facilities is managed by NWS and, earned numerous outstanding awards in the past year. The HKCEC was voted by the Meetings and Incentive Travel Magazine as the "Best Overseas Centre, Meetings Category" for the sixth consecutive year in

In meeting the dual challenges of keen competition and depressed economic conditions, HKCEC aims to enhance its business performance through revenue generating initiatives and cost control measures. In addition, it will improve service quality and ensure effective communications with customers. "Listening to the market" will be a key market intelligence program to gain valuable feedback from customers and create business for HKCEC.

PROPERTY MANAGEMENT

NWS provides a range of management and agency services. This division is operated by Urban Property Management Limited,



Hong Kong Convention and Exhibition Centre



the Meetings and Incentive Travel Industry Award.

The utilisation rate of the HKCEC was satisfactory for the year under review. Altogether, some 2,877 events were held, including corporate meetings such as the US Presidential Presentation, British Prime Minister's Luncheon, the First Meeting of Chief Executive's Council of International Advisers, and entertainment events such as Disney on Ice - Toy Story.

International Property Management Limited, Kiu Lok Service Management Company Limited, Kiu Lok Property Service (China) Limited and Urban Parking Limited.

The property management division together manages 103,374 residential units, 10.2 million sq. ft. of commercial/office space, 6.1 million sq. ft. of industrial area and over 35,000 car parking spaces.

SECURITY AND GUARDING

NWS is one of Hong Kong's leading providers of security services. Responsible for over 235 properties, the principal companies in the division are General Security (HK) Limited and Uniformity Security Company Limited. Both companies maintained steady growth during the year under review.

ENVIRONMENTAL AND CONSUMER

The environmental and consumer division is supported by six core companies: Pollution & Protection Services Limited, Wai Hong Cleaning & Pest Control Company Limited

("Wai Hong"), New China Steam Laundry Limited, Hong Kong Island Landscape Company Limited, Far East Landfill Technologies Limited and CiF Solutions Limited (formerly CiF Systems Company Limited). With this year's acquisition of Wai Hong, NWS has become the second largest cleaning services provider in Hong Kong.

TRANSPORT

During the year under review, NWS diversified into the transportation industry in Hong Kong through a number of strategic investments. In April 1998, New World First Bus Services Limited ("NWFB") was awarded the franchise to operate



Central Mid Levels Escalator



Quality Property Management Team



88 Hong Kong Island bus routes and cross-harbour routes in Hong Kong. An additional six routes were granted since NWFB started operations in September 1998. NWFB is a wholly-owned subsidiary of New World First Holdings Limited, a joint venture between NWS, which owns 74%, and UK's FirstGroup plc, which owns 26%.

NWFB has progressed well when compared to original forecasts due to a higher customer base, well-connected routes and the conversion to air-conditioned buses. NWFB operates 62 island routes and 32 cross-harbour routes and about 85% of the buses were



New World First Bus

installed with Octopus machines. In addition, NWFB's well-linked routes, convenient bus stop locations and timely schedules all contributed to an encouraging passenger growth rate of 20% during the year.



BUSINESS REVIEW

Telecommunications & Technology





With more than 720,000 subscribers, New World Telephone Holdings Limited ("NWT") has attained the status as a major IDD carrier in Hong Kong and with respect to mobile telecommunications, it has successfully assumed the position of being the largest PCS cellular operator amongst all 6 PCS cellular networks.



New World Telephone Service Centre

As at 30 June 1999, NWT has captured a market share of 35% within the domestic PCS market.

NEW WORLD TELEPHONE GROUP OVERVIEW

Amidst the tough competition that characterises Hong Kong's telecommunications industry, NWT, the telecommunications arm of the Group, reached a number of significant thresholds and emerged as a major telecommunications carrier in the territory. NWT attained the status of a major IDD carrier in Hong Kong and with respect to mobile communications services, it has successfully become the largest PCS cellular operator amongst the 6 PCS cellular networks. As at 30 June 1999, NWT captured a market share of 35% within the domestic PCS market.

Mobile Communications Services

Competition within the mobile communications business intensified as a result of the introduction of Mobile Number Portability ("MNP"). Still, the mobile communications industry continues to grow at a fast pace as total telecom services revenue reached HK\$50.8 billion as at 31 March 1999. The population with mobile communications services increased from 2.56 million in August 1998 to 3.56 million in July 1999, representing an increase of 39%. Meanwhile, PCS expanded its market share within the mobile industry from 20% in August 1998 to 34% in July 1999.



PowerPhone at the airport



Transmission Satellite

Public Mobile Radiotelephone Subscriber Units

	Digital (800/899MHz)		PCS(1.7/1.8GHz)	Total	PCS market share
	Mobile	Portable			
Aug-98	6,587	2,039,237	514,360	2,560,184	20%
Sept-98	5,915	2,004,530	573,890	2,584,335	22%
Oct-98	5,869	1,983,977	649,620	2,639,466	25%
Nov-98	5,072	2,044,167	712,799	2,762,038	26%
Dec-98	5,080	2,080,940	772,080	2,858,100	27%
Jan-99	5,441	2,114,032	827,294	2,946,767	28%
Feb-99	5,874	2,158,927	857,737	3,022,538	28%
Mar-99	7,470	2,236,071	930,828	3,174,369	29%
Apr-99	8,339	2,269,273	980,712	3,258,324	30%
May-99	7,193	2,302,506	1,034,963	3,344,662	31%
Jun-99	6,099	2,328,288	1,126,638	3,461,025	33%
Jul-99	4,936	2,352,965	1,202,192	3,560,093	34%

Source: OFTA

Renamed "New World Mobility" ("NWM") in November 1998, NWM is committed to provide a new era of "interactive" mobile communications services. During the year, NWM focused on expanding its customer base and successfully captured the largest PCS (GSM1800) market share with a customer base of over 440,000 by the end of September 1999, a growth rate of over 100% compared with the previous year. NWM was the fastest growing mobile operator during the year, surpassing all 10 mobile networks in Hong Kong in terms of customer growth. It is anticipated that by the end of 1999, the NWM customer base will expand to about 500,000.

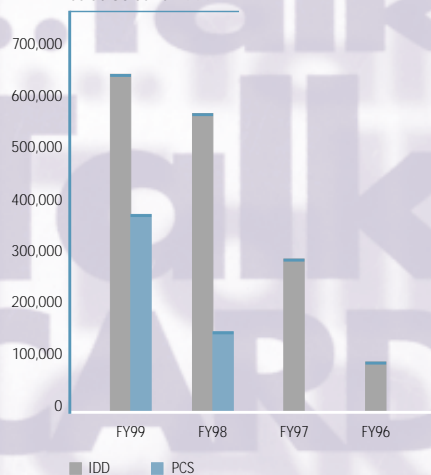
In the context of competitive tariff schemes and pre-eminent network quality, NWM's versatile and innovative value-added services ("VAS") received a strong endorsement from the market. Popular VAS launches include real-time horse racing broadcast, fax-on-demand financial and real-estate information and mobile stock-trading services.

NWM's commitment to building a world-class cellular network is markedly rewarding. With nearly 800 transmission stations and 5 switching centres installed at the end of June 1999, NWM has earned a strong endorsement on its network quality.



New World Mobility

Customer Base of NWT
as at 30 June 1999



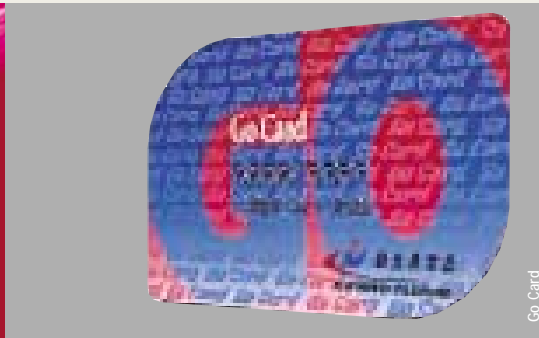
Fixed Telephone Network Services ("FTNS")

During the financial year, NWT completed a self-built fibre-optic backbone stretching over 120km covering the entire MTR route and North Lantau reaching all the way to the new Chek Lap Kok Airport. In addition to the four exchanges in Tsimshatsui, Chai Wan, Kwai Chung and Chek Lap Kok, a new switching centre at Tung Chung was built to reach a broader customer base.

Through a combination of the fibre-optic access network and Type II interconnection, NWT is set to roll out fixed network telecommunications services to areas covered by 15 telephone

entrants with a customer base of over 720,000 by October 1999 (As at 30 June 1999, NWT's PCS and IDD services secured a customer base of 395,000 and 647,000 customers respectively). Supported by a comprehensive network, quality customer services and value for money offerings, NWT's long distance services received overwhelming support from the market. The success is illustrated by a substantial call - minute growth of 30% during the year with total traffic volume reaching nearly 300 million minutes.

Building towards its strategic vision of a key global multimedia service provider, NWT entered



Go Card

exchanges. The service will span northern Hong Kong island, a substantial part of Kowloon peninsula and the southern New Territories. Through this network, NWT is planning to provide service coverage to over 1.2 million lines by the end of 2002.

International Telecommunications

In the arena of international telecommunications, NWT captured over 14% of the IDD market share and led all new market

into bilateral correspondence relationships with 11 international carriers during the year. Through these relationships, NWT will provide high quality and seamless IDD services. In addition, NWT is acquiring capacity on major submarine cables and satellite systems.

NEW WORLD CYBERBASE LIMITED

In August 1999, NWT acquired a 30.9% stake in Paul Y Properties. NWT injected its

PowerPhone operations into Paul Y Properties in exchange for 100 million shares and HK\$200 million convertible bonds. Paul Y Properties was renamed as New World CyberBase Limited ("NW CyberBase"), the Internet services arm of the Group. NW CyberBase operates a diverse range of businesses serving the telecommunications, property, hotel, infrastructure and strategic investment sectors. As a pioneer in promoting the digital revolution in Hong Kong and the region, NW CyberBase is positioned to operate information technology businesses while researching and developing connectivity services, e-commerce and software platforms.

roll-out a full range of Internet Connectivity Services to meet the needs of Hong Kong and other countries in the region. NW CyberBase will actively explore different access technologies and synergies within the Group as well as with its strategic partners in such areas as wireless and broadband services.

One such service is PowerPhone, the world's first commercially deployed touch-screen interactive public payphone. Introduced in 1997, PowerPhone has revolutionised the Hong Kong communications market with its innovative platform and the provision of a comprehensive range of online information and



Switching Centre



Power Phone

To take advantage of the dramatic changes underway in the telecommunications and information technology industry, NW CyberBase will concentrate on developing service offerings in three areas: Connectivity, E-commerce and Content.

Connectivity

The Internet market is going through unprecedented expansion across the region and the market potential is huge. NW CyberBase will

services. The PowerPhone network has undergone rapid expansion. Over 670 PowerPhones are in service in such places as the Hong Kong International Airport, MTR and KCRC stations, the Hong Kong Convention and Exhibition Centre, major shopping arcades, hotels and tourist areas. Representing the fusion of proven technology with a futuristic way of living, the PowerPhone network is a "Next Generation" multimedia communication platform for Internet access and e-commerce.

E-commerce

NW CyberBase plans to create an e-commerce infrastructure whereby consumers and businesses will have access to online services such as quality assurance, business procurement and credit facilities for online transactions. In addition, web-site hosting and management services will be offered to a range of customers in Hong Kong; and, over the long-term, in Greater China and Asia Pacific.

Content

NW CyberBase is building alliances with global and local market leaders to provide and develop Internet-based applications and content involving e-commerce and Smart Card technology. These services will be provided to the commercial and consumer markets in such areas as finance, securities, government, health, education, entertainment, travel and leisure.

Strategic Partnerships

To facilitate rapid development and expansion into the different sectors and markets, NW CyberBase is aggressively signing strategic partnerships and alliances with a network of international vendors, suppliers and software developers. The following is a partial list:

Jade Bird

Beijing-based Jade Bird, a leading Internet-related software company, has an active Research & Development relationship with Beijing University and commands a high professional reputation in key Mainland information technology circles. NW CyberBase's co-operation with Jade Bird will enable the company to have a strategic Research & Development arm in the

Internet-related software development industry in China.

Asian Information Resources

Asian Information Resources ("AIR") is a leading online bilingual content provider in China. AIR operates an established network that collects, digitises and consolidates content. This partnership adds value to NW CyberBase by providing access to high quality Internet content as well as an important e-commerce capability.

OCEN

OCEN communications is a Next-Generation Communications Service Provider focused on North American and Asian markets. OCEN's aggressive plans to build the largest pan-Asia managed IP network for carrying high volume, quality voice/fax-over-IP traffic and other IP-based communications services from the US and Asian countries will help NW CyberBase expand into VOLP and integrated messaging services.

The Group has also invested in certain strategic ventures such as PRC industries and department store operations.



New World Department Store, Shenyang



Product of New World LiftTech Limited

NEW WORLD CHINA ENTERPRISES PROJECTS LIMITED

In 1997, the Group established New World China Enterprises Projects Limited with the aim to capitalise on opportunities arising from the PRC government's initiatives in State Owned Enterprise ("SOE") reform and the modernisation of PRC industries. The Group expects to team up with strategic investors that can bring in funding and technical expertise when investing in new ventures. Steady progress was made in the year with the focus on four areas of operations: health care, automobile maintenance, consumer products and building materials.

Group operates and manages eight department stores in major PRC cities such as Wuhan, Shenyang, Wuxi, Harbin, Tianjin, Ningbo, Beijing and Chongqing and one in Hong Kong. The total business floor area taken up by department store operations increased to 1,598,000 sq. ft. In addition, a supermarket of 110,000 sq. ft. was opened in the basement of Beijing New World Department Store to satisfy local needs and promote the idea of one-stop shopping convenience.



New World LifeTech Pharmacy



New World Department Store, Chongqing

A joint venture company called New World LifeTech Limited was established by NWD (which holds 80%) and Life Tech Enterprises Ltd. (20%) to explore the opportunities in the health care and Chinese medicine businesses

DEPARTMENT STORE OPERATIONS

Ever since its launch in 1993, New World Department Store Limited has gradually expanded its portfolio in the Mainland. The

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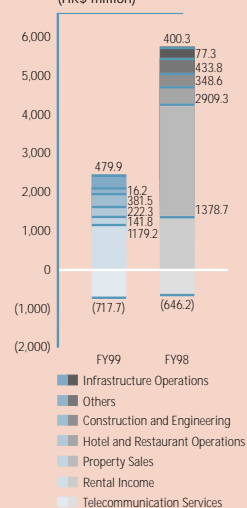
DEBT PROFILE

Summary of Results

Consolidated Profit & Loss Statement
(HK\$ million)

	FY1999	FY1998	Change
Turnover	17,527.1	20,389.9	(14.0%)
Operating profit (before interest)	1,703.2	4,901.8	(65.3%)
Net interest expense	(840.3)	(754.6)	11.4%
Share of results of associated companies & JCEs	1,355.2	637.1	112.7%
Operating profit before exceptional items	2,218.1	4,784.3	(53.6%)
Exceptional items	388.8	(1,202.2)	N/A
Profit before taxation	2,606.9	3,582.1	(27.2%)
Taxation	(545.6)	(735.2)	(25.8%)
Minority interests	(794.5)	(704.0)	12.8%
Profit attributable to shareholders	1,266.8	2,142.9	(40.9%)
Basic earnings per share (HK\$)	0.62	1.11	(44.1%)
Diluted earnings per share (HK\$)	0.62	1.10	(43.6%)
Dividend per share (HK\$)	0.30	0.64	(53.1%)

Operating Profit by
Business Segment
before Interest
(HK\$ million)



TURNOVER

The Group's turnover decreased by 14.0% to HK\$17,527.1 million mainly due to a lower contribution from property sales, rental income and hotel and restaurant operations, during the year under review. Turnover of infrastructure operations, construction and engineering, telecommunications services and others business divisions have been improved.

OPERATING PROFIT BEFORE NET INTEREST EXPENSE

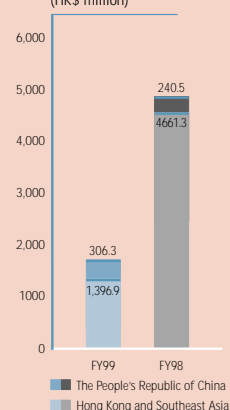
Operating profit before net interest expense dropped by 65.3% to HK\$1,703.2 million mainly due to lack of property sales, decline in rental income, hotel room rates and the increased loss in telecommunications services.

Operations in Hong Kong remained the major contributor to operating profit, representing over 82.0% of the total amount. Operating profit from China increased by 27.4% and amounted to HK\$306.3 million. Profit generated from China was mainly derived from property sales and infrastructure operations which was partially offset by the weak performance of certain hotels in the PRC. A slight loss was incurred by newly opened department stores in the PRC.

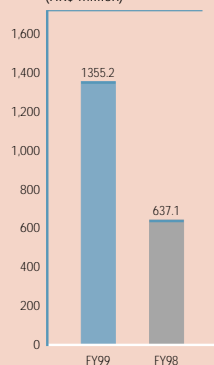
SHARES OF RESULTS OF ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

The share of results from associated companies and jointly controlled entities increased by 112.7% to HK\$1,355.2 million. The increase mainly arose from forfeiture of deposits amounting to HK\$439.6 million in connection with the sales of office floors in China Merchants Tower. During the year, the

Operating Profit by
Geographical Area
before Interest
(HK\$ million)



Share of Results of Associated Companies and Jointly Controlled Entities (HK\$ million)



infrastructure operations reported strong growth and its contribution rose by a substantial 37% to HK\$942.8 million. This reflected continuous organic growth from existing projects and new projects that became operational.

Contributions from property sales were primarily from Dongguan New World Garden, China Merchants Tower, Fortuna Garden, New World Riverside Villa Zone 14, New World Casa California Zone 13 and a Land Improvement Project in Wuhan. Rental income represented the contributions from Pearl City and shopping arcade in Shun Tak Centre in Hong Kong. Contributions from construction and engineering were derived mainly from the operation of Quon Hing Concrete and the completion of a number of projects, such as Kwun Tong Safety Godown. The associated companies that incurred losses during the year included several hotels in the PRC, a hotel in Johor Bahru and a power plant in the PRC.

Exceptional Gain/(Loss) (HK\$ million)

	FY1999	FY1998
Gain on disposal of associated companies	–	132.0
Profit on repurchase of convertible bonds	239.8	49.8
Provision for investment in:		
Cooperative joint ventures	–	(21.4)
Equity joint ventures	(27.0)	(84.6)
Company limited by shares	–	(164.2)
Listed shares	(218.8)	(344.8)
Write back of provision for listed shares	87.9	–
Write back of provision for an unlisted investment	42.0	–
Provision for diminution in value of properties held for sale	–	(769.0)
Profit on partial disposal of interest in a subsidiary	264.9	–
	388.8	(1,202.2)

EXCEPTIONAL ITEMS

During the year, NWI repurchased some convertible bonds at various discounts. Convertible bonds with a total face value of US\$49.4 million and US\$49.6 million due 2001 and 2003 were repurchased, resulting in a total profit of HK\$239.8 million.

Provisions were made for investment in a Shandong cement plant and an investment in Jiangsu Expressway Company Limited.

Provisions were made in the prior years for investments in listed and unlisted shares and a total amount of HK\$129.9 million was written back during the year. The write back included provisions against China Southern Airlines Co. Limited and Beijing Yanhua Petrochemical Co. Limited.

The profit on partial disposal of interest in a subsidiary company represented the disposal of the Group's interest in New World Services Limited ("NWS") in June 1999 to strategic investors. After the disposal, the Group held a 51.3% interest in NWS.

NET INTEREST EXPENSE

Net interest expense increased by 11% to HK\$840.3 million. Gross interest expense amounted to HK2,189.3 million, an increase of 7% from the previous year. The rise in interest expense was primarily due to the 8% increase in the overall debt position. Capitalised interest amounted to HK\$122.3 million.

Gross interest income amounted to HK\$1,349.0 million, an increase of 4% from FY1998.

TAXATION

The amount of taxation was down by 25.8% to HK\$545.6 million.

Analysis of Contribution

Analysis of Attributable Operating Profit ("AOP") by Business Segment
(HK\$ million)

	FY1999	FY1998	Change
Property sales			
Operating profit	141.8	2,909.3	
Share of results of associated companies & JCEs	325.5	(58.3)	
Taxation	(65.0)	(369.2)	
Minority interests	(227.2)	(70.6)	
	175.1	2,411.2	(92.7%)
Rental income			
Operating profit	1,179.2	1,378.7	
Share of results of associated companies & JCEs	52.5	35.5	
Taxation	(107.0)	(116.2)	
Minority interests	(59.4)	(28.9)	
	1,065.3	1,269.1	(16.1%)
Hotel and restaurant operations			
Operating profit	222.3	348.6	
Share of results of associated companies & JCEs	(49.2)	(6.0)	
Taxation	(51.9)	(69.4)	
Minority interests	(50.3)	(160.4)	
	70.9	112.8	(37.1%)
Infrastructure operations			
Operating profit	479.9	400.3	
Share of results of associated companies & JCEs	983.0	619.7	
Taxation	(197.5)	(74.9)	
Minority interests	(457.4)	(510.0)	
	808.0	435.1	85.7%
Construction & engineering			
Operating profit	381.5	433.8	
Share of results of associated companies & JCEs	123.6	71.7	
Taxation	(96.6)	(72.9)	
Minority interests	(103.3)	(125.1)	
	305.2	307.5	(0.7%)
Telecommunication services			
Operating profit	(717.7)	(646.2)	
Share of results of associated companies & JCEs	0.6	-	
Taxation	-	(1.3)	
Minority interests	109.9	84.8	
	(607.2)	(562.7)	7.9%
Others			
Operating profit	16.2	77.3	
Share of results of associated companies & JCEs	(80.8)	(25.5)	
Taxation	(27.6)	(31.3)	
Minority interests	(4.3)	(15.8)	
	(96.5)	4.7	N/A
Attributable operating profit	1,720.8	3,977.7	(56.7%)
Exceptional (loss)/gain (net of minority interests)	386.3	(1,080.2)	
Net interest expense	(840.3)	(754.6)	
Profit attributable to shareholders	1,266.8	2,142.9	(40.9%)

PROPERTY SALES

Property sales reported a 92.7% decrease in AOP to HK\$175.1 million mainly due to a lack of property sales as compared to FY1998. During the year, property sales included remaining units in Discovery Park Phase 3, forfeiture of deposits in connection with the sales of office floors in China Merchants Tower, Harmony Garden in Tsuen Wan and office units of Grand Millennium Plaza. Major PRC contributors to AOP included the sale of Guangzhou Baiyun Garden and certain Low-cost Community Housing projects in the PRC.

Outlook

In Hong Kong, a resumption in domestic GDP growth and the stabilisation of the unemployment rate are expected to underpin the property market. The situation is further improved by the government's policy of granting government loan schemes to home-buyers, the establishment of the Mortgage Corporation and the competition among banks for mortgage business. The Group aims to increase its annual production of residential properties going forward and contribution should be much improved over the next few years.

Contribution from PRC property sales is expected to grow given the Group's accelerating pace of development in the mass residential market, which will benefit from the deepening of housing reform policies and relaxation of residential mortgage lending from major state banks in the PRC.

RENTAL INCOME

AOP from rental income showed a decline of 16.1% to HK\$1,065.3 million in FY1999. Despite a sluggish retail market, the Group maintained a satisfactory occupancy of its retail portfolio. Rent reduction was granted on a selective basis to help tenants overcome adverse economic conditions.

Occupancy in the office and service apartment portfolios recorded satisfactory performance though the overall rental level was down.

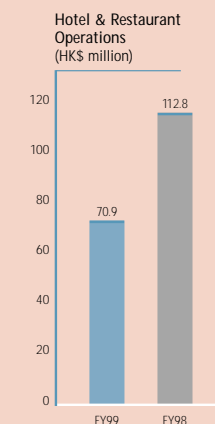
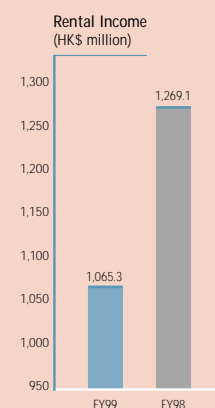
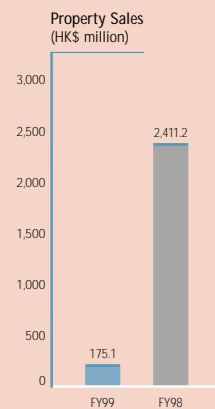
Outlook

Given that most of the rental revisions took place in the latter half of FY1999, the full year impact of the negative revision in some of the Group's investment properties, is anticipated in FY2000.

The shortfall is expected to be complemented by rental income from the leasing of a portion of the office space in the Grand Millennium Plaza and improving occupancy in Methodist House in Wan Chai.

HOTEL AND RESTAURANT OPERATIONS

AOP from hotel and restaurant operations declined by 37.1% to HK\$70.9 million was caused by a



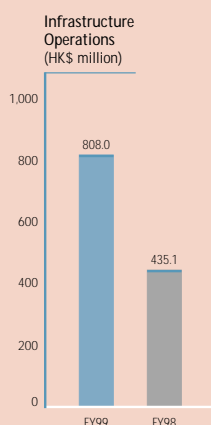
substantial drop in average room rates due to less tourist visit Hong Kong and competition in the hotel industry. During the year under review, the operating environment throughout Asia remained difficult. Hotel operations in Hong Kong remained the key contributor to this sector.

Outlook

Contributions from hotel and restaurant operations in Hong Kong are expected to improve in the coming years as evidenced by the recent rise in tourist arrivals reported by the Hong Kong Tourist Association.

INFRASTRUCTURE OPERATIONS

AOP from infrastructure operations increased by 85.7% in FY1999 to HK\$808.0 million. The Roads and Bridges sector remained the most important earnings driver. AOP growth in the Roads and Bridges sector was primarily due to the robust performance of the Guangzhou City Northern Ring Road (with an AOP increase of 13% in FY1999), and full operational status of nine new projects and the opening of the Guangzhou Three New Bridges.



The slight increase in AOP marked by the Cargo Handling sector was based on the improved results of Sea-Land Orient Terminals Limited ("SLOT"), which operates Container Terminal No. 3 ("CT3") at Kwai Chung in Hong Kong, and Asia Terminals Limited ("ATL"), the operator of a freight station and cargo distribution centre at CT3. These gains were partially offset by the loss incurred by certain projects in the PRC.

The increase in Power sector AOP was primarily due to a strong performance from the Zhujiang Power Stations I and II, a much improved contribution from Beijing Datang, and better performance at the Shunde De Sheng and Macau power plants.

A factor for the AOP increase in the Water Treatment sector was the full-year effect of two water plants in Zhongshan, China. A modest rise was registered at the Macau Water Plant where production volume increased and revenue rose modestly.

Outlook

The full operation of the Guangzhou Three New Bridges and the commencement of operations of the Tianjin Yonghe and Zhaoqing Deqing Xijiang bridges will have a positive effect on AOP for FY2000.

Cargo Handling expects to register AOP gains again in FY2000 on the back of an expected recovery in trade volumes in Hong Kong, strong growth at the Kwai Chung Terminal, and improved operating efficiency at SLOT and ATL. These operations avidly await the future development of Container Terminal No. 9, in which SLOT is a consortium member.

Analysis of AOP – NWI (Extracted from the Annual Report of NWI)
(HK\$ million)

	FY1999	FY1998	Change
Cargo Handling	275.5	273.6	0.7%
Roads	356.0	341.0	4.4%
Bridges	165.6	140.9	17.5%
Power	508.9	340.3	49.5%
Water Treatment	24.1	6.1	295.1%
Others	–	1.3	(100.0%)
Attributable operating profit	1,330.1	1,103.2	20.6%

The Power sector is facing a challenging environment due to excess capacity in certain markets and the government's desire to drop tariffs to increase consumption. However, NWI power operations are expected to maintain their AOP in FY2000.

Contribution from Water Treatment operations also achieved satisfactory growth.

CONSTRUCTION & ENGINEERING

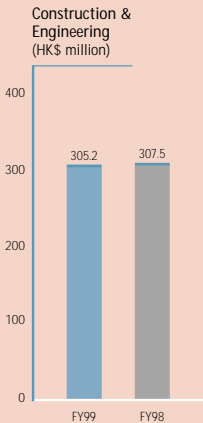
AOP from the construction and engineering division dropped by 0.7% to HK\$305.2 million.

Hip Hing continued to be the key contributing company, and accounted for over half of the AOP.

The electrical and mechanical engineering division suffered greatly from the slowdown in private sector developments. This was primarily due to a drop in profit margin and reduced number of contracts due to keen competition.

Outlook

The Group's performance should remain strong given the increase in contracts on hand. With the recent increase in private development activities, the Group is expecting to win more contracts and actively bid for contracts in the public sector.

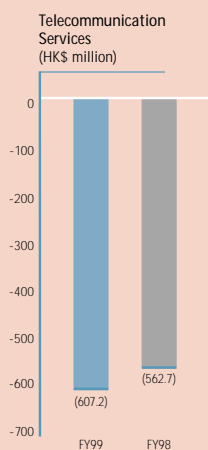


Analysis of AOP – NWS (Extracted from the Annual Report of NWS)
(HK\$ million)

	FY1999	FY1998	Change
Construction	298.6	359.2	(17.0%)
Electrical and mechanical engineering	45.1	105.5	(57.3%)
Facility management	128.7	139.3	(7.6%)
Property management	70.4	71.9	(2.1%)
Security and guarding	44.8	45.2	(0.9%)
Transportation services	(38.2)	-	N/A
Cleaning & landscaping & others	35.9	(8.6)	N/A
Operating profit	585.3	712.5	(17.9%)
Share of results of associated companies and JCEs	123.6	125.9	(1.8%)
Taxation	(140.2)	(126.2)	11.1%
Minority interests	9.8	2.3	326.3%
Attributable operating profit	578.5	714.5	(20.4%)
Net interest income	50.1	15.5	223.2%
Profit attributable to shareholders	628.6	730.0	(15.2%)

TELECOMMUNICATIONS AND TECHNOLOGY

The loss incurred by telecommunications services amounted to HK\$607.2 million, representing an increase of 7.9%.



During the year, the Group continued its intensive advertising campaign and free handset subsidies marketing strategy. As a result, as of September 1999 NWM reported a 100% growth of its customer base over the previous year to over 440,000 subscribers.

The higher FY1999 operating loss mainly reflected NWM's handset subsidies. During the year, NWM was the fastest growing PCS operator.

With a growing market share in the domestic IDD market, the profit margin of the NWT fixed network service is steadily improving. NWT has established a customer base of over 720,000 and its IDD009 long-distance traffic volume grew 30% to 300 million minutes.

Outlook

It is anticipated that NWM's PCS customer base will grow to 500,000 by the end of 1999. Given the increasing customer base and revenue, the operating loss is expected to decrease. Stimulated by the facilities-based competition of IDD service to be commenced in January 2000, NWT will deliver IDD traffic through its own transmission facilities rather than leased international circuits, thus reducing transmission costs.

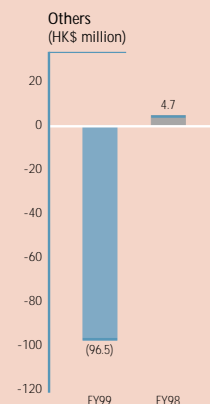
OTHER OPERATIONS

The AOP of businesses under this category incurred a loss of HK\$96.5 million mainly due to transportation, duty free shop operations and department store operations.

Although NWFB's 10-month bus operation incurred a small loss, the increasing market share in the public transport industry and positive feedback from customers is encouraging. Much effort has been placed on cost savings, route rationalisation and exploration of new routes, and it is expected that NWFB will cash flow break-even in FY2000.

The department store operations generated a loss due to initial start-up costs and weak consumption sentiment.

Other business operations that fall into this category include property management, security and guarding and cleaning and landscaping. All these operations reported satisfactory performance.



Financial Position

Summary of Assets
(HK\$ million)

	FY1999	FY1998	Change
Fixed assets	39,912.5	37,545.1	6.3%
Associated companies	7,005.9	6,618.3	5.9%
Jointly controlled entities	25,089.7	22,952.6	9.3%
Other investments	8,820.4	7,556.1	16.7%
Long term receivables	627.2	692.6	(9.4%)
Deferred expenditure	178.6	222.1	(19.6%)
Net current assets	14,543.3	13,282.3	9.5%

FIXED ASSETS

The increase in fixed assets was primarily due to a rise in assets under construction (both property and infrastructure projects) and acquisition of fixed assets for NWT and NWFB operations. The increase was partially offset by a decrease in valuation in investment and hotel properties.

ASSOCIATED COMPANIES

There was a 5.9% increase in investments in associated companies to HK\$7,005.9 million in FY1999. Such an increase was primarily due to additional funding to the Tung Chung project and the Queen's Street Redevelopment project.

JOINTLY CONTROLLED ENTITIES

The majority of the increase was primarily due to new investments and an additional contribution to a number of projects, such as Tangjin Expressway, Tianhe Shipai Lot Nos. 2 and 5 Development, Beijing New World Garden and Changning Ramada Square in Shanghai.

OTHER INVESTMENTS

In FY1999, the Group adopted SSAP24 to record listed and unlisted investments at fair value at the balance sheet date. As a result of this change in accounting policy, an increase of HK\$1,074.4 million in value was recorded. Additional capital injection and loan contribution to De Sheng Power Plant and certain Low-cost Community Housing projects were made.

NET CURRENT ASSETS

The increase in net current assets was mainly due to an increase of HK\$4,160.7 million in properties held for sale as well as the cash and bank balance. This increase was offset by an increase of HK\$2,105.5 million in short term borrowings, and the current portion of long term liabilities. During the year, a number of financing facilities were arranged to finance various operations.

As a result of these financing activities, the Group's balance sheet is recapitalised and the Group is well prepared for its future capital expenditure on Hong Kong property development.

Summary of Liabilities and Equity
(HK\$ million)

	FY1999	FY1998	Change
Share capital	2,127.8	1,984.9	7.2%
Reserves	54,584.8	52,827.2	3.3%
Shareholders' funds	56,712.6	54,812.1	3.5%
Minority interests	9,851.4	9,079.6	8.5%
Mandatorily convertible bonds	3,864.6	—	N/A
Long term liabilities	25,725.2	24,960.4	3.1%
Deferred taxation	23.8	17.0	40.0%

SHARE CAPITAL

Share capital increased by 7.2% as a result of the issuance of 25.9 million shares for a scrip dividend and a share placement of 117 million shares at HK\$20.05 per share to finance general working capital of the Group.

RESERVES

An asset revaluation deficit of HK\$2,431.4 million was recorded for the year due to the decrease in value of investment and hotel properties. Nonetheless, the adoption of SSAP24 this year has resulted in an increase of carrying value of the Group's investment by HK\$1,059.6 million. A net decrease of HK\$1,538.0 million of asset revaluation reserve was recorded. Together with the increase in share premium arising from the placement of shares and scrip dividend and retained earnings, the net increase in reserves was HK\$1,757.6 million.

LONG TERM LIABILITIES

The increase in long term liabilities was primarily the result of a net increase in bank loans of HK\$880.4 million and additional loans of HK\$732.4 million from minority shareholders were recorded.

MINORITY INTERESTS

FY1999 minority interests recorded a slight increase mainly due to the increase in minority shareholdings after the partial disposal of NWD's stake in NWS.

Debt Profiles

Debt Profiles
(HK\$ million)

	Total			Excluding NWI			Excluding NWCL		
	FY1999	FY1998	Change	FY1999	FY1998	Change	FY1999	FY1998	Change
Within one year	6,126.9	4,021.4	52.4%	6,064.8	3,743.8	62.0%	5,360.3	3,803.8	40.9%
1 to 2 years	2,971.8	7,749.8	(61.7%)	2,709.4	7,687.8	(64.8%)	2,599.3	7,461.8	(65.2%)
2 to 5 years	14,687.8	9,143.9	60.6%	8,432.8	3,723.4	126.5%	14,659.8	8,857.7	65.5%
Over 5 years	4,940.9	5,674.3	(12.9%)	4,940.9	5,674.3	(12.9%)	4,940.9	5,674.3	(12.9%)
Total	28,727.4	26,589.4	8.0%	22,147.9	20,829.3	6.3%	27,560.3	25,797.6	6.8%

The total debt of the Group rose by 8.0% to HK\$28,727.4 million in FY1999. A number of financing transactions were arranged during the year. Details of major financing activities for FY1999 are set out on page 9. The amount raised was used to refinance short term debts so as to prolong the maturity profile of the Group's debts and to finance the Group's investing activities. After the above financing arrangements, as at 30 June 1999, the borrowings of the Group repayable over two years represented approximately 68% of total borrowings. Borrowings repayable within one year, net of cash, amounted to HK\$2,380.4 million. Subsequent to 30 June 1999 certain financing activities had been carried out and raised a total amount of approximately HK\$6,000 million. These banking facilities together with cash flow from operation and other undrawn credit facilities available to the Group will provide sufficient funding to the Group for its operational requirements and current capital commitments.

Interest Rate Profile
 (HK\$ million)

	Total			Excluding NWI			Excluding NWCL		
	FY1999	FY1998	Change	FY1999	FY1998	Change	FY1999	FY1998	Change
Fixed rate	6,769.0	7,112.0	(4.8%)	3,875.1	3,454.0	12.2%	6,769.0	7,112.0	(4.8%)
Floating rate	21,958.4	19,477.4	12.7%	18,272.8	17,375.3	5.2%	20,791.3	18,685.6	11.3%
Total	28,727.4	26,589.4	8.0%	22,147.9	20,829.3	6.3%	27,560.3	25,797.6	6.8%

As at 30 June 1999, approximately 24% of the Group's borrowings was on a fixed rate basis and 76% was on a floating rate basis. Fixed rate borrowings mainly related to convertible bonds.

Nature of Debt
 (HK\$ million)

	Total			Excluding NWI			Excluding NWCL		
	FY1999	FY1998	Change	FY1999	FY1998	Change	FY1999	FY1998	Change
Unsecured	16,527.9	13,410.5	23.2%	13,068.1	11,718.3	11.5%	15,736.6	12,690.2	24.0%
Secured	6,561.4	6,396.1	2.6%	6,335.6	5,986.1	5.8%	6,185.6	6,324.6	(2.2%)
Convertible bonds	5,638.1	6,782.8	(16.9%)	2,744.2	3,124.9	(12.2%)	5,638.1	6,782.8	(16.9%)
Total	28,727.4	26,589.4	8.0%	22,147.9	20,829.3	6.3%	27,560.3	25,797.6	6.8%

NATURE OF DEBT

As at 30 June 1999, unsecured borrowings including convertible bonds represented approximately 77% of total borrowings. Secured borrowings accounted for 23% of total borrowings. The aggregate net book value of fixed assets pledged as securities for loans amounted to HK\$10,426.1 million.

The US\$350 million mandatorily convertible bonds were excluded from the Group's borrowing in FY1999 as these bonds have been mandatorily converted into shares in NWCL following the listing of NWCL on the Stock Exchange of Hong Kong on 16 July 1999. In FY1998, this bond was included in long term liabilities. A total amount of US\$99 million convertible bonds issued by NWI have been repurchased and cancelled. The issuance of US\$300 million convertible bonds due 2004 in June 1999 were added, therefore, a net decrease of 16.9% of convertible bonds was recorded.

INTEREST COVERAGE

Interest coverage dropped from 2.6 times in FY1998 to 1.4 times in FY1999. The decrease in coverage was mainly due to a fall in profit, higher interest costs and the increment of new debt. Interest expense in FY1999, excluding capitalised interest, rose by HK\$152.6 million to HK\$2,311.6 million.

NET DEBT TO EQUITY RATIO

The Group's net debt to equity ratio remained at 44% as at 30 June 1999.

Cash Flow Analysis

Group Cash Flow Analysis
(HK\$ million)

	FY1999	FY1998	Change
Net cash inflow from operating activities	2,526.4	6,093.2	(58.5%)
Net cash outflow from returns on investments and servicing of finance	(846.0)	(1,477.5)	(42.7%)
Net cash outflow from investing activities	(9,408.2)	(11,894.1)	(20.9%)
Net cash inflow from financing activities	11,596.1	7,446.0	55.7%

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash flows from operating activities decreased by 58.5% principally due to reduced operating income from property sale.

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

The net cash outflow from returns on investments and servicing of finance was reduced by 42.7% to HK\$846.0 million primarily due to a decrease in the dividend paid.

CASH FLOWS FROM INVESTING ACTIVITIES

The net cash outflow from investing activities amounted to HK\$9,408.2 million mainly composed of purchase of fixed assets of HK\$5,276.9 million, increase in investments in subsidiary companies and jointly controlled entities of HK\$4,396.0 million and the partial disposal of interest in NWS of HK\$1,246.1 million. The purchase of fixed assets were mainly due to the acquisition of new buses and additional development costs incurred for infrastructure projects.

CASH FLOWS FROM FINANCING ACTIVITIES

Major fund inflows during the year included:

- (a) Placement of 117 million NWD shares issued at HK\$20.05 per share, raising a net proceeds of HK\$2,318.8 million;
- (b) US\$300 million convertible bonds issued by the Group due 2004;
- (c) Issuance of US\$150 million mandatorily convertible bonds due 2002 convertible into NWI shares at HK\$12.00 per share and
- (d) The drawdown of banking facilities.

Major fund outflows during the year included:

- (a) Repayment of debt amounting to HK\$7,927.9 million and
- (b) Repurchase of convertible bonds by NWI.

NWD in the Financial Market

INVESTOR RELATIONS

Continuing last year's effort, the Group remained keen to increase its overall transparency by maintaining constant communication with the media and financial community. The Group participated in various investment conferences and international road shows and conducted numerous company visits. Site visits were organised for investors and analysts to visit projects in the PRC.

CONVERTIBLE BONDS

4.375% US\$300 Million Convertible Guaranteed Bonds Due 2000

A total of US\$53.7 million worth of convertible bonds was outstanding as at 30 June 1999.

3% US\$350 Million Convertible Guaranteed Bonds Due 2004

A US\$300 million convertible guaranteed bonds was issued in June 1999 and a further issue of US\$50 million convertible guaranteed bonds in July 1999.

5% US\$250 Million Guaranteed Bonds Due 2001 (issued by NWI)

The said bond with a face value of US\$49.4 million was repurchased during the year. A total of US\$187.1 million convertible bonds was outstanding as at 30 June 1999.

1% US\$250 Million Guaranteed Bonds Due 2003 (issued by NWI)

The said bond with a face value of US\$49.6 million was repurchased during the year. A total of US\$185.9 million convertible bonds was outstanding as at 30 June 1999.

MANDATORILY CONVERTIBLE BONDS

4% Mandatorily Convertible Bonds Due 1999

Mandatorily convertible bonds of US\$350 million were issued in 1996 which will be mandatorily converted into shares of NWCL upon a complying IPO on or before 31 December 1999. A Complying IPO occurred and the shares of NWCL were listed on the Stock Exchange of Hong Kong on 16 July 1999 and the said bonds were converted into NWCL shares. In FY1998, these bonds were included in long term liabilities.

5% Mandatorily Convertible Bonds Due 2002

Mandatorily convertible bonds of US\$150 million were issued to an investor who has the option to convert the bonds into NWI shares at a conversion price of HK\$12.00 per share. Unless previously converted, the bonds will be mandatorily and automatically converted into NWI shares on 30 April 2002.

ORDINARY SHARES ISSUED

As at 30 June 1999, total outstanding shares of NWD were 2,127,812,731, an increase of 142,881,160 shares over the number of shares issued at the end of last year.

A total of 25,881,160 NWD shares were issued for the settlement of the 1998 final dividend and 1999 interim scrip dividend. In addition, 117,000,000 NWD shares were issued to provide additional working capital to the Group.

Year 2000 Issue

The Group is fully aware of the importance of the Year 2000 ("Y2K") issue which generally refers to the failure of certain computer software and electronic systems to correctly process four-digit year dates beginning with 2000.

As early as 1993, the Group established a special task force to design and implement a series of tests and conversions to mitigate any likely impact caused by data conversion at the Year 2000 transition. The tests and conversions include assessment of compliance of all data sensitive devices, such as telephone exchange systems, data transmission equipment and electronic computing items. Following the result of these tests, system upgrades or conversion on in-house developed software and devices were scheduled. Subsequent field tests were conducted to ensure final and full compliance before critical dates as the new century approached. All tests were passed and the Group is confident of a smooth and successful transition.

The expected cost relating to the Y2K issue is estimated at HK\$31.4 million and is not expected to have a material impact on the Group's financial position.

Nevertheless, an emergency team task force is ready to tackle any unforeseen disruption. The team devised several contingency plans in case of emergency, such as extra backup and data rescue requirements. The Group's directors are constantly supervising the Y2K compliance progress and believe there will be minimal Y2K impact on the business.

DIRECTORS' PROFILE

Dato' Dr. Cheng Yu-Tung DPMS, LLD(Hon), DBA(Hon), DSSc(Hon) (aged 74)

Appointed as Director in May 1970 and has been the Chairman since 1982. Chairman of NWD (Hotels Investments) Limited and Chow Tai Fook Enterprises Limited. Director of Hang Seng Bank Limited. Dr Cheng is the brother of Mr Cheng Yue-Pui, father of Dr Cheng Kar-Shun, Henry and Mr Cheng Kar Shing, Peter.

Cheng Kar-Shun, Henry BA, MBA, DBA(Hon), LLD(Hon) (aged 52)

Appointed as Director in October 1972 and became an Executive Director in 1973. Managing Director from 1989. Chairman and Managing Director of New World China Land Limited. Chairman of New World Infrastructure Limited, New World CyberBase Limited, New World Services Limited, New World Telephone Holdings Limited, New World First Bus Services Limited and Tai Fook Securities Group Limited. Managing Director of NWD (Hotels Investments) Limited. Director of Chow Tai Fook Enterprises Limited, Marriott International Inc, HKR International Limited and Kwoon Chung Bus Holdings Limited. Chairman of the Advisory Council for The Better Hong Kong Foundation. A Committee Member of the Eighth and Ninth Chinese People's Political and Consultative Committee of the People's Republic of China. A Member of the Hong Kong SAR Services Promotion Strategy Group. Dr Cheng is the eldest son of Dato' Dr Cheng Yu-Tung and brother of Mr Cheng Kar-Shing, Peter.

The Honourable, Lee Quo-Wei GBM, JP (aged 81)

Appointed as Director in October 1972. Honorary Chairman of Hang Seng Bank Limited. Deputy Chairman of Hysan Development Company Limited. Director of Miramar Hotel & Investment Company Limited, Shaw Brothers (Hong Kong) Limited and Shanghai Industrial Holdings Limited. Life Member of the Council of The Chinese University of Hong Kong.

Lord Sandberg, Michael CBE (aged 72)

Appointed as Director from October 1972 to May 1977 and re-appointed in January 1987. Chairman of The Hongkong and Shanghai Banking Corporation Limited from September 1977 to December 1986.

Dr Ho Tim Chev.Leg.d'Hon, DSSc(Hon), DBA(Hon), LLD(Hon), JP (aged 90)

Appointed as Director in October 1972. Chairman of Miramar Hotel & Investment Company Limited. Director of Hang Seng Bank Limited, Sun Hung Kai Properties Limited and King Fook Holdings Limited. A Council Member of The Chinese University of Hong Kong. Honorary Permanent President of the Chinese Gold & Silver Exchange Society.

Dr Sin Wai-Kin, David DSSc(Hon) (aged 70)

Appointed as Executive Director in June 1970. Chairman of Myer Jewelry Manufacturer Limited, Honorary Chairman of Hip Hing Construction Company Limited and Vice-Chairman of Miramar Hotel & Investment Company Limited. Director of Hang Seng Bank Limited, King Fook Holdings Limited and New World First Bus Services Limited. A Council Member of The Chinese University of Hong Kong.

Mr Cheng Yue-Pui (aged 70)

Appointed as Director in June 1970. Director of Chow Tai Fook Enterprises Limited. Mr Cheng is the brother of Dato' Dr Cheng Yu-Tung.

Mr Liang Chong-Hou, David (aged 54)

Appointed as Director in November 1979 and became Executive Director in 1986.

Mr Yeung Ping-Leung, Howard (aged 42)

Appointed as Director in November 1985. Chairman of King Fook Holdings Limited.

Mr Cha Mou-Sing, Payson (aged 57)

Appointed as Director in April 1989. Managing Director of HKR International Limited. Joint Managing Director of The Mingly Corporation Limited. Chairman of Ocean Park Corporation. Member of the Law Reform Commission. Member of Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR. Member of The National Committee of the Chinese People's Political and Consultative Conference. Deputy Chairman of the Council of City University of Hong Kong.

Mr Cheng Kar-Shing, Peter (aged 47)

Appointed as Director in October 1994. Director of NWD (Hotels Investments) Limited and New World Services Limited. Deputy Managing Director of New World Development (China) Limited. Executive Director of New World Infrastructure Limited and New World China Land Limited. Mr Cheng is the son of Dato' Dr Cheng Yu-Tung and brother of Dr Cheng Kar-Shun, Henry.

Mr Leung Chi-Kin, Stewart (aged 60)

Appointed as Director in October 1994 and has been the Group General Manager since May 1988. Executive Director of New World China Land Limited. Director of New World Infrastructure Limited, New World Hotel Company Limited, New World First Bus Services Limited, Hip Hing Construction Company Limited, Asia Television Limited. Deputy Chairman of Huey Tai International Limited.

Mr Chan Kam-Ling (aged 59)

Appointed as Director in October 1994. Managing Director of Hip Hing Construction Company Limited and New World Services Limited. Director of New World Development (China) Limited, New World First Bus Services Limited. Executive Director of New World Infrastructure Limited and New World China Land Limited.

Mr Chow Kwai-Cheung (aged 57)

Appointed as Director in October 1994. Executive Director of New World China Land Limited and Director of Hip Hing Construction Company Limited.

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 201B, Hong Kong Convention & Exhibition Centre Phase 2, 1 Expo Drive, Wanchai, Hong Kong on Friday, 17 December 1999 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 1999 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, 15 October 1999

Notes:

- (1) Register of Shareholders will be closed from 8 December 1999 to 17 December 1999, both days inclusive.
- (2) Shareholders are entitled to appoint a proxy to attend and vote on their behalf at the meeting and such proxy need not be a shareholder of the Company. A proxy form, to be valid, must be completed and returned to the Company's registered office not less than 48 hours before the time for the holding of the meeting.

DIRECTORS' REPORT

The Directors have pleasure in presenting their Annual Report and Statement of Accounts for the year ended 30 June 1999.

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 jointly controlled entities are shown in Notes 30, 31 and 32 to the Accounts on pages 142 to 154.

Accounts

The profit of the Group for the year ended 30 June 1999 and the state of the Company's and the Group's affairs at that date are set out in the Accounts on pages 100 to 154.

Dividends

The Directors have resolved to recommend total final dividend of 15 cents per share (1998: 32 cents) comprising a 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 a scrip dividend by way of an issue of new shares equivalent to 14 cents per share with a cash option to shareholders registered on 17 December 1999. Together with the interim dividend of 15 cents per share (1998: 32 cents) paid in June 1999, total distributions for 1999 would thus be HK\$0.30 (1998: HK\$0.64) 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 14 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 17 to the Accounts.

Reserves

The details of movements in reserves are set out in Note 18 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.

DIRECTORS' REPORT (continued)

Donations

The Group made charitable donations during the year amounting to HK\$7,789,000.

Fixed Assets

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

Connected Transactions

Connected transactions of the Group are set out on pages 92 to 95.

Group Borrowings

Borrowings of the Company and the Group are set out in Notes 16 and 20 to the Accounts.

Directors

The Directors of the Company, whose names appear on inside back cover 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. Cheng Yu-Tung, Dr. Cheng Kar-Shun, Henry, Dr. Ho Tim and Mr. Liang Chong-Hou, David retire by rotation and, being eligible, offer themselves for re-election.

The Company's non-executive directors serve for a term of three years and each is subject to re-election by the shareholders in general meeting.

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.

Audit Committee

The Company has set up an Audit Committee. Members of the Committee are Mr. Yeung Ping-Leung, Howard and Mr. Cha Mou-Sing, Payson. The principal duties of the Audit Committee include the review and supervision of the Company's financial reporting process and internal controls.

DIRECTORS' REPORT (continued)

Directors' Interests in Contracts

Pursuant to an agreement dated 5 August 1993 (the "Agreement") made between Hotel Property Investments (B.V.I.) Limited ("HPI") and Renaissance Hotel Holdings (B.V.I.) Limited ("Renaissance"), both being former subsidiary companies of the Group, and CTF Holdings Limited ("CTF"), HPI agreed to pay CTF an annual fee in accordance with the terms of the Agreement. This Agreement was assigned to NWD (Hotels Investments) Limited (formerly known as New World Hotels (Holdings) Limited) ("NWHH"), a subsidiary company of the Group, on 25 July 1997. CTF was paid a fee of US\$10,317,000 (HK\$80,038,000) for the year ended 30 June 1999 (1998: US\$10,662,000 (HK\$82,630,500)). Dr. Cheng Kar-Shun, Henry, director of the Company and Mr. Doo Wai-Hoi, William, a director of certain subsidiary companies of the Group, are interested in this transaction to the extent that they have beneficial interests in CTF.

Save for contracts amongst group companies and the aforementioned transactions, 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' Interests in Shares

As at 30 June 1999, interests of the Directors and their associates in the equity securities of the Company and its subsidiary companies which have been recorded in the register kept by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance are set out on pages 96 to 97.

Directors' Rights to Acquire Shares or Debentures

Under a share option scheme of a subsidiary company, New World Infrastructure Limited ("NWI"), options may be granted to directors and employees of NWI or its subsidiary companies to subscribe for shares in NWI. The following directors of the Company who are also directors of NWI have personal interest in share options to subscribe for shares in NWI which have been granted to them during the year as follows:

Name of Director	Date of Grant	Number of Share Options Outstanding at 30 June 1999 with Exercise Price per Share	
		HK\$10.20 ⁽¹⁾	HK\$12.00 ⁽²⁾
Dr. Cheng Kar-Shun, Henry	2 December 1998	600,000	2,400,000
Mr. Cheng Kar-Shing, Peter	1 December 1998	120,000	480,000
Mr. Leung Chi-Kin, Stewart	8 December 1998	120,000	480,000
Mr. Chan Kam-Ling	9 December 1998	200,000	800,000

Notes:

⁽¹⁾ Exercisable from 1 July 1999 to 1 June 2004.

⁽²⁾ Divided into 3 tranches exercisable from 1 July 2000, 2001 and 2002 respectively to 1 June 2004.

Except for the foregoing, at no time during the year was the Company or any of its subsidiary companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (continued)

Substantial Shareholder

As at 30 June 1999, Chow Tai Fook Enterprises Limited ("CTFEL"), together with its subsidiary companies had interests in 760,508,490 shares in the Company.

Save for the above, no other shareholder 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 as at 30 June 1999.

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.

Major Customers and Suppliers

During the year, less than 30% of the Group's turnover and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

Corporate Governance

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year covered by this annual report.

Year 2000 Issue

Details of the Year 2000 Issue are set out on page 84.

Practice Note 19 of the Listing Rules

The disclosure pursuant to Practice Note 19 of the Listing Rules is set out on page 98.

Auditors

The Accounts have been audited by Messrs PricewaterhouseCoopers and H.C. Watt & Company Limited, who retire and, being eligible, offer themselves for re-appointment as joint auditors of the Company.

On behalf of the Board

Dr. Cheng Yu-Tung

Chairman

Hong Kong, 15 October 1999

DIRECTORS' REPORT (continued)

Connected Transactions

- (a) The Company and CTFEL, severally in the proportions of 64% and 36%, have on 29 August 1995 issued an indemnity ("Indemnity") to Renaissance Hotel Group N.V. ("RHG"), a former subsidiary company of NWHH, which is now an independent third party, in respect of any obligations of RHG or its subsidiary companies may have in respect of certain lease payment obligations under 25 leases or guarantees of leases of Hotel Property Investment, Inc., a Delaware corporation held by HPI.

On 25 July 1997, NWHH sold its entire interests in HPI to CTF, a company controlled by Dr Cheng Kar-Shun, Henry, a director of the Company and Mr. Doo Wai-Hoi, William, a director of certain subsidiary companies of the Company. Under the sale, the indemnity will continue. Arrangements have therefore been entered into whereby CTFEL will counter-indemnify the Company fully against any liability arising under the Indemnity in respect of the said lease obligations and guarantees of leases. It is presently estimated that the maximum liability of the Company under the Indemnity will be approximately US\$54 million per annum. Up to now, no payment has ever been made by the Company or CTFEL under the Indemnity.

- (b) On 3 December 1998, a 58.6% subsidiary company and Sea-Land Orient Terminals Limited ("SLOT") entered into a deed of guarantee (the "Guarantee") in respect of the obligations of Sea-Land Orient Terminal 8 Limited ("SLOT 8") and in favour of Asia Container Terminals Limited ("ACT"), which is one of the joint developer of the Container Terminal No. 9 ("CT9") at Kwai Chung, and its shareholders. The shareholders of ACT include two independent third parties, Sunmall Limited ("Sunmall") and SLOT 8 holding 57%, 13.5% and 29.5% interest respectively. Sunmall is a wholly owned subsidiary of that subsidiary company and SLOT 8 is a non-wholly owned subsidiary owned as to 66.1% by that subsidiary company and 33.9% by SLOT. SLOT is a connected person of that subsidiary company only by virtue of SLOT's substantial shareholding in SLOT 8.

Under the Guarantee, that subsidiary company and SLOT unconditionally, irrevocably and severally guarantee, in the proportion of each of their respective shareholdings in SLOT 8, to ACT and each of its shareholders (other than SLOT 8) that, if for any reason SLOT 8 does not (a) pay any sum payable by or expressed to be payable by it, or (b) perform any of its obligations, under the shareholders' agreement, the shareholders' funding agreement and the shareholders' loan agreement of ACT (together, the "ACT Agreements"), that subsidiary company and SLOT will pay that sum or (as the case may be) perform that obligation on demand by ACT or any one or more of its shareholders. The financial obligation of SLOT 8 under the ACT Agreements is substantially to fund SLOT 8's share of CT9 project cost currently estimated to be HK\$1,427.0 million of which 66.1% amounting to HK\$943.0 million is guaranteed by that subsidiary company.

- (c) Pursuant to a placing agreement dated 11 January 1999, CTFEL sold 117,000,000 existing shares of HK\$1 each of the Company at a price of HK\$20.05 per share ("the Placing") and would subscribe for 117,000,000 new shares of the Company at a price of HK\$20.05 per share.

Dr Cheng Yu-Tung, Chairman of the Company, is a substantial shareholder of the holding company of Tai Fook Securities Company Limited ("TFS"), and is considered a connected person of the Group under the Listing Rules. TFS had acted as a sub-underwriter in respect of the Placing pursuant to an agreement between Credit Lyonnais Securities (Asia) Limited, one of the joint lead managers of the Placing. TFS received HK\$4.0 million commission pursuant to its role as sub-underwriting agent.

- (d) On 28 June 1999, the Company entered into an agreement between the Company and the shareholders of NW China Homeowner Development Limited ("NW Homeowner") other than the members of the Group ("Minority Investors") pursuant to which the Company agreed to purchase from the Minority Investors all the issued shares of US\$0.01 each of NW Homeowner ("Homeowner Shares") held by them representing approximately 42.59% of the issued capital of NW Homeowner. However, as a result of the acquisition, NW Homeowner became an indirect wholly owned subsidiary company of the Company and formed part of the reorganisation for the purposes of the subsequent listing of New World China Land Limited ("NWCL") and became part of the NWCL Group.

DIRECTORS' REPORT (continued)

Connected Transactions (continued)

The Minority Investors included Solandra Investment Limited ("Solandra") which is a wholly owned subsidiary company of The Hongkong and Shanghai Banking Corporation Limited ("HSBL") and Hang Seng Finance (Bahamas) Limited ("HSFB"), which is a wholly owned subsidiary company of Hang Seng Bank Limited ("Hang Seng Bank"), a company in which HSBL owned more than 35% of the issued capital. HSBL is a wholly owned subsidiary company of HSBC Holdings plc. Pursuant to the Listing Rules, Solandra and HSFB are connected persons of the Company.

The cash consideration paid by the Company to the Minority Investors was US\$53.9393 (approximately HK\$418) per Homeowner Share. The consideration paid to Solandra and HSFB was the same as that paid to other Minority Investors.

The acquisition of Homeowner Shares by the Company from Solandra and HSFB constituted a connected transaction for the following reasons:

1. Solandra, held approximately 7.43% of the issued capital of NW Homeowner, is a wholly owned subsidiary company of HSBL;
 2. HSFB, held approximately 7.43% of the issued capital of NW Homeowner, is a wholly owned subsidiary company of Hang Seng Bank, a company in which HSBL controls directly or indirectly more than 35% of the issued share capital.
- (e) Mix Creation Limited ("Mix Creation"), a subsidiary company of the Company, had on 5 July 1999 entered into a joint venture agreement with 山東龍豐制粉有限公司 (Shandong Long Feng Flour Production Company Limited) ("SLFFP") for the setting up of 新龍亞洲食品制粉(煙台)有限公司 (New Dragon Asia Flour (Yantai) Company Limited ("NDAFY"), an equity joint venture company to be incorporated in the People's Republic of China ("PRC"). NDAFY would then be 10% owned by SLFFP and 90% owned by Mix Creation.

On the same day, NDAFY had signed a sale and purchase agreement for the acquisition of assets and liabilities (except for cash or bank deposits) of SLFFP ("the Assets") from SLFFP. The consideration payable for the Assets is RMB48.5 million (HK\$45.1 million) which was to be settled by twelve equal monthly instalments with the first instalment of approximately RMB4.0 million paid on 31 July 1999.

SLFFP is a connected person of the Company by virtue of the fact that it is wholly owned by 山東龍豐集團公司 (Shandong Long Feng Group Company) which is a substantial shareholder of certain subsidiary companies of the Company.

- (f) Since the establishment of the interactive multimedia communication services ("Interactive Multimedia Communication Operation"), owned and carried on by New World Telephone Limited ("NWT"), an indirect subsidiary company of the Company, the Interactive Multimedia Communication Operation has been purchasing the hardware and related software development for the *PowerPhone* from Imagic Infomedia Technology Limited ("Imagic") and, from time to time, engaged Infa Telecom Asia Limited ("Infa Telecom") in the provision of installation related services of such purchase. Mr. Tsang Cheung, Peter and/or his associates beneficially own the entire issued share capital in each of Imagic and Infa Telecom. Mr. Tsang Cheung, Peter is a director of New World Telephone Holdings Limited ("NWT Holdings"), New World PCS Limited and New World Paging Limited, all are subsidiaries of the Company. Imagic and Infa Telecom are therefore an associate of a director of a subsidiary company of the Company. The equipment purchasing and services arrangement between Imagic and Infa Telecom and NWT therefore constituted connected transactions under the Listing Rules. Other than the equipment purchasing and services arrangement and such beneficial ownership of Mr. Tsang Cheung, Peter and/or his associates in each of Imagic and Infa Telecom, there is no relationship of such companies with the Group and NWT. Mr. Tsang Cheung, Peter and/or his Associates do not have any shares in the Group (except for his 7% interest in the issued share capital of NWT Holdings).

DIRECTORS' REPORT (continued)

Connected Transactions (continued)

Imagic is principally engaged in the development of software used on the hardware of the *PowerPhone*. Imagic purchased parts and components and assembled and installed the hardware for the *PowerPhone*. Imagic is also involved in, among other things, the application development and software integration on the *PowerPhone*. Infa Telecom Asia Limited is principally engaged in the provision of the installation related services, including but not limited to project management, installation, cabling and mounting, of *PowerPhone*.

In August 1999, the entire issued share capital of New World CyberBase (B.V.I.) Limited, the holding company of New World CyberBase (H.K.) Limited, which owned the fixed assets of the Interactive Multimedia Communication Operation has been sold to New World CyberBase Limited (formerly known as Paul Y. Properties Group Limited) for a consideration of HK\$300 million.

- (g) The following transactions had taken place between subsidiary companies of the Company and Infa Telecom during the financial years 1995/96, 1996/97, 1997/98, and 1998/99:
- (i) purchase of plant and equipment by NWT and New World PCS Limited ("Telephone Group") from Infa Telecom;
 - (ii) engagement of Infa Telecom by the Telephone Group in the site installation related services of such purchase; and
 - (iii) purchase of handsets and pagers by the Telephone Group and New World Paging Limited, a subsidiary company of the Company, respectively from Infa Telecom.

Infa Telecom is a company the entire share capital of which is beneficially owned by Mr. Peter Tsang and/or his associates. Infa Telecom is therefore an associate of a director of a subsidiary company of the Company. The above transactions therefore constituted connected transactions for the Company.

- (h) 上海裕隆實業公司("上海裕隆"), a substantial shareholder of Shanghai Heyu Properties Co Ltd ("SHPCL"), a 64% owned subsidiary company of New World China Land Limited, undertook to provide land development services to SHPCL pursuant to an agreement dated 9 December 1992. The aggregate service fees paid to 上海裕隆 at 30 June 1998 and included as part of the development costs of the related property developed by SHPCL was HK\$24.4 million and no additional amount was paid to 上海裕隆 for the year ended 30 June 1999.
- (i) The Company and a wholly owned subsidiary company have provided guarantees (the "Guarantees") in respect of the syndicated bank loans (the "Bank Loans") of NWI's two subsidiary companies and a PRC joint venture. NWI in return has given counter-guarantee in favour of the Company whereby NWI indemnifies the Company in respect of any liabilities incurred under the terms of the Guarantees. The outstanding balance at 30 June 1999 of the Bank Loans amounted to HK\$437.0 million. The Guarantees and NWI's counter-guarantee will remain in force for the duration of the Bank Loans.
- (j) The Company has provided guarantee in respect of US\$300.0 million syndicated loan facility granted to NW Homeowner, a wholly-owned subsidiary. A guarantee fee is payable by NW Homeowner to the Company and is calculated at 2% per annum on the average daily amount outstanding under such facility during a financial year and payable annually in arrears within thirty business days of the expiry of the relevant financial year. The outstanding balance of this loan at 30 June 1999 amounted to HK\$744.0 million and the guarantee fees paid to the Company for the year ended 30 June 1999 amounted to HK\$17.0 million.

DIRECTORS' REPORT (continued)

Connected Transactions (continued)

- (k) The Company has provided guarantees in respect of banking or loan facilities granted to NWCL. NWCL has given the following indemnities in favour of the Company:
- (i) an indemnity in respect of a guarantee given by the Company in relation to the repayment by NW Homeowner, a wholly-owned subsidiary of NWCL, of a loan facility of up to US\$300.0 million granted by a syndicate of banks pursuant to a loan facility agreement dated 12 June 1996;
 - (ii) an indemnity in respect of a guarantee given by the Company in relation to the repayment by Tianjin New World Housing Development Company Limited of a loan facility for an aggregate amount of RMB150.0 million from the Bank of Communications;
 - (iii) an indemnity in respect of a guarantee given by the Company in relation to the repayment by China New World Electronics Limited of credit facilities for an amount of up to RMB210.0 million from the Industrial & Commercial Bank of China; and
 - (iv) an indemnity in respect of a guarantee given by the Company in relation to the repayment by Fortune Leader Overseas Chinese (Daiya Wan) Development Co., Ltd. of loan facility for an amount of up to HK\$100.0 million from Bank of East Asia, Shenzhen Branch.

DIRECTORS' REPORT (continued)

Directors' Interests in Shares

	Personal Interests	Family Interests	Corporate Interests ⁽¹⁾	Other Interests
New World Development Company Limited (Ordinary shares of HK\$1.00 each)				
Dr. Cheng Yu-Tung	–	–	–	–
Dr. Cheng Kar-Shun, Henry	–	–	–	–
Dr. Lee Quo-Wei	–	–	3,343,859	250,000 ⁽²⁾
Ld. Sandberg, Michael	–	–	–	–
Dr. Ho Tim	1,750,135	–	–	–
Dr. Sin Wai-Kin, David	3,357,478	32,885	–	–
Mr. Cheng Yue-Pui	–	–	–	–
Mr. Liang Chong-Hou, David	228,807	–	–	–
Mr. Yeung Ping-Leung, Howard	–	–	–	–
Mr. Cha Mou-Sing, Payson	–	–	–	–
Mr. Cheng Kar-Shing, Peter	–	–	–	–
Mr. Leung Chi-Kin, Stewart	23,253	–	–	–
Mr. Chan Kam-Ling	90,470	–	–	–
Mr. Chow Kwai-Cheung	20,818	–	–	–
HH Holdings Corporation (Ordinary share of HK\$1.00 each)				
Dr. Sin Wai-Kin, David	42,000	–	–	–
Mr. Chan Kam-Ling	15,000	–	–	–
Master Services Limited (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	–	–	–
New World Infrastructure Limited (Ordinary shares of HK\$1.00 each)				
Dr. Ho Tim	148	–	–	–
Dr. Sin Wai-Kin, David	5,594	53	–	–
Mr. Liang Chong-Hou, David	262	–	–	–
Mr. Chan Kam-Ling	6,800	–	–	–
New World Services Limited (Ordinary shares of HK\$0.10 each)				
Dr. Sin Wai-Kin, David	–	–	29,350,490	–
Mr. Cheng Kar-Shing, Peter	–	–	3,382,788	–
Mr. Leung Chi-Kin, Stewart	4,214,347	–	250,745	–
Mr. Chan Kam-Ling	–	–	10,602,565	–
Mr. Chow Kwai-Cheung	2,562,410	–	–	–

DIRECTORS' REPORT (continued)

Directors' Interests in Shares (continued)

	Personal Interests	Family Interests	Corporate Interests ⁽¹⁾	Other Interests
YE Holdings Corporation (Ordinary shares of HK\$1.00 each)				
Mr. Leung Chi-Kin, Stewart	37,500	—	—	—
Extensive Trading Company Limited (Non-voting deferred shares of HK\$1.00 each)				
Mr. Cheng Kar-Shing, Peter	—	—	380,000	—
Mr. Leung Chi-Kin, Stewart	160,000	—	—	—
Mr. Chan Kam-Ling	—	—	80,000	—
Mr. Chow Kwai-Cheung	80,000	—	—	—
Hip Hing Construction Company Limited (Non-voting deferred shares of HK\$100.00 each)				
Dr. Sin Wai-Kin, David	42,000	—	—	—
Mr. Chan Kam-Ling	15,000	—	—	—
International Property Management Limited (Non-voting deferred shares of HK\$10.00 each)				
Dr. Sin Wai-Kin, David	5,400	—	—	—
Mr. Chan Kam-Ling	1,350	—	—	—
Matsuden Company Limited (Non-voting deferred shares of HK\$1.00 each)				
Mr. Leung Chi-Kin, Stewart	44,000	—	—	—
Mr. Chan Kam-Ling	—	—	44,000	—
Mr. Chow Kwai-Cheung	44,000	—	—	—
Progreso Investment Limited (Non-voting deferred shares of HK\$1.00 each)				
Mr. Leung Chi-Kin, Stewart	—	—	119,000	—
Tai Yieh Construction & Engineering Company Limited (Non-voting deferred shares of HK\$1,000.00 each)				
Dr. Sin Wai-Kin, David	700	—	—	—
Mr. Chan Kam-Ling	250	—	—	—
Urban Property Management Limited (Non-voting deferred shares of HK\$1.00 each)				
Mr. Cheng Kar-Shing, Peter	—	—	750	—
Mr. Leung Chi-Kin, Stewart	750	—	—	—
Mr. Chow Kwai-Cheung	750	—	—	—

Notes:

- ⁽¹⁾ These shares were beneficially owned by a company in which the relevant director is deemed to be entitled under the Securities (Disclosure of Interests) Ordinance to exercise or control the exercise of one third or more of the voting power at its general meeting.
- ⁽²⁾ Interests held by a charitable foundation of which Dr. Lee Quo-Wei and his spouse are members of its board of trustees.

DIRECTORS' REPORT (continued)

Practice Note 19 of the Listing Rules

At balance sheet date, the Group had given financial assistance and guarantees to its associated companies and jointly controlled entities (collectively "affiliated companies") as set out below:

	1999 HK\$m	1998 HK\$m
Amounts due by affiliated companies	20,551.3	16,797.7
Guarantees given for affiliated companies in respect of banking and other credit facilities	4,028.0	5,431.5
Commitments to capital injections	3,803.2	6,868.9
	28,382.5	29,098.1

The above financial assistance given to the affiliated companies, in aggregate, represented 50.0% of the consolidated net assets of the Group (1998: 53.1%) as at the balance sheet date. No single entity received financial assistance from the Group which exceeds 25% of the consolidated net assets of the Group.

In addition, in accordance with the requirements under paragraph 3.10 of Practice Note 19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"), the Company is required to include in its annual report a proforma combined balance sheet of its affiliated companies which would include significant balance sheet classifications and state the attributable interest of the Company in the affiliated companies. The Company has numerous affiliated companies and is of the opinion that it is not practical nor meaningful to prepare a proforma combined balance sheet and such information may be misleading. The Company made an application to, and received a waiver from, the Stock Exchange to provide the following statement as an alternative.

At 30 June 1999, the combined indebtedness and capital commitments as reported by the affiliated companies amounted to HK\$54,787.5 million and HK\$5,813.5 million respectively. No contingent liability was reported.

AUDITORS' REPORT

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 100 to 154 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective Responsibilities of Directors and Auditors

The Hong Kong 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 judgements 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 1999 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

H. C. Watt & Company Limited
Certified Public Accountants

Henry C. H. Chui
Practising Certificate No. P599

Hong Kong, 15 October 1999

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Year ended 30 June	
		1999 HK\$m	1998 HK\$m
Turnover	2	17,527.1	20,389.9
Operating profit	2 & 3	862.9	4,147.2
Exceptional items	4	388.8	(1,202.2)
Profit from ordinary activities		1,251.7	2,945.0
Share of results of			
Associated companies		1,074.1	194.2
Jointly controlled entities		281.1	442.9
Profit before taxation		2,606.9	3,582.1
Taxation	5	(545.6)	(735.2)
Profit after taxation		2,061.3	2,846.9
Minority interests		(794.5)	(704.0)
Profit attributable to shareholders	6	1,266.8	2,142.9
Dividends	7	(637.1)	(1,264.3)
Retained profit for the year	18	629.7	878.6
Retained by			
Company and subsidiary companies		685.6	891.6
Associated companies		233.5	(187.5)
Jointly controlled entities		(289.4)	174.5
		629.7	878.6
Earnings per share	8		
Basic		HK\$0.62	HK\$1.11
Diluted		HK\$0.62	HK\$1.10

CONSOLIDATED BALANCE SHEET

	Note	As at 30 June	
		1999 HK\$m	1998 HK\$m
Fixed assets	10	39,912.5	37,545.1
Associated companies	12	7,005.9	6,618.3
Jointly controlled entities	13	25,089.7	22,952.6
Other investments	14	8,820.4	7,556.1
Long term receivables	15	627.2	692.6
Deferred expenditure		178.6	222.1
Net current assets	16	14,543.3	13,282.3
Employment of funds		96,177.6	88,869.1
Financed by			
Share capital	17	2,127.8	1,984.9
Reserves	18	54,584.8	52,827.2
Shareholders' funds		56,712.6	54,812.1
Minority interests		9,851.4	9,079.6
Mandatorily convertible bonds	19	3,864.6	—
Long term liabilities	20	25,725.2	24,960.4
Deferred taxation	21	23.8	17.0
Funds employed		96,177.6	88,869.1

Dr. Sin Wai-Kin, David
Director

Dr. Cheng Kar-Shun, Henry
Director

COMPANY BALANCE SHEET

	<i>Note</i>	As at 30 June	
		1999 HK\$m	1998 HK\$m
Fixed assets	10	35.8	33.3
Subsidiary companies	11	31,625.0	28,133.7
Associated companies	12	85.7	101.0
Jointly controlled entities	13	412.5	408.0
Other investments	14	901.9	111.0
Net current assets/(liabilities)	16	110.6	(52.6)
Employment of funds		33,171.5	28,734.4
Financed by			
Share capital	17	2,127.8	1,984.9
Reserves	18	31,043.7	26,749.5
Funds employed		33,171.5	28,734.4

Dr. Sin Wai-Kin, David
Director

Dr. Cheng Kar-Shun, Henry
Director

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 30 June	
		1999 HK\$m	1998 HK\$m
Net cash inflow from operating activities	25(a)	2,526.4	6,093.2
Returns on investments and servicing of finance			
Interest received		1,349.0	1,300.6
Interest paid		(2,274.7)	(2,159.0)
Dividends received from			
Associated companies		369.1	327.7
Jointly controlled entities		239.4	242.8
Other investments		53.8	94.0
Dividends paid		(483.8)	(998.5)
Dividends paid to minority shareholders		(98.8)	(285.1)
Net cash outflow from returns on investments and servicing of finance		(846.0)	(1,477.5)
Taxation			
Hong Kong profits tax paid		(491.8)	(760.9)
Overseas taxation paid		(67.4)	(29.0)
Net tax paid		(559.2)	(789.9)
Investing activities			
Purchase of fixed assets		(5,276.9)	(3,849.2)
Increase in investments in associated companies		(379.0)	(1,906.5)
Increase in investments in jointly controlled entities		(3,361.8)	(3,812.7)
Increase in other investments		(573.6)	(1,902.9)
Decrease/(increase) in long term receivables		75.8	(403.6)
Increase in deferred expenditure		(29.0)	(62.1)
Acquisition of additional interests in subsidiary companies		(1,034.2)	(285.0)
Acquisition of subsidiary companies (net of cash and cash equivalents)	25(c)	(293.1)	(162.1)
Decrease/(increase) in bank deposits maturing more than three months from the date of placement		16.2	(214.0)
Proceeds on disposal of			
Associated companies		—	144.4
Fixed assets, including investment properties		122.2	233.1
Jointly controlled entities		—	275.0
Other investments		—	68.2
Partial interest in a subsidiary company		1,246.1	—
Net cash inflow/(outflow) from disposal of subsidiary companies (net of cash and cash equivalents)	25(e)	79.1	(16.7)
Net cash outflow from investing activities		(9,408.2)	(11,894.1)
Net cash outflow before financing		(8,287.0)	(8,068.3)

CONSOLIDATED CASH FLOW STATEMENT (continued)

	Note	Year ended 30 June	
		1999 HK\$m	1998 HK\$m
Financing			
Issue of shares		2,345.8	–
Issue of mandatorily convertible bonds		1,163.7	–
Issue of convertible bonds		2,325.0	1,932.5
Repurchase of convertible bonds		(539.8)	(166.6)
Share issue expenses		(27.0)	(4.7)
Bond issue expenses		(65.5)	(48.7)
Increase in bank and other loans		12,868.2	7,935.9
Repayment of bank and other loans		(7,927.9)	(2,365.0)
Capital element of finance lease rental payment		(3.9)	(2.6)
Increase/(decrease) in short term bank and other loans		1,123.6	(77.5)
Contribution from minority shareholders		333.9	242.7
Net cash inflow from financing activities	25(f)	11,596.1	7,446.0
Increase/(decrease) in cash and cash equivalents		3,309.1	(622.3)
Cash and cash equivalents at beginning of year		(149.4)	477.8
Effect of foreign exchange rate changes		1.7	(4.9)
Reclassified to a jointly controlled entity	25(g)	70.6	–
Cash and cash equivalents at end of year	25(h)	3,232.0	(149.4)

NOTES TO THE ACCOUNTS

1. Principal Accounting Policies

(a) Basis of consolidation

The Group accounts incorporate the accounts of the Company and all its subsidiary companies made up to 30 June and include the Group's share of the results for the year and undistributed post-acquisition reserves of associated companies and jointly controlled entities. 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, sales of properties and interest income on loans and advances, have been eliminated on consolidation.

(b) Goodwill

Goodwill represents the excess of purchase consideration over fair values ascribed to the net assets acquired and is taken 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 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 for any permanent diminution in value. Results of associated companies are accounted for by the Company only to the extent of dividends received and receivable.

(e) Jointly controlled entities

A jointly controlled entity is a joint venture established as a corporation, partnership or other entity in which the venturers have their respective interests and establish a contractual arrangement among them to define their joint control over the economic activity of the entity.

The Company's interests in jointly controlled entities are classified as long term investments and are stated at cost less provision for permanent diminution in value.

The Group's interests in jointly controlled entities are stated at cost plus the Group's share of their post-acquisition results and reserves, less provision for permanent diminution in value. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities explained as follows.

(i) Equity joint ventures

Equity joint ventures are joint ventures in respect of which the venturers' capital contribution ratios are defined in the joint venture contracts and the venturers' profit sharing ratios are in proportion to the capital contribution ratios.

NOTES TO THE ACCOUNTS (continued)

1. Principal Accounting Policies (continued)

(e) Jointly controlled entities (continued)

(ii) Co-operative joint ventures

Co-operative joint ventures are joint ventures in respect of which the venturers' profit sharing ratios and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution 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.

(iii) Companies limited by shares

Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

The Group has adopted effective from 1 July 1998 the accounting for jointly controlled entities in accordance with the provisions of Statement of Standard Accounting Practice No. 21 "Accounting for Interests in Joint Ventures" issued by the Hong Kong Society of Accountants. The adoption of this accounting standard has no financial effect on the Group. However the Group's share of the results of jointly controlled entities is required to be disclosed separately and the comparative figures for last year have been reclassified from associated companies and other investments to conform with the current year's presentation.

(f) Joint ventures in the People's Republic of China

(i) Equity joint ventures

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiary companies (where the Group controls either the voting power or the composition of the board of directors) or as jointly controlled entities (where the Group and the other venturers of the equity joint ventures established joint control over the economic activity thereof).

(ii) Co-operative joint ventures

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiary companies (where the Group controls either the voting power or the composition of the board of directors) or as jointly controlled entities (where the Group and the other venturers of the equity joint ventures established joint control over the economic activity thereof).

(iii) Fixed return joint ventures

Where investment income derived from investments in and loans to joint ventures is predetermined in accordance with the provisions of the joint venture contracts for a substantial portion of the joint venture period, these co-operative joint ventures are accounted for as fixed return joint ventures. Fixed return joint ventures are carried at cost less capital repayments received.

(g) Turnover

Group turnover represents all revenues from rental, property sales, construction and engineering, hotel and restaurant operations, infrastructure operations, telecommunication services, department store operations, financial services, property management, security service fee, transportation and other services.

NOTES TO THE ACCOUNTS (continued)

1. Principal Accounting Policies (continued)

(h) Revenue recognition

Revenue is recognised when it is probable that future economic benefits will accrue to the Group and these benefits can be measured reliably on the following bases:

(i) Rental income

Rental income is recognised on a straight line accrual basis over the terms of lease agreements.

(ii) Property sales

Revenue from sale of properties is recognised either when the sale agreement is completed or when the development is completed which is determined by the issuance of the relevant occupation permit, whichever is the later. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

(iii) Joint property development projects

Revenue from joint property development projects is recognised either when the sale agreement is completed or when the relevant project is completed which is determined by the issuance of occupation permit, whichever is the later and in the case of multi-phase development projects, on completion of a distinct phase.

(iv) Construction and engineering

Revenue from construction and engineering service contracts is recognised using the percentage of completion method when the contracts have progressed to a stage where a profitable outcome can be prudently foreseen and is measured by reference to the proportion of costs incurred for work performed to the balance sheet date as compared to the estimated total costs to completion. Anticipated losses are fully provided on contracts when identified.

Prior to 1 July 1998, revenue from construction and engineering service contracts was recognised when the relevant contract was completed and in the case of multi-phase contracts, on completion of a distinct phase. The adoption of the percentage of completion method as described in the preceding paragraph, which conforms with the provisions of Statement of Standard Accounting Practice No. 23 "Construction Contracts" issued by the Hong Kong Society of Accountants, represents a change in accounting policy. However, no prior year adjustment is required as the financial effect of the change is not material to both the current year's results and the prior year's results and retained profit.

(v) Hotel and restaurant operations

Revenue from hotel and restaurant operations is recognised upon provision of the services.

(vi) Infrastructure operations

Toll revenue from road and bridge operations is recognised when services are rendered.

(vii) Telecommunication services

Subscription fee and services income from telecommunication services is recognised when service is rendered and based on the usage of the digital mobile radio telephone network and facilities. Revenue from sale of telecommunication equipment and accessories is recognised when goods are delivered. Telecommunication revenue in respect of standard service plans billed in advance at year end is deferred and recognised on a straight line basis over the relevant service agreement period. Commission income and bonus relating to subscriber connections is recognised on a straight line accrual basis in accordance with the terms of the relevant dealership agreements.

NOTES TO THE ACCOUNTS (continued)

1. Principal Accounting Policies (continued)

(h) Revenue recognition (continued)

(viii) Service fee income

Property management service fee, property letting agency fee, transportation services fees and security service fee are recognised when services are rendered.

(ix) Sale of goods

Income from sale of goods in the department store operations is recognised upon delivery of goods.

(x) Interest income

Interest income is recognised on a time proportion basis. Interest received and receivable in respect of loan financing provided to associated companies, equity and co-operative joint ventures (where they are not accounted for as subsidiary companies) during their pre-operational period are deferred and amortised over the repayment periods.

(xi) Income from investment in fixed return joint ventures

Income from investments in and loans to fixed return joint ventures is recognised on an accrual basis so as to provide a constant return on the investment and loan balance (net of capital repayments) on a combined basis, over the joint venture periods.

(xii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(i) Assets under leases

(i) Finance leases

Leases that transfer substantially 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 (j) (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 charged to the profit and loss account on a straight line basis over the periods of the respective leases.

(j) Fixed assets

(i) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have 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 on a portfolio basis and thereafter charged to the profit and loss account. Upon sale of an investment property, the revaluation surplus realised is transferred to operating profit. No depreciation is provided on investment properties held on leases of more than twenty years.

NOTES TO THE ACCOUNTS (continued)

1. Principal Accounting Policies (continued)

(j) Fixed assets (continued)

(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 given the estimated lives of the hotel properties, any depreciation would be insignificant due to their high residual value. Such expenditure on repairs and improvements is charged to profit and loss account in the year in which they are incurred.

(iii) Assets under construction

All direct and indirect costs relating to the construction of fixed assets including interest and financing costs 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 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 9% per annum will equal the costs of the relevant toll roads and toll bridges at the expiry of 29 years or the relevant joint venture periods if these are shorter.

With effect from 16 June 1999, the estimated useful life of the Group's toll bridges has been changed from 75 years to 29 years to reflect the change in economic useful life as a result of the shortened period of toll collection as permitted by the local authority. The effect of this change, which has been applied prospectively, has no material effect on the results of operating activities for the year.

Other fixed assets are stated at cost or carrying value. Depreciation of other fixed assets is calculated to write off their cost or carrying value 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:

Land held on long lease	Unexpired period of the lease
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 14 years

(k) Other investments

Other investments are long term investments other than subsidiary companies, associated companies and jointly controlled entities.

(i) Investment securities

Investment securities are held for non-trading purpose and stated at fair value at the balance sheet date using the alternative method under the provisions of Statement of Standard Accounting Practice No. 24 issued by the Hong Kong Society of Accountants. Fair value is estimated by the directors by reference to market price or, in case of unquoted investments, net asset value of the respective investment. Changes in fair value of individual securities are credited or debited to the asset revaluation reserve until the security is sold. Where the Directors determine that there is impairment loss, it is removed from the asset revaluation reserve and recognised in the profit and loss account.

NOTES TO THE ACCOUNTS (continued)

1. Principal Accounting Policies (continued)

(k) Other investments (continued)

(i) Investment securities (continued)

Upon disposal, the gain or loss representing the difference between net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the asset revaluation reserve, is dealt with in the profit and loss account. Impairment loss previously transferred from the asset revaluation reserve to the profit and loss account are written back in the profit and loss account when the circumstances and events leading to the impairment cease to exist.

In prior years, investment securities were carried at cost less provision for any permanent diminution in value. The adoption of new accounting practice is therefore a change in accounting policy. However, comparative figures have not been restated to reflect the new accounting policy as the effect is not material.

(ii) Investments in joint development projects

Investments in joint development projects are stated at cost less accumulated amortisation and provision for any permanent diminution in value. Cost includes development costs and other charges capitalised during the course of development. Amortisation is provided on a straight line basis over the terms of the respective projects.

(l) Properties held for sale, stocks and contracts 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.

Contracts in progress is stated at cost plus attributable profits recognised on the basis set out in Note 1 (h)(iv) above, less provision for anticipated losses and progress payments received and receivable.

(m) Deferred expenditure

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

(n) Deferred taxation

Deferred taxation is accounted for at current tax rates in respect of timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future.

(o) 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 during the relevant period of construction and development respectively.

Borrowing costs and foreign exchange differences which are deemed borrowing costs incurred by the Group on the related borrowed funds which have been used to finance the construction of fixed assets by the associated companies and jointly controlled entities, are capitalised as the carrying value of these associated companies and jointly controlled entities.

NOTES TO THE ACCOUNTS (continued)

1. Principal Accounting Policies (continued)

(p) Pensions and retirement benefits

(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.

(q) Foreign currencies

Foreign currency transactions during the year are converted at exchange rates ruling at the transaction dates. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies and the accounts of overseas subsidiary companies, associated companies and jointly controlled entities 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 jointly controlled entities 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 (j)(iii) and (o).

2. Turnover and Operating Profit

An analysis of the Group's turnover and operating profit by activity and by geographical area are as follows:

	1999 HK\$m	1998 HK\$m
Analysis by activity		
(i) Turnover		
Rental income	1,917.7	2,123.3
Property sales	1,529.4	5,836.0
Construction and engineering	8,128.5	8,413.3
Hotel and restaurant operations	2,094.5	2,672.1
Infrastructure operations	740.9	677.1
Telecommunication services	2,617.8	2,345.1
Others	2,123.8	1,055.5
	19,152.6	23,122.4
Intra-group transactions		
Rental income	(160.4)	(133.4)
Construction and engineering	(1,380.3)	(2,490.6)
Others	(84.8)	(108.5)
	17,527.1	20,389.9

NOTES TO THE ACCOUNTS (continued)

2. Turnover and Operating Profit (continued)

	1999 HK\$m	1998 HK\$m
Analysis by activity (continued)		
(ii) Operating profit		
Rental income	1,179.2	1,378.7
Property sales	141.8	2,909.3
Construction and engineering	381.5	433.8
Hotel and restaurant operations	222.3	348.6
Infrastructure operations	479.9	400.3
Telecommunication services	(717.7)	(646.2)
Others	16.2	77.3
	1,703.2	4,901.8
Net interest paid	(840.3)	(754.6)
	862.9	4,147.2
Analysis by geographical area		
(i) Turnover		
Hong Kong and Southeast Asia	14,886.3	17,699.9
The People's Republic of China	2,640.8	2,690.0
	17,527.1	20,389.9
(ii) Operating profit before interest		
Hong Kong and Southeast Asia	1,396.9	4,661.3
The People's Republic of China	306.3	240.5
	1,703.2	4,901.8

The turnover and operating profit before interest derived from the Group's activities in Southeast Asia comprised less than 10% of the Group's turnover and operating profit.

NOTES TO THE ACCOUNTS (continued)

3. Operating Profit

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

	1999 HK\$m	1998 HK\$m
Crediting		
Gross rental income from investment properties	1,432.9	1,708.2
Outgoings	(220.1)	(264.6)
	1,212.8	1,443.6
Dividend income		
Listed investments	34.0	74.5
Unlisted investments	19.8	19.5
Gain on disposal of		
Fixed assets	—	9.2
Jointly controlled entities	—	61.1
Other investments	11.6	—
Interest income	1,349.0	1,300.6
Profit on disposal of investment properties	—	168.1
Charging		
Interest on bank loans and overdrafts	1,899.9	1,768.7
Interest on other loans wholly payable within five years	40.5	52.7
Interest on finance leases	0.9	0.4
Interest on convertible bonds	234.6	232.7
Provision for premium on redemption of convertible bonds	36.9	21.6
Interest on loans from minority shareholders	98.8	82.9
Interest capitalised as cost of		
Fixed assets	(27.3)	(30.7)
Jointly controlled entities	(14.4)	(14.2)
Properties under development	(80.6)	(58.9)
	2,189.3	2,055.2
Amortisation of deferred expenditure	73.0	56.6
Auditors' remuneration	25.9	25.0
Cost of inventories sold	2,752.8	3,662.6
Depreciation		
Leased fixed assets	6.8	1.2
Owned fixed assets	646.0	400.0
Loss on disposal of		
Associated companies	40.6	—
Fixed assets	6.9	—
Subsidiary companies	—	8.0
Operating lease rental expense		
Land and buildings	218.0	174.6
Other equipment	4.7	1.8

NOTES TO THE ACCOUNTS (continued)

4. Exceptional Items

	1999 HK\$m	1998 HK\$m
Profit on partial disposal of interest in a subsidiary company	264.9	–
Write back of provision for an unlisted investment	42.0	–
Write back of provision for listed shares	87.9	–
Gain on disposal of associated companies	–	132.0
Profit on repurchase of convertible bonds (Note 20 (a)(iii) and (iv))	239.8	49.8
Provision for investment in		
Co-operative joint ventures	–	(21.4)
Equity joint ventures	(27.0)	(84.6)
Company limited by shares	–	(164.2)
Listed shares	(218.8)	(344.8)
Provision for diminution in value of properties held for sale	–	(769.0)
	388.8	(1,202.2)

5. Taxation

	1999 HK\$m	1998 HK\$m
Company and subsidiary companies		
Hong Kong profits tax	278.2	614.3
Overseas taxation	67.4	29.0
Deferred taxation (Note 21)	6.3	14.0
	351.9	657.3
Associated companies		
Hong Kong profits tax	47.4	7.0
Overseas taxation	57.1	25.5
	104.5	32.5
Jointly controlled entities		
Hong Kong profits tax	48.7	36.5
Overseas taxation	40.5	8.9
	89.2	45.4
	545.6	735.2

Hong Kong profits tax is provided at the rate of 16% (1998:16%) on the estimated assessable profits for the year. Tax on overseas profits has been calculated on the estimated taxable profits for the year at the rate of taxation prevailing in the countries in which the Group operates.

NOTES TO THE ACCOUNTS (continued)

6. Profit Attributable to Shareholders

Profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$1,605.4 million (1998: HK\$2,029.8 million).

7. Dividends

	1999 HK\$m	1998 HK\$m
Interim dividend paid of 15 cents (1998: 32 cents) per share	317.9	629.1
Proposed final dividend of 15 cents (1998: 32 cents) per share	319.2	635.2
	637.1	1,264.3

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

Interim dividend	161.7	337.7
Final dividend	*	307.6

- * Full provision has been made for the 1999 final dividend on the basis that all shareholders will elect to receive cash, being the alternative to their entitlements to the scrip dividend.

8. Earnings Per Share

The calculation of basic earnings per share is based on profit of HK\$1,266.8 million (1998: HK\$2,142.9 million) and the weighted average of 2,043.2 million (1998: 1,937.3 million) shares in issue during the year.

The diluted earnings per share is based on adjusted profit of HK\$1,289.2 million (1998: HK\$2,152.2 million) on the assumption that all outstanding convertible bonds had been converted at the beginning of the year and at the date of issue and had saved interest payable thereon, and the weighted average of 2,075.8 million (1998: 1,949.2 million) shares issued and issuable.

NOTES TO THE ACCOUNTS (continued)

9. Emoluments of Directors and Senior Management

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

	1999 HK\$m	1998 HK\$m
Fees	1.3	1.1
Salaries and other emoluments	21.7	24.5
Contributions to retirement benefits	0.3	0.7
	23.3	26.3

The emoluments of the Directors fall within the following bands:

	Number of individuals	
	1999	1998
Emolument band (HK\$)		
0 – 1,000,000	9	9
2,000,001 – 2,500,000	1	1
2,500,001 – 3,000,000	2	1
3,000,001 – 3,500,000	1	1
3,500,001 – 4,000,000	–	1
12,500,001 – 13,000,000	1	–
13,000,001 – 13,500,000	–	1
	14	14

Fees paid to independent non-executive directors amounted to HK\$0.3 million (1998: HK\$0.3 million). There were no other emoluments paid to independent non-executive directors. None of the directors has waived the right to receive his emoluments.

Details of the emoluments paid to the five individuals, including two directors (1998: two directors), whose emoluments were the highest in the Group are as follows:

	1999 HK\$m	1998 HK\$m
Salaries and other emoluments	26.2	28.2
Contributions to retirement benefits	0.2	0.4
	26.4	28.6

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

	Number of individuals	
	1999	1998
Emolument band (HK\$)		
3,000,001 – 3,500,000	3	–
3,500,001 – 4,000,000	1	3
4,000,001 – 4,500,000	–	1
12,500,001 – 13,000,000	1	–
13,000,001 – 13,500,000	–	1
	5	5

NOTES TO THE ACCOUNTS (continued)

10. Fixed Assets

	Group						Total HK\$m
	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	
Cost or valuation							
At 1.7.1998	19,111.2	9,619.0	1,612.4	4,543.3	3,334.3	862.7	39,082.9
Translation difference	–	–	35.6	12.8	13.0	2.1	63.5
Acquisition of subsidiary companies	228.3	–	42.2	256.5	313.4	–	840.4
Reclassify to jointly controlled entity	–	–	(241.5)	–	(47.6)	(29.2)	(318.3)
Additions	240.2	–	182.0	6.4	2,212.0	2,720.1	5,360.7
Reclassification	(827.4)	–	826.0	870.4	32.7	(901.7)	–
Disposals	–	–	(4.7)	–	(218.0)	–	(222.7)
Revaluation deficit	(2,135.9)	(479.0)	–	–	–	–	(2,614.9)
At 30.6.1999	16,616.4	9,140.0	2,452.0	5,689.4	5,639.8	2,654.0	42,191.6
Accumulated depreciation							
At 1.7.1998	–	–	126.6	189.9	1,221.3	–	1,537.8
Translation difference	–	–	3.4	0.5	5.0	–	8.9
Acquisition of subsidiary companies	–	–	2.0	37.3	181.4	–	220.7
Reclassify to jointly controlled entity	–	–	(22.1)	–	(25.4)	–	(47.5)
Charge for the year	–	–	66.5	71.7	514.6	–	652.8
Written back on disposals	–	–	(0.2)	–	(93.4)	–	(93.6)
At 30.6.1999	–	–	176.2	299.4	1,803.5	–	2,279.1
Net book value							
At 30.6.1999	16,616.4	9,140.0	2,275.8	5,390.0	3,836.3	2,654.0	39,912.5
At 30.6.1998	19,111.2	9,619.0	1,485.8	4,353.4	2,113.0	862.7	37,545.1

NOTES TO THE ACCOUNTS (continued)

10. Fixed Assets (continued)

	Company			Total HK\$m
	Investment properties HK\$m	Land and buildings HK\$m	Other assets HK\$m	
Cost or valuation				
At 1.7.1998	30.0	3.9	–	33.9
Additions	–	–	3.3	3.3
At 30.6.1999	30.0	3.9	3.3	37.2
Accumulated depreciation				
At 1.7.1998	–	0.6	–	0.6
Charge for the year	–	0.1	0.7	0.8
At 30.6.1999	–	0.7	0.7	1.4
Net book value				
At 30.6.1999	30.0	3.2	2.6	35.8
At 30.6.1998	30.0	3.3	–	33.3

Cost or valuation of properties at 30 June 1999 was made up as follows:

	At cost/ carrying value HK\$m	At 1999 professional valuation HK\$m
Group		
Investment properties		
Hong Kong long lease	–	14,359.8
Hong Kong medium lease	–	936.6
Overseas medium lease	–	1,320.0
	–	16,616.4
Hotel properties		
Hong Kong long lease	–	9,140.0
Land and buildings		
Hong Kong long lease	967.8	–
Hong Kong medium lease	693.2	–
Hong Kong short lease	33.1	–
Overseas long lease	27.1	–
Overseas medium lease	724.7	–
Overseas freehold	6.1	–
	2,452.0	–
	2,452.0	25,756.4

NOTES TO THE ACCOUNTS (continued)

10. Fixed Assets (continued)

	At cost HK\$m	At 1999 professional valuation HK\$m
Company		
Investment properties		
Hong Kong long lease	–	30.0
Land and buildings		
Hong Kong long lease	0.7	–
Hong Kong medium lease	3.2	–
	3.9	30.0

The investment properties and hotel properties were revalued on 30 June 1999 on an open market value basis by Chesterton Petty Limited and Vigers Hong Kong Limited, independent professional property valuers.

Toll roads and bridges, assets under construction and other assets comprising plant, machinery, equipment, telecommunication network and equipment, furniture, fixtures, buses and coaches and motor vehicles, are stated at cost.

The aggregate net book value of assets pledged as securities for loans amounts to HK\$10,426.1 million (1998: HK\$12,436.2 million).

The net book value of fixed assets includes assets held under finance leases amounting to HK\$77.0 million (1998: HK\$8.0 million).

11. Subsidiary Companies

	1999 HK\$m	1998 HK\$m
Unlisted shares		
At cost	4,609.7	3,918.3
Provision for permanent diminution in value	(605.1)	(605.1)
	4,004.6	3,313.2
At Directors' valuation in 1972	72.0	72.0
	4,076.6	3,385.2
Amounts due by subsidiary companies less provision	43,275.3	40,596.9
	47,351.9	43,982.1
Amounts due to subsidiary companies	(15,726.9)	(15,848.4)
	31,625.0	28,133.7

Details of principal subsidiary companies are given in Note 30.

NOTES TO THE ACCOUNTS (continued)

12. Associated Companies

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Group's share of net assets				
Listed shares in Hong Kong	1,743.2	1,672.3	—	—
Unlisted shares	1,757.2	1,763.6	35.8	35.8
	3,500.4	3,435.9	35.8	35.8
Amounts due by associated companies (Note a)	4,123.7	3,257.9	72.6	86.4
Amounts due to associated companies (Note b)	(618.2)	(75.5)	(22.7)	(21.2)
	3,505.5	3,182.4	49.9	65.2
	7,005.9	6,618.3	85.7	101.0
Market value of listed shares	1,807.7	1,587.7	—	—

(a) Amounts due by associated companies are analysed as follows:

	1999 HK\$m	1998 HK\$m
Interest bearing		
Fixed rates (Note (i))	520.8	764.0
Variable rates (Note (ii))	491.4	419.3
Non-interest bearing	3,111.5	2,074.6
	4,123.7	3,257.9

(i) Fixed rates represent interest rates ranging from 8.5% to 15% per annum.

(ii) Variable interest rates represent interest rates ranging from 1.25% over Hong Kong Interbank Offered Rate to Hong Kong prime rate.

(b) The amounts due to associated companies are unsecured, interest free and repayable on demand.

(c) Dividends received and receivable by the Group from associated companies were HK\$369.1 million (1998: HK\$327.7 million).

(d) Details of principal associated companies are given in Note 31.

NOTES TO THE ACCOUNTS (continued)

13. Jointly Controlled Entities

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Equity joint ventures				
Group's share of net assets (Note a)	733.8	988.0	245.4	244.1
Amounts due by joint ventures less provision (Note d)	952.1	429.3	—	—
	1,685.9	1,417.3	245.4	244.1
Co-operative joint ventures				
Cost of investment less provision (Note b)	4,657.2	3,786.9	153.4	153.4
Share of undistributed post-acquisition results	439.5	413.4	—	—
Amounts due by joint ventures less provision (Note d)	9,002.7	8,084.7	—	—
	14,099.4	12,285.0	153.4	153.4
Companies limited by shares				
Group's share of net assets (Note c)	2,942.1	2,846.5	—	—
Subordinated loans (Note d)	500.9	472.1	—	—
Amounts due by joint ventures (Note d)	5,178.7	4,553.7	—	—
Amounts due to joint ventures (Note e)	(496.9)	(217.3)	—	—
	8,124.8	7,655.0	—	—
Deposits paid for joint ventures (Note f)	1,179.6	1,595.3	13.7	10.5
	25,089.7	22,952.6	412.5	408.0

- (a) The Group's interest in a jointly controlled entity has been pledged as part of the security to secure a syndicated loan facility of HK\$310.3 million (1998: HK\$309.2 million) granted to the jointly controlled entity.
- (b) The Group's interests in certain jointly controlled entities have been pledged as part of the security to secure syndicated loan facilities of HK\$309.2 million (1998: HK\$1,062.9 million) granted to subsidiary companies.
- (c) Shares in a jointly controlled entity and advances in the form of subordinated loans, totalling HK\$443.7 million (1998: HK\$443.7 million) have been pledged as part of the security for credit facilities of HK\$1,750.0 million (1998: HK\$1,750.0 million) granted to a jointly controlled entity of which HK\$1,146.0 million (1998: HK\$1,555.0 million) had been utilised as at the balance sheet date.

NOTES TO THE ACCOUNTS (continued)

13. Jointly Controlled Entities (continued)

- (d) Subordinated loans and amounts due by jointly controlled entities are analysed as follows:

	Subordinated Loans		Amounts due by Joint Ventures	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Interest bearing				
Fixed rates (Note (i))	19.0	–	6,950.8	7,579.6
Variable rates (Note (ii))	–	–	3,087.2	1,517.0
Non-interest bearing	481.9	472.1	5,095.5	3,971.1
	500.9	472.1	15,133.5	13,067.7

- (i) Fixed rates represent interest rates ranging from 4% to 15% per annum.
- (ii) Variable interest rates represent interest rates ranging from Hong Kong prime rate to 1.25% above the Hong Kong prime rate.

The repayment terms of the amounts due by jointly controlled entities are specified in the relevant joint venture agreements.

- (e) The amounts due to jointly controlled entities are unsecured, interest free and repayable on demand.
- (f) The balances represent advances paid in respect of proposed joint ventures for which the jointly controlled entities have not yet been established as at the year end date and only preliminary agreements have been signed. Upon the completion of the relevant joint venture contracts and the establishment of the respective jointly controlled entities, the relevant amounts will be reclassified to joint venture balances.
- (g) Dividends received and receivable from jointly controlled entities were HK\$239.4 million (1998: HK\$242.8 million).
- (h) Particulars of principal jointly controlled entities are given in Note 32.

NOTES TO THE ACCOUNTS (continued)

14. Other Investments

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Unlisted shares, at fair value	1,443.9	334.6	533.2	47.9
Listed shares, at fair value				
Hong Kong	2,030.0	2,280.1	368.7	46.0
Overseas	284.8	65.9	—	—
	2,314.8	2,346.0	368.7	46.0
Investment in joint development projects				
At cost less amortisation	1,405.0	1,559.6	—	17.1
Advances	—	226.8	—	—
	1,405.0	1,786.4	—	17.1
Fixed return joint ventures				
Cost of investment	1,265.0	1,021.8	—	—
Amounts due by joint ventures	2,391.7	2,067.3	—	—
	3,656.7	3,089.1	—	—
	8,820.4	7,556.1	901.9	111.0
Market value of listed shares	2,314.8	1,998.3	368.7	46.0

Amounts due by joint ventures totalling HK\$2,051.5 million (1998: HK\$1,770.1 million) carry interest at 10% per annum. The remaining balance is non-interest bearing. All balances are unsecured, and have repayment terms as specified in the relevant joint venture agreements.

15. Long Term Receivables

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Accounts receivable	312.6	387.0	—	—
Other loans	408.1	409.5	—	—
	720.7	796.5	—	—
Amounts receivable within one year included in current assets (Note 16)	(93.5)	(103.9)	—	—
	627.2	692.6	—	—

NOTES TO THE ACCOUNTS (continued)

16. Net Current Assets/(Liabilities)

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Current assets				
Properties held for sale (Note a)	23,258.0	20,309.0	375.7	356.0
Stocks (Note b)	333.0	313.7	—	—
Current portion of long term receivables (Note 15)	93.5	103.9	—	—
Other loans receivable	212.8	196.7	3.0	3.0
Debtors and prepayments (Note c)	6,043.8	5,661.7	782.9	807.4
Cash and bank balances				
Restricted (Note d)	18.6	15.0	—	—
Unrestricted	3,727.9	2,519.8	143.9	3.8
	33,687.6	29,119.8	1,305.5	1,170.2
Current liabilities				
Creditors and accrued charges (Note e)	11,274.5	9,475.0	857.8	576.4
Contracts in progress (Note f)	498.4	579.8	—	—
Deposits received on sale of properties	16.0	—	—	—
Bills payable	3.6	3.6	—	—
Bank loans and overdrafts				
Secured	72.7	40.9	—	—
Unsecured	446.8	2,425.7	11.1	4.7
Other loans				
Secured	296.3	—	—	—
Unsecured	850.2	229.3	6.0	5.7
Current portion of long term liabilities (Note 20)	4,460.9	1,325.5	—	—
Taxation	905.7	1,122.5	0.8	0.8
Proposed dividend	319.2	635.2	319.2	635.2
	19,144.3	15,837.5	1,194.9	1,222.8
	14,543.3	13,282.3	110.6	(52.6)

NOTES TO THE ACCOUNTS (continued)

16. Net Current Assets/(Liabilities) (continued)

(a) Properties held for sale

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Properties under development, at cost less provision	13,236.2	12,626.2	—	—
Completed properties, at cost	1,001.8	752.3	—	—
Joint development projects, at cost less provision	9,020.0	6,930.5	375.7	356.0
	23,258.0	20,309.0	375.7	356.0

(b) Stocks

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Raw materials	45.5	42.0	—	—
Work-in-progress	0.9	5.1	—	—
Finished goods	82.8	142.2	—	—
Merchandise	203.8	124.4	—	—
	333.0	313.7	—	—

At 30 June 1999, the amount of stock carried at net realisable value amounted to HK\$13.1 million (1998: Nil).

(c) Debtors and prepayments

At 30 June 1999, the retention receivable for contracts in progress amounting to HK\$459.7 million (1998: HK\$738.3 million) has been included in debtors and prepayments.

(d) Restricted bank balances

Restricted bank balances are funds which are pledged or required to be utilised for specific purposes.

(e) Creditors and accrued charges

At 30 June 1999, advances received from customers for contracts in progress amounting to HK\$39.8 million (1998: nil) has been included in creditors and accrued charges.

NOTES TO THE ACCOUNTS (continued)

16. Net Current Assets/(Liabilities) (continued)

(f) Contracts in progress

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Contract costs incurred plus attributable profits less foreseeable losses	14,141.0	7,285.2	—	—
Progress payments received and receivable	(14,639.4)	(7,865.0)	—	—
	(498.4)	(579.8)	—	—
Representing:				
Gross amount due from customers for contract work	372.4	280.0	—	—
Gross amount due to customers for contract work	(870.8)	(859.8)	—	—
	(498.4)	(579.8)	—	—

17. Share Capital

	1999 HK\$m	1998 HK\$m
Authorised:		
Shares of HK\$1 each		
Balance at 1 July	2,500.0	2,100.0
Increase	—	400.0
Balance at 30 June	2,500.0	2,500.0
Issued and fully paid:		
Shares of HK\$1 each		
Balance at 1 July	1,984.9	1,909.0
Conversion of bonds (Note a)	—	4.6
Issued as scrip dividends (Note b)	25.9	71.3
Placement of shares (Note c)	117.0	—
Balance at 30 June	2,127.8	1,984.9

(a) Conversion of bonds

In 1998, 4,638,788 new shares were issued upon conversion of bonds issued by a subsidiary company at the conversion price of HK\$35.15 per share.

(b) Issued as scrip dividends

During the year, 17,177,813 and 8,703,347 new shares were issued at HK\$17.9062 and HK\$18.5852 per share for the settlement of 1998 final scrip dividend and 1999 interim scrip dividend respectively.

NOTES TO THE ACCOUNTS (continued)

17. Share Capital (continued)

(c) Placement of shares

During the year, 117,000,000 shares were issued at HK\$20.05 per share to provide funds for general working capital of the Group.

18. Reserves

	Group					
	Share premium	Asset revaluation reserve (note a)	Capital reserve	General reserve	Retained profits	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Balance as at 1.7.1998	15,987.6	20,877.8	—	148.5	15,813.3	52,827.2
Translation difference	—	—	—	—	55.1	55.1
Scrip dividends	443.4	—	—	—	—	443.4
Share issue expenses	(27.0)	—	—	—	—	(27.0)
Placement of new shares	2,228.8	—	—	—	—	2,228.8
Investment and hotel property revaluation deficit for the year	—	(2,431.4)	—	—	—	(2,431.4)
Release of revaluation surplus upon disposal of an associated company	—	(6.0)	—	—	—	(6.0)
Share of revaluation surplus/(deficit) of associated companies	—	(340.4)	—	—	—	(340.4)
jointly controlled entities	—	180.2	—	—	—	180.2
Capital reserve on acquisition of subsidiary companies	—	—	87.4	—	—	87.4
additional interests in subsidiary companies	—	—	67.0	—	—	67.0
associated companies	—	—	0.6	—	—	0.6
Goodwill on acquisition of subsidiary companies	—	—	(56.6)	—	—	(56.6)
additional interests in subsidiary companies	—	—	(259.6)	—	—	(259.6)
Release of goodwill upon partial disposal of subsidiary companies	—	—	114.8	—	—	114.8
Investment revaluation surplus for the year	—	1,059.6	—	—	—	1,059.6
Share of capital reserve of a jointly controlled entity	—	—	12.0	—	—	12.0
Transfer from capital reserve	—	—	34.4	—	(34.4)	—
Transfer to general reserve	—	—	—	48.6	(48.6)	—
Retained profit for the year	—	—	—	—	629.7	629.7
Balance as at 30.6.1999	18,632.8	19,339.8	—	197.1	16,415.1	54,584.8
Retained by:						
Company and subsidiary companies	18,632.8	18,787.6	—	197.1	16,335.1	53,952.6
Associated companies	—	318.0	—	—	(252.8)	65.2
Jointly controlled entities	—	234.2	—	—	332.8	567.0
	18,632.8	19,339.8	—	197.1	16,415.1	54,584.8

NOTES TO THE ACCOUNTS (continued)

18. Reserves (continued)

	Company			
	Share premium	Asset revaluation reserve	Retained profits	Total
	HK\$m	HK\$m	HK\$m	HK\$m
Balance as at 1.7.1998	15,987.6	28.5	10,733.4	26,749.5
Scrip dividends	443.4	–	–	443.4
Placement of new shares	2,228.8	–	–	2,228.8
Share issue expenses	(27.0)	–	–	(27.0)
Investment revaluation surplus for the year	–	680.7	–	680.7
Retained profit for the year	–	–	968.3	968.3
Balance as at 30.6.1999	18,632.8	709.2	11,701.7	31,043.7

(a) Analysis of asset revaluation reserve

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Hotel properties	5,486.8	5,748.2	–	–
Investment properties	12,793.4	15,129.6	28.5	28.5
Investments	1,059.6	–	680.7	–
	19,339.8	20,877.8	709.2	28.5

(b) Distributable reserves of the Company at 30 June 1999 amounted to HK\$11,701.7 million (1998: HK\$10,733.4 million).

19. Mandatorily Convertible Bonds

- (a) A subsidiary company, New World China Finance Limited, has issued US\$350 million mandatorily convertible guaranteed bonds which carry interest at 4% per annum payable in arrears. The bonds will be mandatorily converted into shares of a subsidiary company of the Group, New World China Land Limited ("NWCL") on the occurrence of a complying initial public offering ("Complying IPO") of shares on or before 31 December 1999. A Complying IPO has occurred (Note 27(a)) and the shares of NWCL were listed on the Stock Exchange of Hong Kong on 16 July 1999 and the said bonds had been converted into NWCL shares. In 1998, this bond was included in long term liabilities.
- (b) In April 1999, a subsidiary company, New World Infrastructure Limited ("NWI"), issued US\$150 million mandatorily convertible bonds. The holder of the bonds has the option to convert the bonds into shares of HK\$1 each of NWI at a conversion price of HK\$12 per share, subject to adjustment, at any time on or before 30 April 2002. The bonds bear interest at the higher of 5% per annum and a percentage equivalent to the dividends declared or paid by NWI during the relevant interest payment period divided by the conversion price payable semi-annually in arrears. Unless previously converted, the bonds will be mandatorily and automatically converted into the shares of NWI on 30 April 2002.

NOTES TO THE ACCOUNTS (continued)

20. Long Term Liabilities

	Group		Company			
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m		
Bank loans						
Secured	5,884.3	6,099.9	—	—		
Unsecured	14,595.9	10,376.9	—	—		
Other secured loans wholly payable within five years	250.0	250.0	—	—		
Other unsecured loans wholly payable within five years	304.1	49.5	—	—		
Obligations under finance leases wholly payable within five years	58.1	5.3	—	—		
	21,092.4	16,781.6	—	—		
Convertible bonds (Note a)	5,638.1	6,782.8	—	—		
Debentures (Note b)	330.9	329.2	—	—		
Loans from minority shareholders (Note c)	3,124.7	2,392.3	—	—		
	30,186.1	26,285.9	—	—		
Amounts repayable within one year included in current liabilities (Note 16)	(4,460.9)	(1,325.5)	—	—		
	25,725.2	24,960.4	—	—		
	Group					
	Secured bank loans	Unsecured bank loans	Other secured loans	Other unsecured loans	Obligations under finance leases	Total
	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	2,359.8	2,086.5	—	—	14.6	4,460.9
Of more than one year, but not exceeding two years	575.4	1,445.8	250.0	270.0	11.4	2,552.6
Of more than two years, but not exceeding five years	2,949.1	6,453.6	—	34.1	32.1	9,468.9
Of more than five years	—	4,610.0	—	—	—	4,610.0
	5,884.3	14,595.9	250.0	304.1	58.1	21,092.4

NOTES TO THE ACCOUNTS (continued)

20. Long Term Liabilities (continued)

		Group	
		1999 HK\$m	1998 HK\$m
(a)	Convertible bonds		
	Bonds to be converted into shares of:		
	The Company (Notes (i) and (ii))	2,744.3	419.3
	Subsidiary companies (Notes (iii) and (iv))	2,893.8	6,363.5
		5,638.1	6,782.8

- (i) A subsidiary company has issued US\$300 million convertible bonds which carry interest at 4.375% per annum payable in arrears and are repayable on 11 December 2000. The bonds are guaranteed by the Company and listed on the Luxembourg Stock Exchange. Each holder of the bond 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. As at the balance sheet date, US\$246.3 million of the said bonds had been converted.
- (ii) In June 1999, a subsidiary company has issued US\$300 million convertible guaranteed bonds which carry interest at 3% per annum payable semi-annually in arrears. The bonds are guaranteed by the Company and listed on the Luxembourg Stock Exchange. Each holder of the bonds has the option to convert the bonds into shares of HK\$1 each of the Company at a conversion price of HK\$24.6 per share, subject to adjustment, at any time between 9 August 1999 and 9 May 2004. A further US\$50 million convertible bonds was issued in July 1999 at the same terms and conditions. Unless previously converted, redeemed or cancelled, the bonds will be redeemed at 123.104% of their principal amount together with accrued interest on 9 June 2004. Provision for the premium payable has been made in the accounts so as to provide a constant periodic rate of charge to the profit and loss account over the term of the bonds.
- (iii) NWI has issued US\$250 million convertible bonds which carry interest at 5% per annum payable in arrears and are repayable on 15 July 2001. The bonds are listed on the Luxembourg Stock Exchange. Each holder of the bond has the option to convert the bond into shares of HK\$1 each of NWI at the current conversion price of HK\$19.61 per share, at any time until 2 July 2001.

During the year, NWI repurchased bonds with an aggregate principal amount of US\$49.4 million for a total consideration of HK\$272.6 million and these bonds were then cancelled. The surplus arising from the repurchase and the subsequent cancellation of the bonds, amounting to HK\$110.1 million, has been accounted for as part of the exceptional items in the profit and loss account.

NOTES TO THE ACCOUNTS (continued)

20. Long Term Liabilities (continued)

- (iv) In March 1998, NWI issued US\$250 million convertible bonds which bear interest at 1% per annum payable semi-annually in arrears. The bonds are listed on the Luxembourg Stock Exchange. Each holder of the bond has the option to convert the bond into shares of HK\$1 each of NWI at the current conversion price of HK\$23.05 per share, subject to adjustment, at any time until 1 April 2003. Subject to certain conditions being met, the bonds are redeemable at the option of NWI at any time on or after 15 April 2001, in whole or in part, in cash and/or for NWI shares. Unless previously converted, redeemed or repurchased the bonds will be redeemed at 143.4% of their principal amount together with accrued interest on 15 April 2003. Provision for the premium payable has been made in the accounts so as to provide a constant periodic rate of charge to the profit and loss account over the term of the bonds.

During the year, NWI repurchased bonds with an aggregate principal amount of US\$49.6 million for a total consideration of HK\$254.7 million and these bonds were then cancelled. The surplus arising from the repurchase and the subsequent cancellation of the bonds, amounting to HK\$129.7 million, has been accounted for as part of the exceptional items in the profit and loss account. As at the balance sheet date, US\$64.1 million of the said bonds has been repurchased.

(b) Debentures

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

(c) Loans from minority shareholders

The loans from minority shareholders include loans of HK\$1,183.0 million (1998: HK\$805.5 million) to certain joint ventures, which are unsecured, carry interest at fixed rates ranging from 8% to 15% (1998: 10% to 13%) per annum and have repayment terms specified in the relevant joint venture agreements. The remaining balance is unsecured, interest free and has no specific repayment terms.

NOTES TO THE ACCOUNTS (continued)

21. Deferred Taxation

	Group	
	1999 HK\$m	1998 HK\$m
Balance at 1 July	17.0	3.6
Transfer from profit and loss account (Note 5)	6.3	14.0
Acquisition/(disposal) of subsidiary companies	0.5	(0.6)
Balance at 30 June	23.8	17.0
The amount provided is in respect of:		
Accelerated depreciation allowances	17.4	16.2
Other timing differences	6.4	0.8
	23.8	17.0

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.

22. Pensions and Retirement Benefits

During the year, the Group operates a number of pension and retirement schemes. The majority of the schemes are defined contribution schemes which are mainly operated in Hong Kong and cover approximately 90% of the Group's employees who are entitled to join such schemes. The remaining are a few defined benefit schemes mainly for executive officers. The total amount charged to the profit and loss account in respect of all the Group's pension and retirement schemes was HK\$78.2 million (1998: HK\$72.3 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\$75.8 million (1998: HK\$67.6 million) after netting off forfeited contribution of HK\$10.8 million (1998: HK\$8.1 million).

NOTES TO THE ACCOUNTS (continued)

23. Commitments

(a) Capital commitments

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
(i) Contracted but not provided for				
Fixed assets	1,292.2	2,796.6	—	—
Subsidiary companies	—	—	93.5	—
Jointly controlled entities	3,768.9	6,276.3	547.6	565.1
	5,061.1	9,072.9	641.1	565.1
(ii) Authorised but not contracted for				
Fixed assets	558.8	571.1	—	—
Jointly controlled entities	34.3	592.6	—	—
	593.1	1,163.7	—	—
			Group	
			1999 HK\$m	1998 HK\$m
The Group's share of capital commitments committed by the jointly controlled entities not included above are as follows:				
Contracted but not provided for			16.0	1,230.0
Authorised but not contracted for			1,527.0	—
			1,543.0	1,230.0

(b) Commitments under operating leases payable in 1999/2000 expiring

	Group	
	1999 HK\$m	1998 HK\$m
Land and buildings		
In the first year	54.3	52.6
In the second to fifth years inclusive	259.5	114.1
After the fifth year	37.0	31.6
	350.8	198.3
Other equipment		
In the first year	1.8	1.8
	352.6	200.1

NOTES TO THE ACCOUNTS (continued)

23. Commitments (continued)

- (c) At 30 June 1999, the Group had issued performance guarantees amounting to approximately HK\$56.1 million (1998: HK\$56.1 million), of which HK\$31.1 million (1998: HK\$21.0 million) was utilised, in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of a property project developed by a jointly controlled entity of the Group. Pursuant to the terms of the performance guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to purchase from the banks mortgage loans at a consideration equal to the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and take over the legal title and possession of the related properties.
- (d) Certain subsidiary companies and jointly controlled entities are parties to agreements with third parties pursuant to the joint development of Container Terminal 9 in Hong Kong, the related berth swap arrangement and the funding therefor. The Group's attributable share of capital commitments as at 30 June 1999 has been disclosed in note (a) above. In the event of default of any of the third parties, the subsidiary companies and jointly controlled entities will be required to provide additional funds for the project. A subsidiary company has given guarantees in respect of these obligations of the subsidiary companies and jointly controlled entities to provide additional funds. Were the subsidiary company required to perform its obligations under the guarantees, the maximum amount of the additional liabilities assumed, in addition to the Group's share of the capital commitments as disclosed in note (a) above, is HK\$673.0 million.

24. Contingent Liabilities

	Group		Company	
	1999 HK\$m	1998 HK\$m	1999 HK\$m	1998 HK\$m
Guarantees for the performance and completion of construction contracts and performance bonds	1,986.0	1,438.0	109.9	266.2
Guarantees for credit facilities granted to				
Subsidiary companies	—	—	32,492.0	27,976.0
Associated companies	2,149.2	3,525.4	2,009.5	2,640.7
Investee companies included under other investments	66.1	36.4	10.4	28.6
Jointly controlled entities	1,878.8	1,906.1	1,413.3	1,468.4
	6,080.1	6,905.9	36,035.1	32,379.9

NOTES TO THE ACCOUNTS (continued)

25. Notes to Consolidated Cash Flow Statement

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

	Year ended 30 June	
	1999 HK\$m	1998 HK\$m
Operating profit	862.9	4,147.2
Depreciation	652.8	401.2
(Profit)/loss on disposal of		
Associated companies	40.6	–
Fixed assets, including investment properties	6.9	(178.3)
Jointly controlled entities	–	(61.1)
Other investments	(11.6)	(49.5)
Subsidiary companies	–	8.0
Amortisation of deferred expenditure	73.0	56.6
Write off issuing expenses of bonds	65.5	48.7
Exchange loss	29.9	44.2
Decrease in stocks	82.5	60.2
(Increase)/decrease in construction in progress	(81.4)	565.1
Increase in properties held for sale	(2,117.2)	(2,159.2)
(Increase)/decrease in debtors and prepayments	(188.1)	1,808.7
(Increase)/decrease in other loans receivable	(16.1)	174.3
Increase in creditors and accrued charges	2,324.2	1,210.3
Decrease/(increase) in deposits received on sale of properties	16.0	(643.8)
Net interest expenses and dividend income	786.5	660.6
Net cash inflow from operating activities	2,526.4	6,093.2

NOTES TO THE ACCOUNTS (continued)

25. Notes to Consolidated Cash Flow Statement (continued)

	1999 HK\$m	1998 HK\$m
(b) Acquisition of subsidiary companies		
Net assets acquired		
Fixed assets	619.7	–
Associated companies	(23.0)	228.8
Stocks	104.7	–
Properties held for sale	141.4	–
Debtors and prepayments	242.4	3.7
Cash and bank balances	118.2	–
Creditors and accrued charges	(262.0)	(5.5)
Bank loans and overdrafts	(36.5)	–
Tax recoverable	2.5	–
Long term liabilities	(46.0)	–
Deferred taxation	(0.5)	–
Minority interests	(59.3)	(45.7)
	801.6	181.3
Less: Interests originally held by the Group		
Associated companies	(3.8)	–
Jointly controlled entities	(105.5)	(95.1)
	692.3	86.2
Capital reserve on acquisition	(87.4)	–
Goodwill on acquisition	56.6	75.9
	661.5	162.1
Satisfied by:		
Cash	374.8	162.1
Amounts due by equity joint ventures	224.3	–
Accounts receivable	62.4	–
	661.5	162.1
(c) Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiary companies		
Cash consideration	(374.8)	(162.1)
Cash and bank balances acquired	118.2	–
Bank loans and overdrafts acquired	(36.5)	–
	(293.1)	(162.1)

The subsidiary companies acquired during the year contributed HK\$16.7 million of the Group's net operating cash flows, received HK\$0.4 million in respect of net returns on investments and servicing of finance and utilised HK\$0.2 million for investing activities.

NOTES TO THE ACCOUNTS (continued)

25. Notes to Consolidated Cash Flow Statement (continued)

	1999 HK\$m	1998 HK\$m
(d) Disposal of subsidiary companies		
Net assets disposed		
Fixed assets	–	2.0
Associated companies	–	1.9
A jointly controlled entity	142.6	–
Other investments	345.8	–
Debtors and prepayments	–	92.9
Deferred taxation	–	(0.6)
Other receivable	–	4.1
Cash and bank balances	–	35.2
Creditors and accrued charges	(361.2)	(109.1)
Taxation	–	0.1
Bank loans and overdrafts	–	(6.5)
Goodwill	–	0.1
Minority interests	–	(0.1)
	127.2	20.0
Loss on disposal of subsidiary companies	–	(8.0)
	127.2	12.0
Satisfied by:		
Cash	79.1	12.0
Account receivable	55.8	–
Jointly controlled entities	(7.7)	–
	127.2	12.0
(e) Analysis of net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiary companies		
Cash consideration	79.1	12.0
Cash and bank balances disposed	–	(35.2)
Bank overdrafts discharged	–	6.5
	79.1	(16.7)

NOTES TO THE ACCOUNTS (continued)

25. Notes to Consolidated Cash Flow Statement (continued)

(f) Analysis of changes in financing during the year

	Share capital (including share premium) HK\$m	Long term liabilities HK\$m	Mandatorily convertible bonds HK\$m	Short term other loans HK\$m	Minority interests HK\$m	Total HK\$m
Balance at 1.7.1998	17,972.5	26,285.9	–	229.3	9,079.6	53,567.3
Net cash inflow from financing	2,318.8	6,657.5	1,162.3	1,123.6	333.9	11,596.1
Scrip dividends issued	469.3	–	–	–	–	469.3
Profit on repurchase of convertible bonds	–	(239.8)	–	–	–	(239.8)
Issuing expenses on convertible bonds written off	–	64.1	1.4	–	–	65.5
Acquisition of additional interests in subsidiary companies	–	–	–	–	(841.6)	(841.6)
Acquisition of subsidiary companies	–	46.0	–	–	59.3	105.3
Partial disposal of interests in subsidiary companies	–	–	–	–	866.4	866.4
Inception of finance leases	–	56.5	–	–	–	56.5
Minority interests' share of net profit and other reserves	–	–	–	–	409.2	409.2
Dividends to minority shareholders	–	–	–	–	(98.8)	(98.8)
Reclassification	–	(2,700.9)	2,700.9	–	–	–
Translation difference	–	16.8	–	–	43.4	60.2
Balance at 30.6.1999	20,760.6	30,186.1	3,864.6	1,352.9	9,851.4	66,015.6

NOTES TO THE ACCOUNTS (continued)

25. Notes to Consolidated Cash Flow Statement (continued)

(g) Non-cash transaction

During the year, the Group's 70% interest in a jointly controlled entity in the PRC, previously accounted for as a subsidiary company, has been reclassified as jointly controlled entity. The net assets of the jointly controlled entity reclassified were as follows:

	1999 HK\$m	1998 HK\$m
Fixed assets	270.8	—
Stocks	2.9	—
Accounts receivable	10.6	—
Cash and bank balance	5.3	—
Accounts payable	(462.4)	—
Taxation	(0.7)	—
Bank overdraft and loans	(75.9)	—
	(249.4)	—

(h) Analysis of cash and cash equivalents

	1999 HK\$m	1998 HK\$m
Cash and bank balances	3,746.5	2,534.8
Bank loans and overdrafts	(519.5)	(2,466.6)
Bills payable	(3.6)	(3.6)
	3,223.4	64.6
Add: Bank loans maturing more than three months from the date of drawdown	206.4	—
Less: Bank deposits maturing more than three months from the date of placement	(197.8)	(214.0)
	3,232.0	(149.4)

NOTES TO THE ACCOUNTS (continued)

26. Related Party Transactions

The following is a summary of significant related party transactions during the year carried out in the normal course of the Group's business:

	1999 HK\$m
Transaction with affiliated companies (Note a)	
Provision of contracting work service (Note b)	2,470.4
Interest income (Note c)	707.7
Management fee income (Note d)	77.1
Transaction with other related parties	
Rental income (Note e)	25.8
Purchases of equipment (Note f)	49.1

Notes:

- (a) Affiliated companies include associated companies and jointly controlled entities.
- (b) Revenue from provision of contracting work are principally charged at terms no less favourable than those charged to third party customers of the Group.
- (c) Interest income are charged at interest rates as specified in notes 12 and 13 on the outstanding balances due by the affiliated companies.
- (d) Management fee income are charged at a fixed rate in accordance with relevant contracts.
- (e) Rental income is charged at fixed monthly rate in accordance with tenancy agreements.
- (f) Certain transactions had been entered into between subsidiary companies of the Company and Imagic Infomedia Technology Limited and Infa Telecom Asia Limited as detailed in the "Connected Transactions" of the Directors' Report.

Pursuant to paragraph 28 of the Statement of Standard Accounting Practice 20 issued by the Hong Kong Society of Accountants, the disclosure of comparative figures for the above related party transactions is not required.

NOTES TO THE ACCOUNTS (continued)

27. Post Balance Sheet Events

- (a) On 16 June 1999, the Group announced the spin-off and listing of a wholly owned subsidiary, New World China Land Limited ("NWCL") by way of placing and issue of new shares in NWCL. NWCL was listed on the Stock Exchange of Hong Kong Limited on 16 July 1999. Following the spin-off and listing of NWCL, the Group's interest in NWCL has reduced to approximately 67.1%. The estimated loss on the deemed disposal of NWCL is approximately HK\$1.6 billion.
- (b) On 21 May 1999, a subsidiary company of the Group entered into a conditional agreement for the disposal to Paul Y Properties Group Limited of its interactive multimedia communication operation for a consideration of HK\$300 million. The consideration was satisfied by ordinary shares and convertible notes issued by Paul Y Properties Group Limited, now known as New World CyberBase Limited ("NWCB"). The transaction was completed in August 1999. Immediately after the completion of the transaction, the Group holds approximately 30.8% interest in the enlarged issued share capital of NWCB.

28. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation as a result of the reclassification of jointly controlled entities.

29. Approval of Accounts

The accounts were approved by the Board of Directors on 15 October 1999.

NOTES TO THE ACCOUNTS (continued)

30. Principal Subsidiary Companies

As at 30 June 1999

	Share capital issued#		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Arlaken Development Limited	40	100	100	100	Investment Holding
Atlantic Land Properties Limited	2	1	100	100	Investment Holding
Billionoble Investment Limited	4,998	1	–	59	
	2 *	1	–	100	Investment Holding
Billion Huge (International) Limited	950,001	1	–	100	Investment Holding
Billion Park Investment Limited	1,000,000	1	–	78	Investment Holding
Billion Town Company Limited	200	10	100	100	Property Trading
Birkenshaw Limited	10,000	1	–	100	Property Investment
Blanca Limited	10,000	1	–	100	Investment Holding
Bright Moon Company Limited	200	10	75	75	Property Trading
Broadway-Nassau Investments Limited	2	10,000	–	51	
	3,000 *	10,000	–	75	Property Investment
Calpella Limited	2	10	–	100	Property Investment
Cheer Best Enterprises Limited	2	1	100	100	Property Investment
Cheong Sing Company Limited	10,000	1	100	100	Property Investment
China Joy International Limited	2	1	–	100	Investment Holding
City Team Development Limited	1,000,000	1	–	81	Property Investment
Convention Plaza Apartments Limited	2	10	–	100	Apartment Services
Eurasia Hotel Limited	80,000,000	1	–	48	Hotel Operation
Extensive Trading Company Limited	600,002	1	–	51	
	1,500,000 *	1	–	15	Trading of Building Materials
Far East Engineering Services Limited	766,714	10	–	51	
	233,288 *	10	–	55	Engineering Services and Trading
Fook Hong Enterprises Company Limited	10,000	100	100	100	Property Investment
Fuji (China) Decoration & Engineering Company Limited	5,000,000	1	–	51	Interior Decoration
General Security (H.K.) Limited	8,402	100	–	51	
	11,600 *	100	–	38	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	400,000	100	–	51	
	600,000 *	100	–	59	Construction and Civil Engineering
Hong Bridge Trading Company Limited	24,002	10	–	51	
	26,000 *	10	–	87	Trading of Electrical Equipment

NOTES TO THE ACCOUNTS (continued)

30. Principal Subsidiary Companies (continued)

As at 30 June 1999

	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 (continued)					
Hong Kong Convention and Exhibition Centre (Management) Limited	3	1	–	51	Management of HKCEC
	1 *	1	–	100	
Hong Kong Island Development Limited	2,000,000	5	100	100	Property Investment
Hong Kong Island Landscape Company Limited	40,002	10	–	51	Landscaping and
	20,000 *	10	–	100	Project Contracting
Hong Kong New World Department Store Company Limited	968,153,000	1	100	100	Department Stores Operation
Honour Shares Limited	100	1	–	100	Investment Holding
Hoover Chain Limited	5,000	10	–	51	Laundry Services
International Property Management Limited	450,000	10	–	49	Property Management
	95,500 *	10	–	58	
Island Sauna Company Limited	10,000	1	–	100	Sauna and Fitness Centre
Joint Profit Limited	2	1	100	100	Property Investment
Keen Sales Limited	2	1	–	59	Investment Holding
	2 *	1	–	100	
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	2	100	–	51	Property Management
	1,002 *	100	–	74	
Kiwi Kleeners Limited	1,000	100	–	51	Trading of linen
Lord City Development Limited	10,000	1	–	88	Investment Holding
Loyalton Limited	2	10	–	100	Property Investment
Lucking (Asia) Engineering Company Limited	10,000,000	1	–	36	Supply and Installation of Aluminium Windows and Curtain Wall
Macdonnell Hostel Company Limited	2	1	100	100	Hostel Management and Operation
Max Charm Investment Limited	2	1	–	100	Investment Holding
Mega Choice Holdings Limited	100	1	80	80	Property Investment
Mega Fountain Limited	2	1	100	100	Property Trading
Mill Plan Limited	2	1	–	100	Property Trading
New China Steam Laundry Company Limited	2	1	–	51	Laundry Services
	704,000 *	1	–	51	
					Management Services to
New World Department Stores Limited	2	1	–	100	Department Stores
New World Development (China) Limited	2	1	–	100	Investment Holding
	2 *	1	–	100	
New World Finance Company Limited	200,000	100	100	100	Financial Services
New World Harbourview Hotel Company Limited	1,000	1	–	64	Hotel Operation

NOTES TO THE ACCOUNTS (continued)

30. Principal Subsidiary Companies (continued)

As at 30 June 1999

	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 (continued)					
New World Hotel Company Limited	40,000,000	1	–	64	Hotel Operation
NWD (Hotels Investments) Limited					
(Formerly New World Hotels (Holdings) Limited)	576,000,000	0.25	–	64	Investment Holding
New World Investments Limited	2	1	100	100	Property Investment
New World Nominee Limited	2	100	100	100	Nominee Services
New World Paging Limited	15,000,000	1	–	88	Paging Services
New World PCS Limited	100	1	–	88	Mobile Telecommunication Services
New World Real Estate Agency Limited	2	1	100	100	Estate Agency
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	88	88	Investment Holding
New World Telephone Limited	2	1	–	88	Telecommunication Services
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
Pollution & Protection Consultant Limited	2	100	–	51	
	14,420 *	100	–	28	Cleaning Services
Pollution & Protection Services Limited	8,057,780	1	–	51	
	500,020 *	1	–	28	Cleaning Services
Polytown Company Limited	2	10	–	51	
	100,000 *	10	–	100	Property Investment
Pontiff Company Limited	10,000,000	1	–	100	Property Investment
Pridemax Limited	2	1	–	100	Property Investment
Ready City Limited	200	1	–	59	Investment Holding
Tai Yieh Construction & Engineering Company Limited	2	1,000	–	51	
	10,000 *	1,000	–	49	Construction and Civil Engineering
Tao Yun Company Limited	2	10	–	100	Property Trading
The Dynasty Club Limited	2	1	100	100	Club Operation Proprietary
Thyme Company Limited	500	10	70	89	Property Investment
Trend Island Limited	2	1	–	100	Investment Holding
True Hope Investment Limited	4,998	1	–	59	
	2 *	1	–	100	Investment Holding
Tridant Engineering Company Limited	34,400,000	1	–	51	Electrical Contracting/
	15,600,000 *	1	–	87	Instrument Sales
Try Force Limited	4,998	1	–	59	
	2 *	1	–	100	Investment Holding
Tsuen Wan Properties Limited	200	100	–	100	Property Investment

NOTES TO THE ACCOUNTS (continued)

30. Principal Subsidiary Companies (continued)

As at 30 June 1999

	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 (continued)					
Uniformity Security Company Limited	2	100	–	51	Services Security
	2,500 *	100			
Urban Property Management Limited	10,500	1	–	51	Property Management
	4,502 *	1			
Vibro (HK) Limited	10,000,002	3	–	51	Piling and caisson
Wai Hong Cleaning & Pest Control Company Limited	200,000	100	–	51	Cleaning & Pest Control Services
Waking Builders Limited	10,000	1,000	–	51	Construction
Waygent Investment Limited	2	1	100	100	Property Investment
World Empire Property Limited	2	1	100	100	Property Investment
Incorporated and operated in Jersey					
Bianchi Holdings Limited	1,000	US\$1	100	100	Investment Holding
Incorporated and operated in Canada					
Guildford Park Enterprises Limited	100	C\$1	–	33	Property Trading
Incorporated in Cayman Islands and operated in Hong Kong					
NW China Homeowner Development Limited	5,222,762	US\$0.01	43	100	Investment Holding
New World China Finance Limited	3	US\$1	100	100	Financial Services
New World China Land Limited	3	HK\$0.10	–	100	Investment Holding
New World Infrastructure Limited	876,150,740	HK\$1	–	59	Investment Holding
New World Services Limited	1,083,333,333	HK\$0.10	–	51	Investment Holding
Incorporated and operated in the Philippines					
New World International Development Philippines, Inc.	6,988,016	Peso100	–	26	Hotel Operation

Represented ordinary share capital, unless otherwise stated

* Non-voting deferred shares

NOTES TO THE ACCOUNTS (continued)

30. Principal Subsidiary Companies (continued)

As at 30 June 1999

	Registered capital	Attributable interest (Note a)		Principal activities
		To the Company	To the Group	
Incorporated and operated in the People's Republic of China				
Dalian New World Plaza International Co., Ltd.	Rmb58,000,000	–	88	Property Investment
Fung Seng Real Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	–	80	Property Investment
Gaoming Xinming Bridge Ltd.	Rmb60,000,000	–	46	Operation of Toll Bridge
Guangdong Xinzhaogao Highways Co., Ltd.	Rmb80,000,000	–	41	Operation of Toll Road
Guangxi Beiliu Xinbei Highways Limited	Rmb99,200,000	–	35	Operation of Toll Road
Guangxi Cangwu Xincang Highways Limited	Rmb64,000,000	–	41	Operation of Toll Road
Guangxi Rongxian Xinrong Highways Limited	Rmb82,400,000	–	41	Operation of Toll Road
Guangxi Yulin Xintong Highways Limited	Rmb64,000,000	–	35	Operation of Toll Road
Guangxi Yulin Xinye Highways Limited	Rmb63,800,000	–	35	Operation of Toll Road
Guangxi Yulin Xinyu Highways Limited	Rmb96,000,000	–	35	Operation of Toll Road
Guangzhou Metropolitan Properties Co., Ltd.	HK\$140,000,000	100	100	Property Investment
Guangzhou New World Properties Development Co., Ltd.	HK\$140,000,000	100	100	Property Investment
Guangzhou Xinsui Tourism Centre Limited	HK\$100,000,000	–	80	Operation of Resort and Recreation Centre
Guangzhou Xin Yi Development Limited	HK\$136,000,000	–	90	Property Investment
Heyuan Xinlian Highway Company Limited	Rmb62,200,000	–	30	Operation of Toll Road
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	–	48	Property Investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	–	51	Property Investment
New World Development (Wuhan) Limited	US\$10,000,000	–	100	Management Service
New World (Shenyang) Property Development Limited	Rmb57,840,000	–	90	Property Investment
New World (Shenyang) Property Development No. 2 Limited	Rmb57,840,000	–	90	Property Investment
New World (Shenyang) Property Development No. 3 Limited	Rmb57,840,000	–	90	Property Investment
New World (Shenyang) Property Development No. 4 Limited	Rmb57,840,000	–	90	Property Investment
New World (Shenyang) Property Development No. 5 Limited	Rmb57,840,000	–	90	Property Investment
New World (Shenyang) Property Development No. 6 Limited	Rmb33,200,000	–	90	Property Investment
New World (Tianjin) Development Co., Limited	US\$5,000,000	100	100	Property Investment
Ningbo New World Department Store Limited	Rmb40,000,000	–	98	Department Store Operation
Ningbo Firm Success Consulting Development Company Limited	US\$5,000,000	–	100	Investment Holding
Qingdao Eastern Light Entertainment Co., Limited	HK\$30,000,000	–	51	Hotel Operation
Shanghai Heyu Properties Co., Ltd.	US\$12,000,000	–	64	Property Investment

NOTES TO THE ACCOUNTS (continued)

30. Principal Subsidiary Companies (continued)

As at 30 June 1999

	Registered capital/ issued share capital		Attributable interest (Note a)		Principal activities
	Amount/ Number	Par value per share	To the Company	To the Group	
Incorporated and operated in the People's Republic of China (continued)					
Shanghai Juyi Real Estate Development Co., Ltd.	Rmb128,000,000	–	–	80	Property Investment
Shanghai Ramada Plaza Co., Ltd	US\$17,000,000	–	–	57	Property Investment
Shenyang New World Department Store Limited	Rmb30,000,000	–	–	90	Department Store Operation
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$60,000,000	–	–	70	Property Investment
Tianjin New World Department Store Limited	US\$5,000,000	–	–	100	Department Store Operation
Wuhan Bridge Construction Co., Limited	502,850,000	Rmb1	–	28	Operation of Toll Bridges
Wuhan New Eagle Development Co., Limited	US\$10,000,000	–	–	95	Property Investment
Wuxi New World Department Store Limited	US\$5,000,000	–	–	100	Department Store Operation
Wuzhou Xinwu Highways Co., Limited	Rmb72,000,000	–	–	26	Operation of Toll Road
Yunfu Xinxing Highways Limited	Rmb30,000,000	–	–	32	Operation of Toll Road
Zhaoqing Xinde Highways Co., Ltd.	Rmb165,867,000	–	–	26	Operation of Toll Road
Zhaoqing Xinfeng Highways Co., Ltd.	Rmb94,000,000	–	–	26	Operation of Toll Road
Zhaoqing Xingao Highways Co., Ltd.	Rmb54,000,000	–	–	23	Operation of Toll Road
Zhaoqing Xinhui Highways Co., Ltd.	Rmb103,500,000	–	–	29	Operation of Toll Road
Zhaoqing Xinning Highways Co., Ltd.	Rmb90,000,000	–	–	32	Operation of Toll Road

Note a: percentage of equity interest, in the case of equity joint ventures or joint stock limited company or profit sharing percentage, in the case of co-operative joint ventures.

NOTES TO THE ACCOUNTS (continued)

30. Principal Subsidiary Companies (continued)

As at 30 June 1999

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share	By the Company	By the Group	
Incorporated in British Virgin Islands					
Banyan Developments Limited	1	US\$1	–	100	Investment Holding
Conful Enterprises Limited	1	US\$1	–	100	Investment Holding
Eddington Holdings Limited	100	US\$1	–	82	Investment Holding
Ever Brisk Limited	1	US\$1	–	100	Investment Holding
Hinto Developments Limited	1	US\$1	–	100	Investment Holding
Kiwi Profits Limited	10	US\$1	–	100	Investment Holding
Lotsgain Limited	100	US\$1	–	59	Investment Holding
Magic Chance Limited	1	US\$1	–	100	Investment Holding
Master Services Limited	1,000,000	US\$0.01	–	33	Investment Holding
Mombasa Limited	100	US\$1	–	100	Investment Holding
New World Capital Finance Limited	1	US\$1	100	100	Financial Services
New World Development (BVI) Limited	1	US\$1	100	100	Financial Services
New World First Bus Services Limited	10,000,000	HK\$1	–	38	Bus Services
New World First Holdings Limited	10,000,000	HK\$1	–	38	Investment Holding
New World Hotels (Corporation) Limited	1	US\$1	–	64	Investment Holding
New World Industrial Holdings Limited	1	US\$1	100	100	Investment Holding
NWD Finance (BVI) Limited	1	US\$1	100	100	Financial Services
Radiant Glow Limited	1	US\$1	–	100	Investment Holding
Rich Funds Limited	1	US\$1	–	100	Investment Holding
Sea Walker Limited	1	US\$1	100	100	Investment Holding
Sparkling Rainbow Limited	1	US\$1	–	100	Investment Holding
Steady Profits Limited	1	US\$1	–	100	Investment Holding
Sweet Prospects Enterprises Limited	1	US\$1	–	100	Investment Holding
Team Foundation Limited	1	US\$1	–	100	Investment Holding
True Blue Developments Limited	1	US\$1	–	100	Investment Holding
Twin Glory Investments Limited	1	US\$1	–	100	Investment Holding
Young's Engineering Holdings Limited	2,500,000	US\$1	–	51	Investment Holding
Incorporated in Western Samoa					
Hopwin Properties (China) Limited	10	US\$1	–	80	Investment Holding

NOTES TO THE ACCOUNTS (continued)

31. Principal Associated Companies

As at 30 June 1999

	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					
Birkenhead Property & Investment Limited	1,200,000	1	–	50	Property Investment
Fook Hang Trading Company Limited	100	100	50	50	Property Trading
Global Perfect Development Limited	1,000,000	1	–	50	Investment Holding
Global Winner Limited	2	1	–	50	Property Investment
Gloryland Limited	900	1	–	33	Property Trading
New World-Guangdong Highway Investments Co. Limited	100	100	–	30	
	100 *	100	–	50	Investment Holding
Niceline Company Limited	1,000	1	–	24	Investment Holding
Quon Hing Concrete Limited	200,000	100	–	26	Production of Concrete
Sea-Land Orient Terminals Limited	55,000 'A'	1	–	–	
	5,000 'B'	1	–	20	Operation of Container Terminal
Shun Tak Centre Limited	1,000	100	–	29	Property Investment
Sun City Holdings Limited	8,000,000	1	–	31	Investment Holding
Wing Shan International Country Club Co. Limited	1,000,000	1	–	27	Investment Holding
Yargoan Company Limited	150,000	100	–	22	Stone Quarrying

Represented ordinary shares, unless otherwise stated.

* Non-voting deferred ordinary shares.

NOTES TO THE ACCOUNTS (continued)

31. Principal Associated Companies (continued)

As at 30 June 1999

	Registered capital/ issued share capital		Percentage of equity shares held		Principal activities
	Amount/ Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Thailand					
Ploenchit Arcade Company Limited	20,000	Baht10,000	–	13	Hotel Investment
Incorporated and operated in Malaysia					
Great Union Properties Sdn. Bhd.	100,000,000	M\$1	–	38	Property Investment
	10,000,000 ^	M\$0.1	–	38	Property Investment
T & T Properties Sdn. Bhd.	9,500,000	M\$1	–	33	Property Investment
Incorporated in British Virgin Islands					
Fortune Star Limited	100	US\$1	–	40	Investment Holding
Grand Make International Limited	100	US\$1	–	45	Investment Holding
Right Choice International Limited	200	US\$1	–	18	Property Investment
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$70,000,000	–	–	44	Property Investment
Sinclair Profits Limited	10	US\$1	–	35	Investment Holding
Incorporated and operated in the People's Republic of China					
Beijing Datang Power Generation Company Limited	5,162,849,000	Rmb1	–	6	Generation and Supply of Electricity
Beijing Chang Le Real Estates Development Co., Ltd.	US\$12,000,000	–	–	24	Property Investment
Beijing Fu Wah Real Estates Development Co., Ltd	US\$8,000,000	–	–	24	Property Investment
Beijing Niceline Real Estates Development Co., Ltd	US\$8,000,000	–	–	24	Property Investment
Beijing Po Garden Real Estates Development Co., Ltd	US\$12,000,000	–	–	24	Property Investment
Foshan Country Club Co., Ltd.	US\$52,924,000	–	–	23	Golf club operation
Foshan Country Club Real Estate Development Limited	US\$12,000,000	–	–	25	Property Investment
Sichuan Expressway Company Limited	2,558,060,000	Rmb1	–	6	Management and Operation of Toll Road
Incorporated in Bermuda and operated in the People's Republic of China					
Pacific Ports Company Limited	819,462,000	HK\$0.10	–	22	Management and Operation of Terminals
Incorporated and operated in Singapore					
Kastille Pte. Limited	100,000	S\$1	–	49	Investment Holding

^ Represented redeemable cumulative preference share

NOTES TO THE ACCOUNTS (continued)

32. Principal Jointly Controlled Entities

As at 30 June 1999

	Registered capital	Attributable Interest (Note a)		Principal activities
		To the Company	To the Group	
Incorporated and operated in the People's Republic of China				
Equity Joint Ventures				
Guangzhou Guang-Xin Industrial Development Co., Limited	US\$20,000,000	45	45	Investment Holding
Guangzhou Oriental Power Co., Limited	Rmb990,000,000	–	15	Generation and Supply of Electricity
Guangzhou Pearl River Power Co., Limited	Rmb420,000,000	–	29	Generation and Supply of Electricity
Hong Kong Jiang-Guang Development Ltd	HK\$1,000,000	–	20	Hotel Operation
New World Gaohong Investment & Development Industry Co. Ltd.				
	US\$10,000,000	–	65	Property Investment
Qing Yuan New World Xin Tai Cement Co., Limited	Rmb50,000,000	–	29	Operation of Cement Plant
Sea-Land Orient (Tianjin) Container Terminals Co., Limited	US\$29,200,000	–	14	Operation of Container Terminal
Shandong Jianshe Best Wide Cement Co. Ltd	US\$29,950,000	–	25	Operation of Cement Plant
Shangdong Zhangdian Best Wide Cement Co. Ltd	US\$22,645,800	–	25	Operation of Cement Plant
Shangdong Zibo Best Wide Cement Co. Ltd	US\$19,526,000	–	25	Operation of Cement Plant
Shanghai Jianmei Property Development Co., Ltd	US\$10,000,000	–	30	Property Investment
Shanghai Trio Property Development Co., Limited	US\$75,000,000	–	34	Bus Depot Redevelopment
Shenyang New World Lumingchun Building Co., Limited	Rmb68,000,000	–	70	Hotel Operation
Shunde Xinshungi Real Estate Co., Ltd.	HK\$46,800,000	–	33	Property Investment
Shunde Dexing Real Estate Developing Co., Ltd.	US\$12,000,000	–	30	Property Investment
				Refrigeration Equipment
Wuhan New World Refrigeration Industrial Corporation Limited	Rmb60,000,000	–	40	Manufacturing
Wuhan Wuxin Industrial Co., Limited	US\$10,000,000	50	50	Investment Holding
Yantai Baoqiao Best Wide Cement Co. Ltd	US\$16,470,000	–	25	Operation of Cement Plant
Yantai Jinhe Cement Co. Ltd	US\$17,940,000	–	25	Operation of Cement Plant
Co-operative Joint Ventures				
Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) Co., Limited	Rmb580,000,000	–	15	Operation of Toll Road
Beijing Chong Wen-New World Properties Development Co., Limited	US\$104,000,000	–	58-70	Property Investment
Beijing Chong Yu Real Estate Development Co., Limited	US\$81,840,000	–	60	Property Investment
Beijing New World Development Co., Ltd	US\$25,460,000	65	65	Property Investment
Beijing Xin Kang Real Estate Development Co., Ltd.	US\$12,000,000	–	70	Property Investment
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	–	59	Hotel Operation
China New World Electronics Limited	US\$20,000,000	–	70	Property Investment
Dongguan New World Garden Trade Construction Co., Limited	US\$12,000,000	–	38	Property Investment
Dongguan New World Square Trade Construction Co., Limited	US\$12,000,000	–	38	Property Investment
Grand New World Hotel Company Limited	US\$10,800,000	–	64	Hotel Operation

NOTES TO THE ACCOUNTS (continued)

32. Principal Jointly Controlled Entities (continued)

As at 30 June 1999

	Registered capital	Attributable Interest (Note a)		Principal activities
		To the Company	To the Group	
Incorporated and operated in the People's Republic of China (continued)				
Co-operative Joint Ventures (continued)				
Guangzhou Cosmart Estate Development Limited	HK\$48,000,000	–	60	Property Investment
Guangzhou Dongxin Enterprises Co., Limited	Rmb80,000,000	–	60	Property Investment
Guangzhou Fong Chuen New World Property Development Co. Limited	Rmb780,000,000	–	60	Property Investment
Guangzhou Fucheng Property Development Co., Limited	HK\$80,000,000	–	60	Property Investment
Guangzhou New World Bridges Construction Limited	Rmb320,000,000	–	29	Operation of Toll Bridges
Guangzhou Northring Freeway Company Limited	US\$19,255,000	–	23	Operation of Toll Road
Guangzhou Xinhuachen Estate Co., Ltd	Rmb200,000,000	–	45	Property Investment
Guangzhou Xin Hua Jian Property Development Co., Limited	Rmb244,000,000	–	90	Property Investment
Huishen (Yantian) Expressway Huizhou Co., Ltd	Rmb39,000,000	–	20	Operation of Toll Road
Huizhou City Hui-Ao Roadway Co. Ltd	Rmb75,000,000	–	29	Operation of Toll Road
Huizhou City Huixin Expressway Co., Ltd	Rmb34,400,000	–	29	Operation of Toll Road
Huizhou New World Development Enterprise Limited	Rmb80,000,000	–	63	Property Investment
Jing Xin Development Co., Limited	Rmb60,000,000	–	60	Property Investment
Qingyuan Golden Hot Spring Tourism & Holiday Resort Co., Limited	US\$4,819,000	–	38	Operation of Resort and Recreation Centre
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$88,000,000	–	70	Property Investment
Shijiazhuang New World Industry Co., Ltd	Rmb88,000,000	–	55	Property Investment
Tianjin New World Properties Development Co., Limited	US\$12,000,000	–	70	Land Development
Tangjin Expressway (Tianjin North Section)				
Tianjin Xinlu Expressway Co., Limited	Rmb99,092,000	–	53 @	Operation of Toll Road
Tianjin Xindi Expressway Co., Limited	Rmb93,688,000	–	53 @	Operation of Toll Road
Tianjin Xinlong Expressway Co., Limited	Rmb99,400,000	–	53 @	Operation of Toll Road
Tianjin Xinming Expressway Co., Limited	Rmb85,468,000	–	53 @	Operation of Toll Road
Tianjin Xinqing Expressway Co., Limited	Rmb99,368,000	–	53 @	Operation of Toll Road
Tianjin Xinquan Expressway Co., Limited	Rmb92,016,000	–	53 @	Operation of Toll Road
Tianjin Xinsen Expressway Co., Limited	Rmb87,300,000	–	53 @	Operation of Toll Road
Tianjin Xinshi Expressway Co., Limited	Rmb99,388,000	–	53 @	Operation of Toll Road
Tianjin Xinsi Expressway Co., Limited	Rmb96,624,000	–	53 @	Operation of Toll Road
Tianjin Xintong Expressway Co., Limited	Rmb99,448,000	–	53 @	Operation of Toll Road
Tianjin Xintuo Expressway Co., Limited	Rmb99,316,000	–	53 @	Operation of Toll Road
Tianjin Xinxiang Expressway Co., Limited	Rmb90,472,000	–	53 @	Operation of Toll Road
Tianjin Xinyan Expressway Co., Limited	Rmb89,028,000	–	53 @	Operation of Toll Road
Tianjin Xinzhao Expressway Co., Limited	Rmb89,392,000	–	53 @	Operation of Toll Road

NOTES TO THE ACCOUNTS (continued)

32. Principal Jointly Controlled Entities (continued)

As at 30 June 1999

	Registered capital	Attributable Interest (Note a)		Principal activities
		To the Company	To the Group	
Incorporated and operated in the People's Republic of China (continued)				
Co-operative Joint Ventures (continued)				
Wuhan Airport Road Development Limited	Rmb60,000,000	–	23	Operation of Toll Road
Wuhan Taipei & New World Hotel Co., Ltd.	US\$14,160,000	–	50	Hotel Redevelopment
Wuhan Xinhua Development Co., Limited	Rmb30,000,000	–	50	Property Investment
Wuhan Wuxin Hotel Co., Ltd.	US\$13,500,000	–	60	Hotel Redevelopment
Wuhan Wuxin Enterprises Co., Limited	Rmb15,000,000	–	40	Land Redevelopment
Wuxi Ramada Hotels Co., Limited	US\$10,040,000	–	26	Hotel Operation

Note a: percentage of equity interest, in the case of equity joint ventures or joint stock limited company or profit sharing percentage, in the case of co-operative joint ventures.

@ Represented cash sharing ratio for the first 15 years of the joint venture period, thereafter the ratio will change to 60%.

	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					
Company Limited By Shares					
Asia Container Terminal Limited	1,000	1	–	21	Development and operation of Container Terminal
Asia Terminals Limited	100,000	1	–	33	Operation of Cargo Handling and Storage Facilities
	20,000 **	1	–	47	
	39,000 *	1	–	39	
	15,918 ***	1	–	39	
Direct Profit Development Limited	200,000	0.05	–	12	Property Investment
Estoree Limited	500'A'	10	–	–	Property Investment
	500'B'	10	–	50	
	9,000'C' ***	10	–	–	
Ever Light Limited	1,000	1	40	40	Property Investment
Ever Sure Investments Limited	2	1	–	50	Property Investment
Far East Landfill Technologies Limited	1,000,000	1	–	15	Landfill
Istaron Limited	4	1	–	32	Investment Holding

NOTES TO THE ACCOUNTS (continued)

32. Principal Jointly Controlled Entities (continued)

As at 30 June 1999

	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 (continued)					
Company Limited By Shares (continued)					
Newfoundworld Holdings Limited	200,000	10	–	20	Investment Holding
Newfoundworld Limited	200,000	10	–	20	Property Trading
Ocean Champion Development Limited	10,000	1	–	50	Property Investment
Pure Jade Limited	1,000	1	–	20	Property Investment
Ranex Investments Limited	100	1	–	10	Property Trading
Sheenity Enterprises Limited	10,000	1	–	50	Property Investment
Sky Connection Limited	100	1	–	48	Duty-Free, Liquor and Tobacco Sales
Super Lion Enterprises Limited	2	1	50	50	Property Investment
Tate's Cairn Tunnel Company Limited	1,100,000	0.01	–	16	
	600,000,000 *	1	–	28	Operation of Toll Tunnel
Incorporated in British Virgin Islands and operated in the People's Republic of China					
Holicon Holdings Limited	2	US\$1	–	50	Property Development
Orwin Enterprises Limited	2	US\$1	–	50	Property Development
Incorporated in British Virgin Islands					
Quick Wealth Investment Limited	100	US\$1	–	32	Investment Holding
Incorporated and operated in Thailand					
Century Country Club Company Limited	30,000,000	Baht10	–	29	Golf Club Investment
Incorporated in Hong Kong and operated in Macau					
Sino-French Holdings (Hong Kong) Limited	1,086,280 'A'	HK\$100	–	–	
	2,089,000 'B'	HK\$100	–	29	Operation of Water and
	1,002,720 'C'	HK\$100	–	–	Electricity Plants

Represented ordinary shares, unless otherwise stated.

* Non-voting deferred ordinary shares.

** Non-voting preference shares.

*** Non-voting deferred preference shares.

GLOSSARY OF TERMS

General Terms

AAIF	AIG Asian Infrastructure Fund II LP
ATL	Asia Terminals Limited
ACT	Asia Container Terminals Limited
Beijing Datang	Beijing Datang Power Generation Company Limited
CCR	City Core Redevelopment
China.com	China.com Corporation
CIC	China Internet Corporation Limited
Company, New World or NWD	New World Development Company Limited
CT3	Container Terminal 3
E&M	Electrical and Mechanical Engineering
FY	fiscal year, 1 July to 30 June
GDP	gross domestic product
GFA	gross floor area
Group	New World Development Company Limited and its subsidiary companies
Hip Hing	Hip Hing Construction Company Limited
HK	Hong Kong
HKCEC	Hong Kong Convention and Exhibition Centre
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
IDD	International Direct Dialing service which allows customers to dial internationally without the need to connect via an operator
KCRC	Kowloon Canton Railway Corporation
MTR	Mass Transit Railway
n/a	not applicable
NW CyberBase	New World CyberBase Limited
NWCEP	New World China Enterprises Projects Limited
NWCL or New World China Land	New World China Land Limited
NWFB or New World First Bus	New World First Bus Services Limited
NWI or New World Infrastructure	New World Infrastructure Limited
NWLT	New World LifeTech Limited
NWM	New World Mobility

GLOSSARY OF TERMS (continued)

General Terms (continued)

NWS or New World Services	New World Services Limited
NWT or New World Telephone	New World Telephone Holdings Limited
Paul Y Properties	Paul Y Properties Group Limited
PowerPhone	multimedia payphone offered by New World Telephone Limited
PPC	Pacific Ports Company Limited
PRC or Mainland	The People's Republic of China
PSPS	Private Sector Participation Scheme
Rmb	the lawful currency of The People's Republic of China
SAR or HKSAR	Special Administrative Region – A status granted to Hong Kong to own an independent governmental and legislative system and to enjoy a degree of autonomy from the PRC Government under the principle of “one country, two systems”
Sea-Land	Sea-Land Service Inc.
Sino-French	Sino-French Holdings (Hong Kong) Limited
SLOT	Sea-Land Orient Terminals Limited
SSAP	Statement of Standard Accounting Practice
UPML	Urban Property Management Limited
US	The United States of America
HK\$M or HK\$ million	million of Hong Kong Dollars
US\$	United States dollar(s), the lawful currency of the United States

Financial Terms

Attributable Operating Profit	attributable profit before exceptional items, interest and other overhead items
Net Book Debt	the aggregate of bank loans, other loans, overdrafts, convertible bonds, debentures and finance leases less cash and bank balances
Net Debt to Equity Ratio	$\frac{\text{Net Book Debt}}{\text{Shareholders' funds}}$
Earnings Per Share or EPS	$\frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$
Exceptional Items	Items of income and expense within profit or loss from ordinary activities that are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the period
Interest Coverage	$\frac{\text{Operating profit before interest plus share of results of associated companies and joint ventures}}{\text{Interest expense including capitalised interest}}$

GLOSSARY OF TERMS (continued)

Technical Terms

CJV	cooperative joint venture
EJV	equity joint venture
e-mail	electronic mail
FTNS	Fixed Telecommunications Network Services
GSM	Global Systems for Mobile, Digital cellular network technology which is widely used in Europe and Asia
JCE	jointly controlled entities
PCS	Personal Communications Services
WFE	wholly foreign-owned enterprises

Measurements

km	kilometre(s)
MW	megawatt(s), equal to 1,000kW
sq.ft. or ft. ²	square feet
sq.m.	square metre
TEU or TEUs	Twenty-Foot Equivalent Unit – a standard of measurement used in container transport for expressing the volume of the trade and the capacity of the container ship, and for other statistical purposes, as well as for freight quotations. It is based on the dimensions of a cargo container 20 feet long x 8 feet wide x 8 feet 6 inches high with a maximum load approximately 9 tonnes
Tonnes	a standard of measurement, equal to 1,000 kilograms

FIVE-YEAR FINANCIAL SUMMARY

Consolidated Balance Sheet

	1999 HK\$m	1998 HK\$m	1997 HK\$m	1996 HK\$m	1995 HK\$m
Fixed assets	39,912.5	37,545.1	46,059.7	41,654.4	39,879.0
Investments in associated companies, jointly controlled entities and other investments	40,916.0	37,127.0	31,512.9	20,396.1	15,789.1
Licence agreement	—	—	—	888.0	912.6
Long term receivables	627.2	692.6	366.7	215.0	227.1
Current assets	33,687.6	29,119.8	30,509.1	32,323.6	22,387.2
	115,143.3	104,484.5	108,448.4	95,477.1	79,195.0
Less: Current liabilities	19,144.3	15,837.5	18,388.9	19,828.5	14,153.1
	95,999.0	88,647.0	90,059.5	75,648.6	65,041.9
Intangible assets	—	—	—	337.0	833.8
Deferred expenditure	178.6	222.1	221.8	142.3	87.8
	96,177.6	88,869.1	90,281.3	76,127.9	65,963.5
Share capital	2,127.8	1,984.9	1,909.0	1,761.0	1,674.3
Reserves	54,584.8	52,827.2	62,400.9	49,499.2	45,892.6
Shareholders' funds	56,712.6	54,812.1	64,309.9	51,260.2	47,566.9
Minority interests	9,851.4	9,079.6	10,062.2	8,105.0	4,644.9
Mandatorily convertible bonds	3,864.6	—	—	—	—
Long term liabilities	25,725.2	24,960.4	15,905.6	16,759.7	13,739.5
Deferred taxation	23.8	17.0	3.6	3.0	12.2
	96,177.6	88,869.1	90,281.3	76,127.9	65,963.5

FIVE-YEAR FINANCIAL SUMMARY (continued)

Consolidated Profit and Loss Account

	1999 HK\$m	1998 HK\$m	1997 HK\$m	1996 HK\$m	1995 HK\$m
Turnover	17,527.1	20,389.9	19,975.9	16,715.5	17,456.7
Operating profit	862.9	4,147.2	4,303.8	4,119.1	3,616.3
Exceptional items	388.8	(1,202.2)	1,316.0	1,148.6	–
Profit from ordinary activities	1,251.7	2,945.0	5,619.8	5,267.7	3,616.3
Share of results of associated companies and jointly controlled entities	1,355.2	637.1	2,020.7	359.6	393.8
Profit before taxation	2,606.9	3,582.1	7,640.5	5,627.3	4,010.1
Taxation	(545.6)	(735.2)	(963.0)	(827.3)	(373.9)
Profit after taxation	2,061.3	2,846.9	6,677.5	4,800.0	3,636.2
Minority interests	(794.5)	(704.0)	(1,365.5)	(642.3)	(225.3)
Profit attributable to shareholders	1,266.8	2,142.9	5,312.0	4,157.7	3,410.9
Dividend per share (HK\$)					
– interim	0.15	0.32	0.32	0.30	0.28
– final	0.15	0.32	0.88	0.84	0.78
	0.30	0.64	1.20	1.14	1.06
Earnings per share (HK\$)					
– basic	0.62	1.11	2.86	2.44	2.11
– diluted	0.62	1.10	2.85	2.40	2.05

PROJECT SUMMARY

Property Development in Hong Kong

Name of Property / Location	Site Area (sq. ft.)	Attributable Interest (%)	Total GFA (sq. ft.)
Hong Kong			
1. Grand Millennium Plaza, 183 Queen's Road Central	81,010	100.0% ⁽¹⁾	902,960
2. Queen's Street Redevelopment Project, Sheung Wan	86,219	50.0% ⁽¹⁾	664,525
3. 18, 20, 20A & 24 Tin Hau Temple Road	7,965	60.0%	63,655
4. Belcher Gardens Redevelopment	322,894		
Phase One		10.0%	1,331,034
Phase Two		10.0%	1,331,034
5. 6-10 Black's Link	69,535	80.0%	34,761
6. Kennedy Town Redevelopment Project	73,409	100.0% ⁽²⁾	749,598
7. No. 11-15 MacDonnell Road	10,590	33.0%	52,959
8. Nos 1,2,3& 4 West End Terrace & Nos. 11&11A Bonham Road	10,603	70.0%	84,000
9. China Merchants Tower		100.0%	118,013
Kowloon			
10. Choi Hung Road Private Sector Participation Scheme Project	378,125	80.5%	1,949,150
11. 51 Tsun Yip Street, Kwun Tong	4,694	100.0%	56,328
12. NKIL 4850RP, Tai Po Road	63,324	50.0%	190,586
13. NKIL 3512 RP & Ext., Tai Po Road	47,932	100.0%	103,015
14. 15-19 Luk Hop Street, San Po Kong	23,788	100.0%	285,456
15. 157 Prince Edward Road West	7,380	50.0%	88,622
16. Bijou Court, 171 Prince Edward Road West	7,540	50.0%	67,978
17. 444-450 Prince Edward Road West	6,761	100.0%	37,186
New Territories			
18. 41-55 Wo Tong Tsui Street, Kwai Chung	31,490	50.0%	299,155
19. 35-47 Tsing Yi Road, Tsing Yi Island	305,190	100.0% ⁽¹⁾	1,525,958
20. Tung Chung Development			
Site One	907,405		
Phase One		16.4% ⁽¹⁾	126,222
Phase Two		16.4% ⁽¹⁾	297,618
Phase Three		16.4% ⁽¹⁾	783,957
Site Two		16.4% ⁽¹⁾	861,113
Site Three		16.4% ⁽¹⁾	1,042,500
21. YLTL 500, Tai Tong Road, Yuen Long			
Phase One	225,108	56.0%	801,197
Phase Two	155,227	56.0%	340,006
22. Project in Yuen Long, DD 120	160,000	100.0%	500,000
23. Project in Tung Tau, Yuen Long, DD 115	331,940	33.3%	995,821
24. Project in Yuen Long, DD 115	120,000	100.0%	69,300
25. Project in Yuen Long, DD 129	220,000	100.0%	147,000
26. Project in Fu Tei, DD 132	48,000	100.0%	200,000
27. Project in Lau Fau Shan, DD 128 & 129	160,000	100.0%	65,000
28. Project in Tong Yan San Tsuen, DD 121	530,000	100.0%	530,000
29. Project in Ma On Shan, DD206	1,320,000	35.0%	1,980,000
30. Project in Sai Kung, DD 217, 219 & 222	1,000,000	100.0%	340,000
31. Project in Sai Kung, DD 221	160,000	65.3%	126,000
32. Project in Fanling, DD 91, 100	200,000	100.0%	184,800
33. Project in Sai Kung, DD221	940,000	65.3%	1,074,000
Total	8,016,129		20,400,507

Notes:

- (1) Properties in which the group has a development interest: other parties provide the land whilst the Group finances the construction cost and occasionally 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.
- (2) Property in which the Group's return is pre-determined in accordance with the terms and conditions of the joint development agreement.

Total (sq. ft.)	Retail (sq. ft.)	Group's share of GFA		Residential (sq. ft.)	Industrial (sq. ft.)	Stage of Completion
		Office (sq. ft.)	Hotel (sq. ft.)			
902,960	57,056	845,904				Completed
332,263	1,975			330,288		Site formation & foundation
38,193				38,193		Superstructure
133,104	21,552			111,552		Superstructure
133,104				133,104		Superstructure
27,809				27,809		Superstructure
749,598				749,598		Planning
17,651				17,651		Foundation
58,800				58,800		Planning
118,013		118,013				Completed
1,569,066	17,850			1,551,216		Superstructure
56,328					56,328	Completed
95,293				95,293		Superstructure
103,015				103,015		Superstructure
285,456					285,456	Planning
44,311				44,311		Superstructure
33,989	5,654			28,335		Superstructure
37,186				37,186		Planning
148,321					148,321	Completed
1,525,958					1,525,958	Planning
20,700				20,700		Completed
48,809				48,809		Superstructure
133,864	5,295			128,569		Superstructure
141,223	75,907	26,479	38,837			Superstructure
170,449	4,496			165,953		Site formation
448,670				448,670		Foundation
190,403				190,403		Planning
500,000				500,000		Planning
331,608				331,608		Planning
69,300				69,300		Planning
147,000				147,000		Planning
200,000				200,000		Planning
65,000				65,000		Planning
530,000				530,000		Planning
693,000				693,000		Planning
340,000				340,000		Planning
82,278				82,278		Site formation
184,800				184,800		Planning
701,322				701,322		Planning
11,408,844	189,785	990,396	38,837	8,173,763	2,016,063	

PROJECT SUMMARY (continued)

Property Investment in Hong Kong

Name of Property	Total GFA (sq. ft.)	Group's Interest (%)	Total (sq. ft.)
Completed			
Hong Kong			
1. Manning House, 48 Queen's Road Central	110,040	100.0%	110,040
2. New World Tower, 18 Queen's Road Central	640,135	100.0%	640,135
3. Shun Tak Centre	220,530	45.0%	99,238
4. Hong Kong Convention & Exhibition Centre	160,682	100.0%	160,682
5. Grand Hyatt Hong Kong	524,928	100.0%	524,928
6. Renaissance Harbour View Hotel	544,518	100.0%	544,518
7. Pearl City, Causeway Bay			
– Portion of Ground Floor to 4th Floor	53,691	40.0%	21,476
– Portion of Ground Floor & Basement	24,682	100.0%	24,682
8. 2 MacDonnell Road	116,954	100.0% ⁽¹⁾	116,954
9. Methodist House, Wan Chai	40,813	99.0% ⁽¹⁾	40,405
Kowloon			
10. New World Centre	2,500,000	100.0%	2,500,000
11. New World Centre Palace Mall	141,439	100.0%	141,439
12. Telford Plaza, Kowloon Bay	335,960	100.0% ⁽¹⁾	335,960
New Territories			
13. Asia Terminals Centre	6,150,873	32.5%	1,999,033
14. Riviera Plaza Arcade, Tsuen Wan	242,685	100.0%	242,685
15. Discovery Park Shopping Mall	466,400	50.0%	233,200
	12,274,330		7,735,375
To be completed			
16. New World Centre Extension	988,340	100.0%	988,340
Total	13,262,670		8,723,715

Notes:

- (1) Properties in which the Group has a development interest: other parties provide the land whilst the Group finances the construction cost and occasionally 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 agreement.
- (2) The 91,621 sq.ft. represents the area of a private club and other recreational facilities.
- (3) The 1,916,604 sq.ft. represents the warehouse space in Asia Terminals Centre.

Group's Share of GFA/Carparks						Lease Expiry
Retail (sq. ft.)	Office (sq. ft.)	Hotel (sq. ft.)	Residential (sq. ft.)	Others (sq. ft.)	Carparks (Number)	
63,383	46,657					2843
77,948	562,187				387	2863
93,016	6,222				38	2055
69,061				91,621 ⁽²⁾	1,070	2060
		524,928				2060
		544,518				2060
21,476						2868
24,682						2868
			116,954			2031
	40,405					2084
957,667	538,966	580,632	422,735		1,801	2052
141,439					260	2052
335,960					136	2047
	82,429			1,916,604 ⁽³⁾		2047
242,685					324	2047
233,200					500	2047
2,260,517	1,276,866	1,650,078	539,689	2,008,225	4,516	
		988,340				2052
2,260,517	1,276,866	2,638,418	539,689	2,008,225	4,516	

PROJECT SUMMARY (continued)

Hotel Investment

Name of Hotel / Location	Number of Rooms	Group's Effective Interest
Existing		
Hong Kong		
1. The Regent	514	48.0%
2. New World Renaissance Hotel, Kowloon	543	64.0%
3. Renaissance Harbour View Hotel	862	64.0%
4. Grand Hyatt Hong Kong	572	64.0%
	2,491	
China		
5. New World Courtyard Hotel, Beijing	294	59.0%
6. Jing Guang New World Hotel, Beijing	439	20.5%
7. China Hotel, Guangzhou	888	9.0%
8. New World Beifang Hotel, Harbin	329	23.8%
9. New World Courtyard Hotel, Shenyang	252	40.4%
10. New World Courtyard Hotel, Shunde	450	19.2%
11. New World Courtyard Hotel, Wuhan	138	50.0%
12. New World Courtyard Hotel, Wuxi	325	25.6%
13. Grand New World Hotel, Xian	480	22.4%
	3,595	
Southeast Asia		
14. New World Renaissance Hotel, Makati, Philippines	600	29.9%
15. New World Renaissance Hotel Saigon, Ho Chi Minh City, Vietnam	503	21.6%
16. Renaissance Riverside Hotel, Ho Chi Minh City, Vietnam	353	19.4%
17. New World Renaissance Hotel, Kuala Lumpur	521	37.5%
18. Renaissance Hotel, Kuala Lumpur	399	37.5%
	2,376	
Grand Total	8,462	

PROJECT SUMMARY (continued)

Infrastructure

	Gross Length/ Capacity	NWI's Form of Investment	Attributable Interest (%)	Expected/Actual Operation Date ⁽¹⁾	JV Period (years)	Expiry Date ⁽²⁾
Road Projects						
Guangzhou City Northern Ring Road	22.0km	CJV	65.29	1/1994	33	2023
Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)*		CJV	25.00		37	2030
Phase I – Section I	8.6km			5/1997		
Phase I – Section II	53.6km			12/1999		
Shenzhen-Huizhou Expressway (Huizhou Section)						
Expressway	34.7km	CJV	33.33	6/1993	30	2027
Roadway	21.8km	CJV	50.00	12/1997	26	2023
Hui-Ao Roadway		CJV	50.00		33	2028
Hui-Dan Section	36.0km			1/1996		
Hui-Ao Section	50.5km			3/2000		
Roadway No. 324 (Gaoyao Section)	24.0km	CJV	40.00	2/1994	22	2015
Roadway No. 321 (Fengkai Section)	42.0km	CJV	45.00	12/1994	25	2019
Roadway No. 321 (Deqing Section)	79.0km	CJV	45.00	9/1995	25	2020
Roadway No. 1964 (Zhaojiang Section)	32.0km	CJV	70.00	12/1995	25	2019
Roadway No. 1960 (Sihui Section)	47.0km	CJV	50.00		25	2021
Guangmei Toll Station				1/1996		
Shatou Toll Station				6/1996		
Roadway No. 1960 (Guangning Section)	60.0km	CJV	55.00	7/1996	25	2020
Roadway No. 1967 (Xinxing Section)	25.0km	CJV	55.00	7/1997	25	2022
Shuangjin Roadway (Gaoyao Section)	34.0km	CJV	61.00	9/1997	26	2024
Roadway No. 1962 (Guangning Section)	19.5km	CJV	55.00	4/1998	26	2023
Roadway No. 1969 (Gaoyao Section)	27.0km	CJV	10.00/58.00	1/1998	28	2024
Roadway No. 321 (Gaoyao Section)	23.84km	CJV	55.00	8/1998	25	2019
Roadway No. 1962 (Gaoyao Section)	32.42km	CJV	60.00	8/1998	30	2026
Roadway No. 1959 (Qingxin Section)	26.63km	CJV	75.00	11/1998	30	2027
Roadway No.1958 (Deqing Section)	30.0km	CJV	65.00	5/1999	25	2023
Roadway No. 105 (Lianping County North Section)	33.0km	CJV	10.00/51.00	8/1997	25	2022
Roadway No. 1906 (Qingcheng Section)	26.8km	CJV	80.00	3/2000	30	2028
Roadway No. 321 (Wuzhou Section)		CJV	45.00		25	2022
Phase I	8.7km			3/1997		
Phase II	4.3km			12/1998		
Beiliu City Roadways		CJV	60.00		25	2022
Phase I	18.2km			8/1997		
Phase II	21.6km			5/1998		
Yulin Shinan to Dajiangkou Roadway		CJV	60.00		25	2022
Phase I	8.7km			8/1997		
Phase II	30.0km			1/1999		

PROJECT SUMMARY (continued)

	Gross Length/ Capacity	NWI's Form of Investment	Attributable Interest (%)	Expected/Actual Operation Date ⁽¹⁾	JV Period (years)	Expiry Date ⁽²⁾
Road Projects (cont'd)						
Rongxian Roadways		CJV	70.00		25	2022
Phase I	9.2km			10/1997		
Phase II	16.8km			5/1998		
Yulin to Shinan Roadway	27.8km	CJV	60.00	5/1998	25	2022
Cangwu County Roadway	10.1km	CJV	70.00	1/1999	25	2022
Yulin Shinan to Guigang Roadway	20.0km	CJV	60.00	1/2001	25	2022
Wuhan Airport Expressway	18.0km	CJV	40.00	4/1995	30	2025
Tangjin Expressway (Tianjin North Section)		CJV	60.00/90.00		30	
Section I	40km			12/1998		2029
Section II	20.4km			7/2001		2031
Chengdu Ring Expressway (East Section)		CJV	68.00/51.00		30	2028
Phase I	21.53km			1/2001		
Phase II	21.50km			1/2002		
Shanxi Taiyuan to Gujiao Roadway (Taiyuan Section)	28.4km	CJV	60.00/90.00	12/1999	27	2025
Shanxi Taiyuan to Gujiao Roadway (Gujiao Section)	36.00km	CJV	60.00/90.00	4/1999	27	2025
Jincheng to Jiaozuo Expressway (Shanxi Section)	31.57km	CJV	60.00/90.00	10/2000	30	2028
Roadway No.309(Changzhi Section) in Shanxi	22.2km	CJV	60.00/90.00	12/1999	25	2023
Taiyuan to Changzhi Roadway (Changzhi Section) in Shanxi	18.3km	CJV	60.00/90.00	12/1999	25	2023
Tate's Cairn Tunnel	4.0km	Equity	27.50	6/1991	30	2018
Bridge Projects						
Wuhan Bridge Development	3.227km	JSC	48.86	6/1995	30	2025
Gaoming Bridge	1.1km	CJV	30.00/80.00	11/1996	25	2021
Guangzhou Three New Bridges^	4.08km	CJV	50.00	12/1999	33	2030
Zhaoqing Deqing Xijiang Bridge	1.4km	CJV	60.00	5/1999	25	2022
Tianjin Yonghe Bridge	0.5km	CJV	90.00	12/1998	25	2023

PROJECT SUMMARY (continued)

	Gross Length/ Capacity	NWI's Form of Investment	Attributable Interest (%)	Expected/Actual Operation Date ⁽¹⁾	JV Period (years)	Expiry Date ⁽²⁾
Cargo Handling Projects						
Sea-Land Orient Terminals Limited (SLOT)	1.1 mil TEUs	Equity	33.34	6/1991	50	2047
Asia Terminals Limited (ATL)	5.9 mil ft ²	Equity	55.67	2/1987	50	2047
United Asia Terminals (Yantian) Limited	899,800 CBM	Equity	40.00	2/1997	10	2006
Sea-Land Orient (Tianjin) Container Terminals Co., Limited	2 mil TEUs	EJV	24.50	1/1999	30	2027
Pacific Ports Company Limited [#]	n/a	Equity	37.15	5/1998	-	Perpetual
Asia Container Terminals Limited (ACT) ^{##}	1.8 mil TEUs	Equity	36.33	8/2003	49	2047
Power Projects						
Zhujiang Power Station - Phase I	600 MW	EJV	50.00	1/1994	25	2017
Zhujiang Power Station - Phase II	600 MW	EJV	25.00	4/1996	25	2020
Shunde De Sheng Power Plant	273.5 MW	CJV	60.00	4/1997	20	2017
Macau Power Plant	351MW	Equity	20.25	11/1997	25	2010
Sichuan Qianwei Dali Power Plant	54 MW	CJV	60.00	11/1997	25	2022
Water Projects						
Macau Water Plant	262,500m ³ /day	Equity	42.50	11/1997	25	2010
Zhongshan Tanzhou Water Plant	60,000m ³ /day	Equity	29.00	11/1997	35	2027
Shenyang Water Plant	450,000m ³ /day	Equity	18.88	11/1997	30	2025
Nanchang Water Plant	50,000m ³ /day	Equity	25.00	11/1997	28	2023
Lianjiang Water Plant	100,000m ³ /day	Equity	30.00	11/1999	30	2027
Dongguan Microfiltration Equipment Plant	n/a	Equity	25.00	11/1997	20	2014
Zhongshan Dafeng Water Plant	200,000m ³ /day	Equity	33.06	4/1998	22	2020
Zhongshan Quanlu Water Plant	500,000m ³ /day	Equity	33.06	4/1998	22	2020
Changtu Water Plant	50,000m ³ /day	Equity	35.00	2001	30	2029
Cement Projects						
Yantai Jinhe Cement Plant	350,000 tonnes/year	EJV	49.83	11/1996	30	2023
Yantai Baoqiao Jinhong Cement Plant	420,000 tonnes/year	EJV	49.83	11/1996	30	2024
Shandong Jianshe Best Wide Cement Plant	700,000 tonnes/year	EJV	49.83	11/1996	30	2024
Shandong Zhangdian Best Wide Cement Plant	500,000 tonnes/year	EJV	49.83	11/1996	30	2024
Shandong Zibo Best Wide Cement Plant	450,000 tonnes/year	EJV	49.83	11/1996	30	2024
Qing Yuan New World Xin Tai Cement Plant	250,000 tonnes/year	EJV	51.00	03/1998	30	2027

PROJECT SUMMARY (continued)

	Gross Length/ Capacity	NWI's Form of Investment	Attributable Interest (%)	Expected/Actual Operation Date ⁽¹⁾	JV Period (years)	Expiry Date ⁽²⁾
Information Infrastructure Project						
China Internet Corporation Limited	n/a	Equity	12.73 ⁽³⁾	7/1997	-	Perpetual
Strategic Investments						
Beijing Datang Power Generation Company Limited [#]	n/a	Equity	9.54	3/1997 ⁽⁴⁾	-	Perpetual
Jiangsu Expressway Company Limited [#]	n/a	Equity	3.12	6/1997 ⁽⁴⁾	-	Perpetual
Sichuan Expressway Company Limited [#]	n/a	Equity	9.90	10/1997 ⁽⁴⁾	-	Perpetual

* 5% additional effective interest in the project was acquired in March 1997

Listed on The Stock Exchange of Hong Kong Limited

The CT9 Government Land Grant was signed on 7/12/98

⁽¹⁾ First date of NWI's profit entitlement

⁽²⁾ Project or JV expiry date

⁽³⁾ On a fully diluted basis

⁽⁴⁾ Date of listing

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

JSC = Joint Stock Company

TEU = Twenty-Foot Equivalent Unit

n/a = Not Applicable

^ partial opening - Jiangwan Bridge 1/1/98, Jiefang Bridge 5/2/98, Hedong Bridge 15/9/98

PROJECT SUMMARY (continued)

Property Projects in the PRC

Project No.	Project Name	Form of Investment	Type of Development	Site Area (sq. m.)	Total GFA (sq. m.)	Usage
Northern Region						
Beijing						
1.	Beijing New World Centre Phase I	CJV	Con	17,141	120,623	R, O, C, Oth
2.	Beijing New World Centre Phase II	CJV	Con	16,224	129,559	R, O, C
3.	Beijing New World Garden	CJV	Mass-C	52,800	196,423	R, C, Oth
4.	Beijing Chongwen District Lot No. 5 Development Phase I	CJV	Mass-C	19,977	65,271	R, Oth
5.	Chongwen District Development	CJV	Mass-C	630,972	1,627,697	R, C
6.	Yanjing Building Development	CJV	Con	6,600	36,740	O, C, Oth
7.	Daxing Warehouse	CJV	Con	31,707	10,506	W
8.	Beijing Lai Loi Garden	CJV				
	– Bao Yuan		Con	402,000	206,575	R, Oth
	– Chung Le		Con	358,600	180,000	R, Oth
	– Lai Loi		Con	216,600	103,930	R, Oth
	– Fu Hua		Con	293,300	148,000	R, Oth
9.	Beijing Boxing Plaza	Note (4)	Con	11,520	49,300	O, C, Oth
10.	New World Courtyard, Beijing	CJV	Con	N/A	23,988	H
11.	Yizhuang Development	CJV	Mass-C	101,894	179,375	R, C, Oth
Tianjin						
12.	Tianjin New World Anderson Centre	WFE	Con	23,127	91,001	O, C, Oth
13.	Tianjin Xin An Garden	WFE	Mass-C	20,148	100,718	R, O, C, Oth
14.	Tianjin Dahutung Development	CJV	Con	25,575	262,500	R, O, C
15.	Huayuan Residential Area Development Sub area 4 and 8	CJV	Mass-L	301,861	230,188	R
16.	Xin Chun Hua Yuan Development – Lot 603, Lot Bajiefang	CJV	Mass-L	72,800	167,887	R, C, Oth
17.	Nanshi Development	CJV	Mass-C	431,474	1,549,842	R, C, Oth
Shijiazhuang						
18.	Shijiazhuang New World Plaza	EJV	Con	90,602	89,615	C, H, Oth
Northeast Region						
Shenyang						
19.	Shenyang New World Garden	CJV	Mass-C	1,959,300	2,861,900	R, C, Oth
20.	Taiyuan Street Development	Note (4)	Con	7,293	95,300	R, O, C
21.	New World Courtyard, Shenyang	EJV	Con	7,847	32,200	C, H
Dalian						
22.	Dalian New World Plaza	EJV	Con	9,800	137,767	R, C
23.	Dalian Bond Tak International Finance Centre	WFE	Con	16,600	218,690	R, C

PROJECT SUMMARY (continued)

Project No.	Project Name	Form of Investment	Type of Development	Site Area (sq. m.)	Total GFA (sq. m.)	Usage
Central Region						
Shanghai						
24.	Regent Place	EJV	Con	5,508	27,732	R, C, Oth
25.	Shanghai Zhongshan Square	CJV	Con	17,201	76,498	R, Oth
				16,171	127,957	O
26.	Shanghai Sunrise Garden	EJV	Con	161,595	92,950	R
27.	Hong Kong New World Tower	CJV	Con	9,953	114,047	R, O, H, C, Oth
28.	Changning Ramada Square	CJV	Con	9,084	88,813	R, H, C
29.	Zhongshannanyi Road Development	EJV	Mass-C	32,795	194,816	R, O, C
30.	Mengzi Road Development	WFE	Mass-C	24,684	92,565	R
31.	1408 Huaihaizhong Road	WFE	Con	343	794	O
Wuhan						
32.	Wuhan Tazi Lake Residential Development	CJV	Con	828,233	316,448	R, Oth
33.	Wuhan International Trade and Commerce Centre MAIN:	EJV	Con	3,806	20,438	C
	ANNEX:	EJV	Con	6,947	19,461	C, O, Oth
34.	Golden World Tower	EJV	Con	3,670	43,618	R, C
35.	Wuhan Hotel Redevelopment	CJV	Con	9,639	65,000	R, H, C
36.	Wuhan Changqing Garden	CJV	Mass-L	2,311,331	3,360,785	R, Oth
37.	New World Courtyard, Wuhan	CJV	Con	5,201	10,250	H
38.	Wuhan Xinhua Road Development	CJV	Mass-L	96,493	268,000	R, C
Nanjing						
39.	Nanjing New World Centre	EJV	Con	11,219	198,094	R, C, H
Hefei						
40.	Hefei New World Garden	CJV	Mass-C	82,660	108,468	R, C, Oth
Southern Region						
Guangzhou						
41.	New World Riverside Villa Zone 14	CJV	Con	51,712	3,943	R
42.	New World Casa California Zone 13	CJV	Con	18,930	22,803	R, Oth
43.	New World Eastern Garden	CJV	Mass-C	61,784	210,511	R, C, Oth
44.	Tianhe Shipai Lot Nos. 2 & 5 Development	CJV	Mass-C	96,378	325,047	R, O, C
45.	Pearl River New Town Zone L	CJV	Mass-C	98,142	285,075	R, C, Oth
46.	Fangcun District Nos. 1, 2 & 4 Development	CJV	Mass-C	370,383	1,118,761	R, Oth
47.	Fortuna Garden	CJV	Con	N/A	181	R
48.	Jixian Zhuang Commodity Housing Development	CJV	Mass-C	446,802	887,992	R, C
49.	Guangzhou Gloria City	CJV	Con	21,484	224,596	R, O, C, Oth
50.	Fangcao Garden	CJV	Mass-C	44,516	203,057	R, C Oth
51.	Jixian Zhuang Low-cost Housing Development	CJV	Mass-L	576,045	799,900	R, Oth

PROJECT SUMMARY (continued)

Project No.	Project Name	Form of Investment	Type of Development	Site Area (sq. m.)	Total GFA (sq. m.)	Usage
Pearl River Delta						
52.	Foshan Golf & Country Club	CJV	Con	17,967	6,666	R
			Con	3,000,899	–	G
53.	Shenzhen Xilihu Development	CJV	Con	58,121	29,000	R, Oth
54.	Shenzhen Shatoujiao Development	CJV	Mass-C	89,350	150,100	R, C, Oth
55.	Shunde New World Convention & Exhibition Centre	CJV	Con	14,171	145,224	R, O, C
56.	New World Courtyard, Shunde	CJV	Con	5,000	36,524	H
57.	Shunde Rongqi Riverside Road Development	EJV	Mass-C	185,000	720,484	R, O, C, H
58.	Shunde Tai Fook Garden	Note (4)	Con	10,000	to be determined	R
59.	Dongguan New World Garden	CJV	Mass-C	504,563	952,794	R
60.	Huiyang Palm Island Golf Club & Resort	EJV	Con	255,000	225,860	R
			Con	1,115,000	–	G
61.	Huizhou Changhuyuan Development	CJV	Mass-C	57,653	126,254	R, C, Oth
62.	Xintang New World Garden	CJV	Mass-C	199,931	345,407	R, C, Oth
63.	Qingyuan Low-cost Housing Development	CJV	Mass-L	538,497	936,000	R
64.	Zhuhai New World Harbour-front Garden	CJV	Mass-C	41,004	62,061	R, Oth
65.	Zhaoqing Lake Development	CJV	Con	160,367	35,006	R
66.	Haikou Low-cost Housing Development	CJV	Mass-L	115,694	290,252	R

Notes:

- “CJV” denotes co-operative joint venture, “EJV” denotes equity joint venture and “WFE” denotes wholly foreign-owned enterprise.
An EJV is a legal entity with limited liability. The Chinese partner and the foreign partner will share profits and risks in proportion to their respective contributions to the registered capital of the EJV. A CJV may either be incorporated as a legal entity or may be unincorporated. The liabilities and rights to share profits of parties to a CJV need not be fixed in proportion to their respective contributions to the capital of the CJV and the parties may agree otherwise in the co-operative joint venture contracts. A WFE is a Chinese company wholly-owned by foreign investors. The liabilities of foreign investors of a WFE are limited to the amount of their contributions to the registered capital of the WFE.
- “Con” denotes Conventional Property Projects; “Mass-L” denotes Low-cost Community Housing Projects; “Mass-C” denotes Community Housing Projects.
- Usage
 - R: Residential
 - O: Office
 - C: Commercial
 - H: Hotel
 - G: Golf Course
 - W: Warehouse
 - Oth: Others
- In respect of such projects, NWCL has entered into a joint venture contract with the relevant joint venture partner but such contract has not yet been validated through approval by the appropriate authorities and a joint venture company for the purpose of developing this project has not been formed.

PROJECT SUMMARY (continued)

Property Related Projects in the PRC

Project Name	Form of Investment	Site Area (sq.m.)
City Core Redevelopment Projects		
Tianjin City Core Redevelopment Project	CJV	2,520,991
Beijing Chongwen District City Core Redevelopment Project – Lots 5 & 6	CJV	223,952
		2,744,943
Land Improvement Projects		
Wujiashan Economic Development Area Land Improvement Project	CJV	6,502,088
Total		9,247,031

CORPORATE INFORMATION

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- * Dr. Cheng Kar-Shun, Henry (*Managing Director*)
 - Dr. Lee Quo-Wei
 - Lord Sandberg, Michael
 - Dr. Ho Tim
- * Dr. Sin Wai-Kin, David
 - 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

** Executive Directors*

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Leung Chi-Kin, Stewart

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H.C. Watt & Company Limited

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Yung, Yu, Yuen & Company
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