

PEOPLE ASK WHAT WE WANT TO DO. WE ANSWER,

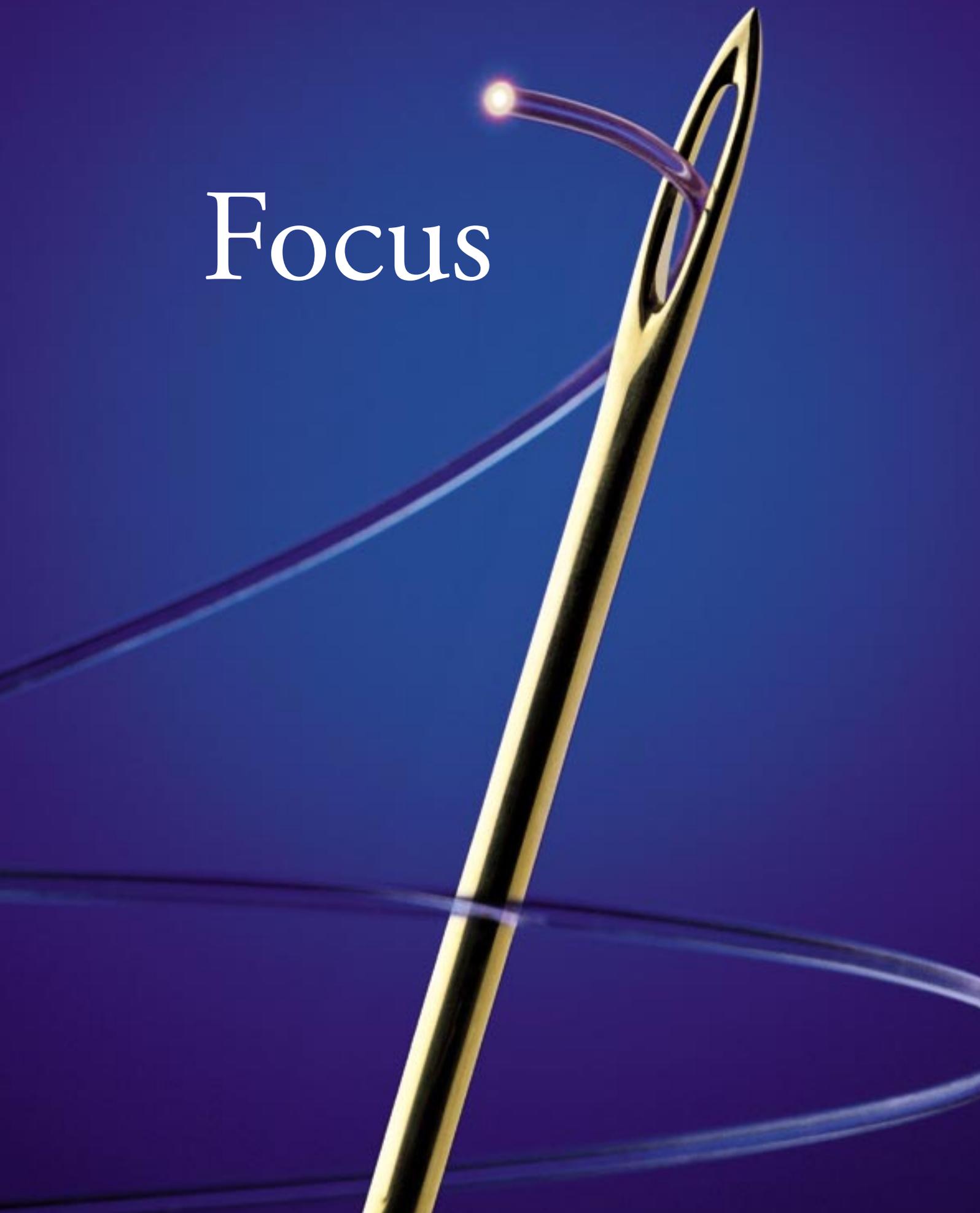
At New World we want to ...

- **POWER OUR GROWTH THROUGH OUR FOUR CORE DIVISIONS: PROPERTY, INFRASTRUCTURE, SERVICES AND TELECOMMUNICATIONS & TECHNOLOGY**
- **BE A GLOBALLY PREFERRED VEHICLE FOR INVESTMENTS AND PARTNERSHIPS IN HONG KONG AND CHINA**
- **SEIZE GOOD BUSINESS OPPORTUNITIES ON OLD AND NEW ECONOMIC HORIZONS AND STRIVE TO CONVERGE THE TWO TO CREATE MORE VALUE WHERE APPROPRIATE**
- **ENRICH THE COMMUNITIES IN WHICH WE DO BUSINESS**
- **BE AN EMPLOYER OF CHOICE THAT YIELDS MUTUAL BENEFITS FOR OUR COMPANY AND OUR EMPLOYEES**

Cover: **NEWTON'S CRADLE SIGNIFIES MOMENTUM** - momentum for growth for our four core divisions. Power in perpetual motion.

Right: **A FIBRE OPTIC GOING THROUGH THE EYE OF A NEEDLE.** Modern hi-tech invention coupled with erstwhile domestic tool. Symbolic not only of focus but also of the combinations of traditional strengths and modern skills in our Group.

Focus



PEOPLE ASK US WHAT BUSINESSES WE DO. WE SAY,

4 Core Divisions

- all major players in their sectors

Property

The New World brand commands preference and premium in the Hong Kong and China property markets.



In Hong Kong, the Group is a major property player. It has a property development portfolio of 43 projects with a total attributable gross floor area of 14.6 million sq.ft. Its farm land portfolio stands at 20.9 million sq.ft. with the majority of it to be converted into suburban residential developments.

In addition, it has 15 investment properties totaling 7.7 million sq.ft., yielding significant recurrent cash flow to the Group.

In Mainland China, New World is the largest private property developer with a property portfolio of 246.0 million sq.ft. of GFA. Our main focus is to provide quality housing for the mass Chinese population.

Following the combination of the two hotels in Kuala Lumpur into one, the Group has 17 hotels in Hong Kong, China and South East Asia, including the world-famous The Regent Hong Kong and Grand Hyatt Hong Kong, with a total of 8,430 rooms. The hotels are mostly operated under the Renaissance or Courtyard brand. Hotel operations are an integral component of the Group's recurrent cash flow base.

Infrastructure



Our Infrastructure division, New World Infrastructure, is separately listed on the Hong Kong Stock Exchange. NWI is one of the largest infrastructure investors and operators in Hong Kong, Macau and China. True to the Group's philosophy of converging the Old and the New Economies, NWI's investment encompasses both e-infrastructure/technology projects (11 projects) and basic infrastructure projects – roads and bridges (40 projects), power plants (5 projects), water treatment plants (10 projects) and cargo handling facilities (11 projects). Basic infrastructure projects underpin the Group's recurrent income base while e-infrastructure/technology projects will provide rewarding returns to the Group in the future.

Services

Our Services division New World Services, spans five sectors: construction, electrical and mechanical engineering, facility services, transport and financial services.

These businesses are synergistic with other activities of the Group and provide reliable and steady cash flow streams to the Group.

Key operating brands include:

- Hip Hing, the Group's construction arm and a preferred name in Hong Kong;
- Young's and Tridant, the Group's electrical and mechanical engineering companies;
- Hong Kong Convention and Exhibition Centre (Management) Limited, the manager for the Hong Kong Convention and Exhibition Centre;
- Urban and Kiu Lok, the Group's property managers;
- General Security and Uniformity Security, the Group's security and guard force;
- Pollution and Protection Services and Wai Hong, the Group's cleaning and waste disposal experts;
- New World First Bus and New World First Ferry, both pivotal components in Hong Kong's transport system.



Telecommunications and Technology

The Group's Telecommunications and Technology division operates fixed and mobile networks as well as e-commerce infrastructure and solutions activities. On the telecommunications front, critical mass has been achieved and is now providing growing cash contributions to the Group. Key operating companies include:

- New World Telephone – which operates the fixed network. It has over 900,000 IDD subscribers and is aggressively expanding its broadband data and internet services. Its fiber optic network already covers 80% of Hong Kong's population.
- New World PCS – which operates the mobile network and has over 620,000 subscribers. Besides traditional voice communications, New World PCS has increasingly focused on the provision of mobile data services. It is preparing to bid for a 3G license in Hong Kong.



On the e-commerce front, the Group's 42% associated company New World CyberBase provides the Group with a broad platform to tap into opportunities in the e-commerce arena.

STRATEGIC BUSINESSES

The Group is also involved in a number of strategic investments. Most of these investments are complementary businesses to core operations of the Group. Here, the Group sees attractive growth potentials in its department store operations and selected industries in the Mainland.

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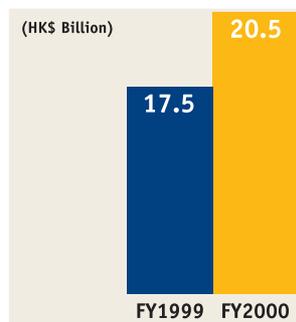
COMMUNICATING WITH YOU

The modern investor demands clear communications. To this end, we are constantly improving ourselves to produce a more user-friendly and informative Annual Report. We are firmly committed to sharing with investors, fund managers, bankers, other members of the financial and investment community and the community at large, the progress of our Group, our strategies and initiatives, the commercial challenges we have met and the ethos by which we live and work – ultimately defining what it means to be an investor in New World Development's vision for the new millennium.

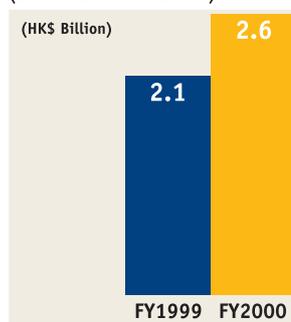
Financial Highlights

	FY 2000	
Turnover	HK\$20.5 Billion	▲ 17%
Operating profit (before interest & taxation)	HK\$2.6 Billion	▲ 24%
Profit attributable to shareholders	HK\$0.2 Billion	▼ 84%
Total assets	HK\$128.0 Billion	▲ 11%
Shareholders' funds	HK\$58.2 Billion	▲ 3%
Net assets value per share	HK\$27.5	▲ 4%

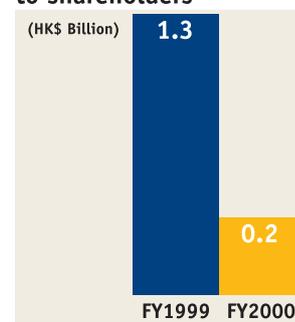
Turnover



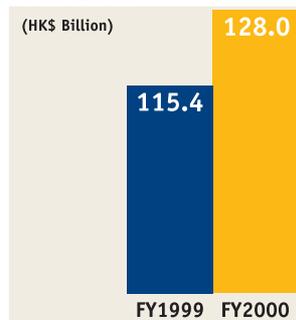
Operating profit
(before interest and taxation)



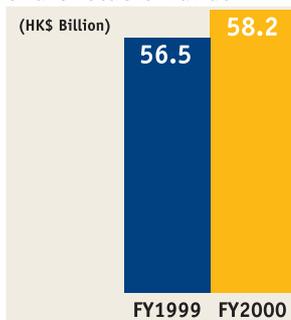
Profit attributable
to shareholders



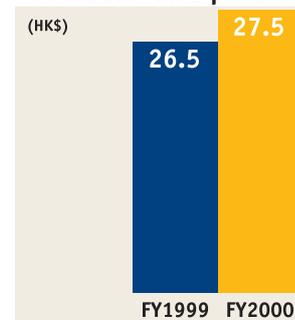
Total assets



Shareholders' funds



Net assets value per share



As economic cycles come and go,
we have conquered the
challenges and maximised
the opportunities.

Our solid foundations,
and the mindset that
we possess,

will firmly position our company for

growth.

Dr. Cheng Yu-tung
Chairman



Fellow Shareholders

Many of you have been with us for the full twenty-eight years that we have been a listed company. The global economy has grown and receded and ultimately grown. Likewise the Hong Kong and China economies.

What has sustained us through these years? Trust. Dedication. Discipline. On your part and ours.

The year ended June 2000 was a year of consolidation. In the past few years, China Property and Telecommunications have been major areas for capital expenditure. This year, Telecommunications has reached EBITDA breakeven. We also listed New World China Land, giving it independent funding and management. These developments have now enabled us to view our four core divisions with renewed focus.

From my perspective, the focus is on the future.

Let's look at the future. We are accelerating our landbank replenishment and building program in Hong Kong to capture opportunities in the reviving economy. It is also an evolving economy. Services have become a major economic component in Hong Kong. Our Services division is designed to benefit from this evolution.

We have accumulated a large property portfolio in China – this will yield phenomenal value in the long run, if you

look at GDP projections, demographics, geography, WTO and all the relevant elements in supply and demand. We have long-term vision in China. The potentials for infrastructure are as strong as for property.

Technology has transformed the world, and will continue to do so at an accelerating rate. We are implementing a broadband communications strategy. We have a 3G vision. We are open to technology opportunities as they emerge.

It is important that all of us, however old or young, have a mindset that enables us to capture all the opportunities that changes in the world are bringing to us. A mindset that is characterized by creativity and initiative, harnessed by focus and discipline. In our company, this mindset is requisite and indelible.

As economic cycles come and go, we have conquered the challenges and maximised the opportunities. Our solid foundations, and the mindset that we possess, will firmly position our company for growth.

Dr. Cheng Yu-tung

Chairman

Hong Kong, 25 October, 2000

Our strategic plan is
**to grow our
four core
divisions.**

This plan is
underpinned by
financial discipline.

Dr. Cheng Kar-shun, Henry
Managing Director



Fellow Shareholders

The future of New World Development is now.

Your company has a strategic plan for growth. It is being implemented steadily. Our plan is easy to understand:

GROW OUR FOUR CORE DIVISIONS

- **Hong Kong Property.** We will increase our land bank. We will build and sell more apartments. **China Property.** We will expedite our production and sale of residential units.
- **Telecommunications and Technology.** We shall continue to expand our fixed and mobile networks, increase market share and create new revenue streams through broadband businesses. We will bid for 3G in Hong Kong.
- **Services and Infrastructure.** We have established solid multiple recurrent income streams in these two divisions. We shall sustain and expand these.

THIS PLAN IS UNDERPINNED BY FINANCIAL DISCIPLINE

Our strategic plan has enabled us to be better focused and better structured. Financially, each division seeks financing on their own through banking facilities, capital market instruments and equity participation from strategic partners. In the past five years, substantial resources were deployed for our diversification program. This is now at a harvesting stage, and these divisions are growing their cash flows and profit contributions in the coming year.

To put this into context, our debt level is likely to fall with growing cash flows coming from our four core divisions. This will result in lower gearing and reduced interest expenditure. Our financial position will be greatly strengthened in the coming year.

FOCUSED MANAGEMENT

The strategy is being implemented with dedication and vigor. Proper management resources are deployed for each division, and corporate structure is streamlined to allow for clearer responsibilities. Your executives and myself are unified in one vision.

From the Managing Director

We are daily entering a new world. Like never before, the world is changing rapidly. As the dreams of the New Economy surge and recede, we have a steadfast vision. It is the vision of convergence. To converge our traditional strengths – Property, Services and Infrastructure – with our New Economy units – Telecommunications and Technology. To inject e-initiatives into all of our divisions, old and new. In this, we rely on the boundless creativity of the human mind. We recruit talented people wherever we see them. We nourish those that are already in our midst.

QUALITY COMES FIRST

Whether it is Old or New Economy endeavors, we believe that there are two things that will make us successful. Product excellence. And service excellence. We are irrevocably dedicated to these. In running a bus route or in building a fiber optic network. In constructing homes for families or in operating a terminal to handle cargo.

This is a plan that our investors, customers, business partners and employees understand and endorse. This is why I say we have the right strategy, in the right place, at the right time.

During the financial year, we have made certain headway in the implementation of this plan. These initiatives are outlined in the Business Review section. Besides reviewing what we have done, major occurrences in our operating environment are also discussed to give better perspectives of how we can position ourselves for the way ahead.

Transparency is a key element in our management style. In our road shows and in our daily interaction with analysts, fund managers, investors big and small, we face some frequently asked questions. I want to address these now, as follows, overleaf.

I would like to thank all of you and our staff for your support and contributions.

Dr. Cheng Kar-shun, Henry

Managing Director

Hong Kong, 25 October, 2000

A Conversation with the Managing Director

Going forward what is your focus?

Of our four core divisions, Services and Infrastructure are independent in finance and management. So our focus is on Hong Kong Property and Telecommunications.

I am positive about the Hong Kong property sector.

After nearly three years we are seeing signs of recovery. Economic fundamentals have considerably improved over the past year. The banks are helping, too. Mortgage packages feature cash bonuses and lower than prime interest rate to lure customers. Demand, constrained over the last three years, is being released – gradually and in a sustained non-speculative fashion.

Property will remain core. We'll buy more land. Now that there is renewed market demand, we will increase our pace so as to capture the cycle. And don't forget we already have a land bank of 14.6 million sq.ft. of GFA.

In the telecommunications sector, we are preparing ourselves to become a full-service broadband multimedia communications provider. The whole division is now breaking even at the EBITDA level. To gain advanced technology and critical mass in financial resources, alliances with strategic partners is a key component in our telecommunications strategy.



Does that mean you will allocate more capital to Property and Telecommunications?

Yes ... As I have said, these are our two growth areas. For the next two years, we expect to pay approximately HK\$3 billion for land premiums of our farm land conversion and to finance new acquisitions. In telecommunications, we are looking for strategic partners to expand our broadband businesses and to bid for 3G.

What are your income drivers for the next few years?

Property sales will increase. Rentals, will be stable, and upon the completion of New World Centre renovation, will rise. Telecommunications will start to make a contribution. Infrastructure and Services will grow steadily. And on top of this, we will unlock value in our e-infrastructure investments over time.

What is your targeted capital structure?

Our gearing stands at 48%. Our net debt is HK\$27.8 billion on a consolidated basis. We aim at reducing it to the mid 30%. Increased property sales, asset disposals and partnerships in telecommunications will help us achieve that.

Amount of debt due within the FY2001 amounts to HK\$4.8 billion, which should be comfortably covered by our existing cash of HK\$6.4 billion, operating cash inflow and the remaining undrawn banking facilities.





Dedication

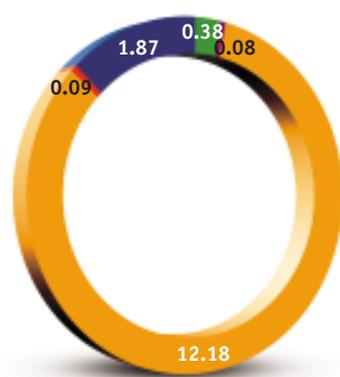
Property: Grounds for Growth

HONG KONG

PROPERTY PORTFOLIO

The Group's property development portfolio totals 43 projects in Hong Kong with 14.6 million sq.ft in attributable GFA. The majority of these projects are residential developments. The Group's investment property portfolio comprises 15 projects with 7.7 million sq. ft of shopping malls, offices and serviced apartments. The Group also owns 17 hotels, four of which are located in Hong Kong, nine in mainland China and four in South East Asia.

Analysis of
Property Development
as at 30 June 2000
(in million sq.ft.)



Total: 14.6 million sq.ft.

- Residential
- Office
- Industrial
- Resort
- Retail

PROPERTY DEVELOPMENT

The Group's AOP from property sales (including China projects) amounted to HK\$47.2 million, a drop of 64.8% over last year. Major contributors to AOP from Hong Kong projects included the sale of the Low Block of Grand Millennium Plaza, offices of China Merchants Tower and phase I of The Belcher's. AOP from China projects mainly came from the sale of the low cost community housing projects in Wuhan, Tianjin and Guangzhou. These contributions were offset by the sales of certain projects below cost.

Altogether, the Group launched nine projects in Hong Kong during the year. These have received encouraging response. In May, the Group sold the Low Block of Grand Millennium Plaza, totalling 370,761 sq.ft., at Sheung Wan for HK\$1.38 billion. In October 2000, the Group sold 303,639 sq.ft. of the High Block, generating proceeds of HK\$1.26 billion.

Projects Completed and/or Offered to the Market in FY 2000

Projects	Usage	Total GFA (sq.ft.)	Interest (%)	Att. GFA (sq.ft.)
Grand Millennium Plaza	O/C	905,435	100.0	905,435
China Merchants Tower	O	121,069	100.0	121,069
Bijou Court, 171 Prince's Edward Road West	R	58,072	50.0	29,036
The Belcher's	R	1,115,517	10.0	111,552
Villa Carlton, Tai Po Road	R	190,618	50.0	95,309
Dragon Pride, Tin Hau Temple Road	R	63,670	60.0	38,202
Tung Chung Crescent	R	1,208,604	16.4	197,608
Rhythm Garden PSPS	R	1,922,450	80.5	1,547,572
	C	22,174	80.5	17,850
Harmony Garden Block 1	R	8,825	100.0	8,825
	C	5,606	100.0	5,606
Block 2	R	3,288	100.0	3,288
	C	5,904	100.0	5,904
Total		5,631,232		3,087,256

O-Office R-Residential C-Commercial

Overleaf: **DEDICATED LIKE LOCK AND KEY** – the key that unlocks value. Dedication as in “focus”. Dedication as in “perseverance”. Dedication as in “devotion”.

Property: Grounds for Growth

The Group views the coming year against an improved economic environment. More residential properties are on the sales program.

During the year under review, the Group acquired six projects with a total attributable GFA of 1.7 million sq.ft. These include:

Projects Acquired During FY2000				
Projects	Usage	Total GFA (sq.ft.)	Interest (%)	Att. GFA (sq.ft.)
King's Park, KIL No. 11118	R	904,176	30.0	271,253
No. 2, Park Road	R	119,633	100.0	119,633
KIL No. 9805, Tsim Sha Tsui	C	85,788	100.0	85,788
Hung Hom Bay PSPS	R	1,553,245	29.0	450,441
	C	32,292	29.0	9,365
Ngau Chi Wan PSPS	R	1,259,388	50.0	629,694
	C	20,236	50.0	10,118
Kwai Shing Circuit PSPS	R	478,772	29.0	138,844
	C	8,611	29.0	2,497
Total		4,462,141		1,717,633

R-Residential C-Commercial

In addition, the Group acquired the interest of five projects with development plans to be finalized. These include Yau Tong Redevelopment, Tai Po Tsai DD227 Sai Kung, Island Road No. 33, a joint venture development with LDC in Tsim Sha Tsui and Sec.A,B,C & RP of KIL 4013, Kowloon City.

The Group's strategy is threefold. First, we have made good progress expanding our portfolio of urban projects in a range of locations through auctions, tenders and joint ventures. Going forward the Group will further expand its presence in the urban areas.

Second, we have secured a farm land portfolio of 20.9 million sq.ft. Fifteen projects with a site area of around 13 million sq.ft have been approved to build 10 million sq.ft. of GFA, with most designated for residential usage. The Group expects to allocate some HK\$3 billion for land premium payments over the next two years and hopes to expedite the conversion of the remaining farm land.

Property: Grounds for Growth

Agricultural Land Bank		
	Total Land Area (sq.ft.)	Group's Share of Land Area (sq.ft.)
Yuen Long	15,402,000	13,882,000
Fanling	2,360,000	2,360,000
Shatin / Tai Po	3,420,000	2,562,000
Sai Kung	2,100,000	1,850,000
Tuen Mun	198,000	198,000
Total	23,480,000	20,852,000

Third, we also participated in four Private Sector Participation Scheme projects. With the experience and expertise of Hip Hing, the Group's construction arm and one of the largest construction companies in Hong Kong, we are able to ensure good cost and quality control for these projects, thereby improving returns.

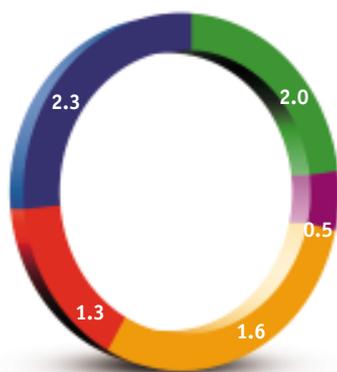
The end result of this strategy is: the Group will complete 2.0 million sq.ft. of GFA in FY2001 and will accelerate its building program thereafter. We have embarked on these developments with keen aspirations to produce high quality housing. We have also focused on the modern lifestyle and total neighbourhood quality, ensuring that our housing includes the recreational facilities and the ambience that today's buyers are seeking.

Right: **CONSTRUCTION WORKER AT THE VILLA CARLTON** site delivering both quality champagne and champagne quality development. Quality and customer service excellence are the cornerstones of our competitiveness.



Property: Grounds for Growth

Analysis of Property Investment as at 30 June 2000 (in million sq.ft.)



Total: 7.7 million sq.ft.

- Residential
- Hotel
- Office
- Retail
- Others*

* This includes warehouse space in Asia Terminal Centre and private club at HKCEC.

PROPERTY INVESTMENTS

The Group's AOP from rental income amounted to HK\$835.6 million, a decrease of 21.6%, largely because of the refurbishment of the New World Centre Shopping Mall.

The performance of our property investment portfolio continues to be dictated by the economic circumstances of Hong Kong. Occupancy of our major investment properties has shown improvements over the previous year. This is mainly attributed to the better economic conditions in Hong Kong.

OFFICES

The Group owns 1.3 million sq.ft in office space in Hong Kong. By July 2000, the office market was more buoyant than it had been in the past two years with the improved economic conditions and the majority of the new supply completed between 1998 and 1999 taken up. Our office buildings in Central – New World Tower and Manning House – recorded higher occupancy rates and rental rates than last year. Office space at New World Centre has achieved an occupancy rate of 91%. Rental rates have also improved.

RETAIL

Our retail properties in Hong Kong recorded a vastly improved year. This again reflected the slow, but steady, improvement in consumer spending. The Group owns seven shopping malls and retail spaces, including New World Centre, New World Tower, Manning House and the Hong Kong Convention & Exhibition Centre in Wanchai. These retail facilities cover a total GFA of 2.3 million sq.ft. Pearl City in Causeway Bay maintained full occupancy throughout the year. Telford Plaza at Kowloon Bay and the Discovery Park Shopping Mall achieved an occupancy rate of 96%.

As a highly-recognized brand name in retail facilities, the Group is determined to ensure that all retail outlets remain in excellent condition, from both a tenant's and a retail customer's perspective. The Group keeps a close watch on international retail facility trends and is always ready to renovate and upgrade its facilities where appropriate.

Property: Grounds for Growth

We have commenced a major renovation program in our flagship mall at New World Centre, in Tsim Sha Tsui. This program, which is expected to be completed by early 2001, will give us a spacious, state-of-the-art shopping mall.

SERVICED APARTMENTS

The Group's serviced apartments at No.2 MacDonnell Road and New World Centre were over 94% and 82% let. Due to its convenient location and excellent services, No.2 MacDonnell Road continued to be the preferred accommodation for expatriates who stayed in Hong Kong and worked in the Central area. At New World Centre apartments, leases will be terminated in mid 2001 so as to prepare for the construction of the one million sq.ft extension of the New World Centre.

HOTELS AND RESTAURANTS

The Group's AOP from hotels and restaurant operations achieved an increase of 43% and amounted to HK\$190 million. The convenient locations of our hotels in Hong Kong, together with competitive room rates and first class facilities (including ballroom, function rooms, restaurants, etc), have ensured the ongoing profitability of our hotel operations. Occupancy rates continued to climb, in line with the double-digit growth in tourist arrivals. With Hong Kong consumers once again ready to spend, the business performance of our restaurant operations around the territory was also encouraging.

Hotels located in Mainland China have also shown improvements in occupancy and rates given the increased foreign investments to the Mainland as China prepares its accession to the WTO.

During the year, we signed an agreement with the Chinese University of Hong Kong to build a 4-star hotel on the university campus. This will contain 600 rooms as well as meeting and conference facilities.

Property: Grounds for Growth

CHINA

New World China Land, a 70% owned subsidiary, is the Group's property arm in Mainland China. NWCL's land bank now comprises 68 projects with a total GFA of 246,384,020 sq.ft. In addition, the Group also has two City Core Redevelopment Projects and one Land Improvement Project. The Group has acquired two additional projects with a total GFA of 3,238,478 sq.ft. during the year.

Projects Acquired in FY2000

	Usage	Total GFA (sq.ft.)	Attributable Interest (%)
Beijing Lingal Garden	R	1,363,045	100.0
Jinan Sunshine Garden	R	1,875,433	65.0
Total		3,238,478	

Property Portfolio

	No. of Projects	Total GFA (sq.ft.)
Conventional property projects	39	48,661,310
Community housing projects	22	139,225,526
Low-cost community housing projects	7	58,497,184
Total	68	246,384,020

NWCL recorded a net profit to shareholders of HK\$203.5 million for FY2000, a 22% increase over the previous year. Analysis of operations is as follows:

Analysis of AOP – NWCL (extracted from the Annual Report of NWCL) (HK\$ million)

	FY00	FY99	Change
Conventional property projects	58.8	76.3	-23%
Community housing projects	14.2	36.8	-61%
Low-cost community housing projects	270.0	164.8	+64%
Land improvement project	(0.2)	7.5	n/a
Attributable operating profit	342.8	285.4	+20%
Head office items	(139.3)	(119.1)	+17%
Profit attributable to shareholders	203.5	166.3	+22%

Right: Modern family in traditional home. **MODERN OUTLOOK ROOTED IN STRONG TRADITIONS.** Modern facilities and inventions refined to absorb the benefits of traditions. This holds true for New World projects in both Hong Kong and China.



Property: Grounds for Growth

CONVENTIONAL PROPERTY PROJECTS

With the exclusion of the contribution in AOP of HK\$106.0 million deriving from a number of investment disposals made in FY1999, the Group's existing conventional property projects recorded an upward improvement in AOP of HK\$89.0 million in FY2000. The increase is mainly the result of the strengthening of our rental performance in both Wuhan International Trade & Commerce Centre - Annex Building and in Tianjin Xin An Plaza. The completion of Beijing Taihua Plaza and the Tianjin Xin An Garden also accounted for a slight increase in AOP of conventional property projects in FY2000.

COMMUNITY HOUSING PROJECTS

During the year under review, the contribution from community housing projects recorded a decrease because fewer community projects have been completed for sales in this year. With the completion of more projects in FY2001, we are ready to tap the accelerating housing demands in various regions, especially in Shenyang and Guangzhou. It is anticipated that this sector will become a major AOP contributor in FY2001.

LOW-COST COMMUNITY HOUSING PROJECTS

The contribution from low-cost community housing projects recorded a remarkable growth of over 64% in AOP. To meet housing demand generated by the Government's home ownership initiatives, the Group accelerated its low-cost housing projects in FY2000. Four low-cost housing projects were completed with a total GFA of approximately 8,586,144 sq.ft., compared with two projects with a GFA of 1,044,108 sq.ft. in FY1999.

Property: Grounds for Growth

THE WAY AHEAD

Property sales in Hong Kong are set to increase, given more units completed in the next two to three years and an improving economy. Our landbank continues to increase. Rental will drop owing to renovation of New World Centre but will start to rise again in FY2002 on completion. Hotels are set to benefit from improved tourist and business traffic.

China's housing reform has provided a huge impetus to the demand for residential units. The Group will continue to focus on residential development which is expected to yield increasing profit and will fulfill its commitment to quality housing in the PRC. The imminent accession to the World Trade Organization has increased demand for offices and hotels. The Group's investment property portfolio will grow in the coming years to capture these opportunities.





Initiative

Infrastructure: Initiating Change

New World Infrastructure, a 60% owned subsidiary, is the Group's infrastructure arm. Since its debut in 1995 as the first infrastructure dedicated company to list on the Hong Kong Stock Exchange, NWI has become an integral contributor to the Group's recurrent income. Its portfolio consists of both basic infrastructure and e-infrastructure/technology.

BASIC INFRASTRUCTURE

NWI has stakes in 88 projects in China, Macau and Hong Kong. Most of our major projects are now operational, producing strong cash inflows totaling HK\$1,172 million in the current financial year. These encompass:

- 35 toll road projects with a total length of 1,179 km operational
- 5 toll bridges with 10.3 km in operation
- 5 power stations generating a total power supply of 5,929 MW
- 10 water treatment plants with 1.6 million m³ of water processed per day
- 11 cargo handling facilities with a total capacity of 4.3 million TEU per year
- 5.9 million sq.ft. of cargo storage area
- 5 strategic investments (all of which are listed on the Hong Kong Stock Exchange)

e-INFRASTRUCTURE/TECHNOLOGY

Over the past few years, NWI has used its existing cash flow and new capital to construct a portfolio of e-infrastructure/technology projects. Each project is designed to generate cash flow and deliver shareholder value in the form of capital gains. The recent success of the Chinadotcom Corporation investment serves as a model for the development of other e-infrastructure/technology projects.

Eleven e-infrastructure/technology investments were completed in the areas of wireless telecommunications, broadband, internet and multimedia technology.

Overleaf: Little thoughts that change the world. **SMALL FIRES THAT SET THE GLOBE ABLAZE.**

Right: At Terminal 3. **THE CRANE THAT DANCES** - handles cargo with gentle care and mighty strength.



Infrastructure: Initiating Change

NWI reported a net profit of HK\$1,267.9 million, a 44% growth over the previous year. Analysis of operations is as follows:

Analysis of AOP – NWI (extracted from the Annual Report of NWI) (HK\$ million)			
	FY00	FY99	Change
Roads	391.7	356.0	+10%
Bridges	151.4	165.6	-9%
Power	508.5	508.9	-
Cargo Handling	268.1	275.5	-3%
Water Treatment	29.9	24.1	+24%
e-infrastructure/technology	709.2	-	n/a
Attributable operating profit	2,058.8	1,330.1	+55%
Head office items	(790.9)	(450.1)	+76%
Profit attributable to shareholders	1,267.9	880.0	+44%

ROADS

The AOP from roads increased 10% to HK\$391.7 million, compared to HK\$356 million in FY1999.

Guangzhou City Northern Ring Road remained the dominant contributor to AOP in this segment. Of the 31 road projects in operation, all but 9 experienced a traffic flow increase compared to FY1999.

BRIDGES

The AOP from bridges decreased 9% to HK\$151.4 million, compared to HK\$165.6 million in FY1999. Despite a significant drop in AOP from Wuhan Bridges, the decrease in AOP was modest due to a notable increase in the AOP contribution from Guangzhou Three New Bridges.

CARGO HANDLING

The reorganisation of the Cargo Handling Segment was completed in March 2000 and NWI port-related investments were transferred to Pacific Ports Company Limited. This reduced the NWI effective interest in these port projects by 25% and was partially responsible for a slight decrease in AOP from last year's HK\$275.5 million to HK\$268.1 million in this FY2000. Otherwise, the increase of AOP from this segment would have been 7.5%. This underscores the sound performance of the segment.

POWER AND WATER TREATMENT

AOP from power and water treatment was stable at HK\$538.4 million, compared to HK\$533.0 million in FY1999. The performance of all power

Infrastructure: Initiating Change

projects was satisfactory with the exception of Sichuan Qianwei Power Plant. The AOP decrease from Sichuan Qianwei was roughly offset by gains from other projects in the segment.

AOP from Sino-French Holdings (Hong Kong) Limited, a 50/50 joint venture with Suez Lyonnaise des Eaux S.A., rose to HK\$108.0 million from HK\$99.9 million in FY1999. Sino-French holds a 40.65% interest in Companhia de Electricidade de Macau, a power company of Macau, and a 85% interest in the Macao Water Supply Co. Ltd. Both concessionary operations, CEM and SAAM are mature businesses providing stable AOP. CEM and SAAM's AOP amounted to HK\$93.0 million, a slight increase over HK\$92.2 million in the previous year. Baoding Water Treatment Plant became operational in June 2000, increasing the number of operational water plants under Sino-French in China to seven. With two more water projects committed during the year, the number of committed projects increased to ten in FY2000. This expansion creates significant growth prospects for the water business.

e-INFRASTRUCTURE/TECHNOLOGY

During the year, e-infrastructure/technology was a contributor to AOP for the first time. Its HK\$709.2 million contribution, resulting from the sales of shares in Chinadotcom, demonstrates the potential of e-infrastructure/technology investments to contribute to AOP.

THE WAY AHEAD

Improved economic prospects in Mainland China and Hong Kong bode well for NWI operations in the coming year. The PRC government's interest in developing infrastructure and technology is another favorable factor. In the long run, China's accession to WTO will create many opportunities for the sector.

NWI will consolidate the existing infrastructure businesses and develop a larger presence in e-infrastructure/technology. Infrastructure projects now being constructed will come online to generate additional income. AOP from top performing projects, such as Guangzhou City Northern Ring Road, will continue to increase. Certain projects will break even and start contributing. Cash flows will be used to pay debts, reinvest in more profitable projects and expand in e-infrastructure/technology.





Trust

Services: Focusing on Quality

New World Services is a 51% owned subsidiary of the Group and contains five sectors – Construction, Electrical and Mechanical Engineering, Facility Services, Transport and Financial Services.

NWS provides reliable and solid recurrent income streams through businesses that are service orientated. Our objectives are to provide quality services and high levels of customer satisfaction. Our strategies are to expand market share and profit margins across all five sectors and to invest in strategic ventures that create synergy within existing operations. NWS has made a number of strategic moves:

- Acquired 26% of New World First Holdings Limited, making New World First Bus Services Limited a wholly owned subsidiary
- Established New World First Ferry Services Limited to operate two inner harbor and six outlying ferry services as well as ferry services to Macau.
- Acquired a 24% strategic stake in Kwoon Chung Bus Holdings Limited.
- Acquired 16.5% of Wai Kee Holdings Limited
- Acquired 20% of Tai Fook Securities Group Limited

NWS recorded a net profit to shareholders of HK\$738 million for FY2000, a 17.5% increase over the previous year, through a turnover of HK\$11,787 million. Analysis of operations is as follows:

CONSTRUCTION

The Construction unit recorded a 22% increase in turnover to HK\$7,495 million and an 8% increase in net profit to HK\$392 million. The contracting marketplace remains highly competitive and Hip Hing has relied on its expertise, experience and efficiency to stay competitive and to deliver quality developments. Contracts on hand totalled HK\$23.5 billion.

During the year, Hip Hing Construction Company Limited has received various awards, which included “Safety Award Scheme on Good Housekeeping for the Construction Industry” in four construction sites by Labour Department, “Silver Award of the Top Classic Building in Shanghai” and “Buildings of Excellence in Shanghai – Paris Spring Department Store”.

Through the acquisition of 16.5% stake in Wai Kee Holdings Limited, the Group took an indirect interest in two Private Sector Participation Scheme Projects.

ELECTRICAL AND MECHANICAL ENGINEERING

The slowdown in private sector development has continued to affect business

Overleaf: **GEARS**. Metallic strength.
Minute precision. Perfect match.
Complete trust. They work
together perfectly to generate
motion and momentum.

Right: **FIRST BUS**. Customers first.



服務優質 · 乘客第一



Services: Focusing on Quality

in this unit. Young's Engineering Holdings Limited slightly increased its turnover, but recorded a drop in profits. Tridant Engineering Company Limited achieved an increase in profits. Contracts on hand for Young's Group and Tridant Group amounted to HK\$4 billion.

FACILITY SERVICES

The Facility Services unit has achieved a 13% increase in turnover to HK\$1,747 million and an increase in profit after tax to HK\$262 million.

During the year, Hong Kong Convention and Exhibition Centre (Management) Limited continued to deliver satisfactory results on the back of improved economic conditions and cost control policies. Hong Kong has become a world-class destination for conventions and exhibitions. A total of 3,083 events were held at the Hong Kong Convention and Exhibition Centre during the year, bringing in 3,360,000 visitors. Additional revenues also came from increased rentals and banquets from special and entertainment events. The centre's web site has been upgraded to include multi-language features and a virtual tour. In June, we launched a new strategy for commercial onsite advertising. This provides the public with a useful additional promotional channel and creates revenues to help offset rising operational costs. HKCEC was voted "Best Overseas Centre, Meetings Category" for the seventh consecutive year in the Meetings and Incentive Travel Industry Award. It was also awarded "One of the World's Ten Best International Convention and Exhibition Centres" in Global Achievement Award for two years.

Profit margins were reduced in our Property Management sector as a result of increased competition. Our property management sub-division collectively managed over 120,000 residential units, 13.4 million sq.ft. of commercial/office space, 4 million sq.ft. of industrial area and over 45,800 car parking spaces. Our main operating manager, Urban Property Management Limited was selected by the Hong Kong Housing Authority as the "Best Property Management Agent" in 1999 and 2000 for its excellent services to the Home Ownership Scheme projects. Under its management, Yin Lai Court and King Tin Court are awarded the "Well-managed HOS Projects" in this year.

We are one of Hong Kong's leading providers of security services and through our two subsidiaries, General Security (HK) Limited and Uniformity Security Company Limited, cover over 220 properties.

Our Environmental & Consumer-related division is supported by six core companies that operate environmental, waste disposal and cleaning services, pest control, laundry, information technology and elderly care services. Despite market pressure and fierce competition, we maintained and

Services: Focusing on Quality

expanded our market leadership in these areas by focusing on high quality customer services. Our turnover rose to HK\$458 million from last year's HK\$325 million. Profits, after tax, stood at HK\$29 million, up HK\$3 million on last year's figures.

TRANSPORT

New World First Bus, operating 99 bus routes, recorded increased patronage and improved productivity through rescheduled bus routes and crew duties. As such, it achieved a turnaround result in FY2000. We have replaced older buses with over 500 new buses. The bus replacement program we agreed to when issued with the franchise has been completed ahead of schedule at a cost of HK\$1,200 million.

NWS's acquisition of Kwoon Chung has allowed the Group to establish a strategic foothold in the Lantau Island bus operation as well as future expansion opportunities in China.

Both Macau Ferry and New World Ferry Services recorded losses in their first six months of operations. Four new vessels were purchased to strengthen our Hong Kong services. They will commence sailing during the early part of FY2001. Strategies to improve services and facilities and to control costs have been implemented.

FINANCIAL SERVICES

Tai Fook Securities Group Limited and New World Risk Management (L) Limited, which provides insurance brokerage and agency services for liability and general insurance, joined the newly established New World Financial Services Division.

THE WAY AHEAD

With growing competition causing lower profit margins, NWS intends to focus on improving management efficiency, cost control across the spectrum of its businesses and enhancing productivity. Our key theme is "People, Process and Technology".

NWS is totally committed to fostering a learning culture as to create a dynamic and flexible workforce to meet the ever-changing business demand and service orientation. It is strongly believed that continuous enhancement in staff quality should definitely improve the competitiveness, and hence long-term profitability.

NWS will continue prudently but creatively to explore new business and expansion opportunities to enhance its a diverse mix of leading businesses so as to deliver consistent earnings growth.

The background is a solid light blue color. In the upper left quadrant, there is a blurred image of a globe, showing continents in brown and green. In the lower right quadrant, there are several blurred images of network cables with RJ45 connectors. The overall aesthetic is clean and modern, suggesting a connection between technology and global communication.

Creativity



Telecommunications & Technology: Investing in Dynamics

We have three companies that are major players in telecommunications and technology:

New World Telephone operates the Group's fixed network businesses.

New World PCS operates the Group's mobile network businesses under the brand New World Mobility.

New World CyberBase, a 42% associated company, is an e-commerce solutions provider in the Greater China Region

Negative AOP from the telecommunications was reduced to HK\$342 million (HK\$607 million in FY1999). The substantial improvement was due to strong performance in both fixed and mobile networks.

NEW WORLD TELEPHONE

IDD

Despite fierce market competition, NWT has continued to grow its market share in the IDD business with registered users of over 900,000. It has captured a market share of 14% in terms of traffic minutes.

IDD Market			
	FY00	FY99	Change
IDD Traffic (minutes)	389 million	289 million	+35%
Registered IDD Customers	912,462	646,784	+41%

FIXED-LINE SERVICES

Through the deployment of a comprehensive network, NWT is able to offer a range of communication services. NWT's self built fiber optic network now covers over 80% of the Hong Kong population.

Besides achieving better pricing and increased bandwidth, NWT has signed bilateral alliances with international carriers to connect to NWT's fiber optic backbone. Our bilateral relationships with 15 international carriers ensure global connectivity. NWT is now licensed to operate external cable-based facilities and has directly invested, or purchased capacity, in submarine cable systems connecting Hong Kong to the world.

Overleaf: **PHONE PLUGS WITH SOCKETS**. Creatively captured on film. Some see this as symbolic of reproductive biology - another creative process. Others see this as an artistic expression of the limitless prospects of telecom. Creativity means endless possibilities.

Right: **WAPPING AND SURFING ON VIRTUAL WAVES OUTSIDE THE HONG KONG CONVENTION AND EXHIBITION CENTRE**. Virtual reality and multimedia are vital ingredients in a future founded on broadband.



Telecommunications & Technology: Investing in Dynamics

MOBILE

New World Mobility continued to be the fastest growing mobile operator since its launch in late 1997. Over the past year, we have concentrated on the further development of a comprehensive network of distribution channels. We now operate 40 outlets and three mega customer care centers. In addition, we have a network of 150 distribution outlets operated by independent dealers. Customer base has grown to over 620,000, an increase of 94% compared to a year ago.

A competitive environment means that we must maintain and improve quality network coverage and reception. An additional switching center and more than 200 transmission stations were installed during the year. By the end of June 2000, there were 6 mobile switches and 1,050 transmission stations installed.

In the fourth quarter of 1999, NWM launched its WAP services under the product brand of “WWM” (World Wide Mobility). We are on course to provide a full range of value added services through the WAP technology as well as future technology standards. NWM has aligned over 80 content and applications partners. And we will continue to form alliances to ensure the creativity and comprehensiveness of our services remain at the market forefront.

3G service is our definite development direction. A dedicated and experienced 3G team is focusing on all aspects of 3G development, including technical, financial and marketing.

Our overall direction for the telecommunications business is to devise a strategy of convergence and partnerships. This way we will have a business that is both highly efficient and competitive.

Telecommunications & Technology: Investing in Dynamics

NEW WORLD CYBERBASE

Acquired as an associated company in August 1999, New World CyberBase is the Group's platform for tapping opportunities in e-commerce. Its strategy is to provide e-commerce solutions in Greater China using the most-advanced technology in co-operation with partners from around the world. Its major businesses involve e-commerce infrastructure and e-commerce solutions. E-commerce infrastructure includes the provision of internet connectivity and data centre services. E-commerce solutions is the provision of software, applications development, system integration and advisory services.

THE WAY AHEAD

We shall vigorously develop our existing businesses – to increase market share through different means, including enriching the spectrum of services offered and delivering ever-improving quality of service.

Those more conventional market segments are, however, very competitive. So in fixed network, we are developing the full range of possibilities available in broadband, eventually to become a full-fledged broadband multimedia communications provider.

In mobile network, we are developing possibilities released by all the latest technology, including WAP. 3G is also a definite direction of development. It is through embracing the most advanced technology, the best marketing, the richest services offering and excellent customer service that we shall compete and succeed.

Strategic Businesses

NEW WORLD DEPARTMENT STORES

Founded in 1993, New World Department Stores have operations in Hong Kong and eight cities in the Mainland. The department store operations have been a complementary business to the Group's shopping facilities in Hong Kong and China.

During the year, we have opened a new department store in Shenyang and the second phase developments in Wuhan, Beijing and Hong Kong. Department store operations cover an area of 2,400,000 sq.ft and retail operations will expand further with the development of new stores in Shanghai, Guangzhou, Nanjing, Dalian, Chengdu and Shenzhen.

NEW WORLD CHINA ENTERPRISE PROJECTS

Under the umbrella of New World Enterprise Holdings Limited, established in 1997, we have continued to invest in certain general industries, healthcare biotechnology and the auto industry.

The status of major acquisitions and investments is:

- Kunming Fulintang Pharmaceutical Company Limited, a long established pharmaceutical chain store at Kunming. Our aim is to develop it into a national chain store and distributor of authentic Chinese herbal medicine. Targeting the global market, two specialized shops will open in Hong Kong by the first quarter of FY2001. Fulintang branded products will also be sold in supermarkets and larger department stores in Hong Kong, and Fulintang.com.
- Tianjin Standard International Building Materials Industry Company Limited, China's biggest producer of ceramic glass panels. In addition to the existing plant in Tianjin, we have opened a new plant in Xiamen.
- Beijing AutoTech Service Company Limited, entered the auto after-sales market in March when it opened the AC Delco Super Service Center in Beijing. This is the first step in the establishment of an auto after-sales service market across China.

Community Involvement

We believe in enriching the communities in which we do business.

In Hong Kong, we have sponsored activities or made donations to: the Community Chest, the Mandatory Provident Fund Authority, the Independent Commission Against Corruption, the Asian Games Campaign, the Prince of Wales Hospital, The Red Cross.

We are very active in environmental matters, especially through our transport division. Our focus has been on minimizing waste, reducing pollution and conserving energy.

In China, we work together with local governments on town planning, environmental facilities and other community facilities. This is a community contribution as well as a product-differentiating feature of our projects.

Employee Care

We believe that our people are our best asset. So we endorse and practise the modern management principles of transparency, care, staff empowerment, diversity and equal opportunities.

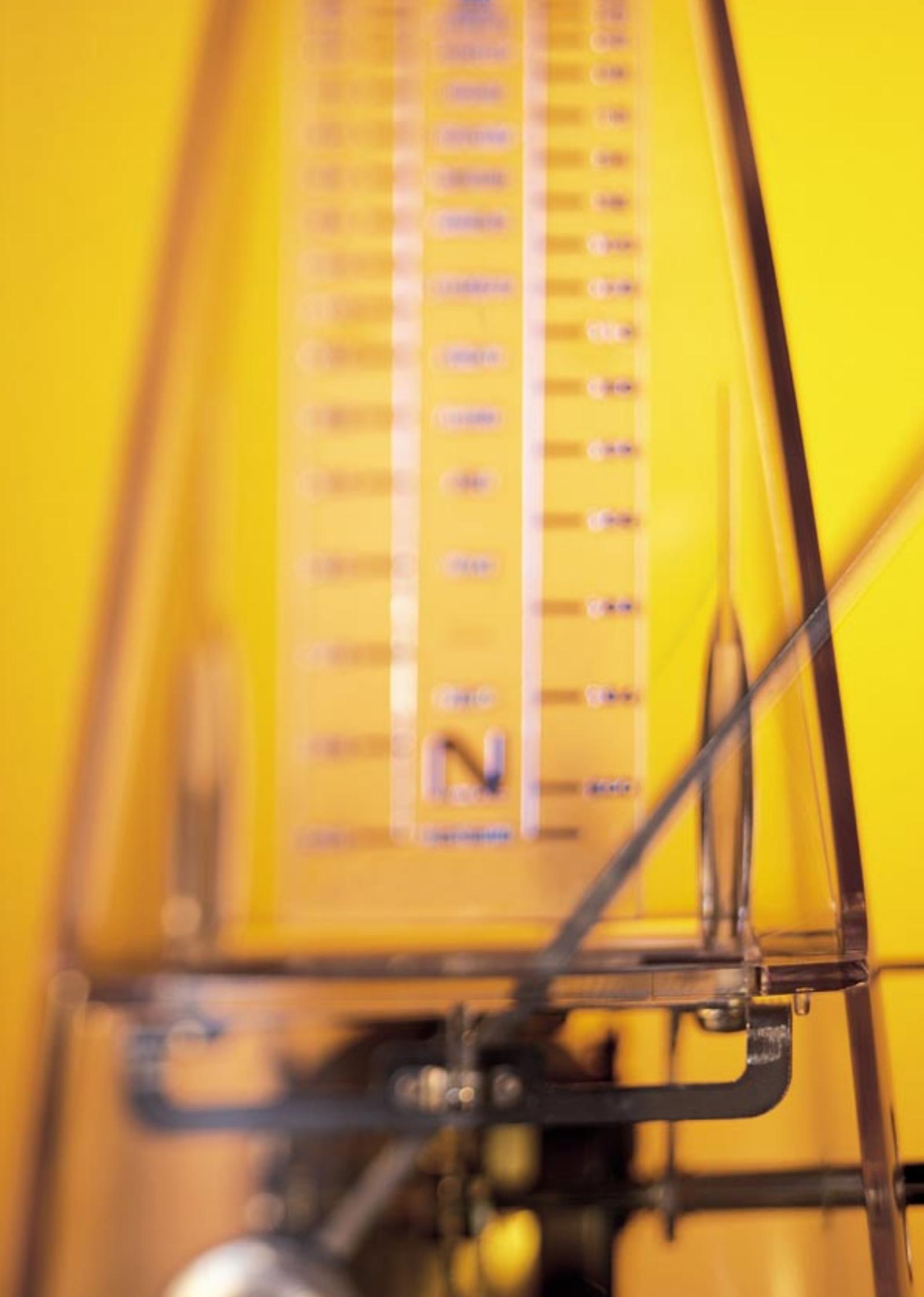
We provide continuing education sessions and offer education loans and grants to employees.

Investor Outreach

We believe that the more we communicate with our investors, the better businessmen we become. Transparency and responsiveness are values firmly entrenched in our Group.

We meet analysts and investors regularly. We have a dedicated unit for investor relations. Our senior management is fully committed to this programme. We take road shows to the U.S., Europe and Asia to present our company performance, our operating environment and our strategy going forward. We are eager to improve ourselves on all fronts in outreaching existing and potential shareholders.

This annual report is an attempt at transparency and outreach. Through text, numbers and images, we communicate with our investors and the community at large. To give us your feedback, please e-mail to newworld@nwd.com.hk, fax to (852) 2131 0638 or write to us at 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong.





Discipline

Financial Statements Analysis

Consolidated Balance Sheet as at 30 June 1999

	HK\$M
Assets	
Investment properties & hotels	25,756.4
Toll roads & bridges	5,390.0
Land & buildings, assets under construction & other fixed assets	8,766.1
Associated companies	7,001.4
Jointly controlled entities	25,005.2
Other investments	8,820.4
Long term receivables	627.2
Cash & bank balances	3,746.5
Other net current assets	11,598.0
	96,711.2
Shareholders' Equity & Liabilities	
Share capital	2,127.8
Share premium	18,632.8
Other reserves	19,536.9
Retained profits	16,193.1
Shareholders' funds	56,490.6
Minority interests	9,805.8
Mandatorily convertible bonds	3,864.6
Long term liabilities	26,526.4
Deferred taxation	23.8
	96,711.2

Overleaf: **THE METRONOME, WHICH KEEPS TIME FOR ALL MUSICIANS, GREAT AND SMALL.** A fitting symbol, for business is both an art and a science. This one is transparent, for transparency is a virtue we believe in and practise.

Consolidated Profit & Loss Account for FY2000

	HK\$M
Turnover (net of intra-group transactions)	
- Rental income	1,636.5
- Property sales	1,823.0
- Construction & Engineering	7,420.3
- Hotel & restaurant operations	2,360.9
- Infrastructure income	719.4
- Telecommunication services	2,879.0
- Others	3,696.1
1 Total Turnover	20,535.2
2 Operating profit before interest	2,638.6
Financing income	817.5
3 Financing costs	(2,302.6)
4 Share of results of associated companies & JCE	774.2
Profit before taxation	1,927.7
Taxation	(567.2)
5 Minority interests	(1,145.5)
6 Profit attributable to shareholders	215.0
7 Dividends	424.5

Consolidated Cash Flow Statement for FY2000

	HK\$M
8 Net Cash inflow from operations	2,015.4
Interest received	817.5
3 Interest paid	(2,544.5)
Dividends received from associates, JCE & other investments	1,459.7
Dividends paid & dividends paid to minority shareholders	(492.6)
Tax paid	(263.4)
Purchase of fixed assets	(2,396.1)
Increase in investments in associates, JCE & other investments	(5,090.5)
Acquisition of subsidiaries & additional interests in subsidiaries	(1,154.3)
8 Other cash inflow from investing activities	3,069.8
9 Repurchase of own shares	(365.0)
10 Other net cash inflow from financing activities	7,173.7
Net increase in cash & cash equivalents and effect of forex changes	2,258.1
Cash & cash equivalents at year end	5,471.5

Financial Statement Analysis

Consolidated Balance Sheet as at 30 June 2000

	HK\$M
Assets	
11 Investment properties & hotels	26,736.6
12 Toll roads & bridges and port facilities	5,615.5
13 Land & buildings, assets under construction & other fixed assets	12,204.2
Associated companies	7,602.1
Jointly controlled entities	27,735.4
Other investments	9,945.3
Long term receivables	473.9
14 Cash & bank balances	6,369.1
15 Other net current assets	13,617.4
	110,299.5
Shareholders' Equity & Liabilities	
Share capital	2,114.1
Share premium	18,860.6
Other reserves	21,606.4
Retained profits	15,627.0
Shareholders' funds	58,208.1
5 Minority interests	17,298.7
16 Mandatorily convertible bonds	1,162.2
10 Long term liabilities	33,611.9
Deferred taxation	18.6
	110,299.5

- 1 The Group's turnover rose by 17.2% over last year, mainly attributable to the higher turnovers from transportation and increased property sales (of which HK\$1.47 billion arose from the sales of office floors of the Grand Millennium Plaza). Divisions of construction and engineering, hotel and restaurant operations, telecommunication services have all reported steady growths in turnover, which was partly offset by the reduced rental income due to the renovation of New World Centre during the year.
- 2 The Group's operating profit before interest grew in line with the increased turnover. Of which, a non-recurrent loss of HK\$1.6 billion was recorded as a result of the spin-off of the New World China Land in July 1999. Meanwhile, there were gains on disposal of investments in Asia Television Ltd., China Telecom and Chinadotcom.
- 3 Given higher gearing at 48% (1999: 44%), the Group's interest expenses increased by 5.2%, leading to a lower interest cover at 1.5 times (FY1999: 1.6 times). Meanwhile, HK\$241.9 million has been capitalized in this year.
- 4 Profits of associated companies and JCE were higher in FY1999 partly because of the forfeiture of HK\$439.6 million deposits, as well as the disposal of certain office floors, in China Merchants Tower. In FY2000, New World Cyberbase, a listed company which is 41.77% held by the Group, reported an attributable loss of HK\$136 million.
- 5 Minority interests increased as a result of the Group's reduced stakes in New World Services and New World China Land in June 1999 and July 1999 respectively. In addition, New World Infrastructure Ltd., reported a 44% surge in profit available for appropriation in this year under review.
- 6 Details are shown in the section of "Analysis of Contributions".
- 7 The Board recommended a final dividend of 10 cents per share. Together with the interim dividend of 10 cents, total dividend for the FY2000 would be 20 cents per share (FY1999: 30 cents).
- 8 The Group's net cash inflow from operating activities increased by HK\$26.6 million to HK\$2,015.4 million. An amount of HK\$2,145.6 million, arising from the disposal of other investments, has been included in other cash flow from investing activities.
- 9 During the period from April to May 2000, 37,651,000 of its own shares have been repurchased at the total considerations of HK\$365.0 million, so as to enhance the net assets and earnings per share of the Group.
- 10 In addition to the internal resources, more bank loans have been drawn in this year so as to finance the Group's investing activities, leading to a higher gearing at 48% (last year: 44%). For details, please refer to the section of "Liquidity & Capital Resources".
- 11 There is no change in the Group's portfolio of investment properties & hotels. Yet, in the midst of the recovering property market, these investment properties and hotels showed a mild increase in valuation by 3.8%.
- 12 With the completion of more projects, asset values of the Group's toll roads, bridges & port facilities increased by HK\$225.5 million in this year.
- 13 Fixed assets increased because of the consolidation of Pacific Ports Company Limited, as a subsidiary following the reorganization in March 2000. Meanwhile, construction progress achieved by the infrastructure projects, growing network of the telecommunication switches and base stations, coupled with the expanded fleets and depots held by the New World First Bus, also accounted for the growth in asset values.
- 14 As at 30 June 2000, the Group's cash position amounted to HK\$6,369 million, a rise of 73% from last year.
- 15 Other net current assets posted a substantial increase of 17.4% mainly because of the smaller current portion of long term loans as a result of our refinancing activities.
- 16 US\$350 million mandatorily convertible bonds have been converted into shares of New World China Land upon its IPO in July 1999. At year-end, US\$150 million mandatorily convertible bonds, which are mandatorily converted into New World Infrastructure shares on 30 April 2002, remained outstanding.

Attributable Operating Profit Analysis

Breakdown by business activity:	AOP			☐ Companies which are involved in the respective business activities				
	2000 HK\$M	1999 HK\$M	Change	NWD	NWCL	NWI	NWS	NWT
Property sales								
Operating profit	258.3	100.9						
Share of results of associated companies & JCE	(145.8)	325.5						
Taxation	(41.0)	(65.0)						
Minority interests	(24.3)	(227.2)						
	47.2	134.2	-64.8%					
Rental income								
Operating profit	1,097.7	1,179.2						
Share of results of associated companies & JCE	1.3	52.5						
Taxation	(168.0)	(107.0)						
Minority interests	(95.4)	(59.4)						
	835.6	1,065.3	-21.6%					
Hotel & restaurant								
Operating profit	479.1	319.1						
Share of results of associated companies & JCE	(40.9)	(49.2)						
Taxation	(79.6)	(51.9)						
Minority interests	(168.6)	(85.1)						
	190.0	132.9	+43.0%					
Infrastructure								
Operating profit	312.4	479.9						
Share of results of associated companies & JCE	1,040.5	983.0						
Taxation	(183.6)	(197.5)						
Minority interests	(367.5)	(648.2)						
	801.8	617.2	+29.9%					
Construction & engineering								
Operating profit	410.6	381.5						
Share of results of associated companies & JCE	90.2	123.6						
Taxation	(64.6)	(96.6)						
Minority interests	(193.6)	(103.3)						
	242.6	305.2	-20.5%					
Telecommunications & technology								
Operating profit	(252.4)	(717.7)						
Share of results of associated companies & JCE	(136.6)	0.6						
Taxation	-	-						
Minority interests	46.7	109.9						
	(342.3)	(607.2)	-43.6%					
Others								
Operating profit	310.0	47.5						
Share of results of associated companies & JCE	(34.5)	(85.0)						
Taxation	(30.4)	(27.6)						
Minority interests	(148.4)	129.6						
	96.7	64.5	+49.9%					
Total:	1,871.6	1,712.1	+9.3%					
Other non-recurrent income / (charge)	(296.1)	364.1	n.a.					
Net financing costs	(1,360.5)	(747.8)	+81.9%					
Profit attributable to shareholders	215.0	1,328.4	-83.8%					

Review

Among all the property sales in this year, Grand Millennium Plaza, China Merchant Tower and phase 1 of the Belcher's were major contributors to the AOP. Yet, their contributions were offset by the losses incurred by the associated companies in the PRC.

On the back of economic recovery in Hong Kong, the Group's investment properties have achieved improved business performance. Yet, AOP from rental income showed a decline of 21.6% to HK\$835.6 million largely because New World Centre, the flagship shopping mall of the Group, was under renovation during the year.

The Group has 17 hotels located in Hong Kong, China and South East Asia with a total of 8,430 rooms. Given double-digit growth in tourist arrivals, hotels in Hong Kong have all reported satisfactory growth in occupancy. Thus, total AOP from hotel & restaurant operations surged by 43% to HK\$190 million.

AOP from the basic infrastructure operations (covering toll roads & bridges, port facilities, cargo handling, power and water treatments) have shown growth of 29.9%.

As a result of the Group's reduced stake in NWS, AOP from this segment dropped back to HK\$242.6 million.

Loss incurred by the telecommunications sector has been narrowed with EBITDA on a breakeven level. This substantial improvement was due to strong performance in both fixed and mobile networks. However, New World CyberBase Limited, a 41.77% associated company, posted an attributable loss of HK\$136 million in this year.

Businesses under this category include property management, cleaning & landscaping, transportation and dividend income. Due to turnaround performances of transportation and reduced loss of department stores, a higher AOP has been recorded.

For FY1999, non-recurrent profit on sales of 25% stake in New World Services, coupled with more gains on repurchase of convertible bonds by New World Infrastructure, have been recorded. In contrast, a negative AOP of HK\$296.1 million was incurred in FY2000. It was largely attributable to HK\$1.6 billion dilution loss on New World China Land, which was partially offset by the gains on disposal of investments in Asia Television, China Telecom and Chinadotcom, as well as the forfeiture of deposit in respect of the disposal of the fixed line operation.

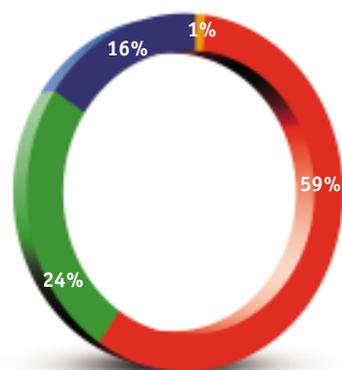
Liquidity and Capital Resources Analysis

LIQUIDITY & CAPITAL RESOURCES

As at 30 June 2000, the Group had cash and bank deposits of HK\$6.4 billion (1999: HK\$3.7 billion).

The Group's consolidated net debt rose from last year's HK\$25.0 billion to HK\$27.8 billion, translating into a higher gearing at 48%:

New World Group Borrowing Structure



- Convertible Bonds
- Secured Borrowing
- Unsecured Borrowing
- Others

Consolidated net debts:	HK\$27,800 million
New World Infrastructure	HK\$6,786 million
New World China Land	HK\$502 million
<hr/>	
Net Debts excluding listed subsidiaries:	HK\$20,512 million

The charts below show the type, maturity, currency and interest rate profiles of borrowings at 30 June 2000:

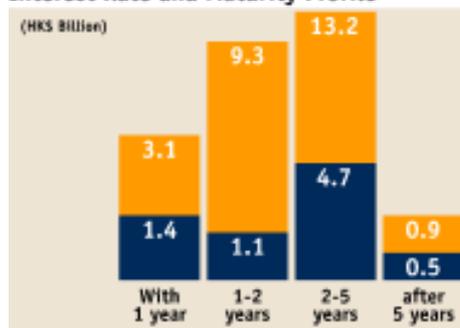
BORROWING STRUCTURE

- During the year, over HK\$5 billion has been expended on the investing activities. In order to finance these capital investments, part of the Group's internal resources have been utilized, whilst the debt position was raised by HK\$2.8 billion.

DEBT MATURITY PROFILE

- To manage the risks associated with an uncertain market environment, the Group pursues a funding strategy of substantially matching the terms of its debt with the terms of its investment. To improve the Group's liquidity, some of the FY2000-due debts have been refinanced by medium-term facilities, pushing back its maturity by 12 months or more.

New World Group Interest Rate and Maturity Profile



- Fixed Rate
- Floating Rate

Liquidity and Capital Resources Analysis

- Over 78% (last year: 76%) of the Group's total debts are on a floating rate basis, whilst fixed rate borrowings mainly related to the convertible bonds. When appropriate and at times of interest rate uncertainty or volatility, fixed-rate debts are utilized to assist in the Group's management of interest rate exposure.

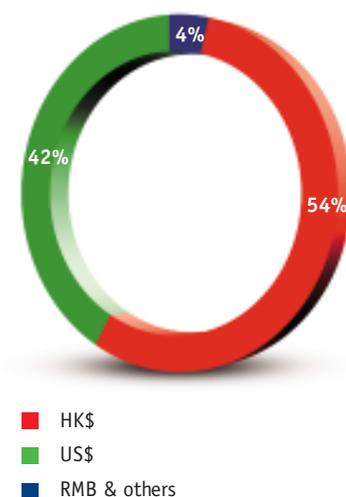
CURRENCY PROFILE

- It is the Group's financial policy to limit the currency risk by financing operations locally.
- In September 1999, New World Infrastructure raised RMB1.0 billion from Bank of China, whereas over 50% of the total loans of New World China Land was denominated in RMB and raised from the PRC banks.

INTEREST COVER & DEBT SERVING

- Interest cover for FY2000 dropped to 1.5 times from 1.6 times in FY1999. Interest expenses increased mainly due to a rise in funding for capital investments. In previous years, the Group was at the investing stage for the projects of infrastructure, telecommunications and transportation. As these projects have already reached the final stage of investment and started to contribute cash flow, whilst property sales have also picked up on the back of the recovering market sentiments, the Group's interest outlay is expected to drop in coming years.
- Amount of debt due within the FY2001 amounts to HK\$4.8 billion, which should be comfortably covered by our existing cash of HK\$6.4 billion, operating cash inflow and the remaining undrawn banking facilities.

New World Group
Debt Currency Profile

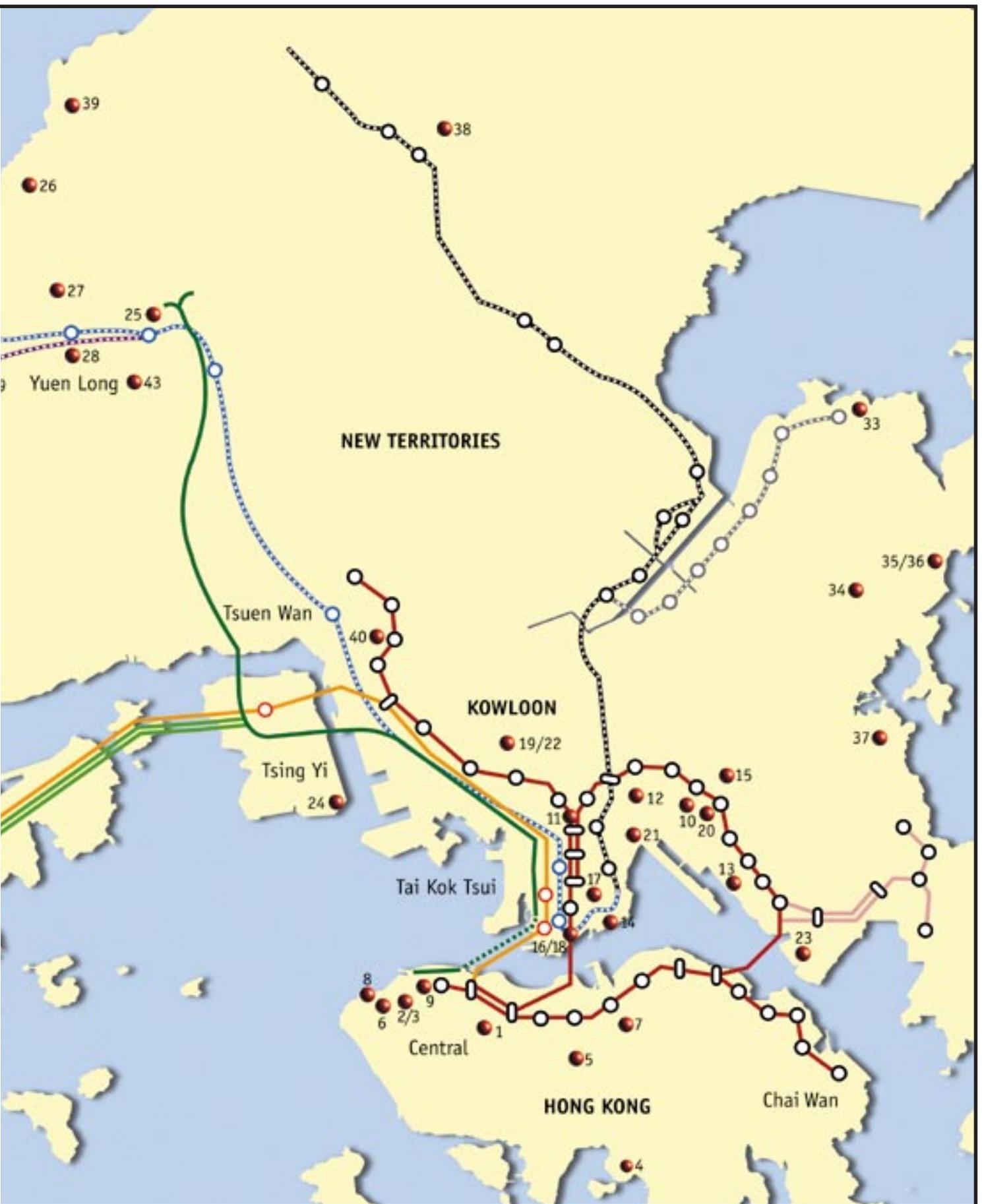


Project Summary: Property Development in Hong Kong

NAME OF PROPERTY DEVELOPMENT

- 1 11-15 MacDonnell Road
- 2 1-4 West End Terrace & 11-11A Bonham Road
- 3 2 Park Road
- 4 33 Island Road
- 5 6-10 Black's Link
- 6 The Belcher's
- 7 Dragon Pride, 18-24 Tin Hau Temple Road
- 8 Kennedy Town Redevelopment Project
- 9 Queen's Street
- 10 15-19 Luk Hop Street
- 11 157 Prince Edward Road West
- 12 444-450 Prince Edward Road West
- 13 51 Tsun Yip Street
- 14 Hung Hom Bay PSPS
- 15 KIL 6267, King Tung Street, Ngau Chi Wan PSPS
- 16 KIL 9805, TST
- 17 KIL 11118, King's Park
- 18 LDC TST Redevelopment Project
- 19 Monte Carlton, NKIL 3512RP & Ext., Tai Po Road
- 20 Rhythm Garden, NKIL 6270 Choi Hung Road PSPS
- 21 Sec.A.B.C & RP of KIL 4013, Kowloon City
- 22 Villa Carlton, NKIL 4850RP, Tai Po Road
- 23 Yau Tong Redevelopment Project
- 24 35-47 Tsing Yi Road
- 25 DD115, Tung Tau, Yuen Long
- 26 DD104, 105 & 107 Yuen Long
- 27 DD115, Yuen Long
- 28 DD120, Ma Tin, Yuen Long
- 29 DD121, Tong Yan San Tsuen
- 30 DD121, 124 & 127, Tai Tao Tsuen, Yuen Long
- 31 DD129, Yuen Long
- 32 DD132, Fu Tei
- 33 DD206, Wu Kai Sha, Ma On Shan
- 34 DD217,219 & 222, Pak Kong, Sai Kung
- 35 DD221, Sai Kung
- 36 DD221, Sha Ha
DD221, Sha Kok Mei
- 37 DD227, Tai Po Tsai
- 38 DD91, 100, Fanling
- 39 DD99, 101, Lin Barn Tsuen, Yuen Long
- 40 Kwai Shing Circuit PSPS
- 41 Lot 3569 in DD 129, Lau Fau Shan, Yuen Long
- 42 MTR Tung Chung Station
- 43 YLTL 500, Tai Tong Road





Project Summary: Property Development in Hong Kong

Name of property development	Site Area (sq.ft.)	Attributable	
		Interest (%)	Total GFA (sq.ft.)
HONG KONG			
1. 11-15 MacDonnell Road	10,590	33.3%	53,250
2. 1-4 West End Terrace & 11-11A Bonham Road	10,603	70.0%	73,046
3. 2 Park Road	13,198	100.0%	119,633
4. 33 Island Road	19,470	100.0%	14,606
5. 6-10 Black's Link	69,535	80.0%	35,269
6. The Belcher's Phase 1	322,894	10.0%	1,115,517
The Belcher's Phase 1		10.0%	215,517
The Belcher's Phase 2		10.0%	1,331,034
7. Dragon Pride, 18-24 Tin Hau Temple Rd	7,965	60.0%	63,670
8. Kennedy Town Redevelopment Project	65,391	100.0% ⁽²⁾	651,760
9. Queen Street, Site A	50,376	50.0% ⁽¹⁾	466,310
		50.0% ⁽¹⁾	3,960
Queen Street, Site B	35,349	50.0% ⁽¹⁾	193,938
KOWLOON			
10. 15-19 Luk Hop Street	23,788	100.0%	285,456
11. 157 Prince Edward Road West	7,380	50.0%	65,622
157 Prince Edward Road West		50.0%	12,368
12. 444-450 Prince Edward Road West	6,761	100.0%	37,186
13. 51 Tsun Yip Street	4,694	100.0%	56,328
14. Hung Hom Bay PSPS	299,433	29.0%	1,553,245
		29.0%	32,292
15. KIL 6267, King Tung Street, Ngau Chi Wan PSPS	232,072	50.0%	1,259,388
		50.0%	20,236
16. KIL 9805, TST	7,149	100.0%	85,788
17. KIL11118, King's Park	387,569	30.0%	904,176
18. LDC TST Redevelopment Project	TBD	TBD	TBD
19. Monte Carlton, NKIL 3512RP & Ext., Tai Po Road	47,932	100.0%	102,974
20. Rhythm Garden, NKIL 6270, Choi Hung Road PSPS	378,125	80.5%	1,922,450
Rhythm Garden, NKIL 6270, Choi Hung Road PSPS		80.5%	22,174
21. Sec.A,B,C & RP of KIL 4013, Kowloon City	162,022	TBD	TBD
22. Villa Carlton, NKIL 4850RP, Tai Po Road	63,324	50.0%	190,618
23. Yau Tong Redevelopment Project	TBD	TBD	TBD

Total (sq.ft.)	Group's share of GFA					Stage of Completion
	Retail (sq.ft.)	Office (sq.ft.)	Hotel/ Resort (sq.ft.)	Residential (sq.ft.)	Industrial (sq.ft.)	
17,748				17,748		Foundation
51,132				51,132		Demolition
119,633				119,633		Demolition
14,606				14,606		Planning
28,215				28,215		Site formation
111,552				111,552		Superstructure
21,552	21,552					
133,103				133,103		Superstructure
38,202				38,202		Completed
651,760				651,760		Planning
233,155				233,155		Substructure
1,980	1,980					
96,969				96,969		Foundation
285,456					285,456	Planning
32,811				32,811		Planning
6,184	6,184					
37,186				37,186		Planning
56,328					56,328	Completed
450,441				450,441		Foundation
9,365	9,365					
629,694				629,694		Foundation
10,118	10,118					
85,788		85,788				Planning
271,253				271,253		Demolition
				TBD		Planning
102,974				102,974		Superstructure
1,547,572				1,547,572		Completed
17,850	17,850					
				TBD		Planning
95,309				95,309		Completed
				TBD		Planning

Project Summary: Property Development in Hong Kong

Name of property development	Site Area (sq.ft.)	Attributable	
		Interest (%)	Total GFA (sq.ft.)
NEW TERRITORIES			
24. 35-47 Tsing Yi Road	305,190	100.0% ⁽¹⁾	1,525,958
25. DD 115, Tung Tau, Yuen Long	331,940	33.3%	995,821
26. DD104, 105, 107, Yuen Long	4,140,000	100.0%	1,022,000
27. DD115, Yuen Long	120,000	100.0%	69,300
28. DD120, Ma Tin, Yuen Long	160,000	100.0%	484,000
29. DD121, Tong Yan San Tsuen	450,000	100.0%	450,000
30. DD121,124 & 127, Tai Tao Tsuen, Yuen Long	350,000	100.0%	350,000
31. DD129, Yuen Long	220,000	100.0%	147,000
32. DD132, Fu Tei	68,028	100.0%	204,000
33. DD206, Wu Kai Sha, Ma On Shan	1,320,000	35.0%	4,870,000
34. DD217, 219 & 222, Pak Kong, Sai Kung	1,000,000	100.0%	340,000
35. DD221, Sai Kung	160,000	65.3%	126,000
36. DD221, Sha Ha	790,000	65.3%	1,074,000
DD221, Sha Kok Mei	150,000	65.3%	30,000
37. DD227, Tai Po Tsai	TBD	56.0%	TBD
38. DD91, 100, Fanling	200,000	100.0%	184,800
39. DD99, 101, Lin Barn Tsuen, Yuen Long	3,540,000	100.0%	753,000
40. Kwai Shing Circuit PSPS	97,952	29.0%	478,772
		29.0%	8,611
41. Lot 3569 in DD 129, Lau Fau Shan, Yuen Long	220,000	100.0%	66,520
42. MTR Tung Chung Station (site 3)		16.4% ⁽¹⁾	1,015,000
MTR Tung Chung Station (site 3)		16.4% ⁽¹⁾	27,500
MTR Tung Chung Station (site 2 North) – City Gate		16.4% ⁽¹⁾	65,000
MTR Tung Chung Station (site 2 North)		16.4% ⁽¹⁾	237,535
43. YLTL 500, Tai Tong Road, Phase 1	216,270	56.0%	467,480
YLTL 500, Yuen Long, Phase 2	67,707	56.0%	273,298
YLTL 500, Yuen Long, Phase 3	94,357	56.0%	400,227
Total	16,227,064		26,553,633

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.

Project Summary: Property Development in Hong Kong

Total (sq.ft.)	Retail (sq.ft.)	Group's share of GFA			Industrial (sq.ft.)	Stage of Completion
		Office (sq.ft.)	Hotel/ Resort (sq.ft.)	Residential (sq.ft.)		
1,525,958					1,525,958	Planning
331,940				331,940		Superstructure
1,022,000				1,022,000		Planning
69,300				69,300		Planning
484,000				484,000		Planning
450,000				450,000		Planning
350,000				350,000		Planning
147,000				147,000		Planning
204,000				204,000		Planning
1,704,500				1,704,500		Planning
340,000			340,000			Planning
82,278				82,278		Planning
701,322				701,322		Planning
19,590				19,590		Planning
TBD				TBD		Planning
184,800				184,800		Planning
753,000				753,000		Planning
138,844				138,844		Planning
2,497	2,497					
66,520				66,520		Planning
165,953				165,953		Site formation
4,496	4,496					
10,628	10,628					Superstructure
38,837			38,837			Superstructure
261,789				261,789		Superstructure
153,047				153,047		Foundation
224,127				224,127		Planning
14,594,362	84,670	85,788	378,837	12,177,325	1,867,742	

Project Summary: Property Investment in Hong Kong

HONG KONG

- 1 Manning House
- 2 New World Tower
- 3 Shun Tak Centre/China Merchants Tower
- 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





Project Summary: 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
Sub-total	12,274,330		7,735,375
TO BE COMPLETED			
16. New World Centre Extension	988,340	100.0%	988,340
Grand 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
Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Residential (sq.ft.)	Others (sq.ft.)	Carparks (Number)	Expiry
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: 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	293	59.0%
6. Jing Guang New World Hotel, Beijing	446	20.5%
7. China Hotel, Guangzhou	888	9.0%
8. New World Beifang Hotel, Harbin	329	23.8%
9. New World Courtyard Hotel, Shenyang	265	40.4%
10. New World Courtyard Hotel, Shunde	383	19.2%
11. New World Courtyard Hotel, Wuhan	138	50.0%
12. New World Courtyard Hotel, Wuxi	266	25.6%
13. Grand New World Hotel, Xian	491	22.4%
	3,499	
SOUTHEAST ASIA		
14. New World Renaissance Hotel, Makati, Philippines	604	29.9%
15. New World Renaissance Hotel Saigon, Ho Chi Minh City, Vietnam	566	21.6%
16. Renaissance Riverside Hotel, Ho Chi Minh City, Vietnam	349	19.4%
17. New World Renaissance Hotel, Kuala Lumpur, Malaysia	921	37.5%
	2,440	
Sub-total	8,430	
TO BE COMPLETED		
18. The Chinese University Hotel Project	600	100.0%
Grand Total	9,030	

Project Summary: Infrastructure

		Gross Length/ Capacity	Form of Investment	Attributable Interest (%)	Expected/ Actual Operation Date ⁽¹⁾	JV Period (years)	Expiry Date ⁽²⁾	
ROAD PROJECTS								
1.	Guangzhou City Northern Ring Road	22.0km	CJV	65.3	1/1994	33	2023	
2.	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)		CJV	25.0		37	2030	
	Phase I - Section I	8.6km			5/1997			
	Phase I - Section II	53.8km			12/1999			
3.	Shenzhen-Huizhou Expressway (Huizhou Section)							
	Expressway	34.7km	CJV	33.3	6/1993	30	2027	
	Roadway	21.8km	CJV	50.0	12/1997	26	2023	
4.	Hui-Ao Roadway		CJV	50.0		33	2028	
	Hui-Dan Section	36.0km			1/1996			
	Hui-Ao Section	50.5km			10/2000			
5.	Roadway No. 324 (Gaoyao Section)	24.0km	CJV	40.0	2/1994	22	2015	
6.	Roadway No. 321 (Fengkai Section)	42.0km	CJV	45.0	12/1994	25	2019	
7.	Roadway No. 321 (Deqing Section)	79.0km	CJV	45.0	9/1995	25	2020	
8.	Roadway No. 1964 (Zhaojiang Section)	32.0km	CJV	70.0	12/1995	25	2019	
9.	Roadway No. 1960 (Sihui Section)	47.0km	CJV	50.0		25	2021	
	Wumagang Bridge Toll Station				1/1996			
	Shatou Toll Station				6/1996			
10.	Roadway No. 1960 (Guangning Section)	60.0km	CJV	55.0	7/1996	25	2020	
11.	Roadway No. 1967 (Xinxing Section)	25.0km	CJV	55.0	7/1997	25	2022	
12.	Shuangjin Roadway (Gaoyao Section)	34.0km	CJV	61.0	9/1997	26	2024	
13.	Roadway No. 1962 (Guangning Section)	19.5km	CJV	55.0	4/1998	26	2023	
14.	Roadway No. 1969 (Gaoyao Section)	27.0km	CJV	10.0/58.0	1/1998	28	2024	
15.	Roadway No.321 (Gaoyao Section)	23.84km	CJV	55.0	8/1998	25	2019	
16.	Roadway No.1962 (Gaoyao Section)	32.42km	CJV	60.0	8/1998	30	2026	
17.	Roadway No. 1959 (Qingxin Section)	26.63km	CJV	75.0	11/1998	30	2027	
18.	Roadway No.1958 (Deqing Section)	30.0km	CJV	65.0	5/1999	25	2023	
19.	Roadway No. 105 (Lianping County North Section)	33.0km	CJV	10.0/51.0	8/1997	25	2022	
20.	Roadway No. 1906 (Qingcheng Section)	26.8km	CJV	80.0	3/2001	30	2028	
21.	Roadway No. 321 (Wuzhou Section)		CJV	45.0		25	2022	
	Phase I	8.7km			3/1997			
	Phase II	4.3km			12/1998			
22.	Beiliu City Roadways		CJV	60.0		25	2022	
	Phase I	18.2km			8/1997			
	Phase II	21.6km			5/1998			
23.	Yulin Shinan to Dajiangkou Roadway		CJV	60.0		25	2022	
	Phase I	8.7km			8/1997			
	Phase II	30.0km			1/1999			
24.	Rongxian Roadways		CJV	70.0		25	2022	
	Phase I	9.2km			10/1997			
	Phase II	16.8km			5/1998			
25.	Yulin to Shinan Roadway	27.8km	CJV	60.0	5/1998	25	2022	
26.	Cangwu County Roadway	10.1km	CJV	70.0	1/1999	25	2022	
27.	Yulin Shinan to Guigang Roadway	20.0km	CJV	60.0	1/2001	25	2022	
28.	Wuhan Airport Expressway	18.0km	CJV	40.0	4/1995	30	2025	
29.	Tangjin Expressway (Tianjin North Section)		CJV	60.0/90.0		30		
	Section I	40.0km			1/1999		2029	
	Section II	20.4km			1/2001		2031	
30.	Shanxi Taiyuan to Gujiao Roadway (Taiyuan Section)	23.18km	CJV	60.0/90.0	7/2000	27	2025	
31.	Shanxi Taiyuan to Gujiao Roadway (Gujiao Section)	36.02km	CJV	60.0/90.0	4/1999	27	2025	
32.	Jincheng to Jiaozuo Expressway (Shanxi Section)	31.57km	CJV	60.0/90.0	7/2002	30	2028	
33.	Roadway No.309(Changzhi Section)	22.2km	CJV	60.0/90.0	7/2000	25	2023	
34.	Taiyuan to Changzhi Roadway (Changzhi Section)	18.3km	CJV	60.0/90.0	8/2000	25	2023	
35.	Tate's Cairn Tunnel	4.0km	Equity	27.5	6/1991	30	2018	
		1,178.66km						

Project Summary: Infrastructure

	Gross Length/ Capacity	Form of Investment	Attributable Interest (%)	Expected/ Actual Operation Date ⁽¹⁾	JV Period (years)	Expiry Date ⁽²⁾
BRIDGE PROJECTS						
36.	Wuhan Bridge Development**	3.227km	JSC	48.9	6/1995	30 2025
37.	Gaoming Bridge	1.1km	CJV	30.0/80.0	11/1996	25 2021
38.	Guangzhou Three New Bridges^	4.07km	CJV	50.0	1/2000	33 2030
39.	Zhaoqing Deqing Xijiang Bridge	1.4km	CJV	60.0	5/1999	25 2022
40.	Tianjin Yonghe Bridge	0.5km	CJV	90.0	12/1998	25 2023
		10.297km				
CARGO HANDLING PROJECTS						
41.	Sea-Land Orient Terminals Limited (SLOT)	1.2 mil TEUs	Equity	33.3	6/1991	50 2047
42.	Asia Terminals Limited (ATL)	5.9 mil ft ²	Equity	55.7	2/1987	50 2047
43.	Asia Container Terminals Limited (ACT)**	1.8 mil TEUs	Equity	36.3	8/2003	49 2047
44.	United Asia Terminals (Yantian) Limited	899,800 CBM	Equity	40.0	2/1997	10 2006
45.	Sea-Land Orient (Tianjin) Container Terminals Co., Limited	800,000 TEUs	EJV	24.5	1/1999	30 2027
46.	Pacific Ports Company Limited	n/a	Equity	75.0	5/1998	- Perpetual
POWER PROJECTS						
47.	Zhujiang Power Station - Phase I	600 MW	EJV	50.0	1/1994	25 2017
48.	Zhujiang Power Station - Phase II	600 MW	EJV	25.0	4/1996	25 2020
49.	Shunde De Sheng Power Plant	273.5 MW	CJV	60.0	4/1997	20 2017
50.	Macau Power Plant	351.7MW	Equity	20.3	11/1997	25 2010
51.	Sichuan Qianwei Dali Power Plant	54 MW	CJV	60.0	11/1997	25 2022
		1,879.2 MW				
WATER PROJECTS						
52.	Macau Water Plant	258,000m ³ /day	Equity	42.5	11/1997	25 2010
53.	Zhongshan Tanzhou Water Plant	60,000m ³ /day	Equity	29.0	11/1997	35 2027
54.	Nanchang Water Plant	50,000m ³ /day	Equity	25.0	11/1997	28 2023
55.	Lianjiang Water Plant	100,000m ³ /day	Equity	30.0	10/2000	30 2027
56.	Dongguan Microfiltration Equipment Plant	n/a	Equity	25.0	1/1997	20 2014
57.	Zhongshan Dafeng Water Plant	200,000m ³ /day	Equity	33.0	4/1998	22 2020
58.	Zhongshan Quanlu Water Plant	500,000m ³ /day	Equity	33.0	4/1998	22 2020
59.	Changtu Water Plant	50,000m ³ /day	Equity	35.0	3/2001	30 2029
60.	Baoding Water Plant	260,000m ³ /day	Equity	45.0	6/2000	20 2020
61.	Siping Water Plant	168,000m ³ /day	Equity	25.0	9/2000	30 2030
		1,646,000m ³ /day				

Project Summary: Infrastructure

		Gross Length/ Capacity	Form of Investment	Attributable Interest (%)	Expected/ Actual Operation Date ⁽¹⁾	JV Period (years)	Expiry Date ⁽²⁾
DIGITAL INFRASTRUCTURE PROJECTS							
62.	China Internet Corporation Limited	n/a	Equity	31.7	7/1997	–	Perpetual
63.	Chinadotcom Corporation*	n/a	Equity	12.2	7/1999 ⁽³⁾	–	Perpetual
64.	Stellar One Corporation	n/a	⁽⁴⁾	11.3 ⁽⁶⁾	9/1999	–	Perpetual
65.	Integrated Telecom Express Inc.*	n/a	Equity	2.8 ⁽⁶⁾	12/1999	–	Perpetual
66.	GWcom, Inc.	n/a	⁽⁵⁾	21.8 ⁽⁶⁾	12/1999	–	Perpetual
67.	LinkAir Communications, Inc.	n/a	Equity	32.3 ⁽⁶⁾	1/2000	–	Perpetual
68.	ecMarket.com Inc	n/a	Equity	20.4 ⁽⁶⁾	1/2000	–	Perpetual
69.	New C-Tek Limited	n/a	Equity	33.7	4/2000	–	Perpetual
70.	Shenzhen New World Xianglong Network Communication Co., Ltd	n/a	CJV	84.5	1/2000	50	2050
71.	Shenzhen New World Xianglong Technology Development Co., Ltd	n/a	CJV	84.5	1/2000	50	2050
STRATEGIC INVESTMENTS							
72.	Beijing Datang Power Generation Company Limited#	n/a	Equity	9.5	3/1997 ⁽³⁾	–	Perpetual
73.	Jiangsu Expressway Company Limited#	n/a	Equity	3.1	6/1997 ⁽³⁾	–	Perpetual
74.	Sichuan Expressway Company Limited#	n/a	Equity	9.9	10/1997 ⁽³⁾	–	Perpetual
75.	Shenyang Public Utility Holdings Company Limited#	1,525,000m ³ /day	Equity	4.9	12/1999 ⁽³⁾	–	Perpetual
76.	Group Sense (International) Limited#	n/a	Equity	8.4	1/1993 ⁽³⁾	–	Perpetual

** Wuhan Bridge Development is a joint stock company with perpetual life. On 9/6/99, the Hubei Provincial Government issued a paper requesting that from 16/6/99, the Han River Bridge No. 1 and Han River Bridge No. 2 ceased collecting tolls. Only New Yangtze Bridge is allowed to collect tolls for 30 years from 1/7/1995 to 30/6/2025. The project life is thus amended to 30 years.

* Listed on NASDAQ

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) Date of listing

(4) including Series A-1 Convertible Preferred Stock and Series A-2 Preferred Stock

(5) Series E Preferred Stock with US\$0.57 non-cumulative dividend per annum

(6) Assume on a fully diluted basis (include stock option and warrant)

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: Property Projects in the PRC

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	166,912	R,O,C,Oth
3. Beijing New World Garden	CJV	Mass-C	52,800	196,423	R,O
4. Beijing New View Garden (Beijing Chongwen District Lot No.5 Development Phase I)	CJV	Mass-C	19,977	65,271	R,O,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	Con			
– Bao Yuan			402,000	206,575	R,Oth
– Chang Le			358,600	183,923	R,Oth
– Lai Loi			216,600	111,092	R,Oth
– Fu Hua			293,300	148,000	R,Oth
9. Beijing Boxing Plaza	Note (5)	Con	11,520	49,300	O,C,Oth
10. New World Courtyard, Beijing	CJV	Con	n/a	23,988	H
11. Beijing Xin Kang Garden (Yizhuang Development)	CJV	Mass-C	101,894	215,800	R,Oth
12. Beijing Lingal Garden	CJV	Con	169,000	127,400	R
13. Dynasty Garden	Development Agreement(2)	Con	164,354	69,127	R
TIANJIN					
14. Tianjin New World Anderson Centre	WFE	Con	23,127	91,001	O,C,Oth
15. Tianjin Xin An Garden	WFE	Mass-C	20,148	97,228	R,O,C,Oth
16. Tianjin Yu Chang Shopping Mall (Tianjin Dahutung Development)	CJV	Con	25,575	262,500	C
17. Huayuan Residential Area Development Sub Area 4 and 8	CJV	Mass-L	301,861	275,101	R,C
18. Xin Chun Hua Yuan Development - Lot 603, and Lot Bajiefang	CJV	Mass-L	72,800	184,603	R,C,Oth
19. Nanshi Development	CJV	Mass-C	420,209	1,549,842	R,C,Oth
SHIJIAZHUANG					
20. Shijiazhuang New World Plaza	EJV	Con	90,602	89,615	C,H,Oth
NORTHEAST REGION					
SHENYANG					
21. Shenyang New World Garden	CJV	Mass-C	1,959,300	3,097,460	R,O,C,Oth
22. Taiyuan Street Development	Note (5)	Con	7,293	95,300	R,O,C
23. New World Courtyard, Shenyang	EJV	Con	7,847	32,200	C,H
DALIAN					
24. Dalian New World Plaza	EJV	Con	9,800	139,481	R,C
25. Dalian Bond Tak International Finance Centre	WFE	Con	16,600	218,690	R,C
CENTRAL REGION					
SHANGHAI					
26. Regent Place	EJV	Con	5,496	27,732	R,C,Oth
27. Shanghai Zhongshan Square	CJV	Con	17,966	76,498	R
Phase I			16,171	127,957	O
Phase II					R
28. Shanghai Sunrise Garden	EJV	Con	161,595	92,950	R
29. Hong Kong New World Tower	CJV	Con	9,953	133,000	R,O,C,H
30. Changning Ramada Square	CJV	Con	9,084	122,608	R,C,H
31. Zhongshannanyi Road Development	EJV	Mass-C	32,795	386,487	R,O,Oth
32. Mengzi Road Development	WFE	Mass-C	24,684	100,552	R,C
33. 1408 Huaihaizhong Road	WFE	Con	343	794	O

Project Summary: Property Projects in the PRC

Project Name	Form of Investment	Type of Development	Site Area (sq.m.)	Total GFA (sq.m.)	Usage
WUHAN					
34. Wuhan Tazi Lake Residential Development	CJV	Con	828,233	256,000	R,0th
35. Wuhan International Trade and Commerce Centre					
Main:	EJV	Con	6,947	23,900	C
Annex:	EJV	Con	3,806	19,461	O,C,0th
36. Wuhan Golden World Tower	EJV	Con	3,670	43,618	R,C
37. Wuhan Hotel Redevelopment	CJV	Con	32,307	65,000	R,C,H
38. Wuhan Changqing Garden	CJV	Mass-L	2,311,331	3,360,785	R,0th
39. New World Courtyard, Wuhan	CJV	Con	5,201	10,250	H
40. Wuhan Xinhua Road Development	CJV	Mass-L	96,493	306,139	R,C
NANJING					
41. Nanjing New World Centre	EJV	Con	11,218	213,800	R,O,C,H
JINAN					
42. Jinan Sunshine Garden	EJV	Con	105,339	232,309	R,0th
HEFEI					
43. Hefei New World Garden	CJV	Mass-C	82,660	134,709	R,C,0th
SOUTHERN REGION					
GUANGZHOU					
44. New World Riverside Villa Zone 14	CJV	Con	51,712	3,943	R
45. New World Casa California Zone 13	CJV	Con	18,930	20,672	R
46. New World Eastern Garden	CJV	Mass-C	61,784	224,014	R
47. Tianhe Shipai Lot Nos. 2 & 5 Development	CJV	Mass-C	96,378	401,162	R,C
48. Pearl River New Town Zone L	CJV	Mass-C	107,876	288,075	R,C
49. Fangcun District Nos. 1, 2 & 4 Development	CJV	Mass-C	370,383	1,160,199	R
50. Fortuna Garden	CJV	Con	n/a	181	R
51. Jixian Zhuang Commodity Housing Development	CJV	Mass-C	409,801	674,784	R,C
52. Guangzhou Gloria City	CJV	Con	21,484	224,596	R,O,C,0th
53. Fangcao Garden	CJV	Mass-C	44,516	203,057	R,C,0th
54. Jixian Zhuang Low-cost Housing Development	CJV	Mass-L	576,045	1,072,569	R,0th
55. Guangzhou Golden Lake					
Development Agreement (2)		Con	267,789	409,712	R,C,0th
56. Guangzhou Redford	CJV	Con	69,689	178,000	R,C,0th
57. Guangzhou New World Centre	CJV	Con	16,479	150,000	R,O,C,0th
58. Guangzhou New Metropolitan	CJV	Con	41,446	186,680	R,C,0th
59. Guangzhou Rivera Garden, Tsang Shing					
Development Agreement (2)		Mass-C	724,638	818,615	R,C,0th
PEARL RIVER DELTA					
60. Foshan Golf & Country Club	CJV	Con	17,967	6,665	R
		Con	3,000,899	-	G
61. Shenzhen Xilihu Development	CJV	Con	58,121	29,000	R,0th
62. Shenzhen Yi Shan Garden (Shenzhen Shatoujiao Development)	CJV	Mass-C	89,349	150,100	R,C
63. Shunde New World Convention & Exhibition Centre	CJV	Con	14,171	169,850	R,O,C
64. New World Courtyard, Shunde	CJV	Con	5,000	36,524	H
65. Shunde Rongqi Riverside Road Development	EJV	Mass-C	185,000	720,484	R,O,C,H
66. Shunde Tai Fook Garden	Note (5)	Con	10,000	TBD	R
67. Dongguan New World Garden	CJV	Mass-C	504,563	952,794	R
68. Huiyang Palm Island Golf Club & Resort	EJV	Con	255,000	259,029	R
		Con	1,115,000	-	G
69. Huizhou Changhuyuan Development	CJV	Mass-C	57,653	126,665	R
70. Xintang New World Garden	CJV	Mass-C	199,931	401,002	R,C
71. Qingyuan Low-cost Housing Development	CJV	Mass-L	538,497	936,000	R,C
72. Zhuhai New World Harbour-front Garden	CJV	Mass-C	42,104	62,140	R,0th
73. Zhaoqing Lake Development	CJV	Con	160,367	315,006	R
74. Haikou Low-cost Housing Development	CJV	Mass-L	115,694	290,252	R

Project Summary: Property Projects in the PRC

Notes:

- (1) “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 is a legal entity with 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.
- (2) The Group is not a direct joint venture party but holds the development right in the project through agreements entered into with one of the joint venture partners.
- (3) “Con” denotes Conventional Property Projects; “Mass-L” denotes Low-cost Community Housing Projects; “Mass-C” denotes Community Housing Projects.
- (4) Usage
- R : Residential
 - O : Office
 - C : Commercial
 - H : Hotel
 - G : Golf Course
 - W : Warehouse
 - Oth : Others
- (5) 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.

PROPERTY RELATED PROJECTS IN THE PRC

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

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 18 December 2000, Monday 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 2000.
- (2) To declare a final dividend.
- (3) To re-elect Directors and authorise the Directors to fix their remuneration.
- (4) To re-appoint Joint Auditors and authorise the Directors to fix their remuneration.

By Order of the Board
Leung Chi-Kin, Stewart
Company Secretary

Hong Kong, 25 October 2000

Notes:

- (1) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (2) To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the registered office of the Company at 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting (as the case may be).
- (3) The register of members of the Company will be closed from 11 December 2000, Monday to 18 December 2000, Monday, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Central Registration Hong Kong Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 8 December 2000, Friday.

DIRECTORS' PROFILE

DATO' DR. CHENG YU-TUNG *DPMS, LLD(Hon), DBA(Hon), DSSc(Hon) (Aged 75)*

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.

DR. CHENG KAR-SHUN, HENRY *BA, MBA, DBA(Hon), LLD(Hon) (Aged 53)*

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. 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 82)*

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 73)*

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 91)*

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 71)*

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 71)*

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

DIRECTORS' PROFILE

MR. LIANG CHONG-HOU, DAVID *(Aged 55)*

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

MR. YEUNG PING-LEUNG, HOWARD *(Aged 43)*

Appointed as Director in November 1985. Chairman of King Fook Holdings Limited, Director of Miramar Hotel & Investment Company Limited.

MR. CHA MOU-SING, PAYSON *(Aged 58)*

Appointed as Director in April 1989. Managing Director of HKR International Limited and Chairman of The Mingly Corporation Limited. Mr. Cha is a Member of The National Committee of the Chinese People's Political and Consultative Conference and the Deputy Chairman of the Council of the City University of Hong Kong.

MR. CHENG KAR-SHING, PETER *(Aged 48)*

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 61)*

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 and Hip Hing Construction Company Limited, Deputy Chairman of Huey Tai International Limited.

MR. CHAN KAM-LING *(Aged 60)*

Mr. Chan has been appointed as Director since 1994. He is also a Director of New World Infrastructure Limited, New World China Land Limited, New World First Bus Services Limited and a non-Executive Director of Tai Fook Securities Group Limited. In addition, Mr. Chan is currently the Managing Director of New World Services Limited, Hip Hing Construction Company Limited, Sino-French Holdings (Hong Kong) Limited and Macao Water Supply Company Limited as well as a Director of Companhia de Electricidade de Macau.

MR. CHOW KWAI-CHEUNG *(Aged 58)*

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

MR. CHA MOU-ZING, VICTOR (alternate director to Mr. Cha Mou-Zing, Payson) *(Aged 50)*

Mr. Cha has been involved in the textile and manufacturing business for over 25 years. He is the managing director of HKR Asia-Pacific Pte. Ltd., a subsidiary of HKR International Limited. He is also a director of a number of public and private companies in Hong Kong and overseas, including HKR International Limited and C.M. Capital Corporation, USA.

DIRECTORS' REPORT

The Directors have pleasure in presenting their Annual Report and Statement of Accounts for the year ended 30 June 2000.

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 36, 37 and 38 to the Accounts on pages 141 to 154.

ACCOUNTS

The profit of the Group for the year ended 30 June 2000 and the state of the Company's and the Group's affairs at that date are set out in the Accounts on pages 95 to 154.

TURNOVER AND OPERATING PROFIT BEFORE FINANCING COSTS AND INCOME

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

	2000 HK\$m	1999 HK\$m
Analysis by activity		
(a) TURNOVER		
Rental income	1,838.3	1,917.7
Property sales	2,675.1	1,529.4
Construction and engineering	8,949.4	8,128.5
Hotel and restaurant operations	2,360.9	2,094.5
Infrastructure operations	719.4	740.9
Telecommunication services	2,890.2	2,617.8
Others	3,800.2	2,123.8
	23,233.5	19,152.6
Intra-group transactions		
Rental income	(201.8)	(160.4)
Property sales	(852.1)	–
Construction and engineering	(1,529.1)	(1,380.3)
Telecommunication services	(11.2)	(22.4)
Others	(104.1)	(62.4)
	20,535.2	17,527.1

DIRECTORS' REPORT

TURNOVER AND OPERATING PROFIT BEFORE FINANCING COSTS AND INCOME

(continued)

	2000 HK\$m	1999 HK\$m
(b) OPERATING PROFIT BEFORE FINANCING COSTS AND INCOME		
Rental income		
Trading results	1,097.7	1,179.2
Property sales		
Trading results	258.3	100.9
Loss on dilution of interests in subsidiary companies	(1,642.6)	-
Profit on disposal of interests in a subsidiary company	-	40.9
Provision for investment in a co-operative joint venture	(18.0)	-
Provision for advances to an equity joint venture	(22.0)	-
Forfeiture of deposits for sale of investments	186.4	-
	(1,237.9)	141.8
Construction and engineering		
Trading results	410.6	381.5
Profit on disposal of interests in subsidiary companies	51.9	264.9
	462.5	646.4
Hotel and restaurant operations		
Trading results	479.1	319.1
Provision for advances to a co-operative joint venture	(43.4)	(52.4)
Loss on disposal of interests in subsidiary companies	-	(44.4)
	435.7	222.3
Infrastructure operations		
Trading results	312.4	479.9
Provision for investment in an equity joint venture	-	(27.0)
Provision for investment in listed and unlisted shares	(250.6)	(218.8)
	61.8	234.1
Telecommunication services		
Trading results	(252.4)	(717.7)
Forfeiture of deposits for sale of investments	136.0	-
Profit on disposal of interests in a subsidiary company	74.8	-
	(41.6)	(717.7)
Others		
Trading results	310.0	47.5
Profit on disposal of interests in subsidiary companies	248.3	-
Loss on disposal of investment in jointly controlled entities	(20.2)	-
Profit on disposal of investment in listed and unlisted shares	1,296.8	11.6
Profit on repurchase of convertible bonds	25.5	239.8
Provision for listed and unlisted shares written back	-	129.9
	1,860.4	428.8
	2,638.6	2,134.9

DIRECTORS' REPORT

TURNOVER AND OPERATING PROFIT BEFORE FINANCING COSTS AND INCOME

(continued)

	2000 HK\$m	1999 HK\$m
Analysis by geographical area		
(a) TURNOVER		
Hong Kong and Southeast Asia	16,974.3	14,886.3
Mainland China	3,560.9	2,640.8
	20,535.2	17,527.1
(b) OPERATING PROFIT BEFORE FINANCING COSTS AND INCOME		
Hong Kong and Southeast Asia	2,594.2	2,074.4
Mainland China	(665.8)	60.5
Overseas	710.2	–
	2,638.6	2,134.9

The turnover derived from the Group's overseas activities comprised less than 10% of the Group's turnover.

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

DIVIDENDS

The Directors have resolved to recommend total final dividend of HK\$0.10 per share (1999: HK\$0.15) comprising a cash dividend of HK\$0.01 per share (which is being paid in order to ensure that the shares of the Company continue to qualify as 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 HK\$0.09 per share with a cash option to shareholders registered on 18 December 2000. Together with the interim dividend of HK\$0.10 per share (1999: HK\$0.15) paid in June 2000, total distributions for 2000 would thus be HK\$0.20 (1999: HK\$0.30) per share.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") 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 HK\$0.10 per share instead of the allotment of shares.

SHARE CAPITAL

Details of movements in share capital during the year are set out in Note 24 to the Accounts.

DIRECTORS' REPORT

RESERVES

Details of movements in reserves are set out in Note 25 to the Accounts.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 158 and 159.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Details of repurchase of the Company's shares are set out in Note 24 to the Accounts. The Directors consider that the repurchase of shares will benefit the shareholders as a whole by enhancing the net assets and earnings per share of the Company. Except for the foregoing, neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any of the Company's listed securities during the year.

DONATIONS

The Group made charitable and other donations during the year amounting to HK\$7.1 million (1999: HK\$7.8 million).

FIXED ASSETS

Movements of fixed assets during the year are summarised in Note 12 to the Accounts.

CONNECTED TRANSACTIONS

Connected transactions of the Group are set out on pages 84 to 90.

GROUP BORROWINGS

Borrowings of the Company and the Group repayable within one year are included in current liabilities and long term borrowings as set out in Note 27 to the Accounts.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company, whose names appear on page 160 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, Lord Sandberg Michael, Mr. Cha Mou-Sing, Payson, Mr. Cheng Kar-Shing, Peter and Mr. Leung Chi-Kin, Stewart retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 95 of the Company's Articles of Association, Mr. Cha Mou-Zing, Victor was appointed as alternate director to Mr. Cha Mou-Sing, Payson on 7 September 2000.

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 meetings upon expiry of appointment.

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

On 14 January 1999, an Audit Committee was established and the members of the Committee are Mr. Cha Mou-Sing, Payson and Mr. Yeung Ping-Leung, Howard. The principal responsibilities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

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\$9.9 million (HK\$77.2 million) for the year ended 30 June 2000 (1999: US\$10.3 million (HK\$80.0 million)). 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' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year and up to the date of this report, the following Directors are considered to have interests in the following businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the directors of the Company were appointed as directors to represent the interests of the Company and/or the Group pursuant to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") as set out below:

Name of director	Name of entity which businesses are considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
Dr. Cheng Yu-Tung	Shun Tak Holdings Limited group of companies	Property investment and development, ferry services and hotel related services	Director
	Chow Tai Fook Enterprises Limited group of companies	Property investment and development	Director
	Melbourne Enterprises Limited group of companies	Property investment	Director
Dr. Cheng Kar-Shun, Henry	Shun Tak Holdings Limited group of companies	Property investment and development, ferry services and hotel related services	Director
	Chow Tai Fook Enterprises Limited group of companies	Property investment and development	Director
	HKR International Limited group of companies	Property investment and development, construction and property management	Director
Dr. Sin Wai-Kin, David	Miramar Hotel & Investment Company Limited group of companies	Property investment and hotel operation	Director
Mr. Cheng Yue-Pui	Chow Tai Fook Enterprises Limited group of companies	Property investment and development	Director
	Melbourne Enterprises Limited group of companies	Property investment	Director
Mr. Cheng Kar-Shing, Peter	Chow Tai Fook Enterprises Limited group of companies	Property investment and development	Director
Mr. Leung Chi-Kin, Stewart	Huey Tai International Limited group of companies	Property investment and development	Director
Mr. Chan Kam-Ling	Evergreen Investment Limited	Property investment	Shareholder
	Yearfull Investment Limited	Property investment	Shareholder
	Victory China Development Limited	Property investment	Shareholder
	Gold Asia Trading Limited	Property investment	Shareholder
Mr. Chow Kwai-Cheung	Qingyuan Qiaoyuan Power Plant Company Limited	Operation of power plant	Director
	Casco Time Limited	Property investment	Director
	Hinkok Development Limited	Property development	Shareholder
	Asia Leisure Development Company Limited	Property development	Director

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (continued)

The above-mentioned Directors involved in the management of the above-mentioned entities are not significant or the size of the above-mentioned businesses undertaken by the entities in which they were appointed as directors are considered as insignificant as compared to the Group.

As the Board of Directors of the Company is independent of the board of these entities, the Group is therefore capable of carrying on such businesses independently of, and at arm's length from the businesses of these entities.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2000, 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 91 to 93.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

- (a) 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 as follows:

Name of Director	Date of Grant	Number of Share Options Outstanding at 30 June 2000 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.

- (b) On 17 August 1999, Dr. Cheng Kar-Shun, Henry had been granted 25,000,000 share options entitling him to subscribe for shares of HK0.02 each in the capital of New World CyberBase Limited ("NWCB") under the share option scheme of NWCB. The subscription price is HK\$0.5664 per share and the options are exercisable between 17 August 2000 and 16 August 2002.

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

SUBSTANTIAL SHAREHOLDER

As at 30 June 2000, Chow Tai Fook Enterprises Limited ("CTFEL"), together with its subsidiary companies had interests in 785,921,471 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 2000.

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 Listing Rules throughout the year covered by this annual report.

YEAR 2000 ISSUE

The Group has completed all Year 2000 compliance activities by 30 September 1999 and had a successful transition to the millennium. There have been no reported incidents on the issue and all system and equipment are functioning as normal throughout the monitoring period up to and including 29 February 2000. However, we will continue to stay alert and prepared for the upcoming "high risk" and sensitive dates generally identified with the Year 2000 issues.

The total cost incurred for the Year 2000 programme was within the original budget.

PRACTICE NOTE 19 OF THE LISTING RULES

The disclosure pursuant to Practice Note 19 of the Listing Rules is set out on page 93.

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, 25 October 2000

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\$54.0 million per annum. Up to now, no payment has ever been made by the Company or CTFEL under the Indemnity.

- (b) On 6 December 1996, New World Development (China) Limited ("NWDC"), a wholly owned subsidiary company of New World China Land Limited ("NWCL"), entered into an agreement "Agreement relating to the transfer of certain floor area in New World Anderson Centre and Development rights in land in Tianjin City, PRC", whereby NWDC procured that Bonny-View Corporation ("Bonny-View"), a wholly owned subsidiary company of NWDC, agreed to contribute Rmb408 million to New World Anderson Development Company Limited ("NW Anderson"), a 51% owned subsidiary company of Bonny-View. The amount of investment contribution to NW Anderson by Bonny-View has been determined by reference to the value of 51% interest in unsold portion of New World Anderson Centre amounting to approximately 549,000 sq ft and at Rmb740 per sq ft.

The investment contribution paid amounted to HK\$381.3 million was accounted for as shareholder's loan to NW Anderson by Bonny-View. The effect of the above transaction constitutes granting of financial assistance to non-wholly owned subsidiary company. As at 30 June 2000, the shareholder's loan by Bonny-View to NW Anderson amounted to HK\$538.9 million (1999: HK\$534.3 million).

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

Pursuant to a restructuring dated 3 December 1999, the shareholders of ACT transferred all their ACT shares to Asia Container Terminals Holdings Limited ("ACTH") in exchange for shares in ACTH. ACT then became a wholly owned subsidiary company of ACTH which shareholders and their respective shareholdings are the same as that of ACT before the restructuring. All rights and obligations of ACT under the shareholders' agreement, the shareholders' funding agreement and the shareholders' loan agreement of ACT (the "ACT Agreements") are assumed by ACTH.

CONNECTED TRANSACTIONS (continued)

Following the completion in March 2000 of the disposal of all port and port-related investments to Pacific Ports Company Limited ("PPC") ("the PPC Reorganisation"), Sunmall and SLOT 8 became indirect non-wholly owned subsidiary companies held through PPC.

Under the SLOT 8 Guarantee, NWI and SLOT unconditionally, irrevocably and severally guarantee, in the proportion of each of their respective shareholdings in SLOT 8, to ACTH 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 ACT Agreements, NWI and SLOT will pay that sum or (as the case may be) perform that obligation on demand by ACTH 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\$917.0 million (1999: HK\$1,427.0 million) of which 66.1% amounting to HK\$606.0 million (1999: HK\$943.0 million) is guaranteed by NWI pursuant to the SLOT 8 guarantee.

Under the Sunmall Guarantee, NWI unconditionally and irrevocably guarantee ACTH and each of its shareholders (other than Sunmall) that, if for any reason Sunmall does not (a) pay any sum payable by or expressed to be payable by it, or (b) perform any of its obligations, under the ACT Agreements, NWI will pay that sum or (as the case may be) perform that obligation on demand by ACTH or any one or more of its shareholders. The financial obligation of Sunmall under the ACT Agreements is substantially to fund Sunmall's share of CT9 project cost currently estimated to be HK\$420.0 million pursuant to the Sunmall Guarantee.

- (d) 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 ("NWPCS") and New World Paging Limited, all are subsidiary companies 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, 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).

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*.

CONNECTED TRANSACTIONS (continued)

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 NWCB for a consideration of HK\$300.0 million.

(e) The following transactions had taken place between subsidiary companies of the Company and Infa Telecom during the year ended 30 June 2000:

- (i) purchase of plant and equipment by NWT and NWPCS ("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 by the Telephone Group 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.

(f) 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 NWCL, undertook to provide land development services to SHPCL pursuant to an agreement dated 9 December 1992. No service fees has been paid to 上海裕隆 for the year ended 30 June 2000 and the aggregate amount paid to 上海裕隆 at 30 June 2000 and which has been included as part of the development costs of the related property developed by SHPCL was HK\$24.4 million (1999: HK\$24.4 million).

(g) On 24 January 2000, a conditional sale and purchase agreement (the "First Agreement") was entered into between Fan Sheng Profits Limited ("Fan Sheng"), an indirectly wholly owned subsidiary company of the Company, Huey Tai International Limited ("Huey Tai") and, Magic Winner Limited ("Magic Winner"), an indirectly wholly owned subsidiary of Huey Tai. On the same date another conditional agreement for sale and purchase (the "Second Agreement") was entered into between Fan Sheng and Conwest Limited ("Conwest"), an indirectly wholly owned subsidiary company of Asean Resources Holdings Limited ("Asean").

Pursuant to the First Agreement Magic Winner agreed to sell to Fan Sheng the entire shareholdings in Max Base Limited ("Max Base") and to assign all its rights in and benefits to the loan owing by Max Base to Magic Winner as accrued up to 21 March 2000 at a total consideration of approximately of HK\$218.5 million.

Pursuant to the Second Agreement Conwest agreed to sell to Fan Sheng its entire shareholdings in World Success Limited ("World Success"), and to assign all its rights in and benefits to the loan owing by World Success to Conwest as accrued up to 21 March 2000 at a total consideration approximately of HK\$109.3 million.

The sole asset of Max Base is 18 residential units and 19 carparking spaces at the property situated at No 2 Park Road, Hong Kong ("Park Villa"). The sole asset of World Success is 8 residential units and 8 carparking spaces at Park Villa and 1 residential unit and 1 carparking space to be acquired under an agreement for sale and purchase.

CONNECTED TRANSACTIONS (continued)

Asean is a 20% shareholder of a subsidiary company of the Group and is a substantial shareholder within the meaning of the Listing Rules. Asean is a 63.68% owned subsidiary company of Huey Tai. As such both Asean and Huey Tai are connected persons of the Group.

- (h) On 15 May 2000, New World Services Limited, a 51.2% subsidiary company of the Group ("NWS") entered into the deed of sale and purchase and loan assignment ("the Deed") with GMBN (Holdings) Limited ("GMBN") and FirstBus Investments Limited ("FirstBus"), both of which are wholly owned subsidiaries of FirstGroup plc ("FirstGroup"), New World First Bus Services Limited ("NWFBS"), a wholly owned subsidiary company of New World First Holdings Limited ("NWFH") and the Company. Pursuant to the Deed, NWS acquired 2,600,000 shares of HK\$1.00 each ("the Shares") representing 26% of the issued share capital of NWFH from GMBN together with the interest-free shareholder loans of HK\$263.7 million in aggregate made by FirstBus to NWFH representing 26% of the total shareholder loans contributed into NWFH ("Shareholders Loans"). As a result of these acquisitions, NWFH became a wholly owned subsidiary company of NWS.

Under the Deed, NWS and the Company agreed to release and procure the release of FirstGroup and its subsidiary companies from all obligations under all guarantees and counter-indemnities given by FirstGroup or subsidiary companies of FirstGroup in respect of obligations of the Company and its subsidiary companies ("FirstGroup Guarantees").

NWS and the Company further agreed to, with effect from 15 May 2000, indemnify FirstGroup and its subsidiary companies against all damages, liabilities and losses incurred by them in connection with any claims made by third parties under or in connection with the FirstGroup Guarantees at any time after 15 May 2000.

The acquisitions of the Shares and the Shareholders Loans by NWS from GMBN and FirstBus respectively, the release of obligations under the FirstGroup Guarantees and the granting of indemnity regarding third party claims in connection with the FirstGroup Guarantees constitute connected transactions of the Company for the following reasons:

- (i) immediately prior to the acquisitions, NWFH was an indirect subsidiary company of the Company as NWS held 74% of the issued capital of NWFH;
- (ii) immediately prior to the acquisitions, GMBN held 26% of the issued share capital in NWFH;
- (iii) FirstBus and GMBN are wholly owned subsidiary companies of FirstGroup; and
- (iv) according to the Listing Rules, GMBN, FirstBus and FirstGroup are connected persons of the Company.

CONNECTED TRANSACTIONS (continued)

As referred to the guarantee by FirstGroup and the Company, the Company gave on 19 May 1998 to the relevant supplier in respect of the purchase of buses in respect of 74% of the purchase price being approximately GBP3.4 million (approximately HK\$39.4 million). As referred to the counter-indemnity given by FirstGroup on 29 April 1999 to the Company in respect of 26% of the Company's liabilities under a guarantee made by the Company on 29 January 1999, such guarantee was made by the Company in favour of a bank in respect of the full amount of the relevant loans raised by NWFH from that bank for the purpose of purchasing buses. The maximum aggregate amount of such loans is approximately HK\$566.0 million and such loans are repayable in installments. Since these two guarantees were not given on a several basis and not in proportion to NWS's equity interest in NWFH, they constituted financial assistance granted by the Company to a non-wholly owned subsidiary company.

- (i) On 18 May 2000, New World First Ferry Services Limited ("NWFF") (an indirect 51.2% owned subsidiary company of the Company) entered into four shipbuilding contracts with Marinteknik Shipbuilders (S) Pte Ltd ("Marinteknik"), which is owned more than 35% by Mr. Liang Chong-Hou, David ("Mr. Liang"), for the construction of four 36 metres double deck, 397 passengers catamaran passenger vessels ("Vessels") by Marinteknik at the price of HK\$20.0 million each. The aggregate consideration is payable in five equal installments, subject to adjustments for delays to the delivery of the Vessels and any modifications or changes to the agreed specifications for the Vessels requested by NWFF ("Shipbuilding Contracts").

Pursuant to an agreement dated 18 May 2000 between Marinteknik and NWFF, NWFF was granted the right to require Marinteknik to construct four further Vessels at the same price and on substantially the same terms ("Option Agreement").

As Mr. Liang, an executive director of the Company, owns more than 35% of the issued share capital in Marinteknik, Marinteknik is an associate of Mr. Liang, and accordingly a connected person of the Company. The Shipbuilding Contracts and the Option Agreement constitute connected transactions of the Company.

- (j) Pursuant to a sale and purchase agreement dated 19 August 2000, Quality First Services Limited ("QFSL"), a wholly owned subsidiary company of NWS, conditionally agreed to acquire 120,000 common shares of US\$1.00 each of New World Risk Management (L) Limited ("NWRM"), a subsidiary company 85% owned by Tai Fook Securities Group Limited ("Tai Fook") and 15% owned by Primeluck Enterprises Limited ("Primeluck"), at a consideration of HK\$30.0 million ("Sale and Purchase Agreement").

Pursuant to a subscription agreement dated 19 August 2000 QFSL conditionally agreed to subscribe for 97,624,340 new shares of HK\$0.10 each of Tai Fook at the issue price of HK\$1.83 per share for cash ("Subscription Agreement").

As Chow Tai Fook Nominees Limited owns approximately 29.27% of Tai Fook and is wholly beneficially owned by Dr. Cheng Yu-tung, who is a director of the Company, the acquisition of the entire equity interests in NWRM by QFSL from Tai Fook and Primeluck and the subscription of the Tai Fook new shares at the issued price of HK\$1.83 per share constitute connected transactions of the Group.

CONNECTED TRANSACTIONS (continued)

- (k) On 15 September 2000, Bonny-View entered into a conditional agreement with Anderson International Investment Limited ("Anderson International") relating to the acquisition of 49% interest in NW Anderson held by Anderson International together with a shareholder's loan of HK\$494.1 million ("Acquisition") for a total consideration of HK\$426.6 million. Subject to price adjustment resulting from due diligence review on NW Anderson, if required, and other conditions contained in the agreement, the Acquisition will be completed on or before 15 December 2000. After completion, NW Anderson will become a wholly owned subsidiary company of Bonny-View.

By virtue of the fact that Anderson International is a substantial shareholder of NW Anderson and is wholly owned by Mr. Chan Ki, an executive director of both NW Anderson and New World Anderson (Tianjin) Development Co Ltd, a wholly owned subsidiary company of NW Anderson, the Acquisition constitutes a connected transaction for the Group.

- (l) The Company has provided guarantees (the "Guarantees") in respect of the syndicated bank loans (the "Bank Loans") of NWI's one subsidiary 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 2000 of the Bank Loans amounted to HK\$241.5 million (1999: HK\$437.0 million). The Guarantees and NWI's counter-guarantee will remain in force for the duration of the Bank Loans.
- (m) The Company has provided guarantee in respect of US\$300.0 million (1999: US\$300.0 million) syndicated loan facility granted to NW Homeowner, a wholly owned subsidiary company of NWCL. A guarantee fee is calculated at 2% per annum on the daily average outstanding loan balance and is payable by NW Homeowner to the Company within 30 days after the financial year end. The outstanding balance of this loan at 30 June 2000 amounted to HK\$373.4 million (1999: HK\$744.0 million) and the guarantee fees paid to the Company for the year ended 30 June 2000 amounted to HK\$12.9 million (1999: HK\$17.0 million).
- (n) 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 company of NWCL, of a loan facility of up to US\$300.0 million (1999: 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 RMB51.0 million (1999: RMB150.0 million) from the Bank of Communications and
 - (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 (1999: RMB210.0 million) from the Industrial & Commercial Bank of China.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

- (o) New World Finance Company Limited and Sexon Enterprises Limited, wholly owned subsidiary companies of the Group and Hip Hing Construction Company Limited, an indirect 51% owned subsidiary company of the Group, have advanced HK\$1,764.4 million (1999: HK\$1,161.6 million) in aggregate to NWCL as at 30 June 2000. These loans are unsecured and carry interest ranging from 8.5% to 15% per annum. Except for a loan of HK\$236.1 million (1999: HK\$221.7 million) which has no specific repayment terms, the balances are repayable from June 2001 to March 2003. The interest charged by these subsidiary companies of the Group to NWCL for the year ended 30 June 2000 in respect of these loans amounted to HK\$114.2 million (1999: HK\$94.3 million).
- (p) In July 1999, a deed of tax indemnity was entered into between the Company and NWCL whereby the Company undertakes to indemnify NWCL in respect of, inter alia, certain PRC income tax ("IT") and LAT payable upon the disposal of certain properties held by NWCL as at 31 March 1999 and in respect of which the aggregate amount of LAT and IT is estimated at approximately HK\$7,800.0 million.
- (q) ACT entered into a facility agreement in respect of project financing of CT9 for HK\$3,000.0 million (the "ACT Loan") on 31 January 2000. The ACT Loan is severally guaranteed by NWI and the other shareholders ACTH in proportion of their respective effective equity interest in ACTH which wholly owns ACT. Accordingly, NWI guarantees 32.9995% of the ACT Loan. After the PPC Reorganisation, PPC holds NWI's former interest in ACTH but NWI remains the guarantor for purpose of the ACT Loan. PPC is a non-wholly owned subsidiary company of NWI in which no connected person of that subsidiary company is a substantial shareholder.
- (r) The Company had been granted a waiver by The Stock Exchange from compliance with the requirements of Chapter 14 of the Listing Rules in respect of the transactions set out in (e) above which constituted connected transaction as defined in the Listing Rules. The transactions have been reviewed by five independent non-executive directors of the Company who have confirmed that the transactions were:
- (i) in the ordinary course of business of the Company;
 - (ii) on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
 - (iii) in accordance with the terms of the agreements governing such transactions; and
 - (iv) within the maximum amount as agreed with The Stock Exchange.

Save as disclosed above, a summary of significant related party transactions that did not constitute connected transactions made during the year was disclosed in Note 33 to the Accounts.

DIRECTORS' REPORT

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	-	-	-	-
The Honourable Lee Quo-Wei	-	-	3,420,884	253,321 ⁽²⁾
Ld. Sandberg, Michael	-	-	-	-
Dr. Ho Tim	1,750,135	-	-	-
Dr. Sin Wai-Kin, David	3,337,478	33,326	-	-
Mr. Cheng Yue-Pui	-	-	-	-
Mr. Liang Chong-Hou, David	230,022	-	-	-
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. Cheng Kar-Shun, Henry	-	1,000,000	-	-
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

DIRECTORS' INTERESTS IN SHARES (continued)

	Personal Interests	Family Interests	Corporate Interests ⁽¹⁾	Other Interests
New World China Land Limited (Ordinary shares of HK\$0.10 each)				
Mr. Chow Kwai-Cheung	126	-	-	-
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	-	-	-

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES (continued)

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 The Honourable Lee Quo-Wei and his spouse are members of its board of trustees.

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:

	2000 HK\$m	1999 HK\$m
Amounts due by affiliated companies	21,387.3	20,551.3
Guarantees given for affiliated companies in respect of banking and other credit facilities	5,960.0	4,028.0
Commitments to capital injections	4,106.1	3,803.2
	31,453.4	28,382.5

The above financial assistance given to the affiliated companies, in aggregate, represented 54.0% of the consolidated net assets of the Group (1999: 50.2%) 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 Listing Rules, 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 the Directors are 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 2000, the combined indebtedness, capital commitments and contingent liabilities as reported by the affiliated companies amounted to HK\$59,154.6 million, HK\$5,290.9 million and HK\$42.0 million (1999: HK\$54,787.5 million, HK\$5,813.5 million and nil) respectively.

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 95 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 of the state of affairs of the Company and the Group as at 30 June 2000 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, 25 October 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Year ended 30 June	
	Note	2000 HK\$m	1999 HK\$m
Turnover	2	20,535.2	17,527.1
Cost of sales		(14,503.5)	(12,619.1)
Gross profit		6,031.7	4,908.0
Other revenues	3	405.5	53.8
Other income/(charge)	4	22.9	344.5
Selling and marketing expenses		(444.9)	(323.2)
Administrative expenses		(1,061.7)	(971.6)
Other operating expenses		(2,314.9)	(1,876.6)
Financing costs	5	(2,302.6)	(2,189.3)
Financing income		817.5	1,349.0
Operating profit	6	1,153.5	1,294.6
Share of results of			
Associated companies		449.9	1,074.1
Jointly controlled entities		324.3	276.9
Profit before taxation		1,927.7	2,645.6
Taxation	7	(567.2)	(545.6)
Profit after taxation		1,360.5	2,100.0
Minority interests		(1,145.5)	(771.6)
Profit attributable to shareholders	8,25	215.0	1,328.4
Dividends	9,25	424.5	637.1
Earnings per share	10	HK\$0.10	HK\$0.65

CONSOLIDATED BALANCE SHEET

		As at 30 June	
	Note	2000 HK\$m	1999 HK\$m
Fixed assets	12	44,556.3	39,912.5
Associated companies	14	7,602.1	7,001.4
Jointly controlled entities	15	27,735.4	25,005.2
Other investments	16	9,945.3	8,820.4
Long term receivables	17	473.9	627.2
Total non-current assets		90,313.0	81,366.7
Current assets			
Properties held for sale	18	23,688.3	23,258.0
Stocks	19	348.2	333.0
Current portion of long term receivables	17	38.4	93.5
Other loans receivable		212.1	212.8
Debtors and prepayments	20	7,048.1	6,342.4
Cash and bank balances			
Restricted	21	558.1	18.6
Unrestricted		5,811.0	3,727.9
		37,704.2	33,986.2
Current liabilities			
Creditors and accrued charges	22	10,613.7	10,771.9
Contracts in progress	23	918.4	498.4
Deposits received on sale of properties		235.2	16.0
Bills payable		0.5	3.6
Bank loans and overdrafts			
Secured		427.8	72.7
Unsecured		708.2	446.8
Other loans			
Secured		221.5	296.3
Unsecured		78.0	850.2
Current portion of long term liabilities	27	3,286.4	4,460.9
Taxation		1,016.6	905.7
Proposed dividend		211.4	319.2
		17,717.7	18,641.7
Net current assets		19,986.5	15,344.5
Employment of funds		110,299.5	96,711.2
Financed by			
Share capital	24	2,114.1	2,127.8
Reserves	25	56,094.0	54,362.8
Shareholders' funds		58,208.1	56,490.6
Minority interests		17,298.7	9,805.8
Mandatorily convertible bonds	26	1,162.2	3,864.6
Long term liabilities	27	33,611.9	26,526.4
Deferred taxation	28	18.6	23.8
Funds employed		110,299.5	96,711.2

Dr. Sin Wai-Kin, David
Director

Dr. Cheng Kar-Shun, Henry
Director

COMPANY BALANCE SHEET

		As at 30 June	
	Note	2000 HK\$m	1999 HK\$m
Fixed assets	12	35.3	35.8
Subsidiary companies	13	29,646.4	31,625.0
Associated companies	14	249.5	85.7
Jointly controlled entities	15	1,868.2	412.5
Other investments	16	445.8	901.9
Total non-current assets		32,245.2	33,060.9
Current assets			
Properties held for sale	18	381.5	375.7
Other loans receivable		3.0	3.0
Debtors and prepayments		809.0	782.9
Cash and bank balances		7.6	143.9
		1,201.1	1,305.5
Current liabilities			
Creditors and accrued charges		775.4	857.8
Unsecured bank loans and overdrafts		–	11.1
Other unsecured loans		6.2	6.0
Taxation		0.8	0.8
Proposed dividend		211.4	319.2
		993.8	1,194.9
Net current assets		207.3	110.6
Employment of funds		32,452.5	33,171.5
Financed by			
Share capital	24	2,114.1	2,127.8
Reserves	25	30,338.4	31,043.7
Funds employed		32,452.5	33,171.5

Dr. Sin Wai-Kin, David
Director

Dr. Cheng Kar-Shun, Henry
Director

CONSOLIDATED CASH FLOW STATEMENT

		Year ended 30 June	
	Note	2000 HK\$m	1999 HK\$m
Net cash inflow from operating activities	32(a)	2,015.4	1,988.8
Returns on investments and servicing of finance			
Interest received		817.5	1,349.0
Interest paid		(2,544.5)	(2,274.7)
Dividends received from			
Associated companies		623.2	369.1
Jointly controlled entities		431.0	239.4
Other investments		405.5	53.8
Dividends paid		(280.2)	(483.8)
Dividends paid to minority shareholders		(212.4)	(98.8)
Net cash outflow from returns on investments and servicing of finance		(759.9)	(846.0)
Taxation			
Hong Kong profits tax paid		(220.0)	(491.8)
Overseas taxation paid		(43.4)	(67.4)
Cash outflow for taxation		(263.4)	(559.2)
Investing activities			
Purchase of fixed assets		(2,396.1)	(5,276.9)
Increase in investments in associated companies		(781.6)	(338.4)
Increase in investments in jointly controlled entities		(2,909.6)	(3,414.2)
Increase in other investments		(1,399.3)	(573.6)
Decrease in long term receivables		208.4	75.8
Acquisition of additional interests in subsidiary companies		(472.7)	(1,034.2)
Acquisition of subsidiary companies (net of cash and cash equivalents)	32(c)	(681.6)	(293.1)
Decrease in bank deposits maturing more than three months from the date of placement		197.8	16.2
Proceeds on disposal of			
Fixed assets (including investment properties)		111.1	122.2
Jointly controlled entities		23.4	-
Other investments		2,145.6	-
Partial interest in a subsidiary company		-	1,246.1
Disposal of subsidiary companies (net of cash and cash equivalents)	32(e)	383.5	79.1
Net cash outflow from investing activities		(5,571.1)	(9,391.0)
Net cash outflow before financing		(4,579.0)	(8,807.4)

CONSOLIDATED CASH FLOW STATEMENT

		Year ended 30 June	
	Note	2000 HK\$m	1999 HK\$m
Financing			
Issue of shares		–	2,345.8
Issue of mandatorily convertible bonds		–	1,163.7
Issue of convertible guaranteed bonds		388.0	2,325.0
Repurchase of own shares		(365.0)	–
Repurchase of convertible bonds		(494.5)	(539.8)
Share issue expenses		(0.3)	(27.0)
Bond issue expenses		–	(65.5)
Increase in bank and other loans		13,899.1	12,868.2
Increase in long term accounts payable		199.2	520.4
Repayment of bank and other loans		(8,282.9)	(7,927.9)
Capital element of finance lease rental payment		(15.3)	(3.9)
(Decrease)/increase in short term bank and other loans		(254.8)	1,123.6
Increase in restricted cash and bank balances		(539.5)	(3.6)
Contribution from minority shareholders		2,274.7	333.9
Net cash inflow from financing activities	32(f)	6,808.7	12,112.9
Increase in cash and cash equivalents		2,229.7	3,305.5
Cash and cash equivalents at beginning of year		3,213.4	(164.4)
Effect of foreign exchange rate changes		28.4	1.7
Reclassified to a jointly controlled entity	32(g)	–	70.6
Cash and cash equivalents at end of year	32(h)	5,471.5	3,213.4

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Year ended 30 June	
	2000 HK\$m	1999 HK\$m
Investment and hotel property revaluation surplus/(deficit)	949.9	(2,431.4)
Share of revaluation surplus/(deficit) of		
Associated companies	91.1	(340.4)
Jointly controlled entities	(102.4)	180.2
Investment revaluation surplus	765.1	1,059.6
Exchange differences arising on translation of subsidiary companies, associated companies and jointly controlled entities	17.3	55.1
Net gains/(losses) not recognised in the profit and loss account	1,721.0	(1,476.9)
Profit attributable to shareholders	215.0	1,328.4
Release of revaluation surplus upon disposal of an associated company	-	(6.0)
Write back of investment revaluation surplus upon disposal	(678.2)	-
Investment impairment loss charged to profit and loss account	150.7	-
Total recognised gains/(losses)	1,408.5	(154.5)
Capital reserve on acquisition of		
Subsidiary companies	-	87.4
Additional interests in subsidiary companies	545.0	67.0
Associated companies	-	0.6
Reserves arising from reorganisation	334.4	-
Goodwill on acquisition of		
Subsidiary companies	(36.0)	(56.6)
Additional interests in subsidiary companies	(107.6)	(259.6)
Associated companies	(89.7)	-
Additional interests in associated companies	(37.4)	-
Capital reserve released upon disposal of subsidiary companies	(2.9)	-
Release of goodwill upon		
Disposal of subsidiary companies	1.7	-
Partial disposal of subsidiary companies	-	114.8
Dilution of interest in subsidiary companies	42.7	-
Share of capital reserve/(goodwill) of		
Associated companies	304.5	-
A jointly controlled entity	(108.0)	12.0
	2,255.2	(188.9)
Cumulative effect of change in accounting policy to retained profits brought forward as at 1 July 1999		(222.0)

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) BASIS OF PREPARATION

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties, hotel properties and investment securities, and in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”).

Pursuant to the revised Statement of Standard Accounting Practice (“SSAP”) No.2.101, “Presentation of Financial Statements”, which was issued by the HKSA and became effective for accounting periods on or after 1 January 1999, certain comparative figures have been reclassified and/or extended.

Pursuant to the revised SSAP No.2.102, “Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies”, exceptional items, previously disclosed on face of the Consolidated Profit and Loss Account are now disclosed by way of note and are no longer specifically referred to as “exceptional”.

(b) CHANGE IN ACCOUNTING POLICY

In previous years, pre-operating expenses were deferred and amortised over five years by equal instalments commencing from the first year of operation. Pursuant to the issue of Interpretation No. 9, by the HKSA, in respect of the revised SSAP No. 2.101, pre-operating expenses are charged to the profit and loss account in the year in which they are incurred. This change in accounting policy has been accounted for retrospectively and as a result, restatement has been made to increase the Group’s profit for the year ended 30 June 1999 by HK\$61.6 million and to reduce the retained profits brought forward at 1 July 1998 and 1 July 1999 by HK\$283.6 million and HK\$222.0 million respectively.

(c) 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.

(d) GOODWILL AND CAPITAL RESERVE

Goodwill represents the excess of purchase consideration over fair values ascribed to the net assets of subsidiary companies, associated companies and jointly controlled entities acquired and is taken directly to reserves in the year of acquisition. Where the fair values ascribed to net assets of subsidiary companies, associated companies and jointly controlled entities acquired exceed the purchase consideration, such differences are taken to reserves in the year of acquisition.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(e) 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.

The Company's investments in subsidiary companies are carried at cost or at Directors' valuation less provision for any diminution in value other than temporary in nature. The results of subsidiary companies are accounted for by the Company on the basis of dividends received and receivable.

(f) ASSOCIATED COMPANIES

An associated company is a company other than a subsidiary company, in which the Group's interest is held for the 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 diminution in value other than temporary in nature. Results of associated companies are accounted for by the Company only to the extent of dividends received and receivable.

(g) 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 diminution in value other than temporary in nature.

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 diminution in value other than temporary in nature. 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.

(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.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(g) JOINTLY CONTROLLED ENTITIES (continued)

(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.

(h) 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 co-operative joint ventures established joint control over the economic activity thereof).

(i) 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, transportation and other services.

(j) 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.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(j) REVENUE RECOGNITION (continued)

(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 on contracts are fully provided when identified.

(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, income from cargo, container handling and storage are recognised when services are rendered.

(vii) *Telecommunication services*

Subscription fee and services income from provision of telecommunication services is recognised when services are 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 and title has passed. 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 are recognised on a straight line accrual basis in accordance with the terms of the relevant dealership agreements.

(viii) *Service fee income*

Property management service fee, property letting agency fee, transportation service 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.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(k) 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 (l) (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.

(l) 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.

(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 financing costs and foreign exchange differences on the related borrowed funds during the construction period are capitalised as the costs of the fixed assets.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(I) FIXED ASSETS (continued)

(iv) Depreciation

No depreciation is provided on assets under construction.

Depreciation of toll roads and toll bridges is provided for on sinking fund method or straight line method. For the sinking fund method, annual depreciation amounts compounded at rates ranging from 3% to 9% per annum will equal the costs of the relevant toll roads and toll bridges at the expiry of the relevant joint venture periods. Certain toll bridges are depreciated at rates sufficient to write off their costs over their toll collection period of 29 years on a straight line basis.

With effect from 1 July 1999, the depreciation method for certain bridges has changed from 1.5% compound rate sinking fund method to straight line method to reflect the change in estimated future traffic volume. The effect of this change has increased the depreciation for the year by approximately HK\$47.0 million.

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
Port facilities	7 to 44 years
Other assets	3 to 14 years

(v) Gain or loss on disposal of fixed assets

The gain or loss on disposal of a fixed asset other than investment properties and hotel properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. The relevant revaluation reserve balance is transferred to retained earnings and is shown as a movement in reserves.

(vi) Maintenance of carrying values of fixed assets

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group. The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(m) 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 are stated at fair value at the balance sheet date using the alternative method under the provisions of Statement of Standard Accounting Practice No. 2.124 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 an impairment loss, it is removed from the asset revaluation reserve and recognised in the profit and loss account.

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.

(ii) *Investments in joint development projects*

Investments in joint development projects are stated at cost less accumulated amortisation and provision for any diminution in value other than temporary in nature. 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.

(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.

(n) 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 (j)(iv) above, less provision for anticipated losses and progress payments received and receivable.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(o) 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 recoverable in the foreseeable future.

(p) CAPITALISATION OF INTEREST AND FINANCE CHARGES

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

(q) 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.

(r) FOREIGN CURRENCIES

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

NOTES TO THE ACCOUNTS

2 TURNOVER

	2000 HK\$m	1999 HK\$m
Rental income	1,838.3	1,917.7
Property sales	2,675.1	1,529.4
Construction and engineering	8,949.4	8,128.5
Hotel and restaurant operations	2,360.9	2,094.5
Infrastructure operations	719.4	740.9
Telecommunication services	2,890.2	2,617.8
Others	3,800.2	2,123.8
	23,233.5	19,152.6
Intra-group transactions		
Rental income	(201.8)	(160.4)
Property sales	(852.1)	-
Construction and engineering	(1,529.1)	(1,380.3)
Telecommunication services	(11.2)	(22.4)
Others	(104.1)	(62.4)
	20,535.2	17,527.1

3 OTHER REVENUES

	2000 HK\$m	1999 HK\$m
Dividend income from investments in		
Listed shares	31.8	34.0
Unlisted shares	373.7	19.8
	405.5	53.8

NOTES TO THE ACCOUNTS

4 OTHER INCOME/(CHARGE)

	2000 HK\$m	1999 HK\$m
Forfeiture of deposits for sale of investments	322.4	-
Loss on dilution of interests in subsidiary companies	(1,642.6)	-
Loss on disposal of		
Jointly controlled entities	(20.2)	-
Subsidiary companies	(12.5)	(44.4)
Profit on disposal of		
Other investments	1,296.8	11.6
Subsidiary companies	387.5	40.9
Profit on partial disposal of interest in a subsidiary company	-	264.9
Profit on repurchase of convertible bonds	25.5	239.8
Provision for advances to joint ventures	(65.4)	(52.4)
Provision for investments in		
Co-operative joint venture	(18.0)	-
Equity joint venture	-	(27.0)
Unlisted shares	(185.2)	-
Listed shares	(65.4)	(218.8)
Write back of provision for investments in		
Listed shares	-	87.9
Unlisted shares	-	42.0
	22.9	344.5

5 FINANCING COSTS

	2000 HK\$m	1999 HK\$m
Interest on bank loans and overdrafts	2,041.8	1,899.9
Interest on other loans wholly payable within five years	19.5	40.5
Interest on finance leases	5.3	0.9
Interest on convertible bonds	216.2	234.6
Provision for premium on redemption of convertible bonds	148.8	36.9
Interest on loans from minority shareholders	112.9	98.8
Total borrowing costs incurred	2,544.5	2,311.6
Interest capitalised as cost of		
Fixed assets	(91.6)	(27.3)
Jointly controlled entities	(10.1)	(14.4)
Properties under development	(140.2)	(80.6)
	2,302.6	2,189.3

NOTES TO THE ACCOUNTS

6 OPERATING PROFIT

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

	2000 HK\$m	1999 HK\$m
Crediting		
Gross rental income from investment properties	1,805.4	1,432.9
Outgoings	(206.4)	(220.1)
	1,599.0	1,212.8
Charging		
Auditors' remuneration	30.2	25.9
Cost of inventories sold	3,190.3	2,752.8
Depreciation		
Leased fixed assets	6.9	6.8
Owned fixed assets	873.0	646.0
Loss on disposal of fixed assets	56.9	6.9
Operating lease rental expense		
Land and buildings	315.3	218.0
Other equipment	33.1	4.7
Retirement benefit costs	93.0	78.2
Staff costs	3,631.4	3,075.9

7 TAXATION

	2000 HK\$m	1999 HK\$m
Company and subsidiary companies		
Hong Kong profits tax	329.7	278.2
Overseas taxation	44.6	67.4
Deferred taxation	(4.8)	6.3
	369.5	351.9
Associated companies		
Hong Kong profits tax	61.3	47.4
Overseas taxation	58.5	57.1
	119.8	104.5
Jointly controlled entities		
Hong Kong profits tax	22.3	48.7
Overseas taxation	55.6	40.5
	77.9	89.2
	567.2	545.6

Hong Kong profits tax is provided at the rate of 16% (1999:16%) 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.

8 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$199.9 million (1999: HK\$1,605.4 million).

9 DIVIDENDS

	2000 HK\$m	1999 HK\$m
Interim dividend paid of HK\$0.10 (1999: HK\$0.15) per share	213.1	317.9
Proposed final dividend of HK\$0.10 (1999: HK\$0.15) per share	211.4	319.2
	424.5	637.1
Of which the following were settled by the issue of scrip:		
Interim dividend	103.1	161.7
Final dividend	*	149.0

* Full provision has been made for the 2000 final dividend on the basis that all shareholders will elect to receive cash, being the alternative to their entitlements to the scrip dividend.

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit of HK\$215.0 million (1999: HK\$1,328.4 million) and the weighted average of 2,125.5 million (1999: 2,043.2 million) shares in issue during the year.

No dilution was resulted on the earnings per share for the current year and the previous year after taking into account the potential dilutive effect of the conversion of the outstanding convertible bonds.

11 EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

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

	2000 HK\$m	1999 HK\$m
Fees	1.5	1.3
Salaries and other emoluments	24.4	21.4
Contributions to retirement benefits	0.7	0.6
	26.6	23.3

11 EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

The emoluments of the Directors fell within the following bands:

Emolument band (HK\$)	Number of directors	
	2000	1999
0 – 1,000,000	9	9
2,000,001 – 2,500,000	–	1
2,500,001 – 3,000,000	1	2
3,000,001 – 3,500,000	1	1
3,500,001 – 4,000,000	2	–
12,500,001 – 13,000,000	–	1
13,000,001 – 13,500,000	1	–
	14	14

Fees disclosed above include HK\$0.3 million (1999: HK\$0.3 million) paid to independent non-executive directors. There were no other emoluments paid to independent non-executive directors. None of the directors has waived the right to receive his emoluments.

The five individuals whose emoluments were the highest in the Group for the year include three directors (1999: two directors) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (1999: three) individuals during the year are as follows:

	2000 HK\$m	1999 HK\$m
Salaries and other emoluments	7.4	10.3
Contributions to retirement benefits	0.1	0.1
	7.5	10.4

The emoluments fell within the following bands:

Emolument band (HK\$)	Number of individuals	
	2000	1999
3,000,001 – 3,500,000	–	2
3,500,001 – 4,000,000	2	1
	2	3

12

FIXED ASSETS

	Group							Total HK\$m
	Investment properties HK\$m	Hotel properties HK\$m	Land and buildings HK\$m	Toll roads, bridges and port facilities HK\$m	Other assets HK\$m	Assets under construction HK\$m		
Cost or valuation								
At 1.7.1999	16,616.4	9,140.0	2,452.0	5,689.4	5,639.8	2,654.0		42,191.6
Translation difference	-	-	(44.2)	(16.0)	(14.4)	(5.3)		(79.9)
Acquisition of subsidiary companies	-	-	449.4	366.4	110.5	291.8		1,218.1
Disposal of subsidiary companies	-	-	-	-	(275.7)	-		(275.7)
Additions	43.6	-	255.8	3.7	1,426.2	825.8		2,555.1
Reclassification	-	-	55.7	89.0	24.0	(168.7)		-
Transfer from properties under development	-	-	-	-	-	1,357.1		1,357.1
Disposals	(11.3)	-	(50.4)	(20.2)	(244.8)	-		(326.7)
Revaluation surplus	672.9	275.0	-	-	-	-		947.9
At 30.6.2000	17,321.6	9,415.0	3,118.3	6,112.3	6,665.6	4,954.7		47,587.5
Accumulated depreciation								
At 1.7.1999	-	-	176.2	299.4	1,803.5	-		2,279.1
Translation difference	-	-	(4.2)	(0.8)	(7.3)	-		(12.3)
Acquisition of subsidiary companies	-	-	27.8	64.6	34.0	-		126.4
Disposal of subsidiary companies	-	-	-	-	(83.2)	-		(83.2)
Charge for the year	-	-	69.9	138.7	671.3	-		879.9
Written back on disposals	-	-	(18.6)	(5.1)	(135.0)	-		(158.7)
At 30.6.2000	-	-	251.1	496.8	2,283.3	-		3,031.2
Net book value								
At 30.6.2000	17,321.6	9,415.0	2,867.2	5,615.5	4,382.3	4,954.7		44,556.3
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

12

FIXED ASSETS (continued)

	Company			
	Investment properties HK\$m	Land and buildings HK\$m	Other assets HK\$m	Total HK\$m
Cost or valuation				
At 1.7.1999	30.0	3.9	3.3	37.2
Revaluation surplus	0.2	–	–	0.2
At 30.6.2000	30.2	3.9	3.3	37.4
Accumulated depreciation				
At 1.7.1999	–	0.7	0.7	1.4
Charge for the year	–	0.1	0.6	0.7
At 30.6.2000	–	0.8	1.3	2.1
Net book value				
At 30.6.2000	30.2	3.1	2.0	35.3
At 30.6.1999	30.0	3.2	2.6	35.8

Cost or valuation of properties at 30 June 2000 was made up as follows:

	Group		Company	
	At cost/ carrying value HK\$m	At 2000 professional valuation HK\$m	At cost HK\$m	At 2000 professional valuation HK\$m
Investment properties				
Hong Kong long lease	–	15,094.5	–	30.2
Hong Kong medium lease	–	944.9	–	–
Overseas long lease	–	82.2	–	–
Overseas medium lease	–	1,200.0	–	–
	–	17,321.6	–	30.2
Hotel properties				
Hong Kong long lease	–	9,415.0	–	–
Land and buildings				
Hong Kong long lease (note a)	938.1	–	0.7	–
Hong Kong medium lease	886.6	–	3.2	–
Hong Kong short lease	33.1	–	–	–
Overseas long lease	309.3	–	–	–
Overseas medium lease	945.7	–	–	–
Overseas freehold	5.5	–	–	–
	3,118.3	–	3.9	–
	3,118.3	26,736.6	3.9	30.2

NOTES TO THE ACCOUNTS

12

FIXED ASSETS (continued)

- (a) Included in the Group's land and buildings held for the long lease is a property transferred from investment property at its carrying value of HK\$826.0 million at 1999 professional valuation.
- (b) The investment properties and hotel properties were revalued on 30 June 2000 on an open market value basis by Chesterton Petty Limited and Vigers Hong Kong Limited, independent professional property valuers.

Toll roads, bridges and port facilities, assets under construction and other assets comprising plant, machinery, equipment, telecommunication network and equipment, port facilities and terminal 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\$6,126.5 million (1999: HK\$10,426.1 million).

The net book value of fixed assets includes assets held under finance leases amounting to HK\$60.5 million (1999: HK\$77.0 million).

13

SUBSIDIARY COMPANIES

	2000 HK\$m	1999 HK\$m
Unlisted shares, at cost	3,712.9	4,609.7
Provision for diminution in value other than temporary in nature	(605.1)	(605.1)
	3,107.8	4,004.6
Listed shares in Hong Kong, at cost	12,081.0	–
At Directors' valuation in 1972	72.0	72.0
	15,260.8	4,076.6
Amounts due by subsidiary companies less provision	39,330.9	43,275.3
	54,591.7	47,351.9
Amounts due to subsidiary companies	(24,945.3)	(15,726.9)
	29,646.4	31,625.0
Market value of listed shares	2,321.0	–

Details of principal subsidiary companies are given in Note 36.

14 ASSOCIATED COMPANIES

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Group's share of net assets				
Listed shares in Hong Kong	1,485.1	1,743.2	-	-
Unlisted shares	2,461.7	1,752.7	35.8	35.8
	3,946.8	3,495.9	35.8	35.8
Amounts due by associated companies (Note a)	3,728.5	4,123.7	236.1	72.6
Amounts due to associated companies (Note b)	(73.2)	(618.2)	(22.4)	(22.7)
	3,655.3	3,505.5	213.7	49.9
	7,602.1	7,001.4	249.5	85.7
Market value of listed shares	996.4	1,807.7	-	-

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

	2000 HK\$m	1999 HK\$m
Interest bearing		
Fixed rates (Note (i))	5.5	520.8
Variable rates (Note (ii))	649.6	491.4
Non-interest bearing	3,073.4	3,111.5
	3,728.5	4,123.7

(i) Fixed rates represent interest rates at 8.5% per annum (1999: ranging from 8.5% to 15% per annum).

(ii) Variable rates represent interest rates ranging from 1.25% above 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\$623.2 million (1999: HK\$369.1 million).

(d) Details of principal associated companies are given in Note 37.

15 JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Equity joint ventures				
Group's share of net assets	585.4	736.5	197.1	245.4
Amounts due by joint ventures less provision (Note c)	821.5	952.1	-	-
Amounts due to joint ventures (Note d)	(14.0)	-	-	-
	1,392.9	1,688.6	197.1	245.4
Co-operative joint ventures				
Cost of investment less provision (Note a)	6,082.0	4,657.2	167.0	153.4
Share of undistributed post-acquisition results	87.8	361.0	-	-
Amounts due by joint ventures less provision (Note c)	9,574.7	9,002.7	-	-
Amounts due to joint ventures (Note d)	(35.3)	-	-	-
	15,709.2	14,020.9	167.0	153.4
Companies limited by shares				
Group's share of net assets (Note b)	2,587.4	2,933.4	-	-
Subordinated loans (Note c)	363.3	500.9	-	-
Amounts due by investee companies (Note c)	6,899.3	5,178.7	1,490.4	-
Amounts due to investee companies (Note d)	(551.5)	(496.9)	-	-
	9,298.5	8,116.1	1,490.4	-
Deposits paid for joint ventures (Note e)	1,334.8	1,179.6	13.7	13.7
	27,735.4	25,005.2	1,868.2	412.5

- (a) The Group's interests in two jointly controlled entities have been pledged as part of the securities to secure syndicated loan facilities totalling HK\$618.2 million (1999: HK\$619.5 million) granted to the jointly controlled entities.
- (b) Shares in a jointly controlled entity and advances in the form of subordinated loans, totalling HK\$443.7 million (1999: HK\$443.7 million) have been pledged as part of the security for credit facilities of HK\$1,750.0 million (1999: HK\$1,750.0 million) granted to a jointly controlled entity of which HK\$757.0 million (1999: HK\$1,146.0 million) had been utilised as at the balance sheet date.

15 JOINTLY CONTROLLED ENTITIES (continued)

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

	Subordinated loans		Amounts due by jointly controlled entities	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Interest bearing				
Fixed rates (Note (i))	19.0	19.0	7,606.3	6,950.8
Variable rates (Note (ii))	–	–	1,531.0	3,087.2
Non-interest bearing (Note (iii))	344.3	481.9	8,158.2	5,095.5
	363.3	500.9	17,295.5	15,133.5

(i) Fixed rates represent interest rates ranging from 4% to 15% per annum.

(ii) Variable rates represent interest rates ranging from Hong Kong prime rate to 1.25% above the Hong Kong prime rate.

(iii) The balance included an amount of HK\$1,490.4 million (1999: Nil) due by a jointly controlled entity to the Company.

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

(d) The amounts due to jointly controlled entities are unsecured, interest free and repayable on demand.

(e) 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.

(f) Dividends received and receivable from jointly controlled entities were HK\$431.0 million (1999: HK\$239.4 million).

(g) Particulars of principal jointly controlled entities are given in Note 38.

16 OTHER INVESTMENTS

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Unlisted shares, at fair value	1,711.2	1,443.9	399.8	533.2
Listed shares, at fair value				
Hong Kong	1,117.1	2,030.0	46.0	368.7
Overseas	2,269.6	284.8	-	-
	3,386.7	2,314.8	46.0	368.7
Investment in joint development projects				
At cost less amortisation	1,372.4	1,405.0	-	-
Fixed return joint ventures				
Cost of investment	1,229.1	1,265.0	-	-
Amounts due by joint ventures	2,245.9	2,391.7	-	-
	3,475.0	3,656.7	-	-
	9,945.3	8,820.4	445.8	901.9

Amounts due by joint ventures totalling HK\$2,056.4 million (1999: HK\$2,051.5 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.

17 LONG TERM RECEIVABLES

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Accounts receivable	272.5	312.6	-	-
Other loans	239.8	408.1	-	-
	512.3	720.7	-	-
Amounts receivable within one year included in current assets	(38.4)	(93.5)	-	-
	473.9	627.2	-	-

18 PROPERTIES HELD FOR SALE

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Properties under development, at cost less provision	14,720.3	13,236.2	-	-
Completed properties, at cost	379.4	1,001.8	-	-
Joint development projects, at cost less provision	8,588.6	9,020.0	381.5	375.7
	23,688.3	23,258.0	381.5	375.7

The aggregate carrying value of properties under development pledged as securities for short term loans amounted to HK\$218.2 million (1999: HK\$220.0 million).

19 STOCKS

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Raw materials	40.4	45.5	-	-
Work-in-progress	11.9	0.9	-	-
Finished goods	122.0	82.8	-	-
Merchandise	173.9	203.8	-	-
	348.2	333.0	-	-

At 30 June 2000, the amount of stocks carried at net realisable value amounted to HK\$15.0 million (1999: HK\$13.1 million).

20 DEBTORS AND PREPAYMENTS

At 30 June 2000, the retention receivable for contracts in progress amounting to HK\$562.7 million (1999: HK\$459.7 million) has been included in debtors and prepayments.

21 RESTRICTED BANK BALANCES

Restricted bank balances are funds which are pledged or required to be utilised for certain short term loans and long term loans in Note 27.

22 CREDITORS AND ACCRUED CHARGES

At 30 June 2000, advances received from customers for contracts in progress amounting to HK\$24.8 million (1999: HK\$39.8 million) has been included in creditors and accrued charges.

23 CONTRACTS IN PROGRESS

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Contract costs incurred plus attributable profits less foreseeable losses to date	15,917.8	14,141.0	-	-
Progress payments received and receivable	(16,836.2)	(14,639.4)	-	-
	(918.4)	(498.4)	-	-
Representing:				
Gross amount due from customers for contract work	382.1	372.4	-	-
Gross amount due to customers for contract work	(1,300.5)	(870.8)	-	-
	(918.4)	(498.4)	-	-

24 SHARE CAPITAL

	2000 No. of shares (million)	2000 HK\$m	1999 No. of shares (million)	1999 HK\$m
Authorised:				
Shares of HK\$1.00 each				
Balance at 30 June	2,500.0	2,500.0	2,500.0	2,500.0
Issued and fully paid:				
Shares of HK\$1.00 each				
Balance at 1 July	2,127.8	2,127.8	1,984.9	1,984.9
Repurchase of shares (Note a)	(37.7)	(37.7)	–	–
Issued as scrip dividends (Note b)	24.0	24.0	25.9	25.9
Placement of shares	–	–	117.0	117.0
Balance at 30 June	2,114.1	2,114.1	2,127.8	2,127.8

- (a) During the year, the Company repurchased 37,651,000 (1999: nil) of its own shares on The Stock Exchange of Hong Kong Limited and details of which are shown below:

Month of repurchase	Number of shares	Price per share paid		Aggregate price paid HK\$m
		Highest HK\$	Lowest HK\$	
April 2000	15,439,000	10.60	9.45	158.0
May 2000	22,212,000	10.50	7.75	207.0
	37,651,000			365.0

The abovementioned shares were cancelled upon repurchase and, accordingly, the issued share capital of the Company was diminished by the nominal value of these shares. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to the capital redemption reserve account as shown in Note 25.

- (b) During the year, 10,238,119 and 13,684,959 new shares were issued at HK\$14.55 and HK\$7.5272 per share for the settlement of 1999 final scrip dividend and 2000 interim scrip dividend respectively.

In 1999, 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.

25 RESERVES

	Group					
	Share	Asset	Capital	General	Retained	Total
	premium	revaluation	reserve	reserve	profits	
	HK\$m	reserve (note a) HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Balance as at 1.7.1998 as previously reported	15,987.6	20,877.8	-	148.5	15,813.3	52,827.2
Change in accounting policy (note 1(b))	-	-	-	-	(283.6)	(283.6)
Balance as at 1.7.1998 as restated	15,987.6	20,877.8	-	148.5	15,529.7	52,543.6
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 properties						
revaluation deficit for the year 1999	-	(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 1999	-	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)	-
Profit for the year 1999	-	-	-	-	1,328.4	1,328.4
Dividends	-	-	-	-	(637.1)	(637.1)
Balance as at 30.6.1999	18,632.8	19,339.8	-	197.1	16,193.1	54,362.8
Retained by:						
Company and subsidiary companies	18,632.8	18,787.6	-	197.1	16,202.1	53,819.6
Associated companies	-	318.0	-	-	(257.3)	60.7
Jointly controlled entities	-	234.2	-	-	248.3	482.5
	18,632.8	19,339.8	-	197.1	16,193.1	54,362.8

NOTES TO THE ACCOUNTS

25 RESERVES (continued)

	Group						
	Capital redemption reserve	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	HK\$m
Balance as at 1.7.1999 as previously reported	-	18,632.8	19,339.8	-	197.1	16,415.1	54,584.8
Change in accounting policy (note 1 (b))	-	-	-	-	-	(222.0)	(222.0)
Balance as at 1.7.1999 as restated	-	18,632.8	19,339.8	-	197.1	16,193.1	54,362.8
Translation difference	-	-	-	-	-	17.3	17.3
Scrip dividends	-	228.1	-	-	-	-	228.1
Share issue expenses	-	(0.3)	-	-	-	-	(0.3)
Repurchase of own shares	37.7	-	-	-	-	(365.0)	(327.3)
Investment and hotel property revaluation surplus for the year	-	-	949.9	-	-	-	949.9
Share of revaluation surplus/(deficit) of associated companies	-	-	91.1	-	-	-	91.1
jointly controlled entities	-	-	(102.4)	-	-	-	(102.4)
Capital reserve on acquisition of additional interests in subsidiary companies	-	-	-	545.0	-	-	545.0
Capital reserve released upon disposal of subsidiary companies	-	-	-	(2.9)	-	-	(2.9)
Reserves arising from reorganisation (note c)	-	-	-	334.4	-	-	334.4
Goodwill on acquisition of subsidiary companies	-	-	-	(36.0)	-	-	(36.0)
additional interests in subsidiary companies	-	-	-	(107.6)	-	-	(107.6)
associated companies	-	-	-	(89.7)	-	-	(89.7)
additional interests in associated companies	-	-	-	(37.4)	-	-	(37.4)
Release of goodwill upon disposal of subsidiary companies	-	-	-	1.7	-	-	1.7
dilution of interests in subsidiary companies	-	-	-	42.7	-	-	42.7
Investment revaluation surplus for the year	-	-	765.1	-	-	-	765.1
Investment revaluation surplus written back on disposal	-	-	(678.2)	-	-	-	(678.2)
Investment impairment loss charged to profit and loss account	-	-	150.7	-	-	-	150.7
Share of capital reserve/(goodwill) of associated companies	-	-	-	304.5	-	-	304.5
a jointly controlled entity	-	-	-	(108.0)	-	-	(108.0)
Transfer from retained profits for (capital reserve)/goodwill previously written off thereto	-	-	-	(31.8)	-	31.8	-
Transfer to general reserve	-	-	-	-	8.9	(8.9)	-
Profit for the year	-	-	-	-	-	215.0	215.0
Dividends	-	-	-	-	-	(424.5)	(424.5)
Balance as at 30.6.2000	37.7	18,860.6	20,516.0	814.9	206.0	15,658.8	56,094.0
Retained by:							
Company and subsidiary companies	37.7	18,860.6	19,975.1	618.4	206.0	16,483.4	56,181.2
Associated companies	-	-	409.1	304.5	-	(699.3)	14.3
Jointly controlled entities	-	-	131.8	(108.0)	-	(125.3)	(101.5)
	37.7	18,860.6	20,516.0	814.9	206.0	15,658.8	56,094.0

25 RESERVES (continued)

	Company				
	Capital redemption reserve	Share premium	Asset revaluation reserve	Retained profits	Total
	HK\$m	HK\$m	(note a) 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 1999	–	–	680.7	–	680.7
Profit for the year 1999	–	–	–	1,605.4	1,605.4
Dividends	–	–	–	(637.1)	(637.1)
Balance as at 30.6.1999	–	18,632.8	709.2	11,701.7	31,043.7
Scrip dividends	–	228.1	–	–	228.1
Repurchase of own shares	37.7	–	–	(365.0)	(327.3)
Share issue expenses	–	(0.3)	–	–	(0.3)
Investment properties revaluation surplus for the year	–	–	0.2	–	0.2
Realised on disposal of other investments	–	–	(195.4)	–	(195.4)
Investment revaluation deficit for the year	–	–	(186.0)	–	(186.0)
Profit for the year	–	–	–	199.9	199.9
Dividends	–	–	–	(424.5)	(424.5)
Balance as at 30.6.2000	37.7	18,860.6	328.0	11,112.1	30,338.4

(a) ANALYSIS OF ASSET REVALUATION RESERVE

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Hotel properties	5,738.8	5,486.8	–	–
Investment properties	13,480.0	12,793.4	28.7	28.5
Investments	1,297.2	1,059.6	299.3	680.7
	20,516.0	19,339.8	328.0	709.2

(b) Distributable reserves of the Company at 30 June 2000 amounted to HK\$11,112.1 million (1999: HK\$11,701.7 million).

25 RESERVES (continued)

- (c) In March 2000, a reorganisation of the port and port-related businesses was undertaken by New World Infrastructure Limited (“NWI”) whereby NWI disposed of its port and port-related investments to an associated company, Pacific Ports Company Limited (“PPC”) (“PPC Reorganisation”), a company listed in Hong Kong, for a total consideration of HK\$4,647.0 million which was paid through the issue of ordinary shares and preference shares by PPC. Following the PPC Reorganisation, NWI’s interest in ordinary shares of PPC is increased from 37.15% to 75% and also owns 100% interest in preference shares of PPC. Since the above-mentioned issue of shares is based on the valuation of the port and port-related businesses disposed of to PPC, the consolidation of the enlarged PPC and its subsidiary companies under the historical cost convention has given rise to a total surplus of approximately HK\$570.0 million, of which HK\$334.4 million is shared by the Group, which is directly taken to reserves.

26 MANDATORILY CONVERTIBLE BONDS

- (a) A subsidiary company, New World China Finance Limited, issued US\$350.0 million mandatorily convertible guaranteed bonds which carried interest at 4% per annum payable in arrears. The bonds were mandatorily converted into shares of a subsidiary company of the Group, NWCL upon the listing of its shares on the Stock Exchange on 16 July 1999.
- (b) In April 1999, NWI issued US\$150.0 million mandatorily convertible bonds. The holder of the bonds has the option to convert the bonds into shares of HK\$1.00 each of NWI at a conversion price of HK\$12.00 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 rate 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.

27 LONG TERM LIABILITIES

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Bank loans				
Secured	7,176.3	5,884.3	-	-
Unsecured	18,556.2	14,595.9	-	-
Other secured loans wholly payable within five years	250.0	250.0	-	-
Other unsecured loans wholly payable within five years	854.5	304.1	-	-
Obligations under finance leases wholly payable within five years	42.7	58.1	-	-
	26,879.7	21,092.4	-	-
Convertible bonds (Note a)	5,519.8	5,638.1	-	-
Debentures (Note b)	334.4	330.9	-	-
Loans from minority shareholders (Note c)	3,040.2	3,124.7	-	-
Deferred income	775.1	651.3	-	-
Long term accounts payable	349.1	149.9	-	-
	36,898.3	30,987.3	-	-
Amounts repayable within one year included in current liabilities	(3,286.4)	(4,460.9)	-	-
	33,611.9	26,526.4	-	-

	Group					
	Secured bank loans HK\$m	Unsecured bank loans HK\$m	Other secured loans HK\$m	Other unsecured loans HK\$m	Obligations	Total HK\$m
					under	
					finance leases HK\$m	
The maturity of long term borrowings for 2000 is as follows:						
Of less than one year	579.0	1,723.6	250.0	302.9	11.5	2,867.0
Of more than one year, but not exceeding two years	3,711.2	5,602.8	-	0.6	26.2	9,340.8
Of more than two years, but not exceeding five years	1,913.4	11,153.2	-	551.0	5.0	13,622.6
Of more than five years	972.7	76.6	-	-	-	1,049.3
	7,176.3	18,556.2	250.0	854.5	42.7	26,879.7
The maturity of long term borrowings for 1999 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

27 LONG TERM LIABILITIES (continued)

	Group	
	2000 HK\$m	1999 HK\$m
(a) CONVERTIBLE BONDS		
Bonds to be converted into shares of:		
The Company (Notes (i) and (ii))	3,132.3	2,744.3
Subsidiary companies (Notes (iii) and (iv))	2,387.5	2,893.8
	5,519.8	5,638.1

(i) A subsidiary company has issued US\$300.0 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 bonds has the option to convert the bond into shares of HK\$1.00 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\$300.0 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\$1.00 each of the Company at a conversion price of HK\$24.60 per share, subject to adjustment, at any time between 9 August 1999 and 9 May 2004. A further US\$50.0 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\$250.0 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 bonds has the option to convert the bond into shares of HK\$1.00 each of NWI at the current conversion price of HK\$19.61 per share, subject to adjustment, at any time until 2 July 2001.

During the year, NWI repurchased bonds with an aggregate principal amount of US\$58.2 million (1999: US\$49.4 million) for a total consideration of HK\$427.1 million (1999: HK\$272.6 million) and these bonds were then cancelled. The surplus arising from the repurchase and the subsequent cancellation of the bonds has been accounted for as other income (Note 4) in the profit and loss account. As at the balance sheet date, US\$121.1 million (1999: US\$62.9 million) of the said bonds had been repurchased and cancelled and the outstanding amount was US\$129.0 million.

(iv) In March 1998, NWI issued US\$250.0 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 bonds has the option to convert the bonds into shares of HK\$1.00 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.

27 LONG TERM LIABILITIES (continued)

During the year, NWI repurchased bonds with an aggregate principal amount of US\$8.8 million (1999: US\$49.6 million) for a total consideration of HK\$67.4 million (1999: HK\$254.7 million) and these bonds were then cancelled. The surplus arising from the repurchase and the subsequent cancellation of the bonds has been accounted for as other income (Note 4) in the profit and loss account. As at the balance sheet date, US\$72.9 million (1999: US\$64.1 million) of the said bonds had been repurchased and cancelled and the outstanding amount was US\$177.1 million.

(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\$1,305.3 million (1999: HK\$1,183.0 million) to certain joint ventures, which are unsecured, carry interest at fixed rates ranging from 8% to 15% (1999: 8% to 15%) 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.

28 DEFERRED TAXATION

	Group	
	2000 HK\$m	1999 HK\$m
Balance at 1 July	23.8	17.0
Transfer (to)/from profit and loss account	(4.8)	6.3
(Disposal)/acquisition of subsidiary companies	(0.4)	0.5
Balance at 30 June	18.6	23.8
The amount provided is in respect of:		
Accelerated depreciation allowances	16.7	17.4
Other timing differences	1.9	6.4
	18.6	23.8

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 other than in PRC as they do not constitute timing differences. Realisation of the surplus on revaluation of the Group's investment and hotel properties in PRC would give rise to a taxation liability in the PRC. No provision has been made in the accounts for this liability as these properties are held for the long term and management has no intention to dispose of these properties in the foreseeable future. There are no material unprovided timing differences at the balance sheet date.

29 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\$93.0 million (1999: HK\$78.2 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\$88.9 million (1999: HK\$75.8 million) after netting off forfeited contribution of HK\$14.0 million (1999: HK\$10.8 million).

30 COMMITMENTS

(a) CAPITAL COMMITMENTS

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
(i) Contracted but not provided for				
Fixed assets	1,460.9	1,292.2	-	-
Subsidiary companies	-	-	61.1	93.5
Jointly controlled entities	971.6	3,768.9	532.6	547.6
Other investments	76.2	-	-	-
	2,508.7	5,061.1	593.7	641.1
(ii) Authorised but not contracted for				
Fixed assets	1,106.3	558.8	-	-
Jointly controlled entities	-	34.3	-	-
	1,106.3	593.1	-	-

The Company has given an undertaking ("Buy-back Undertaking") to New World China Land Limited ("NWCL") in a spin-off agreement in preparation for the listing of NWCL's shares on the Stock Exchange of Hong Kong. Pursuant to the Buy-back Undertaking, within two years of the date the convertible bonds as referred to in note 26(a) are mandatorily converted into NWCL's shares, if NWCL is unable to obtain a land use right certificate for those properties of which the land use rights certificates are either subject to transfer restrictions or have not been obtained, the Company will, at the request of NWCL, repurchase those properties from NWCL. NWCL is required to exercise the Buy-back Undertaking on or before the date falling six months after the two year period. The amount to be paid by the Company equal to the net asset value of these properties as at 31 March 1999, totalling HK\$1,270.0 million plus the amount of any additional investment made by NWCL subsequent to the date thereof.

30 COMMITMENTS (continued)

	Group	
	2000 HK\$m	1999 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	937.9	16.0
Authorised but not contracted for	620.1	1,527.0
	1,558.0	1,543.0

(b) COMMITMENTS UNDER OPERATING LEASES PAYABLE IN 2000/2001 EXPIRING

	Group	
	2000 HK\$m	1999 HK\$m
Land and buildings		
In the first year	150.9	54.3
In the second to fifth years inclusive	238.5	259.5
After the fifth year	42.0	37.0
	431.4	350.8
Other equipment		
In the first year	1.8	1.8
In the second to fifth year inclusive	19.7	-
	452.9	352.6

(c) At 30 June 2000, the Group had issued performance guarantees amounting to approximately HK\$156.6 million (1999: HK\$56.1 million), of which HK\$107.1 million (1999: HK\$31.1 million) was utilised, in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of property projects developed by a subsidiary and certain jointly controlled entities 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 the mortgage loans from the banks 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 thereof. The Group's attributable share of capital commitments as at 30 June 2000 has been disclosed in note (a) above.

During the year, one of the jointly controlled entities has obtained banking facilities to finance its share of development costs at Container Terminal 9. The Group has given guarantee in respect of the banking facilities and is included in Note 31.

30 COMMITMENTS (continued)

In the event of default of any of the other shareholders of the jointly controlled entities, independent third parties, the relevant subsidiary companies and jointly controlled entities will be required to provide additional funds for the project. The Group has given guarantees in respect of the obligations of the relevant subsidiary companies and jointly controlled entities to provide additional funds. If the Group is required to fulfil its obligations under the guarantees, the maximum amount of the additional commitments assumed, in addition to the Group's share of the capital commitments as disclosed above, will be HK\$1,482.0 million (1999: HK\$673.0 million).

31 CONTINGENT LIABILITIES

	Group		Company	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
Guarantees for the performance and completion of construction contracts and performance bonds	1,943.5	1,986.0	263.8	109.9
Guarantees for credit facilities granted to				
Subsidiary companies	–	–	29,202.6	32,492.0
Associated companies	1,347.7	775.3	1,282.5	635.6
Investee companies included under other investments	157.5	66.1	5.5	10.4
Jointly controlled entities	4,612.3	3,252.7	2,190.7	2,787.2
Indemnity to non-wholly owned subsidiary companies for PRC tax liabilities	2,340.0	–	7,800.0	–
	10,401.0	6,080.1	40,745.1	36,035.1

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NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 30 June	
	2000 HK\$m	1999 HK\$m
Operating profit	1,153.5	1,294.6
Depreciation	879.9	652.8
Provision for investments in		
Jointly controlled entities	18.0	27.0
Listed and unlisted shares	250.6	218.8
Provision for advances to joint ventures	65.4	52.4
Profit on repurchase of convertible bonds	(25.5)	(239.8)
(Profit)/loss on disposal of		
Fixed assets, including investment properties	56.9	6.9
Jointly controlled entities	20.2	–
Other investments	(1,296.8)	(11.6)
Subsidiary companies	(375.0)	3.5
Loss on dilution of interests in subsidiary companies	1,642.6	–
Write back of provision for other investments	–	(129.9)
Profit on partial disposal of interest in a subsidiary company	–	(264.9)
Write off of bonds issuing expenses	–	65.5
Exchange loss	75.2	29.9
(Increase)/decrease in stocks	(52.5)	82.5
Decrease/(increase) in contracts in progress	420.0	(81.4)
Increase in properties held for sale	(956.2)	(2,117.2)
Increase in debtors and prepayments	(913.3)	(485.6)
Decrease/(increase) in other loans receivable	0.7	(16.1)
(Decrease)/increase in creditors and accrued charges	(247.1)	2,098.9
Increase in deposits received on sale of properties	219.2	16.0
Net interest expenses and dividend income	1,079.6	786.5
Net cash inflow from operating activities	2,015.4	1,988.8

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NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

	2000 HK\$m	1999 HK\$m
(b) ACQUISITION OF SUBSIDIARY COMPANIES		
Net assets acquired		
Fixed assets	1,091.7	619.7
Associated companies	1,081.8	(23.0)
Stocks	1,216.4	104.7
Properties held for sale	691.0	141.4
Other investments	14.6	–
Debtors and prepayments	89.4	242.4
Cash and bank balances	107.7	118.2
Creditors and accrued charges	(69.4)	(262.0)
Bank loans and overdrafts	–	(36.5)
Tax recoverable	–	2.5
Long term liabilities	(120.2)	(46.0)
Deferred taxation	–	(0.5)
Minority interests	(345.2)	(59.3)
	3,757.8	801.6
Less: Interests originally held by the Group		
Associated companies	(340.7)	(3.8)
Jointly controlled entities	–	(105.5)
	3,417.1	692.3
Capital reserve on acquisition	(334.4)	(87.4)
Goodwill on acquisition	36.0	56.6
	3,118.7	661.5
Represented by:		
Non-cash		
Disposal of port and port-related investments to PPC (note 25(c))	2,329.4	–
Cash	789.3	374.8
Amounts due by equity joint ventures	–	224.3
Accounts receivable	–	62.4
	3,118.7	661.5
(c) ANALYSIS OF THE NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE ACQUISITION OF SUBSIDIARY COMPANIES		
Cash consideration	(789.3)	(374.8)
Cash and bank balances acquired	107.7	118.2
Bank loans and overdrafts acquired	–	(36.5)
	(681.6)	(293.1)

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NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

The subsidiary companies acquired during the year contributed HK\$19.3 million (1999: HK\$16.7 million) of the Group's net operating cash flows, received HK\$64.8 million (1999: HK\$0.4 million) in respect of net returns on investments and servicing of finance and utilised HK\$57.3 million (1999: HK\$0.2 million) for investing activities.

	2000 HK\$m	1999 HK\$m
(d) DISPOSAL OF SUBSIDIARY COMPANIES		
Net assets disposed		
Fixed assets	21.0	-
A jointly controlled entity	-	142.6
Other investments	-	345.8
Debtors and prepayments	130.9	-
Stocks	37.3	-
Cash and bank balances	6.2	-
Creditors and accrued charges	(95.1)	(357.7)
Taxation	(0.4)	-
Bank loans and overdrafts	(15.3)	-
Other loans	(1.6)	-
Long term liabilities	(14.4)	-
Minority interests	6.8	-
	75.4	130.7
Goodwill	1.7	-
Capital reserve	(2.9)	-
Profit on disposal of subsidiary companies (exclusive of profit on disposal of subsidiary companies shown under major non-cash transactions in Note 32(g))	300.2	(3.5)
	374.4	127.2
Represented by:		
Cash	374.4	79.1
Account receivable	-	55.8
Jointly controlled entities	-	(7.7)
	374.4	127.2
(e) ANALYSIS OF NET INFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE DISPOSAL OF SUBSIDIARY COMPANIES		
Cash consideration	374.4	79.1
Cash and bank balances disposed	(6.2)	-
Bank overdrafts discharged	15.3	-
	383.5	79.1

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NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

(f) ANALYSIS OF CHANGES IN FINANCING

	Share capital (including share premium) HK\$m	Long term liabilities HK\$m	Mandatorily convertible bonds HK\$m	Short term other loans HK\$m	Restricted cash and bank balance HK\$m	Minority interests HK\$m	Total HK\$m
Balance at 1.7.1998	17,972.5	26,566.7	-	229.3	(15.0)	9,056.9	53,810.4
Net cash inflow/(outflow) from financing	2,318.8	7,177.9	1,162.3	1,123.6	(3.6)	333.9	12,112.9
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	-	-	-	-	-	386.3	386.3
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	30,987.3	3,864.6	1,352.9	(18.6)	9,805.8	66,752.6
Net cash inflow/(outflow) from financing	(365.3)	5,693.6	-	(254.8)	(539.5)	2,274.7	6,808.7
Scrip dividends issued	252.1	-	-	-	-	-	252.1
Profit on repurchase of convertible bonds	-	(25.5)	-	-	-	-	(25.5)
Acquisition of additional interests in subsidiary companies	-	-	-	-	-	(472.7)	(472.7)
Disposal of subsidiary companies	-	(14.4)	-	(1.6)	-	6.8	(9.2)
Repurchase of own shares	327.3	-	-	-	-	-	327.3
Increase in deferred interest income	-	123.8	-	-	-	-	123.8
Acquisition of subsidiary companies	-	120.2	-	-	-	345.2	465.4
Increase in minority interests from dilution of interests in subsidiary companies	-	-	-	-	-	1,715.5	1,715.5
Minority interests' share of net profit and other reserves	-	-	-	-	-	1,129.7	1,129.7
Dividends to minority shareholders	-	-	-	-	-	(212.4)	(212.4)
Capitalisation of convertible bonds into shares of a subsidiary company	-	-	(2,700.9)	-	-	2,700.9	-
Translation difference	-	13.3	(1.5)	-	-	5.2	17.0
Balance at 30.6.2000	20,974.7	36,898.3	1,162.2	1,096.5	(558.1)	17,298.7	76,872.3

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NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

(g) NON-CASH TRANSACTIONS

- (i) During the year, the Group disposed of a subsidiary, which owns the fixed assets of HK\$171.5 million in respect of the Interactive Multimedia Communication Operation, to New World CyberBase Limited (“NWCB”), an associated company of the Group, at a consideration of HK\$300.0 million. The consideration was satisfied by the issue of 100,000,000 shares of HK\$1.00 each and HK\$200.0 million new Convertible Note by NWCB which resulted in a profit on disposal of HK\$74.8 million.
- (ii) In 1999, the Group’s 70% interest in a jointly controlled entity in the PRC, previously accounted for as a subsidiary company, was reclassified as a jointly controlled entity. The net assets of the jointly controlled entity reclassified were as follows:

	1999 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)

There is no reclassification of investments during the year.

(h) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2000 HK\$m	1999 HK\$m
Cash and bank balances	6,369.1	3,746.5
Bank loans and overdrafts	(1,136.0)	(519.5)
Bills payable	(0.5)	(3.6)
	5,232.6	3,223.4
Add: Bank loans maturing more than three months from the date of drawdown	797.0	206.4
Less: Bank deposits maturing more than three months from the date of placement	-	(197.8)
Less: Restricted cash	(558.1)	(18.6)
	5,471.5	3,213.4

33 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:

	2000 HK\$m	1999 HK\$m
Transaction with affiliated companies (Note a)		
Provision of contracting work service (Note b)	937.6	2,470.4
Interest income (Note c)	367.2	707.7
Management fee income (Note d)	43.3	77.1
Transaction with other related parties		
Rental income (Note e)	25.8	25.8
Purchases of fixed assets (Note f)	58.1	49.1
Purchases of mobile phones and accessories (Note f)	24.2	-

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 14 and 15 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 Group and Infa Telecom Asia Limited, details of which are set out under the "Connected Transactions" included in the Directors' Report.

34 POST BALANCE SHEET EVENT

On 24 October 2000, the Group entered into a conditional agreement for the sale of its entire interest in an associated company, Beijing Datang Power Generation Company Limited, at a cash consideration of approximately HK\$1,108.0 million to an independent third party. The precedent condition is the approval by the supervisory board of the purchaser and the completion will take place no later than 20 November 2000. The estimated loss attributable to the Group on the sale will be approximately HK\$217.8 million upon completion of the transaction.

35 APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 25 October 2000.

NOTES TO THE ACCOUNTS

36 PRINCIPAL SUBSIDIARY COMPANIES

As at 30 June 2000

	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					
Addlight Investments Limited	9,998	1	–	56	
	2*	1	–	–	Property Investment
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	–	60	
	2*	1	–	–	Investment Holding
Billion Huge (International) Limited	950,001	1	–	70	Investment Holding
Billion Park Investment Limited	1,000,000	1	–	57	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	–	–	Property Investment
Calpella Limited	2	10	–	100	Property Investment
Care & Services Company Limited	10,000,000	1	–	51	Elderly Care Services
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	–	70	Investment Holding
City Team Development Limited	1,000,000	1	–	81	Property Investment
Convention Plaza Apartments Limited	2	10	–	100	Apartment Services
Crown Field Properties Limited	10	1	–	70	Property Investment
Dragon Crest Limited	2	1	–	100	Property Investment
Eurasia Hotel Limited	80,000,000	1	–	48	Hotel Operation
Eternal Venture Investments Limited	10	1	–	70	Property Investment
Extensive Trading Company Limited	600,002	1	–	51	Trading of
	1,500,000*	1	–	–	Building Materials
Far East Engineering Services Limited	766,714	10	–	51	Engineering Services and
	233,288*	10	–	–	Trading
Fook Hong Enterprises Company Limited	10,000	100	100	100	Property Investment
General Security (H.K.) Limited	8,402	100	–	51	
	11,600*	100	–	–	Security Services
Gold Queen Limited	5,000	1	100	100	Property Trading
Gradex Limited	2	1	–	100	Property Investment
Grand Hyatt Hong Kong Company Limited	1,000	1	–	64	Hotel Operation

NOTES TO THE ACCOUNTS

36 PRINCIPAL SUBSIDIARY COMPANIES (continued)

As at 30 June 2000

	Share capital issued [#]	Percentage of equity shares held		Principal activities	
		Par value Number per share HK\$	By the Company		By the Group
Incorporated and operated in Hong Kong (continued)					
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	Construction and Civil Engineering
	600,000*	100	–	–	
Hong Kong Convention and Exhibition Centre (Management) Limited	3	1	–	51	Management of HKCEC
	1*	1	–	–	
Hong Kong Island Development Limited	2,000,000	5	100	100	Property Investment
Hong Kong Island Landscape Company Limited	580,000	10	–	51	Landscaping and Project Contracting
	20,000*	10	–	–	
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
International Property Management Limited	450,000	10	–	51	Property Management
	95,500*	10	–	–	
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	–	45	Investment Holding
	2*	1	–	–	
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	–	–	
Kiwi Kleeners Limited	1,000	100	–	51	Trading of Linen
Kleaners Limited	5,000,000	1	–	51	Laundry Services
Loyalton Limited	2	10	–	100	Property Investment
Lucking (Asia) Engineering Company Limited	10,000,000	1	–	45	Supply and Installation of Aluminium Windows and Curtain Wall
Macdonnell Hostel Company Limited	2	1	100	100	Hostel Management and Operation

NOTES TO THE ACCOUNTS

36 PRINCIPAL SUBSIDIARY COMPANIES (continued)

As at 30 June 2000

	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)					
Max Charm Investment Limited	2	1	–	70	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	
	704,000*	1	–	–	Laundry Services
New World Department Stores Limited	2	1	–	100	Management Services to Department Stores
New World Development (China) Limited	2	1	–	70	
	2*	1	–	–	Investment Holding
New World Finance Company Limited	200,000	100	100	100	Financial Services
New World Harbourview Hotel Company Limited	1,000	1	–	64	Hotel Operation
New World Hotel Company Limited	40,000,000	1	–	64	Hotel Operation
NWD (Hotels Investments) 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 PCS Limited	1,000,000	1	–	88	Mobile Telecommunication Services
New World Real Estate Agency Limited	2	1	100	100	Estate Agency
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	–	–	Cleaning Services
Pollution & Protection Services Limited	8,057,780	1	–	51	
	500,020*	1	–	–	Cleaning Services
Polytown Company Limited	2	10	–	51	
	100,000*	10	–	–	Property Investment

NOTES TO THE ACCOUNTS

36 PRINCIPAL SUBSIDIARY COMPANIES (continued)

As at 30 June 2000

	Share capital issued [#]	Percentage of equity shares held		Principal activities	
		Par value Number per share HK\$	By the Company		By the Group
Incorporated and operated in Hong Kong (continued)					
Pontiff Company Limited	10,000,000	1	–	100	Property Investment
Pridemax Limited	2	1	–	100	Property Investment
Ready City Limited	200	1	–	45	Investment Holding
Tai Yieh Construction & Engineering Company Limited	40,000 10,000*	1,000 1,000	–	51 –	Construction and Civil Engineering
Tao Yun Company Limited	2	10	–	100	Property Trading
Team Deco International Limited	2	1	–	51	Interior Design
The Dynasty Club Limited	2	1	100	100	Proprietary Club Operation
Thyme Company Limited	500	10	70	89	Property Investment
Trend Island Limited	2	1	–	70	Investment Holding
True Hope Investment Limited	4,998 2*	1 1	–	60 –	Investment Holding
Tridant Engineering Company Limited	34,400,000 15,600,000*	1 1	–	51 –	Electrical Contracting/ Instrument Sales
Try Force Limited	4,998 2*	1 1	–	60 –	Investment Holding
Tsuen Wan Properties Limited	200	100	–	100	Property Investment
Uniformity Security Company Limited	2 2,500*	100 100	–	51 –	Security Services
Urban Parking Limited	5,000,000	1	–	51	Carpark Management
Urban Property Management Limited	49,995,498 4,502*	1 1	–	51 –	Property Management
Vibro (HK) Limited	10,000,002	3	–	50	Piling and caisson
Wai Hong Cleaning & Pest Control Company Limited	200,000	100	–	51	Cleaning & Pest Control Services
Waking Builders Limited	20,000	1,000	–	51	Construction
Waygent Investment Limited	2	1	100	100	Property Investment
World Empire Property Limited	2	1	100	100	Property Investment
Young's Engineering Company Limited	4,000,000	10	–	51	Electrical and Mechanical Engineering
Incorporated and operated in Jersey					
Bianchi Holdings Limited	1,000	US\$1	100	100	Investment Holding

NOTES TO THE ACCOUNTS

36 PRINCIPAL SUBSIDIARY COMPANIES (continued)

As at 30 June 2000

	Share capital issued [#]	Par value per share HK\$	Percentage of equity shares held		Principal activities
			By the Company	By the Group	
Incorporated in Cayman Islands and operated in Hong Kong					
New World China Finance Limited	3	US\$1	100	100	Financial Services
New World China Land Limited	1,463,772,938	HK\$0.10	69	70	Investment Holding
NW China Homeowner Development Limited	5,222,762	US\$0.01	–	70	Investment Holding
New World Infrastructure Limited	861,914,940	HK\$1	–	60	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

As at 30 June 2000

	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	–	62	Property Investment
Fung Seng Real Estate Development (Shanghai) Co., Ltd.				
	US\$10,000,000	–	56	Property Investment
Gaoming Xinming Bridge Ltd.	Rmb60,000,000	–	48	Operation of Toll Bridge
Guangdong Xinzhaogao Highways Co., Ltd.	Rmb80,000,000	–	42	Operation of Toll Road
Guangxi Beiliu Xinbei Highways Limited	Rmb99,200,000	–	36	Operation of Toll Road
Guangxi Cangwu Xincang Highways Limited	Rmb64,000,000	–	42	Operation of Toll Road
Guangxi Rongxian Xinrong Highways Limited	Rmb82,400,000	–	42	Operation of Toll Road
Guangxi Yulin Xintong Highways Limited	Rmb64,000,000	–	36	Operation of Toll Road
Guangxi Yulin Xinye Highways Limited	Rmb63,800,000	–	36	Operation of Toll Road
Guangxi Yulin Xinyu Highways Limited	Rmb96,000,000	–	36	Operation of Toll Road

36 PRINCIPAL SUBSIDIARY COMPANIES (continued)

As at 30 June 2000

	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)				
Guangzhou Metropolitan Properties Co., Ltd.	HK\$140,000,000	100	100	Property Investment
Guangzhou New World Properties Development Co., Ltd.	HK\$170,000,000	100	100	Property Investment
Guangzhou Xin Yi Development Limited	HK\$286,000,000	–	64	Property Investment
Heyuan Xinlian Highway Company Limited	Rmb62,200,000	–	31	Operation of Toll Road
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	–	34	Property Investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	–	36	Property Investment
New World (Shenyang) Property Development Limited	Rmb57,840,000	–	63	Property Investment
New World (Shenyang) Property Development No. 2 Limited	Rmb57,840,000	–	63	Property Investment
New World (Shenyang) Property Development No. 3 Limited	Rmb57,840,000	–	63	Property Investment
New World (Shenyang) Property Development No. 4 Limited	Rmb57,840,000	–	63	Property Investment
New World (Shenyang) Property Development No. 5 Limited	Rmb57,840,000	–	63	Property Investment
New World (Shenyang) Property Development No. 6 Limited	Rmb33,200,000	–	63	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
Shanghai Heyu Properties Co., Ltd.	US\$12,000,000	–	45	Property Investment

36 PRINCIPAL SUBSIDIARY COMPANIES (continued)

As at 30 June 2000

	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	–	–	56	Property Investment
Shanghai Ramada Plaza Ltd					
	US\$17,000,000	–	–	40	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	–	–	49	Property Investment
Sichuan New World Danshen Base Industrial Co., Ltd.					
	Rmb30,000,000	–	–	51	Chinese Herbal Cultivation
Tianjin New World Department Store Limited					
	US\$5,000,000	–	–	100	Department Store Operation
Wuhan Bridge Construction Co., Limited					
	502,850,000	Rmb1	–	29	Operation of Toll Bridges
Wuhan New Eagle Development Co., Limited					
	US\$10,000,000	–	–	67	Property Investment
Wuxi New World Department Store Limited					
	US\$5,000,000	–	–	100	Department Store Operation
Wuzhou Xinwu Highways Co., Limited					
	Rmb72,000,000	–	–	27	Operation of Toll Road
Yunfu Xinxing Highways Limited					
	Rmb30,000,000	–	–	33	Operation of Toll Road
Zhaoqing Xinde Highways Co., Ltd.					
	Rmb165,867,000	–	–	27	Operation of Toll Road
Zhaoqing Xinfeng Highways Co., Ltd.					
	Rmb94,000,000	–	–	27	Operation of Toll Road
Zhaoqing Xingao Highways Co., Ltd.					
	Rmb54,000,000	–	–	24	Operation of Toll Road
Zhaoqing Xinhui Highways Co., Ltd.					
	Rmb103,500,000	–	–	30	Operation of Toll Road
Zhaoqing Xinning Highways Co., Ltd.					
	Rmb90,000,000	–	–	33	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

36 PRINCIPAL SUBSIDIARY COMPANIES (continued)

As at 30 June 2000

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share	By the Company	By the Group	
Incorporated in Bermuda and operated in Hong Kong					
Pacific Ports Company Limited	2,059,968,000	HK\$0.10	–	45	
	3,193,654,306 [^]	HK\$0.10	–	60	Investment Holding
Incorporated in British Virgin Islands					
Banyan Developments Limited	1	US\$1	–	70	Investment Holding
Eddington Holdings Limited	100	US\$1	–	82	Investment Holding
Ever Brisk Limited	1	US\$1	–	70	Investment Holding
Hinto Developments Limited	1	US\$1	–	70	Investment Holding
Kiwi Profits Limited	10	US\$1	–	70	Investment Holding
Lotsgain Limited	100	US\$1	–	60	Investment Holding
Magic Chance Limited	1	US\$1	–	70	Investment Holding
Master Services Limited	1,000,000	US\$0.01	–	33	Investment Holding
Mombasa Limited	100	US\$1	–	100	Investment Holding
New Dragon Asia Food Limited	1	US\$1	–	32	Investment Holding
New World BioSciences Holdings Limited	1	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 Enterprise Holdings Limited	1	US\$1	100	100	Investment Holding
New World First Bus Services Limited	10,000,000	HK\$1	–	51	Bus Services
New World First Ferry Services Limited	1	US\$1	–	51	Ferry Services
New World First Ferry Services (Macau) Limited	1	US\$1	–	51	Ferry Services
New World First Holdings Limited	10,000,000	HK\$1	–	51	Investment Holding
New World Hotels (Corporation) Limited	1	US\$1	–	64	Investment Holding
New World Industrial Holdings Limited	1	US\$1	–	100	Investment Holding
New World LifeTech Limited	100	US\$1	–	80	Investment Holding
New World Venture Holdings Limited	1	US\$1	–	100	Investment Holding
NWD Finance (BVI) Limited	1	US\$1	100	100	Financial Services
Park New Astor Hotel Limited	101	US\$1	–	100	Property Investment
Radiant Glow Limited	1	US\$1	–	70	Investment Holding
Sea Walker Limited	1	US\$1	100	100	Investment Holding
Sparkling Rainbow Limited	1	US\$1	–	70	Investment Holding
Steady Profits Limited	1	US\$1	–	70	Investment Holding
Sweet Prospects Enterprises Limited	1	US\$1	–	70	Investment Holding
Team Foundation Limited	1	US\$1	–	70	Investment Holding
True Blue Developments Limited	1	US\$1	–	70	Investment Holding
Twin Glory Investments Limited	1	US\$1	–	70	Investment Holding

[^] Cumulative convertible redeemable preference shares.

NOTES TO THE ACCOUNTS

37 PRINCIPAL ASSOCIATED COMPANIES

As at 30 June 2000

	Share capital issued [#]	Par value per share HK\$	Percentage of equity shares held		Principal activities
			By the Company	By the Group	
Incorporated and operated in Hong Kong					
Birkenhead Property & Investment Limited	1,200,000	1	–	50	Property Investment
Estoree Limited	500 'A'	10	–	–	
	500 'B'	10	–	50	
	9,000 'C'**	10	–	–	Property Investment
Ever Light Limited	1,000	1	40	40	Property Investment
Fook Hang Trading Company Limited	100	100	50	50	Property Trading
Global Perfect Development Limited	1,000,000	1	–	35	Investment Holding
Global Winner Limited	2	1	–	50	Property Investment
Kentfull Contracting Limited	2,000,000	1	–	33	Interior Decoration Contracting
New Waly Interior Products Limited	1,000,000	1	–	31	Trading of Interior Products
New World CyberBase Limited	3,591,227,441	0.02	–	37	Telecommunication Services
New World-Guangdong Highway Investments Co. Limited	100	100	–	30	
	100*	100	–	–	Investment Holding
Niceline Company Limited	1,000	1	–	17	Investment Holding
Pure Jade Limited	1,000	1	–	20	Property Investment
Quon Hing Concrete Company Limited	200,000	100	–	26	Production of Concrete
Ranex Investment Limited	100	1	–	10	Property Trading
Sea-Land Orient Terminals Limited	55,000 'A'	1	–	–	Operation of Container Terminal
	5,000 'B'	1	–	15	
Shun Tak Centre Limited	1,000	100	–	29	Property Investment
Silverland Limited	4	1	50	50	Property Investment
Sun City Holdings Limited	8,000,000	1	–	22	Investment Holding
Supertime Holdings Limited	100	1	–	25	Property Investment
Yargoan Company Limited	150,000	100	–	16	Stone Quarrying

Represented ordinary shares, unless otherwise stated.

* Non-voting deferred ordinary shares.

** Non-cumulative non-voting redeemable preference shares.

NOTES TO THE ACCOUNTS

37 PRINCIPAL ASSOCIATED COMPANIES (continued)

As at 30 June 2000

	Registered capital/ issued share capital		Percentage of equity shares held		Principal activities
	Amount/ Number	Par value per share	By the Company	By the Group	
Incorporated and operated in Thailand					
Ploenchit Arcade Company Limited	20,000	Baht10,000	–	13	Hotel Investment
Incorporated in British Virgin Islands					
Fortune Star Worldwide Limited	100	US\$1	–	28	Investment Holding
Grand Make International Limited	100	US\$1	–	32	Investment Holding
Newton Asia Limited	2	US\$1	–	50	Property Investment
Right Choice International Limited	200	US\$1	–	28	Property Investment
Sinclair Profits Limited	10	US\$1	–	25	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	–	–	17	Property Investment
Beijing Fu Wah Real Estates Development Co., Ltd.	US\$8,000,000	–	–	17	Property Investment
Beijing Niceline Real Estates Development Co., Ltd.	US\$8,000,000	–	–	17	Property Investment
Beijing Po Garden Real Estates Development Co., Ltd.	US\$12,000,000	–	–	17	Property Investment
Kunming Fulintang Pharmaceutical Co., Ltd.	Rmb50,000,000	–	–	40	Pharmaceutical Chain Store
Shangdong Unison Bioengineering Co., Ltd.	Rmb5,000,000	–	–	35	Chinese Herbal
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$70,000,000	–	–	31	Property Investment
Sichuan Expressway Company Limited	2,558,060,000	Rmb1	–	6	Operation of Toll Road
Incorporated in Bermuda and operated in Hong Kong					
Kwoon Chung Bus Holdings Limited	393,906,000	HK\$0.10	–	12	Investment Holding

NOTES TO THE ACCOUNTS

38 PRINCIPAL JOINTLY CONTROLLED ENTITIES

As at 30 June 2000

	Registered capital	Attributable interest (Note a)		Principal activities
		To the Company	To the Group	
Incorporated and operated in the People's Republic of China				
<i>Equity Joint Ventures</i>				
Beijing Autotech Service Co., Ltd.	US\$2,550,000	–	33	Auto Repair Centre
Beijing Orient Mosler Security Technology Co., Ltd.	US\$2,000,000	–	35	Security System
Guangzhou Oriental Power Co., Limited	Rmb990,000,000	–	15	Generation and Supply of Electricity
Guangzhou Pearl River Power Co., Limited	Rmb420,000,000	–	30	Generation and Supply of Electricity
Hong Kong Jiang-Guang Development Ltd	HK\$1,000,000	–	20	Hotel Operation
Sea-Land Orient (Tianjin) Container Terminals Co., Limited	US\$29,200,000	–	11	Operation of Container Terminal
Shanghai Jianmei Property Development Co., Ltd	US\$10,000,000	–	21	Property Investment
Shenyang New World Lumingchun Building Co., Limited	Rmb68,000,000	–	49	Hotel Operation
Wuhan New World Refrigeration Industrial Corporation Limited	Rmb60,000,000	–	50	Refrigeration Equipment Manufacturing
Shijiazhuang New World Industry Co., Ltd	Rmb88,000,000	–	39	Property Investment
Yixing United Ceramics Company Ltd.	US\$16,360,000	–	48	Ceramics Tiles Manufacturing
<i>Co-operative Joint Ventures</i>				
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\$62,000,000	–	41-49	Property Investment
Beijing Chong Yu Real Estate Development Co., Limited	US\$42,000,000	–	49	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	–	49	Property Investment
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	–	42	Hotel Operation
China New World Electronics Limited	US\$20,000,000	–	49	Property Investment
Dongguan New World Garden Trade Construction Co., Limited	US\$12,000,000	–	27	Property Investment
Dongguan New World Square Trade Construction Co., Limited	US\$12,000,000	–	27	Property Investment
Grand New World Hotel Company Limited	US\$10,800,000	–	64	Hotel Operation

38 PRINCIPAL JOINTLY CONTROLLED ENTITIES (continued)

As at 30 June 2000

	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)				
<i>Co-operative Joint Ventures (continued)</i>				
Guangzhou Cosmart Estate Development Limited	HK\$48,000,000	–	42	Property Investment
Guangzhou Dongxin Enterprises Co., Limited	Rmb80,000,000	–	42	Property Investment
Guangzhou Fong-Chuen New World Property Development Co., Limited	Rmb780,000,000	–	42	Property Investment
Guangzhou Fucheng Property Development Co., Limited	HK\$80,000,000	–	42	Property Investment
Guangzhou New World Bridges Construction Limited	Rmb320,000,000	–	30	Operation of Toll Bridges
Guangzhou Northring Freeway Company Limited	US\$19,255,000	–	39	Operation of Toll Road
Guangzhou Xinhua Chen Estate Co., Ltd	Rmb200,000,000	–	32	Property Investment
Guangzhou Xin Hua Jian Property Development Co., Limited	Rmb244,000,000	–	63	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	–	30	Operation of Toll Road
Huizhou City Huixin Expressway Co., Ltd	Rmb34,400,000	–	30	Operation of Toll Road
Shanghai Trio Property Development Co., Limited	US\$75,000,000	–	24	Bus Depot Redevelopment
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$88,000,000	–	49	Property Investment
Tianjin New World Properties Development Co., Limited	US\$12,000,000	–	49	Land Development
Tangjin Expressway (Tianjin North Section)				
Tianjin Xinlu Expressway Co., Limited	Rmb99,092,000	–	54@	Operation of Toll Road
Tianjin Xindi Expressway Co., Limited	Rmb93,688,000	–	54@	Operation of Toll Road
Tianjin Xinlong Expressway Co., Limited	Rmb99,400,000	–	54@	Operation of Toll Road
Tianjin Xinming Expressway Co., Limited	Rmb85,468,000	–	54@	Operation of Toll Road
Tianjin Xinqing Expressway Co., Limited	Rmb99,368,000	–	54@	Operation of Toll Road
Tianjin Xinquan Expressway Co., Limited	Rmb92,016,000	–	54@	Operation of Toll Road
Tianjin Xinsen Expressway Co., Limited	Rmb87,300,000	–	54@	Operation of Toll Road
Tianjin Xinshi Expressway Co., Limited	Rmb99,388,000	–	54@	Operation of Toll Road
Tianjin Xinsi Expressway Co., Limited	Rmb96,624,000	–	54@	Operation of Toll Road
Tianjin Xintong Expressway Co., Limited	Rmb99,448,000	–	54@	Operation of Toll Road
Tianjin Xintuo Expressway Co., Limited	Rmb99,316,000	–	54@	Operation of Toll Road
Tianjin Xinxiang Expressway Co., Limited	Rmb90,472,000	–	54@	Operation of Toll Road
Tianjin Xinyan Expressway Co., Limited	Rmb89,028,000	–	54@	Operation of Toll Road
Tianjin Xinzhan Expressway Co., Limited	Rmb89,392,000	–	54@	Operation of Toll Road

38 PRINCIPAL JOINTLY CONTROLLED ENTITIES (continued)

As at 30 June 2000

	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)				
<i>Co-operative Joint Ventures (continued)</i>				
Wuhan Airport Road Development Limited	Rmb60,000,000	–	24	Operation of Toll Road
Wuhan Taibei & New World Hotel Co., Ltd.	US\$14,160,000	–	35	Hotel Operation
Wuhan Xinhua Development Co., Limited	Rmb30,000,000	–	35	Property Investment
Wuxi New City Development 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					
<i>Company Limited By Shares</i>					
Asia Container Terminal Limited	1,000	1	–	16	Development and Operation of Container Terminal
Asia Terminals Limited	100,000	1	–	25	Operation of Cargo Handling and Storage Facilities
	20,000**	1	–	36	
	39,000*	1	–	–	
	15,918***	1	–	–	
Direct Profit Development Limited	200,000	0.05	–	12	Property Investment
Ever Sure Investments Limited	2	1	–	50	Property Investment
Far East Landfill Technologies Limited	1,000,000	1	–	15	Landfill
Gloryland Limited	900	1	–	33	Property Trading
Istaron Limited	4	1	–	32	Investment Holding
Newfoundworld Limited	200,000	10	–	20	Property Trading
Ocean Champion Development Limited	10,000	1	–	50	Property Investment
Sheeniy Enterprises Limited	10,000	1	–	50	Property Investment

38 PRINCIPAL JOINTLY CONTROLLED ENTITIES (continued)

As at 30 June 2000

	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)					
<i>Company Limited By Shares (continued)</i>					
Sky Connection Limited	100	1	–	50	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	–	17	Operation of Toll Tunnel
	600,000,000*	1	–	–	
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
Cyber China Inc.	100	US\$1	–	35	Investment Holding
Incorporated in British Virgin Islands					
Quick Wealth Investment Limited	100	US\$1	–	32	Investment Holding
Incorporated and Operated in Malaysia					
Great Union Properties Sdn. Bhd.	100,000,000	M\$1	–	38	Property Investment
	10,000,000 [^]	M\$0.10	–	38	
T & T Properties Sdn. Bhd.	9,500,000	M\$1	–	33	
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 and the People's Republic of China					
Sino-French Holdings (Hong Kong) Limited	1,086,280 'A'	HK\$100	–	–	Operation of Water and Electricity Plants
	2,089,000 'B'	HK\$100	–	30	
	1,002,720 'C'	HK\$100	–	–	

Represented ordinary shares, unless otherwise stated.

* Non-voting deferred ordinary shares.

** Non-voting preference shares.

*** Non-voting deferred preference shares.

[^] Redeemable cumulative preference share.

GLOSSARY OF TERMS

GENERAL TERMS

ACT	Asia Container Terminals Limited
Asia Television	Asia Television Limited
ATL	Asia Terminal Limited
CEM	Companhia de Electricidade de Macau
Company, New World or NWD	New World Development Company Limited
E&M	Electrical and Mechanical Engineering
FY	fiscal year, 1 July to 30 June
Forex	foreign exchange
GDP	gross domestic product
General Security	General Security (H.K.) Limited
GFA	gross floor area
Group	New World Development Company Limited and its subsidiary companies
Hip Hing	Hip Hing Construction Company Limited
HK	Hong Kong SAR
HKCEC	Hong Kong Convention and Exhibition Centre
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
HOS	Home Ownership Scheme
IDD	International Direct Dialing service which allows customers to dial internationally without the need to connect via an operator
IPO	Initial Public Offering
KCRC	Kowloon Canton Railway Corporation
Kiu Lok	Kiu Lok Service Management Company Limited
Kwoon Chung	Kwoon Chung Bus Holdings Limited
LDC	Land Development Corporation
MTR	Mass Transit Railway
n/a	not applicable
NW CyberBase	New World CyberBase Limited
NWCL or New World China Land	New World China Land Limited
New World Department Stores	New World Department Stores Limited
NWE or New World Enterprise	New World Enterprises Holdings Limited
NWFB or New World First Bus	New World First Bus Services Limited
New World First Ferry	New World First Ferry Services Limited
NWI or New World Infrastructure	New World Infrastructure Limited
New World PCS	New World PCS Limited

GLOSSARY OF TERMS

GENERAL TERMS (continued)

NWM	New World Mobility
NWS or New World Services	New World Services Limited
NWT or New World Telephone	New World Telephone Limited
Pollution & Protection Services	Pollution & Protection Services Limited
PPC	Pacific Ports Company Limited
PRC or Mainland China	The People’s Republic of China
PSPS	Private Sector Participation Scheme
RMB	the lawful currency of The People’s Republic of China
SAAM	Macao Water Supply Co. Limited
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”
Sino-French	Sino-French Holdings (Hong Kong) Limited
SLOT	Sea-Land Orient Terminals Limited
SSAP	Statement of Standard Accounting Practice
TBD	To be determined
Tridant	Tridant Engineering Company Limited
Uniformity	Uniformity Security Company Limited
Urban	Urban Property Management Limited
US	The United States of America
HK\$B or HK\$ billion	billion of Hong Kong Dollars
HK\$M or HK\$ million	million of Hong Kong Dollars
US\$	United States dollar(s), the lawful currency of the United States
Wai Hong	Wai Hong Cleaning & Pest Control Company Limited
WTO	World Trade Organisation
WWM	World Wide Mobility
Young’s	Young’s Engineering Holdings Limited

GLOSSARY OF TERMS

FINANCIAL TERMS

AOP or Attributable Operating Profit	attributable profit before other non-recurrent income and charge and net financing costs
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	$\frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$
EBITDA	Earnings before interest, tax, depreciation and amortization
Interest Cover or Interest Coverage	$\frac{\text{Operating profit before interest plus share of results of associated companies and jointly controlled entities}}{\text{Interest expense including capitalised interest}}$

TECHNICAL TERMS

3G	Third Generation mobile communication system as the broad band wireless communication systems focused on providing high speed data and applications based on mobile internet, intranet, extranet and mobile multimedia
CJV	cooperative joint venture
EJV	equity joint venture
e-mail	electronic mail
JCE	jointly controlled entities
PCS	Personal Communications Services
WFE	wholly foreign-owned enterprises

MEASUREMENTS

km	kilometre(s)
MW	megawatt(s), equal to 1,000kW
m ³	cubic metre
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

	2000 HK\$m	1999 HK\$m	1998 HK\$m	1997 HK\$m	1996 HK\$m
Fixed assets	44,556.3	39,912.5	37,545.1	46,059.7	41,654.4
Investments in associated companies, jointly controlled entities and other investments	45,282.8	40,827.0	37,127.0	31,512.9	20,396.1
Licence agreement	–	–	–	–	888.0
Long term receivables	473.9	627.2	692.6	366.7	215.0
Intangible assets	–	–	–	–	337.0
Deferred expenditure	–	–	222.1	221.8	142.3
Current assets	37,704.2	33,986.2	29,119.8	30,509.1	32,323.6
	128,017.2	115,352.9	104,706.6	108,670.2	95,956.4
Less: Current liabilities	17,717.7	18,641.7	15,837.5	18,388.9	19,828.5
	110,299.5	96,711.2	88,869.1	90,281.3	76,127.9
Share capital	2,114.1	2,127.8	1,984.9	1,909.0	1,761.0
Reserves	56,094.0	54,362.8	52,827.2	62,400.9	49,499.2
Shareholders' funds	58,208.1	56,490.6	54,812.1	64,309.9	51,260.2
Minority interests	17,298.7	9,805.8	9,079.6	10,062.2	8,105.0
Mandatorily convertible bonds	1,162.2	3,864.6	–	–	–
Long term liabilities	33,611.9	26,526.4	24,960.4	15,905.6	16,759.7
Deferred taxation	18.6	23.8	17.0	3.6	3.0
	110,299.5	96,711.2	88,869.1	90,281.3	76,127.9

The comparative figures for 1999 have been adjusted pursuant to the issue of Interpretation No.9, by HKSA, in respect of the revised SSAP No.2.101. The figures for 1998, 1997 and 1996 have not been restated as the Directors consider that this would involve undue delay and expense. Details of the effects of the adjustments are set out in note 1(b) to the accounts.

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2000 HK\$m	1999 HK\$m	1998 HK\$m	1997 HK\$m	1996 HK\$m
Turnover	20,535.2	17,527.1	20,389.9	19,975.9	16,715.5
Profit from ordinary activities	2,638.6	2,134.9	3,699.6	6,276.5	6,014.9
Net financing costs	(1,485.1)	(840.3)	(754.6)	(656.7)	(747.2)
Share of results of associated companies and jointly controlled entities	774.2	1,351.0	637.1	2,020.7	359.6
Profit before taxation	1,927.7	2,645.6	3,582.1	7,640.5	5,627.3
Taxation	(567.2)	(545.6)	(735.2)	(963.0)	(827.3)
Profit after taxation	1,360.5	2,100.0	2,846.9	6,677.5	4,800.0
Minority interests	(1,145.5)	(771.6)	(704.0)	(1,365.5)	(642.3)
Profit attributable to shareholders	215.0	1,328.4	2,142.9	5,312.0	4,157.7
Dividend per share (HK\$)					
– interim	0.10	0.15	0.32	0.32	0.30
– final	0.10	0.15	0.32	0.88	0.84
	0.20	0.30	0.64	1.20	1.14
Earnings per share (HK\$)					
– basic	0.10	0.65	1.11	2.86	2.44
– diluted	N/A	N/A	1.10	2.85	2.40

The comparative figures for 1999 have been adjusted pursuant to the issue of Interpretation No.9, by HKSA, in respect of the revised SSAP No.2.101. The figures for 1998, 1997 and 1996 have not been restated as the directors consider that this would involve undue delay and expense. Details of the effects of the adjustments are set out in note 1(b) to the accounts.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- * Dato' Dr. Cheng Yu-Tung (*Chairman*)
- * Dr. Cheng Kar-Shun, Henry (*Managing Director*)
- # The Honourable 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
Cha Mou-Zing, Victor
(*alternate director to Cha Mou-Sing, Payson*)
- * *Executive Directors*
- # *Independent non-executive directors*

COMPANY SECRETARY

Leung Chi-Kin, Stewart

AUDITORS

PricewaterhouseCoopers
H.C. Watt & Company Limited

SOLICITORS

Yung, Yu, Yuen & Company
Woo, Kwan, Lee & Lo

SHARE REGISTRARS AND TRANSFER OFFICE

Central Registration Hong Kong Limited,
19th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

REGISTERED OFFICE

30th Floor, New World Tower,
18 Queen's Road Central, Hong Kong
Tel: (852) 2523 1056
Fax: (852) 2810 4673

PRINCIPAL BANKERS

ABN AMRO Bank N.V.
Bank of America NT & SA
Bank of China
Bank of Communications
BNP Paribas
Chase Manhattan Bank, N.A.
Dai-ichi Kangyo Bank
Deutsche Bank
Hang Seng Bank
Hongkong and Shanghai Bank
Industrial and Commercial Bank of China
Societe Generale
The Bank of Tokyo-Mitsubishi
The Sanwa Bank
The Sumitomo Bank
Westdeutsche Landesbank Girozentrale

STOCK CODE

Hong Kong Stock Exchange 0017
Reuters 0017HK
Bloomberg 17HK

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On photography ... captions ... and values

Photos pose two hazards for the producers of annual reports. One is that over-zealous literal-mindedness turns the report into a product catalogue. The other is to write definitive captions that end up depleting the photos of their aesthetic richness.

We'd like to avoid both pitfalls.

Photography and text are one. Like body and soul. It also provides us with a chance to show our collective aesthetic capabilities. And our respect for art.

Photography conveys values - the values that a company works and lives by. The modern investor, whether in Beijing or New York, seeks to gauge not only business performance, but also the intellectual and aesthetic prowess of the executives who are daily dealing with his investment.

We realise some readers like photo captions. So we have provided some. They appear as streams of consciousness. They are not meant to be definitive. They are intended to aid free associations in the minds of the readers.

Photography, like all arts, once completed takes on a life of its own. We'd like to think that just as Beethoven's music is enjoyed world-wide without Beethoven providing directive notes on interpretation, likewise our photos trigger in each reader thoughts and emotions unique to him or her.

This Annual Report was produced by the Corporate Communications Department and the Accounts Department.

Strategist: Benny Chan

Design: Victor Cheong / The Design Associates Ltd.

Copywriter: Glynis Green

Photography: Principal photography by Almond Chu and Alfred Ko.

Production: Equity Financial Press Limited

Printers: Asia One Printing Limited

Chinese Translation: Central Language Services, Ltd.

Chinese version

The Chinese version of this Annual Report is available on request from:

New World Development Company Limited

30/F, Tower 1, New World Tower
18 Queen's Road Central, Hong Kong

Where the English and the Chinese texts conflict, the English text prevails.

This Annual Report is printed on recycled paper and environmental friendly printing ink.