



New World Development Company Limited

Annual Report 2001

Property
Infrastructure

New World

Development

Services
Telecommunications

At New World, we are committed to expanding our four core divisions of Property, Infrastructure, Services and Telecommunications in Hong Kong and China so as to deliver sustainable earnings growth. While the ever-changing economic environment will always pose new challenges, our core values will remain unwaivered.



A major player in both Hong Kong and China, New World's properties are synonymous with quality. From residential to offices, hotels to shopping centres, New World sets the standard for excellence and caters to demands of the modern lifestyle.

Quality



Everyday, New World delivers vital and reliable services to millions of people. In earning their trust, our services division is totally dedicated to achieving nothing but the best.

Trust

Core Values

of New World

Creative

Look no further than to the telecommunications industry and what seemed unimaginable is now considered child's play. New World's telecommunications

division looks towards the power of creativity as a driving force to ensure the Group's position as an innovator rather than follower.



Initiative

At New World, we believe that a city's infrastructure is the backbone to

its economy. Our infrastructure division exemplifies the Group's initiatives to set the foundation for growth and prosperity throughout Hong Kong and China.





Core Business Divisions

all major players in their sectors

Listed in Hong Kong in 1972, the Company is now a leading conglomerate and a constituent stock of Hong Kong's benchmark Hang Seng Index. Its four core business divisions, namely Property, Infrastructure, Services, Telecommunications, are all major players in their sectors.

Property

In Hong Kong, the Group has a property development portfolio of 36 major projects with a total attributable gross floor area ("GFA") of 8.2 million sq.ft. The majority of these projects are residential developments. Its attributable agricultural land bank amounts to 19.9 million sq.ft. with the majority of it to be converted into residential development. In addition, it has 16 major investment properties totaling 8.7 million sq.ft.

The Group's China property development arm, Hong Kong-listed New World China Land, is one of the leading property developers in Mainland. Its land bank now comprises 41 major projects with a total GFA of 205.6 million sq.ft. spanning the prime cities of Beijing, Shanghai, Guangzhou, Tianjin, Wuhan, Shenyang and other high growth cities.

The Group now has 16 hotels in Hong Kong, China and Southeast Asia with a total of over 7,600 rooms. Most of these are operated under the Renaissance or Courtyard brand. The Group's hotel portfolio is expected to increase to 18 when the two hotel projects at New World Centre Extension and the Chinese University are completed.

Infrastructure

Listed in Hong Kong, the Group's infrastructure division New World Infrastructure is dedicated to the development of infrastructure projects in Hong Kong, Macau and the PRC. Its businesses include cargo handling, roads, bridges, energy, water treatment, and e-infrastructure/technology. NWI has 75 operational projects at 30 June, 2001, encompassing 1,146 km of highways, six bridges, power generation of 1,879 MW, and water treatment capacity of two million cubic meters per day. In the e-infrastructure/technology sector, it holds investments in a number of mobile communications, multimedia, data transmission, Internet and technology related companies.

Services

New World Services embraces a diversified range of services and its businesses can be broadly grouped under five main divisions, namely Facilities (Urban Property Management, General Security and the management of Hong Kong Convention and Exhibition Centre), Contracting (Hip Hing Construction, Young's Engineering and Tridant Engineering), Transport (New World First Bus and New World First Ferry), Financial and Environmental. NWS builds on the collective strength of its companies to enhance quality of life and create a better environment for Hong Kong and China.

Telecommunications

The Group's telecommunications division operates fixed and mobile networks through its two key operating companies.

Fixed network arm New World Telephone has over one million IDD registered users and commands a considerable market share of data, broadband and voice services. As for fixed line services, its plan is to extend the coverage further and to aggressively promote services targeted at a wider range of commercial and residential district.

Operating a mobile network, New World Mobility has over 683,000 subscribers. Offering a wide range of quality communication services including voice and customised value-added services, the mobile network unit will continue to introduce a series of advanced mobile multi-media solutions.

Strategic Businesses

The Group is also involved in a number of strategic investments, which are complements to the core operations of the Group. The Group sees attractive growth potential in department stores and selected industries in Mainland China.

Strategic Overview

Financial Highlights	5
From the Chairman	6
From the Managing Director	10
A Conversation with the Managing Director	16

Business Review, Analysis and Outlook

Property	Infrastructure	Services	Telecommunications	Strategic Businesses
page 18	page 30	page 38	page 46	page 52
Community Involvement, Employee Care and Investor Outreach				56

Financial Review

Financial Statements Analysis	58
Analysis of Group's Attributable Operating Profit	60
Liquidity and Capital Resources	62

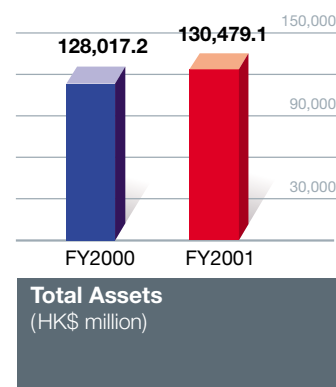
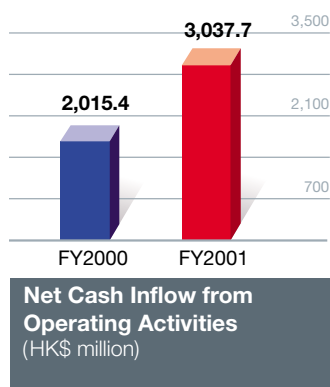
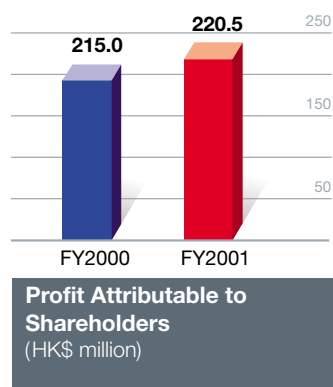
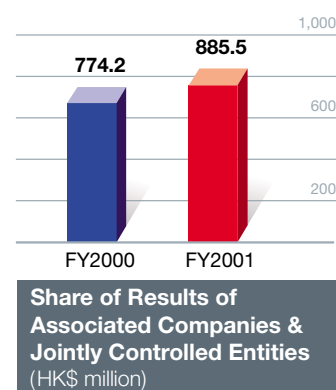
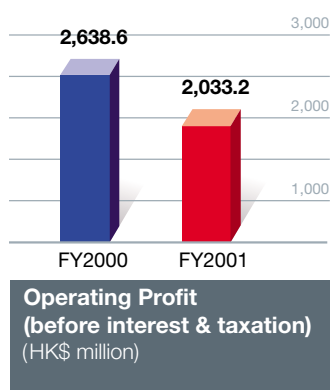
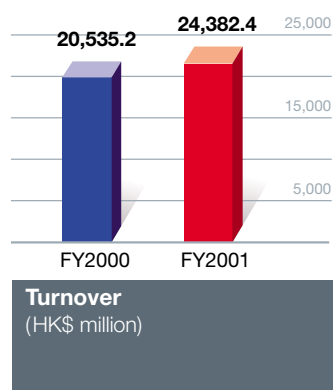
Schedules of the Group's Projects

Project Summary - Major Property Development Projects in Hong Kong	64
Project Summary - Major Property Investment Projects in Hong Kong	68
Project Summary - Hotel Investment	72
Project Summary - Infrastructure	73
Project Summary - Major Property Projects in the PRC	76

Corporate and Financial Information

Notice of Annual General Meeting	84
Directors' Profile	85
Directors' Report	87
Auditors' Report	105
Consolidated Profit and Loss Account	106
Consolidated Balance Sheet	107
Company Balance Sheet	108
Consolidated Cash Flow Statement	109
Consolidated Statement of Recognised Gains and Losses	111
Notes to the Accounts	112
Glossary of Terms	170
Five-Year Financial Summary	174
Corporate Information	176

	FY 2001 (HK\$m)	FY 2000 (HK\$m)	Change
Turnover	24,382.4	20,535.2	+19%
Operating Profit (before interest & taxation)	2,033.2	2,638.6	-23%
Share of Results of Associated Companies & Jointly Controlled Entities	885.5	774.2	+14%
Profit Attributable to Shareholders	220.5	215.0	+3%
Net Cash Inflow from Operating Activities	3,037.7	2,015.4	+51%
Total Assets	130,479.1	128,017.2	+2%







From our **four core businesses**
of Property, Infrastructure, Services and Telecommunications,
we have the necessary **foundations** that will enable
us to weather the current storm and enter into a

new era of

growth

Fellow Shareholders

The global economy has experienced considerable slowdown in recent times. However, there has been one notable exception: China.

We are excited at China's developments on several fronts. From improvements in infrastructure developments, rising disposable incomes and living standards, growth in the automotive sector, to advances in telecommunications, as well as liberalisation of capital markets and banking practices, China is the new horizon.

In fact, China is likely to sustain its pace of economic growth for the next decade, contributed by such factors as her imminent entry into the WTO, the awarding of the 2008 Olympics Games to Beijing, and her substantial transnational infrastructure projects. Already the Central Government's Tenth Five-Year Plan has laid out the framework for doubling China's GDP by 2010.

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With our long-dedicated commitment to the country's development, we fully intend to capitalise on our strengths as this dynamic market continues to flourish.

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The Group has accumulated substantial investment and operational experience in Mainland China, particularly in the fields of property and infrastructure. With our long-dedicated commitment to the country's development, we fully intend to capitalise on our strengths as this dynamic market continues to flourish.

Meanwhile, Hong Kong's economy follows in its path of integration with the Mainland whilst more foreign direct investments help to power her growth. The Group is therefore prepared for the opportunities that such a growing relationship will bode for the territory.

Hong Kong has, throughout its history, experienced periods of uncertainties. The recent terrorist attack on September 11 in the United States had a significant impact on the global and regional economies. Such an incident has exacerbated the already vulnerable local property market. However, history recalls the remarkable resilience of the territory's people. Often, it is in trying times that the greatest endeavours are realised. I believe that the virtues of Hong Kong people — diligent, flexible and entrepreneurial — will once again overcome the obstacles before us.

At New World Development, we believe that our people possess the essence of such virtues. While the uncertainties that the economic climate holds are a challenge for all companies, we are confident that by drawing from the strengths of our people, as well as on our core values of quality, initiative, trust, and creativity, we will maintain our focus and strategic direction. Moreover, from our four core businesses of Property, Infrastructure, Services and Telecommunications, we have the necessary foundations that will enable us to weather the current storm and enter into a new era of growth.

Dr. Cheng Yu-Tung

Chairman

Hong Kong, 10 October, 2001



Because of our

diversification

strategy, we have successfully built up

multiple income streams

to mitigate the impact of any economic instability



Fellow Shareholders

New World Development's strategic plan is both clear and decisive. We aim to strengthen our four core divisions so as to achieve sustainable earnings growth, and we aim to underpin this growth with financial discipline.

Bold Initiatives to Consolidate Financial Position

We are committed to bold initiatives that establish solid grounds for growth in the years to come. During 2001, we made solid progress in consolidating our financial position. Your Group's liquidity was revitalised over the year with an increase in cash levels from HK\$6,369.1 million to HK\$9,809.6 million. Key items generating significant cash inflows were:

- Disposal of our H-share/red chip portfolio
- Timely launch of our properties for sale in both Hong Kong and China
- The sale of the Guangzhou Three New Bridges

“

We are committed to bold initiatives to establish solid ground for the delivery of earnings growth in the years to come.

”

Although some of these items had a negative impact on our net profit for this year, such moves demonstrate the Group's overriding resolve: to focus on developing core businesses within the framework of financial prudence. Due to significant cash inflow from these sales and given the full year impact of a low interest rate environment, net interest expense is expected to drop next year.

“

We aim to strengthen our four core divisions so as to achieve sustainable earnings growth.

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In 2002, we look forward to more property sales in both Hong Kong and Mainland China. Profits will be booked for the disposal of the Regent which was completed in August 2001. In addition to our trading portfolio, we will continue to enjoy recurrent cash flows from our multiple business platforms in property investment, hotels, infrastructure, services and telecommunications. Our financial position is, therefore, solid.

Our Business Dynamic

1. Building critical mass and competitive strengths

In order to improve the Group's performance as a whole, we have taken specific steps to develop each of our businesses and sought appropriate opportunities as they arise. In sum, our four core businesses have reached critical mass and gained competitive strengths in each of their fields. The investments we made over time, and in view of the low interest rate environment, will justify themselves in the coming years, and we ask our investors to share our commitment.

2. Building multiple sources of revenue and brand equity

A multi-platform enterprise cannot operate successfully without taking into account the particular macroeconomic and business environment of each of its divisions. Because of our diversification strategy, we have successfully built up multiple income streams to mitigate the impact of any economic instability. We have also sought to capitalise on our brand equity and continue to maintain product and service excellence, thus increasing our prospects for success and market growth.

“We have sought to capitalise on our brand equity and continue to maintain product and service excellence, thus increasing our prospects for success and market growth.”

Looking Forward

Overall, we can look back on a year highlighted with decisive moves, namely, in the disposal of non-core and trading assets. We also managed to increase our cash position, thus establishing our businesses on firmer grounds. In implementing such actions, we are grateful for the understanding of our strategy by investors, customers, business partners and employees. It is a strategy laid out in more detail in the Business Review, Analysis and Outlook that follows.

Understanding would be impossible without our keen belief in communication and interaction. We are determined to reach out as best possible with our investors

both large and small, with analysts and fund managers, and to the general public.

Overleaf, we have set out to answer some of your most frequently asked questions.

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

Dr. Cheng Kar-Shun, Henry

Managing Director

Hong Kong, 10 October, 2001



A Conversation with the Managing Director

What are the income and cash drivers for the Group in the next few years?

Services will grow, given the nature of our businesses, which are relatively immune to volatility in the economic environment. Rental is likely to improve following the completed renovation of the New World Centre Shopping Mall. We also have more properties available for sale in Hong Kong and China, which will contribute more cash flow to the Group. Our telecommunications division achieved a more positive EBITDA figure this year and is heading towards breakeven level. As for the Group's hotels, they are having a difficult time after the September 11 terrorist attacks in the US, but the sale of the Regent hotel will generate profits in the coming year. One-off losses on the sale of H-shares by NWI will re-establish NWI on a steady

income-earning basis. As its e-infrastructure projects unfold, the values of New World Infrastructure will begin to materialise.

Where do you think you will be allocating more capital resources? What is the investment rationale behind them?

Discipline is behind our investment rationale, the discipline to generate positive cash flow for the coming year. In terms of Property, we have 20 projects with an attributable GFA of 4.1 million sq.ft. to be completed in the next three years in Hong Kong. In China, we have about 26 projects with more than 36 million sq.ft coming on line in the next three years. The projections of when and how much cash flow we can generate from these projects are extremely clear. But before they are completed, they require financial resources to finance construction. In Telecommunications, we will dedicate extra investment, if necessary, to build the broadband IP network and services provisioning side of the 3G business. As for Infrastructure, the commercialisation of our e-infrastructure projects will take place in the coming year, with significant implications for our place in the market. Overall, we believe our capital structure is well founded, given our HK\$10 billion cash in hand, our undrawn facilities and our recurrent cash flow.

Given the current operating environment in Hong Kong and uncertainties in the global economy, what can be done operationally and strategically to moderate the impact?

We believe in three strategic drivers: Rationalisation. Service Integration. Value Creation. At various levels of the Group, these drivers have become key management priorities and objectives. Strategically, our well-diversified income base has proved its ability to produce profit growth in businesses such as New World Services and New World China Land throughout periods of economic volatility. We will continue to focus on our four core divisions in order to unlock the Group's values and to deliver sustainable and visible earnings growth in the future.



Propee



Quality

erty



From top to bottom, left to right:

- **Tsim Sha Tsui Map**

A new face will emerge in Tsim Sha Tsui by 2004 with several large-scale tunnel projects underway to link up all New World properties with the MTR and KCR.

- **New World Centre Shopping Mall**

The newly renovated New World Centre Shopping Mall is a spacious, state-of-the-art shopping complex with a perfect blend of brands for everybody.

- **Pedestrian Subway Entrances**

Leads the way to our spectacular New World Centre.

- **Main Entrances**

New, sophisticated and stylish-experience the premier shopping destination.

- **AV Satellite**

Through this pre-eminent interactive channel, to ignite your senses and stir your imaginations.

New World Centre, the Group's major investment property, completed a HK\$300 million renovation programme for its shopping mall in April 2001. The spacious, state-of-the-art New World Centre shopping mall now enjoys an occupancy rate of around 90% with a well-balanced mix of brand name tenants and much more shopping traffic. Occupancy rates for office spaces and service apartments are close to 90% and 70% respectively. As a result, gross rentals of New World Centre are expected to rise in the coming years.

Furthermore, the Group is planning a new hotel development with a total GFA of one million sq.ft. in the New World Centre.

Rebranding and repositioning of the Palace Mall are also underway with the aim of attracting renowned retailers as anchor tenants in order to fill the shopping mall.

Underground walkways linking New World Centre and Palace Mall to the opposite side of Salisbury Road were completed during the year, drawing extra traffic to the Group's developments.

The new Kowloon Canton Railway East Rail terminus is currently under construction at a site opposite to New World Centre. The railway station will be linked to New World Centre by underground subways and when completed in 2004, the traffic flow to New World Centre is expected to grow substantially.

A New Face in Tsim Sha Tsui

Another of the Group's major developments in Tsim Sha Tsui is the Hanoi Road Redevelopment. The project comprises one million sq.ft. of GFA to be built as a multi-use complex. Completion is scheduled in between 2005 and 2006. The site is immediately adjacent to the planned new underground interchanges of MTR and KCR, allowing all the Group's properties in Tsim Sha Tsui to be interconnected.



Hong Kong Property

Property Development

During the year under review the Group received over HK\$4,800.0 million from the sale of property projects including the high block of Grand Millennium Plaza , Rhythm Garden at Choi Hung and Dragon Pride at Tin Hau. Due to the property market downturn, the Group made provisions on some property development projects such as Monte Carlton at Tai Po Road and Queen Street at Sheung Wan. As a result, contribution of the profit in this year is in the amount of HK\$183.0 million.

In the coming year, the Group plans to launch seven projects for sale with a total of approximately 5,000 residential flats.

The Group now has 36 major property development projects with a total attributable GFA of not less than 8.2 million sq.ft. The Group aims to complete 20 property projects with an attributable GFA of not less than 4.1 million sq.ft. in the next three years.

from left to right:

- **Tung Chung Crescent**
Conveniently located at Tung Chung MTR Terminal and the first residential development project in Tung Chung new town.
- **Villa Carlton**
Splendid panoramic views extend to the Victoria Harbour.
- **Sereno Verde**
A combination of nature and modern life.



Residential projects to be offered for sale in the next twelve months include:

Projects	Location	Total GFA (sq.ft.)	Interest (%)	Att. GFA (sq.ft.)
Villa Carlton	369 Tai Po Road, KLN	190,235	50	95,118
Monte Carlton	363 Tai Po Road, KLN	102,974	100	102,974
Sereno Verde Phase I	99 Tai Tong Road, Yuen Long, NT	467,739	56	261,934
Sky Tower	Kowloon City, KLN	1,265,878	20	253,176
Queen Street	Queen Street, Sheung Wan, HK	655,978	50	327,989
11-15 MacDonnell Rd	11-15 MacDonnell Rd, HK	52,954	33	17,650
King's Park	KIL 11118, King's Park, KLN	904,176	30	271,253
Total		3,639,934		1,330,094

During the year, the Group acquired the interest of two projects which were immediately adjacent to some of its existing property development projects. These include 440-442 Prince Edward Road West, 7-10 West End Terrace. The developments of these neighbouring projects will ensure a more efficient use of land.

During the year, the Group has also finalised the land premium payment for an attributable GFA of 196,860 sq.ft. 14 projects with total GFA of 4.5 million sq.ft. have obtained approval for land use conversion from agricultural land to residential and/or commercial use. Depending on market conditions, the Group is prepared to pay land premium for the approved projects to replenish its property portfolio.



The Group’s attributable agricultural land bank amounts to 19.9 million sq.ft. and its breakdown is as follows:

Agricultural Land Bank	Total Land Area (sq.ft.)	Group’s Share of Land Area (sq.ft.)
Yuen Long	14,729,000	13,231,500
Fanling	2,160,000	2,160,000
Shatin / Tai Po	3,530,000	2,642,000
Sai Kung	2,090,000	1,765,000
Tuen Mun	150,000	150,000
Total	22,659,000	19,948,500

Property Investment

With the exception of New World Centre Shopping Mall, which reported a substantial drop in rentals due to its renovation, occupancy and rental rates of the Group’s major investment properties have improved over the previous year. Gross rental for New World Development’s investment properties amounted to HK\$1,675.2 million.

from left to right:

- **Telford Plaza**
Regional mall in the East Kowloon area.
- **Discovery Park Shopping Mall**
Maintaining 97% occupancy rate as at June 2001, established its popularity in the Tsuen Wan District.
- **Grand Hyatt, Hong Kong**
The synonym to luxurious and excellent hospitality.

In terms of its office portfolio, New World Tower and Manning House achieved an average occupancy rate of 94% during the year. The Group’s major shopping malls including Discovery Park Shopping Mall, Telford Plaza, Pearl City and the shops in Hong Kong Convention and Exhibition Centre achieved close to full occupancy. The newly-renovated New World Centre Shopping Mall now enjoys



around 90% occupancy rate. Several properties are being upgraded to improve their overall image and quality in order to yield higher rentals in the coming year.

Hotels and Restaurants

Following the sale of the Regent hotel in August 2001, the Group now has three hotels in Hong Kong, namely Renaissance Harbour View, New World Renaissance and Grand Hyatt. All these reported increases in both occupancy and average room rates during the year. Sale of the Regent hotel was completed in August 2001 and the profit on disposal will be accounted for in the next financial year. The Group's hotel portfolio in Hong Kong is expected to increase to five when the two hotel projects at the New World Centre Extension and the Chinese University are completed.

Hotels located in Mainland China showed an improvement in occupancy and rates, given China's robust economic growth and the influx of business travellers preceding China's accession to the WTO by the end of the year. As the Asian Pacific economies are continuing on the path of steady development, our four hotels in Southeast Asia also reported stable results.

The September 11 terrorist attacks undermined confidence in the international investment and tourism industry, thereby affecting the Group's hotel performance.



The Group will take necessary measures to control costs and attract customers in order to maintain the profit levels.

Outlook

With the Government's suspension of Home Ownership Scheme flat sales and the interest rate cuts, the Group will launch its properties for sales in a cautious manner to capture the right timing for a favourable response.

China Property

New World China Land, the Group's 70% owned and listed PRC property development arm, recorded a profit attributable to shareholders of HK\$207.0 million, a 1.7% growth over the last year. NWCL's land bank now comprises 41 major projects with a total GFA of 204.5 million sq.ft. spanning the prime cities of Beijing, Shanghai, Guangzhou, Tianjin, Wuhan, Shenyang and other high growth cities.

from left to right:

- **Guangzhou New World Casa California**
New vision of elegance and lifestyle, experience the enhancement of landscaped beauty.

- **Huiyang Palm Island Golf Club & Resort**
Where a world of relaxation and recreation.

Property Development

Earning from property sales of NWCL decreased by 56.1% to HK\$118.8 million, mainly attributable to the decrease in completion of low-cost community



properties. During the year NWCL completed eight projects with a total GFA of 3.6 million sq.ft. All these projects achieved satisfactory sales.

For the coming year, 16 projects in 12 cities with a total GFA of 13.3 million sq.ft. are scheduled for completion. So far, ten projects with a total GFA of 4.0 million sq.ft. have already been launched for sale and over 33% have been pre-sold. These sales, in turn, are largely based on the New World Group's widely recognised brand name and its dedication to delivering superior quality developments to its customers.

With a substantial increase in completions for the coming year and an increase in demand for quality residential developments from the local population, NWCL expects to have an increase in contributions from property sales.

Property Investment

Due to the improved occupancy and rental rate of its existing projects and the completion of new projects, NWCL's earning from rental operations increased by 130.9% to HK\$257.9 million.

NWCL currently has ten major property investment projects with a total attributable GFA of 5.0 million sq.ft. and six investment properties under development of 7.9 million sq.ft.



The performance of NWCL's shopping malls in Beijing, Tianjin and Shunde showed marked improvement as a result of more dedicated marketing and promotion efforts. Its office towers in Beijing and Wuhan also showed an increase in contributions resulting from higher occupancy and rentals, which in turn are due to the recovery of the PRC economy. Meanwhile, hotels and service apartments performed steadily during the year.

Four additional investment properties will be completed in FY2002, contributing an extra 5.0 million to NWCL's investment property portfolio:

	Usage	Total GFA (sq.ft.)	Att. Interest of NWCL (%)
Beijing New View Garden Phase I	R, C	735,403	70.0
Shanghai Hong Kong New World Tower	C, O	1,475,465	44.1
Shanghai Changning Ramada Square	R, C, H	1,319,262	57.0
Nanjing New World Centre Commercial Portion	C, O, H	1,485,773	92.0
Total		5,015,903	

R: Residential C: Commercial O: Office H: Hotel

from left to right:

- **Beijing New World Centre**
The prominent, comprehensive development in Beijing.
- **Shanghai Hong Kong New World Tower**
Located in the hub of a promising future.



Outlook

There are several factors that will have a positive impact on the property market in China. These include the Chinese Government's plan to increase the per capita living space of the local population, China's entry into the World Trade Organization, the award to Beijing of the 2008 Olympic Games, the increasing development of the home mortgage market and continuing efforts by the Government to stimulate internal demand. In addition, the Central Government's Tenth Five-Year Plan provides an economic blueprint to double the country's GDP in ten years.

NWCL believes that it is in an advantageous position to benefit from the country's prospects and has prepared itself to capitalise on China's positive economic development in the years to come. NWCL's strategy plan going forward is to accelerate the development of its property projects for sale across major high growth cities in China and to continue to expand its rental portfolio in key locations in prime cities such as Beijing and Shanghai.





Infrastru



Initiative

Structure



Infrastructure

- Kwai Chung Container Terminal No.3

One of the most efficient container terminals in Hong Kong in terms of throughput per berth and average crane productivity.

New World Infrastructure, the Group's 61% owned and listed infrastructure arm, contributed a profit attributable to shareholders of HK\$15.1 million, a 98.8% decrease over the last corresponding period due to the loss on the disposal of its H-Share investment portfolio and provisions made on the value of e-infrastructure/technology investments. Through the timely disposal of under-performing assets and operational restructuring, NWI is ready to tackle new opportunities with an improved asset quality. In view of China's imminent accession to WTO and the ongoing growth of the PRC economy, next year NWI is expected to return to a normal growth rate for traditional infrastructure projects and significant headway is expected to be made in terms of e-infrastructure/technology projects.

Road & Bridge Segment

The Profit for the Road and Bridge Segment decreased 22.9% to HK\$418.5 million mainly due to the reduced profit contribution from Guangzhou City Northern Ring Road, the largest single contributor to NWI, and the withdrawal from the Guangzhou Three New Bridges project in January 2001.

Of the 31 road projects in operation, 22 experienced stable or increased traffic flow compared to FY2000. GNRR, which remains the dominant profit contributor in this segment, suffered a traffic flow drop due to temporary traffic redirection and closure of certain sections of connecting roads. These in turn were caused by construction of the Inner Ring Road and New Airport Expressway.

The drop in profit contribution from the Road Segment was also due to the disposal of Jiangsu Expressway and Sichuan Expressway during the year. It was, however, partly offset by the outstanding performance of Tangjin Expressway and Tate's Cairn Tunnel. Profit from Tangjin Expressway grew by 58% as average daily traffic flow increased by 35% since the Phase II commenced its operation in January 2001. Meanwhile, profit from Tate's Cairn Tunnel increased by 131% after the toll increase in January 2000.

Cargo Handling Segment

Profit of the Cargo Handling Segment decreased by 9.6% to HK\$242.4 million, mainly due to NWI's reduced effective interest in the port projects after its injection of these projects into the listed Pacific Ports Company Limited in March 2000.

The port and cargo-handling operations of PPC encompass the regions of North, East and South China. The greatest activity is in the southern ports of Hong Kong, Xiamen and Yantian in Shenzhen, while the Port of Tianjin serves the industrialised northern hinterland surrounding Beijing.

Almost all segments of China operations expanded. Sea-Land Orient (Tianjin) Container Terminals Company Limited reported a higher earning on a rise in throughput of 767,000 TEUs, a 22% increase over the same period last year. Xiamen Xiangyu Quay Company Limited also achieved an improved result, whereas Xiamen Xinyuan Container Terminal Company Limited reported a profit, compared to a loss in the previous year. Xiamen New World Xiangyu Warehouse & Processing Zone Limited commenced construction of a regional logistics centre.

PPC's businesses in Hong Kong include CSX World Terminals Hong Kong Limited (formerly Sea-Land Orient Terminals Limited) and ATL Logistics Centre Hong Kong

from left to right:

- **CSX World Terminals Hong Kong Limited.**
One of Hong Kong's most active container terminal operators.
- **ATL Logistics Centre**
The world's first and largest intelligence multi-storey drive-in cargo logistics centre enable all cargo handling activities to be accommodated in a single facility.



Limited (formerly Asia Terminals Limited) at Kwai Chung Container Terminal No.3. Throughput volume of CSXWT Hong Kong increased by around 5% to 1.74 million TEUs. Occupancy rate at ATL remained stable at 93% for FY2001.

Energy and Water Treatment Segment

Due to disposal of the stake in Beijing Datang Power Generation Company Limited for cash proceeds of HK\$1,258 million in February 2001, the total profit from the Energy and Water Treatment Segment dropped by 1.5% to HK\$530.4 million in FY2001.

During the year, NWI operated 5 power plants in China and Macau, with a total capacity of 1,879.2 MW. Sino-French Holdings (Hong Kong) Ltd., a 50/50 joint venture with Suez Lyonnaise des Eaux S.A., holds a 40.65% interest in Companhia de Electricidade de Macau-CEM, SA, a power company that has exclusive rights to supply electricity to Macau for a 25-year period ending in 2010.

In FY2001, the major profit contributors in this segment were Zhujiang Power Station Phase I & Phase II, from which combined electricity sales grew by 29.6%. Both CEM in Macau and Qianwei Dali Power Plants in Sichuan Province



maintained stable growth during the year with outputs increasing by 1.8% and 3.7% respectively. Shunde De Sheng Power Plant was the only one to report a fall in power generation due to a two-month closing of the plant for regular maintenance.

Through its stake in Sino-French, NWI also holds an interest in one water treatment plant in Macau, nine water treatment plants and a water micro-filtration equipment manufacturing plant in China, as well as an attributable interest of 4.3% in Shenyang Public Utility Holdings Co. Ltd. Except for Lianjiang Water Plant and newly contracted Zhengzhou Water Plant, all projects and strategic investment were operational in FY2001.

e-Infrastructure/Technology Segment

NWI invests in a number of mobile communications, data transmission, multimedia, and Internet companies. This e-infrastructure/technology Segment is a key component of the NWI drive to produce long-term value. Though this segment has not produced a major profit contribution, technology investment, most notably chinadotcom, has generated capital gains. Having taken provisions on non-performing technology ventures, NWI is left with promising companies with revenue-producing potential.

from left to right:

- **Zhujiang Power Stations**

One of the most efficient plants in Guangzhou and composed four 300MW coal-fired power generations.

- **Macau Water Plant**

Providing high quality water and healthy lift to Macau residents everyday.



Outlook

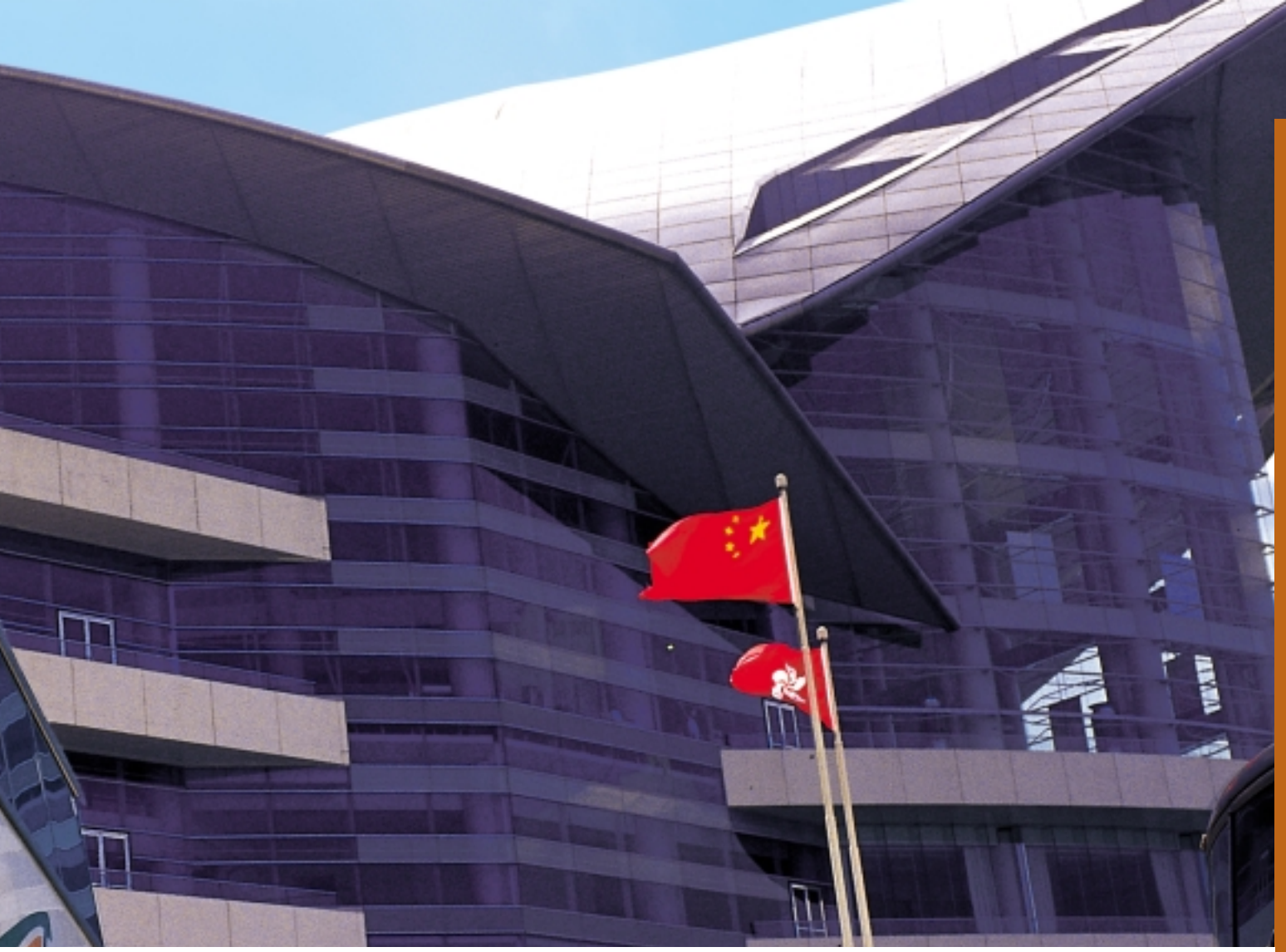
Recent economic and political events will take a toll on the global economy and Greater China will not be immune. However, its economic prospects remain bright and they are set to improve further following WTO accession.

During this era of volatility, NWI is focusing on the creation of shareholder value and its ability to create value is predicated on the success of commercial applications for e-infrastructure/technology and the growing recurring income that basic infrastructure generates. This fundamental dynamic, combined with prudent management and a strong financial position, are key to NWI.





Service



Trust

ces



Services

- Hong Kong Convention & Exhibition Centre
Where the world exhibits and meets.

New World Services, the Group's 51% owned service arm, reported 10.9% growth in profit to HK\$818.9 million. All five operating divisions under NWS (Facilities, Contracting, Transport, Financial and Environmental) recorded satisfactory growth despite an unfavourable market environment. The increase in profit was mainly due to increase in market share, stringent cost control initiatives and productivity gains. NWS management, despite the economic downturn, will continue to strive for business growth through the proven management concept of People, Process and Technology.

Facilities Division

Facilities Division achieved satisfactory growth in earnings during the year, due to expansion in market share and tight cost controls adopted by its property management sub-division as well as the growth in the number of exhibitions held at the Hong Kong Convention and Exhibition Centre.

During the year, HKCEC continued to be the most preferred destination for conventions and exhibitions in the region. A total of 2,229 events were organised and total attendance increased to over 5.1 million, up 50% from the previous year. In recognition of its excellent facilities management, HKCEC was named by CEO Asia Pacific Magazine as the "Asia Pacific's No.1 Exhibition Centre". It was also awarded "Best Overseas Centre, Meetings Category" for the eighth consecutive years in the Meetings and Incentive Travel Industry Award. In order to further enhance occupancy and rental income in the coming years, HKCEC has recently revamped and upgraded its function rooms.

Collectively managing 148,000 household units, 20 million sq.ft. of commercial/ industrial space and over 50,000 carpark units, NWS's property management sub-division is now the market leader in Hong Kong's property management sector. Its major operating manager, namely Urban Property Management Limited, has been selected by Hong Kong Housing Authority as the "Best Property

Management Agent” for the third time. Under its management, Yin Lai Court, Chun Wah Court and Cheong Shing Court were awarded the “Well-managed HOS Estates” in this year.

Contracting Division

On the basis of market share occupied by its subsidiaries, namely Hip Hing Construction Company Limited, Tridant Engineering Company Limited and Young’s Engineering Holdings Limited, NWS is deemed the largest contracting company in Hong Kong.

Hip Hing, on the back of its expertise and experience, continued to be competitive and its contracts on hand totaled HK\$20,674 million. Major new contracts awarded this year included Police Headquarters Phase 3, Kowloon Station Development Package 4, East Rail Extension and Cyberport Development. Meanwhile, total contracts on hand for Tridant and Young’s amounted to HK\$4,000 million.

Subsequent to the year, NWS acquired Ngo Kee Construction Company Limited from Wai Kee Holdings Limited for HK\$43 million. The acquisition marks a

from left to right:

- Citygate**
 Positioned at the heart of Tung Chung new town, Citygate is a bold new statement in retail and leisure.
- HKU Biological Science Building**
 The Kadoorie Biological Sciences Building, floating elegantly at the University of Hong Kong with an energy efficient and environmental design, sets new standards for the design of research laboratories worldwide.



significant milestone for NWS in enhancing its leading position in the construction industry. The division will continue to adopt tight cost controls and improve product quality to compete in the very competitive, albeit shrinking construction industry.

Transport Division

NWS's Transport Division, which consists of New World First Bus Services Limited and New World First Ferry Services Limited, continued to enjoy an increase in ridership.

With an average of 530,000 passengers per day, the patronage of New World First Bus Services Limited increased by 45% as compared to September 1998, when it first inaugurated the service. The significant growth in ridership is mainly due to its continuous service upgrades and competitive fare compared with other transport modes. During the year, NWFB won a regional award for its environmental marketing campaign from the Asia Pacific Marketing Federation and ranked amongst the top three winners for improving the lives of the disabled by the Physically Handicapped and Able-Bodied Association. Through the ongoing network expansion and the introduction of the Bus-to-Bus Interchange



Discount Scheme, NWFB's patronage is set to grow further. Additional revenue will come from increased advertising incomes since NWFB has teamed up with Star East Group to install plasma TV inside bus cabins, which will be launched in December 2001.

Despite incurring a loss since New World First Ferry took over the inner harbour and outlying routes in January 2000, the Company is determined to invest in and upgrade its ferry services. NWFF will seek ways to contain costs, such as re-arranging schedules during off peak hours and attracting passengers to ride on the cost-efficient fast ferries. Meanwhile, New World First Ferry Services (Macau) Limited, which operates a ferry service between China Hong Kong City Terminal and Macau, is proposing to run a new ferry route between Tuen Mun and Macau in order to ease congestion in the existing terminals during the peak hours.

from left to right:

- First Bus**
 Significant growth in ridership can only be supported by continuous improvement of services. That's what New World First Bus provides.
- Multimedia display the bus cabin**
 Provide passengers with the latest in news, infotainment, and advertising makes every bus trip an enjoyable journey.
- First Ferry**
 First Ferry Aquan III, a new high-speed catamaran that commenced its service in early 2001.

Financial Division and Environmental Division

These two divisions provide a multitude of services including landscape design, maintenance services and landfill technology services, as well as integrated financial services such as share registration, secretarial and accounting services.

During the year the two divisions achieved steady growth in earnings.



Outlook

NWS will continue to focus on the management concept of “People, Process and Technology” to strengthen its human resources and process monitoring. Through the application of innovative technologies for effective resources utilisation, cost control is set to improve together with continuous growth in shareholders’ return.

Since China will soon become a member of the WTO and the 2008 Olympics will be hosted in Beijing, NWS sees great potential for expanding its shares in the financial and insurance markets in the PRC. Meanwhile, apart from expanding market share in its existing core businesses, NWS is actively seeking to expand into other sectors with growth potential.





Telecomm



Creative communications



• **New World Telephone International Network**

New World Telephone constantly expands and strengthens its network coverage by entering into agreements with international carriers and various telecom operators.



With its quality and comprehensive services, NWT successfully increased its market share of data, broadband and voice services and achieved positive EBITDA for the second consecutive year. To improve its market coverage, NWT has now signed bilateral agreements with 17 carriers from 13 strategic countries and has expanded its network both locally and internationally. NWT has also signed one-stop-shop International Private Leased Circuit agreements with various telecom operators in Greater China and Southeast Asia, such as StarHub of Singapore, CTM of Macau and China Telecom.

During the year, NWT also formed an alliance with CISCO to launch the Gigalink IP Broadband Services, a new family of broadband services powered by Cisco Systems' latest "LRE" technology. From Internet access to secure IP virtual private network options, Gigalink delivers cost-effective, high-speed broadband services, with symmetric bandwidth ranging from 10 Mbps to 100 Mbps. As a result of broader network coverage and a best of class service offering, NWT acquired many new renowned international carriers and multinationals as customers during the year.

In terms of IDD services, NWT enjoys a customer base of over one million registered users for its IDD business and an impressive market share of 15%,

New World Telephone



making it the leader among all new FTNS operators. Traffic has grown by 30% to over 480 million minutes. As for fixed line services, NWT's plan is to extend its coverage further and to aggressively promote services targeted at a wider range of commercial and residential districts.

During the year, the performance of both New World Telephone and New World Mobility improved and both companies are heading towards breakeven point in the coming year:

	FY2001 (HK\$m)	FY2000 (HK\$m)
Turnover	2,929.7	2,890.2
EBITDA	134.6	22.0
EBIT	(192.7)	(252.4)
Net Trading Loss	(283.3)	(430.1)

New World Mobility

For the year under review, NWM implemented various initiatives to enhance its financial performance and to position itself for the future. Subscribers increased by 10%, reaching 683,000 through targeted programmes, ARPU increased by 5% through reduction of discounts and rebates. NWM focused itself on gaining more high-usage subscribers and putting emphasis to contain operating expenses. Furthermore, NWM developed customised retention initiatives for its current subscriber base and continued its technology investment to enhance the sound quality and to optimise the capacity of its network. NWM continued its effort in developing programmes for new products and services and recently signed up a 2G Mobile Virtual Network Operator.

from left to right:

- **iData Centre**
A perfect blend of people and technology working together to ensure smooth and efficient services for customers.
- **New World Mobility Outlet**
Quality mobile network with over 683,000 subscribers.



For next year, NWM's two main objectives are to:

- Reach a net income positive level by building on the initiatives launched in 2001
- Position for the future by continuing to focus on the launch of superior products and services through innovation and personalisation.

In September 2001, NWM decided not to participate in the 3G licensing process. Given the current status of the financial markets and 3G technology, the expected timing of mass-market adoption of 3G related services, and the critical mass of NWM, it became clear that NWM was better off not building a 3G network on its own. Instead, it has chosen to focus its capital, both human and financial, on the services provisioning side of the business. In the current environment, a 3G MVNO strategy becomes viable and financially attractive to NWM.

During the year, the Group reduced its stake in New World CyberBase to 18.5% at a moderate profit, which was offset by its enlarged attributable loss and thus, a larger loss was incurred by the telecommunications division in the FY2001.

Outlook

Due to stabilising market competition, declining cost base and steadily increasing traffic volume, contributions from IDD services are set to improve. With the new products and services introduced by NWM, coupled with the improved market share among NWT's expanded range of data and fixed-line services, contributions from the telecommunications division are set to improve.



New World China Enterprises

Through New World China Enterprises Projects Limited, the Group has made headway in four high growth areas in the Mainland China market: healthcare, consumer products, building materials and automotive mid-stream and downstream services.

In December 2000, the Group formed a strategic alliance with Liberty Mutual Group of the United States and other investors, including lead participation from the Asian Development Bank, to set up the New World Liberty China Ventures Limited and raised an initial capital of USD150 million.

New World China Enterprises Projects Limited is the project manager behind this joint venture and will identify high growth, small to medium-sized enterprises in China, and to help increase their competitiveness and profitability by initiating good corporate governance and management practices, thus bringing them in line with international standards. Many of the investee companies are already achieving positive EBITDA, when business growth reaches an appropriate level, these investee companies intend to seek a stock market listing in order to unlock the investment value.

from left to right:

- **Shanghai City Planning Display Hall** (polished crystallised stone in white colour manufactured by Tianjin Standard International Building Materials Industry Co. Ltd.)

The crystallised stone is a stylish and environmental friendly product. This company supports the Group's property development business with quality building materials.

- **New World Department Store**

Grow further with the increasing domestic spending by consumers in China.



New World Department Store

Established since 1993, New World Department Stores Limited has operations in Hong Kong and seven cities in Mainland China. The department store operation has been a complementary business to the Group's shopping facilities in both Hong Kong and China. In Hong Kong, "Needs", covering 60,000 sq.ft. at the level two of the New World Centre, is now one of the largest lifestyle home plaza in Hong Kong offering international delicacies, household decoration, kids wear etc. During the year under review, NWDS opened a new department store in Shenyang and unveiled the second phase of its stores in Wuhan and Beijing. The performance of its Mainland stores has been very encouraging in view of increased domestic spending by mainland consumers. Total sales of its Mainland store increased 25% to HK\$1,067 million. In view of the growing acceptance of these larger format stores, four stores will be opened in the coming two years with the focus on high growth cities such as Wuhan, Shanghai, Dalian and Nanjing.



Existing New World Department Stores and planned expansions in China are as follows:

City	Date of Business Commencement
Wuhan (Jianshe Dadao)	
- Phase I	Nov 1994
- Phase II	Sep 2000
Shenyang (Nanjing Street)	Nov 1995
Wuxi	Jan 1996
Harbin	Nov 1996
Tianjin	Oct 1997
Ningbo	Apr 1998
Beijing	
- Phase I	Jun 1998
- Phase II	Oct 2000
Hong Kong	Apr 1999
Shenyang (Taiyuan Street)	Aug 2000
Wuhan (Jiangnan Road)	Late 2001 (expected)
Shanghai	Late 2001 (expected)
Dalian	2002 (expected)
Nanjing	2002 (expected)

Outlook

With imminent entry into the WTO, China is poised to capture unprecedented business growth opportunities and is also one of the fastest growing economies in the world. The Group is committed to supporting China to drive towards modernisation and the Group's strategic investments in China are well-placed for a prosperous future.

Community Involvement

At New World Development, we believe in enriching the communities in which we operate.

In Hong Kong, to complement the International Year of Volunteers proclaimed by the United Nations, we have set up a volunteer team with the aim to encourage our staff, together with family members and friends, to serve the community and the needy. During the year, we also made continuous contributions to various charitable organisations.

Campaigns in which we also actively participate include “Friends of the Earth” for the Environmental Protection and Recycling Campaign, and the Waste Recycling Campaign and Environmental Protection Ambassador Scheme. Our active participation in these campaigns reflects our commitment to Environmental Consciousness.

In China, we were an active sponsor of Beijing’s bid for the 2008 Olympics. We are also committed patrons of various educational and charitable organisations across many cities in the country, demonstrating that we CARE about the places where we do business. We aim to help them as much as possible with our knowledge and resources.

Employee Care

We believe that our people are our most important asset. To reinforce their commitment to serving our Group better, we have ongoing structured training programmes for various levels of staff and we grant educational subsidies to our staff to take courses that enrich their career. Our compensation benefits are strategically structured to motivate, attract and retain people of talent and high

performance within the Group. Various campaigns and staff orientation programmes are organised throughout the year to promote team spirit and overall harmony within the Group.

The Group has over 25,800 employees at 30 June 2001, compared to over 23,500 at 30 June 2000.

Investor Outreach

We believe in promoting a transparent corporate culture. In achieving this objective, analyst and fund manager meetings are conducted on a frequent basis. As well, roadshows and investor/analyst trips are organised during the year to gain a closer perspective of the Group's latest developments.

Our website also provides a real time channel for obtaining the Group's corporate information. We have also dedicated considerable amounts of effort and resources in producing our Annual Report with an attempt to make known the Group's business direction for each of its individual divisions, including financial facts delivered in an orderly and detailed manner. In fact, our New World Development Company Limited 2000 Annual Report won the "Best of International" Grand Award in Annual Report Competition — the highest accolade given to a report produced by a company outside North America.

To give us your feedback, please e-mail us at newworld@nwd.com.hk, or fax to us at (852) 2131 0638. All letters should be addressed to Corporate Communications Department, 30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong.

Consolidated Profit & Loss Account

	FY2001 HK\$m	FY2000 HK\$m
Turnover (net of intra-group transactions)		
- Rental income	1,507.6	1,636.5
- Property sales	4,898.4	1,823.0
- Construction & engineering	7,198.0	7,420.3
- Hotel & restaurant operations	2,571.8	2,360.9
- Infrastructure operations	788.1	719.4
- Telecommunication services	2,922.8	2,879.0
- Others	4,495.7	3,696.1
1 Total turnover	24,382.4	20,535.2
2 Operating profit before interest	2,033.2	2,638.6
3 Financing income	912.7	817.5
3 Financing costs	(2,451.2)	(2,302.6)
4 Share of results of associated companies & JCE	885.5	774.2
Profit before taxation	1,380.2	1,927.7
Taxation	(494.9)	(567.2)
5 Minority interests	(664.8)	(1,145.5)
6 Profit attributable to shareholders	220.5	215.0
7 Dividends	425.7	424.5

Consolidated Balance Sheet

	30 June 2001 HK\$m	30 June 2000 HK\$m
Assets		
8 Investment properties & hotels	26,881.3	26,736.6
9 Toll roads, bridges & port facilities	5,974.4	5,615.5
10 Land & buildings, assets under construction & other fixed assets	13,227.2	12,204.2
Associated companies	7,086.3	7,602.1
Jointly controlled entities	25,524.9	27,735.4
Other investments	7,795.6	9,945.3
Long term receivables	539.4	473.9
11 Cash & bank balances	9,809.6	6,369.1
12 Other net current assets	9,161.5	13,617.4
	106,000.2	110,299.5
Shareholders' Equity & Long Term Liabilities		
Share capital	2,134.0	2,114.1
Share premium	19,047.4	18,860.6
Other reserves	21,140.5	21,574.6
Retained profits	15,112.7	15,658.8
Shareholders' funds	57,434.6	58,208.1
Minority interests	17,407.7	17,298.7
13 Mandatorily convertible bonds	1,162.2	1,162.2
Long term liabilities	29,970.9	33,611.9
Deferred taxation	24.8	18.6
	106,000.2	110,299.5

Consolidated Cash Flow Statement

	FY2001 HK\$m	FY2000 HK\$m
14 Net cash inflow from operations	3,037.7	2,015.4
Interest received	912.7	817.5
Interest paid	(2,438.4)	(2,544.5)
Dividends received from associated companies, JCE & other investments	1,011.5	1,459.7
Dividends paid & dividends paid to minority shareholders	(537.3)	(492.6)
Tax paid	(245.0)	(263.4)
Purchase of fixed assets	(2,677.7)	(2,396.1)
Increase in investment in associated companies, JCE & other investments	(1,731.8)	(5,090.5)
Acquisition of subsidiaries & additional interests in subsidiaries	(653.8)	(1,154.3)
Other cash inflow from investing activities	3,093.9	3,069.8
15 Net cash inflow from financing activities	1,690.0	6,808.7
Net increase in cash & cash equivalents and effect of foreign exchange rate changes	1,515.3	2,258.1
Cash & cash equivalents at year end	6,986.8	5,471.5

- 1** The Group's turnover increased by 18.7% over the previous year, mainly due to the increased property sales at around HK\$4,800 million (covering the sales of the high block of Grand Millennium Plaza, Dragon Pride and Rhythm Garden). The business divisions of services, hotel and restaurant operations and infrastructure operations achieved growths in turnover, which was partly offset by the reduced rental income as a result of the renovation of New World Centre Shopping Mall.
- 2** Despite an increased turnover, the Group's operating profit before interest dropped by HK\$605.4 million to HK\$2,033.2 million mainly because of the loss on the disposal of the H-Share investment portfolio (HK\$396.2 million), provisions made on some property projects (HK\$545.7 million) and e-infrastructure/technology investments (HK\$241.9 million). The drop in operating profit has been mitigated by the gains on disposal of interests in New World CyberBase (HK\$121.2 million) and Guangzhou Three New Bridges Project (HK\$99.4 million), as well as the provisions written back on a property development project (HK\$231.0 million).
- 3** The Group's net financing costs increased by 3.6% to HK\$1,538.5 million in FY2001, leading to a lower interest cover at 1.1 times (FY2000: 1.3 times). Meanwhile, HK\$175.2 million has been capitalised in this year.
- 4** Share of results of associated companies and JCE increased by 14.4% to HK\$885.5 million in FY2001, even with a larger attributable loss from New World CyberBase, as well as a reduced contribution from Beijing Datang Power Generation Company Limited as a result of the share disposal in February 2001. Such an encouraging result was mainly due to the improved property sales in China and Hong Kong and contributions from associated companies acquired during the year.
- 5** Minority interests decreased by 42.0% in this year, mainly because of the 98.8% drop in profit attributable to shareholders from New World Infrastructure.
- 6** Details are shown in the section of "Analysis of Group's Attributable Operating Profit".
- 7** The Board recommended a final dividend of 10 cents per share. Together with the interim dividend of 10 cents per share, total dividend for the FY2001 would be 20 cents per share (FY2000: 20 cents per share).
- 8** The rental market remained steady in FY2001, there is no material change in the valuation of the Group's investment properties and hotel properties for the year under review.
- 9** More toll roads, bridges and port facilities were completed during the year.
- 10** Construction progress achieved by the property developments and acquisitions of infrastructure projects accounted for most of the asset growths. Meanwhile, the expanded bus and ferry fleets and depots held by the New World Services, coupled with increasing inputs for telecommunications network improvement, also led to the rise in fixed assets.
- 11** The Group has disposed of the under-performing assets during the year and a total of HK\$3,760.0 million was generated through the disposal of the three bridges in Guangzhou and most of the H-share portfolio. As such, the Group's cash position as at 30 June 2001 amounted to HK\$9,809.6 million, a surge of 54% from last year.
- 12** The Group's liquidity remained acceptable with a current ratio at 1.8 times (FY2000: 2.1 times). For details, please refer to the section of "Liquidity and Capital Resources".
- 13** At year-end, US\$150 million mandatorily convertible bonds, which will be mandatorily converted into New World Infrastructure shares on 30 April 2002, remained outstanding.
- 14** Even with the lower operating profit, the Group's net cash inflow from operating activities increased by HK1,022.3 million to HK\$3,037.7 million mainly because of more property sales and the provisions, which eroded the Group's profit for this year, were the non-cash items.
- 15** The Group's net cash inflow from financing activities. For details, please refer to the section of "Liquidity and Capital Resources".

Analysis of Group's Attributable Operating Profit

	FY2001 (HK\$m)	FY2000 (HK\$m)	Change
New World Development Company Limited			
Property Sales	731.1	327.6	123.2%
Rental Income	706.9	913.4	-22.6%
Hotels & Restaurants Operations	643.6	300.8	114.0%
Telecommunications & Technology	(334.4)	(178.2)	87.7%
Others	(181.1)	964.4	-118.8%
Provisions and Dilution Loss	(554.6)	(1,642.6)	-66.2%
Sub-Total	1,011.5	685.4	47.6%
Net Financing Cost	(1,089.4)	(1,345.8)	-19.1%
Minority Interests	(143.3)	(154.8)	-7.4%
Taxation	(133.0)	(260.1)	-48.9%
Total	(354.2)	(1,075.3)	-67.1%
New World China Land	207.0	203.5	1.7%
New World Infrastructure	15.1	1,267.9	-98.8%
New World Services	818.9	738.7	10.9%
Minority Interests of Major Subsidiaries	(466.3)	(919.8)	-49.3%
Profit attributable to shareholders	220.5	215.0	2.6%

New World China Land

Property Sales	118.8	270.4	-56.1%
Rental Income	257.9	111.7	130.9%
Hotel Operations	10.1	(4.4)	329.5%
Others	(0.1)	(0.2)	-50.0%
Sub-Total	386.7	377.5	2.4%
Net Financing Cost	(70.0)	(79.2)	-11.6%
Corporate Expenses	(109.7)	(94.8)	15.7%
Profit attributable to shareholders	207.0	203.5	1.7%

New World Infrastructure

Roads & Bridges	418.5	543.0	-22.9%
Cargo Handling	242.4	268.1	-9.6%
Energy & Water Treatment	530.4	538.4	-1.5%
e-Infrastructure/Technology	(33.3)	(1.7)	1858.8%
Sub-Total	1,158.0	1,347.8	-14.1%
Net Financing Cost	(439.6)	(391.8)	12.2%
Net (Loss)/Gain on Disposal and Provisions	(545.1)	478.5	-213.9%
Gain on Repurchase of Convertible Bonds	1.8	24.2	-92.6%
Other Corporate Expenses	(160.0)	(190.8)	-16.1%
Profit attributable to shareholders	15.1	1,267.9	-98.8%

Review

Major contributors to AOP were the high block of Grand Millennium Plaza at Sheung Wan, Dragon Pride at Tin Hau and Rhythm Garden at Choi Hung.

Even with a stable occupancy and rental rate, AOP from rental income decreased by 22.6% mainly because of the substantial drop in rental income from New World Centre Shopping Mall due to its renovation.

Hotels in Hong Kong have all reported growth in occupancy and average room rates. Meanwhile, hotels in China and Southeast Asia also performed well given China's robust economic growth and the influx of business travellers preceding China's accession to the WTO, whilst Asia Pacific economies were continuing on the path of steady development.

Driven by the improving trading results for both NWT and NWM, the Group increased its stake in these companies by 7% in this FY2001. However, it was offset by an enlarged attributable loss of NWCB and thus, a larger Attributable Operating Loss of HK\$334.4 million was incurred in this sector.

In the absence of profit on disposal of listed and unlisted shares and the substantial drop in dividend income in FY2001, the disposal of the non-core assets (e.g., H-Share portfolio) had negatively impacted the Group's earnings.

For FY2000, it was attributable to the dilution loss on New World China Land Ltd. For FY2001, the Group made provisions on some property development projects such as Monte Carlton at Tai Po Road, Methodist House at Wanchai, Grand Millennium Plaza and Queen Street project at Sheung Wan.

Excluding the debts for its major subsidiaries, the net gearing for NWD was lower than the previous year. Meanwhile, with the consecutive interest rate cuts in the second half of the FY2001, the financing cost has dropped by 19.1%.

All minority interests for non-wholly owned subsidiary companies except 70%-owned NWCL, 61%-owned NWI and 51%-owned NWS.

See below

See below

All five operating divisions under NWS (Facilities, Contracting, Transport, Financial and Environmental) recorded satisfactory growth despite an unfavourable market environment. The increase in profit was mainly due to increase in market share, stringent cost control initiatives and productivity gains.

Minority interests of NWCL, NWI and NWS.

Major contributors to AOP came from the sales of Shenyang New World Garden Phase I, Wuhan Changqing Garden Phase IV and Guangzhou New World Casa California.

The increase in this sector is due to the continuing improving performance of rental properties in the Beijing New World Centre, Tianjin Xin An Plaza and Wuhan International Trade and Commerce Centre. The sharp rise in AOP was also partly attributable to the gain on disposal of interest in the podium floors of Wuhan International Trade and Commerce Centre.

The substantial improvement of AOP in our hotel sector was mainly due to amelioration of Shenyang New World Hotel's operating result after a successful cost control exercised by the management. This hotel was previously affected by higher operating costs and spillover of borrowing costs.

Financing cost recorded a 11.6% drop benefited from the fall of interest rate and refinancing of loans with more favorable terms.

The AOP for the Road and Bridge Segment decreased by 22.9% to HK\$418.5 million mainly due to the reduced contribution from Guangzhou City Northern Ring Road as a result of construction work in the surrounding road networks and the withdrawal from the Guangzhou Three New Bridges project in January 2001.

AOP of the Cargo Handling Segment decreased by 9.6% to HK\$242.4 million mainly because of NWI's reduced effective interest in the port projects after its injection of these projects into the listed Pacific Ports Company Limited in March 2000.

With the disposal of the stake in Beijing Datang Power Generation Co. Ltd., the total AOP for this segment dropped by 1.5% in FY2001. Zhujiang Power Station Phase I & Phase II were the major AOP contributors in this segment, whilst both CEM in Macau and Qianwei Dali Power Plants in Sichuan Province also reported steady business growth.

Though this segment has not produced a major AOP contribution, technology investment, most notably chinadotcom, has generated capital gains.

Given higher net gearing at 54% (FY2000: 50%), net financing cost increased by 12.2%.

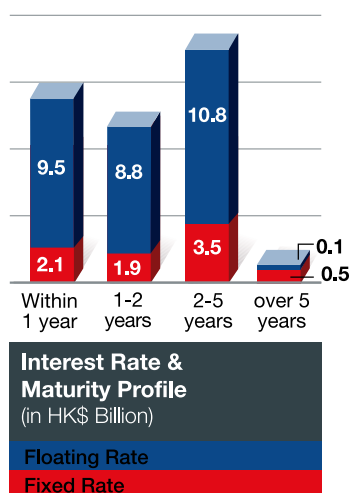
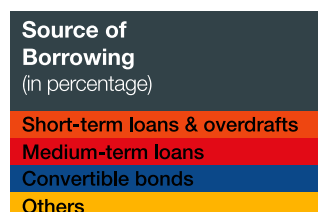
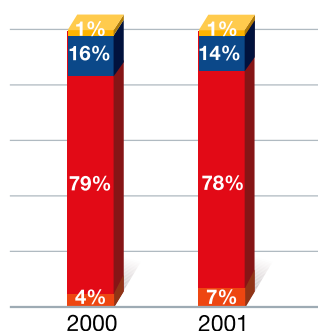
HK\$241.9 million provisions made on the e-infrastructure/technology investments, coupled with the loss on the sales of Beijing Datang and Sichuan Expressway, have been mitigated by the disposal gains from Jiangsu Expressway and chinadotcom.

HK\$74.2 million of 5% convertible bonds due on 15 July 2001 has been repurchased during the year.

Despite a 11.7% increase in turnover to HK\$1,103 million in FY2001, the other corporate expenses fell by 16.1%, evidencing the stringent cost controls exercised by NWI.

As at 30 June 2001, the Group's cash and bank deposits increased from last year's HK\$6,369.1 million to HK\$9,809.6 million. Its consolidated net debt amounted to HK\$27,332.1 million (FY2000: HK\$27,800.3 million), translating into a gearing ratio at 47% (FY2000: 48%).

	FY2001 (HK\$m)	FY2000 (HK\$m)
Consolidated Net Debts	27,332	27,800
New World Infrastructure	6,583	6,786
New World China Land	2,524	2,058
Net Debts excluding listed subsidiaries	18,225	18,956



The Group maintained a balanced debt profile with adequate risk diversification through specifying the preferred mix of fixed and floating rate debt, the permitted currency exposure, a well-balanced spread of maturity and the use of different types of financing instruments.

Sources of Borrowing

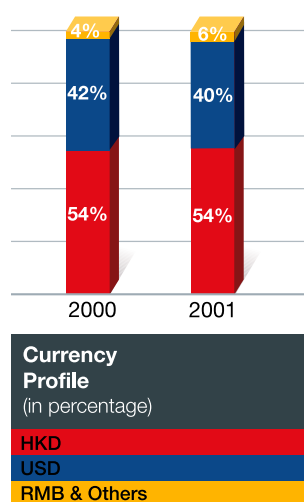
- The growth in gross debts was mainly due to the increased borrowing of HK\$2,567 million by New World Infrastructure Limited.
- As at 30 June 2001, less than one-third of the total outstanding loans were secured by the Group's assets.

Interest Rate & Maturity Profile

- Amount of debt due within the FY2002 amounts to HK\$11,452.9 million, which should be comfortably served by our cash on hand of HK\$9,809.6 million and the Regent hotel's sales proceeds of US\$345.8 million which was received in August 2001. In addition, a syndicated term loan of US\$350 million has been secured to partially refinance the US\$650 million syndicated loan due May 2002.

These, together with the operating cash inflow and the remaining undrawn banking facilities, should enable the Group to satisfy its commitments and working capital requirements.

- Over 79% (FY2000: 78%) of the Group's total debts are on a floating rate basis, whilst fixed rate borrowings mainly related to the RMB loan facilities and convertible bonds. With a larger portion of floating rate debts, our interest outlay is set to drop further in line of the falling interest rate.



Currency Profile

- Since 20% of the Group's revenue was derived from affiliates operating in the PRC, the Group limits its currency risk in Renminbi by financing operations locally. During the year, the Group has secured a RMB500 million term loan due 2009 to finance the construction of Jincheng-Jiaozuo Expressway (Shanxi Section).
- The Group has also purchased forward US dollars at rates below the official pegged rate, i.e., HK\$7.8 to US\$1.0, so as to hedge the Group's US dollar exposure on loan interest and repayments.

Interest Coverage

- The interest cover was 1.1 times as compared to 1.3 times in FY2000.

Project Summary - Major Property Development Projects in Hong Kong



The Belcher's



Queen Street



Villa Carlton

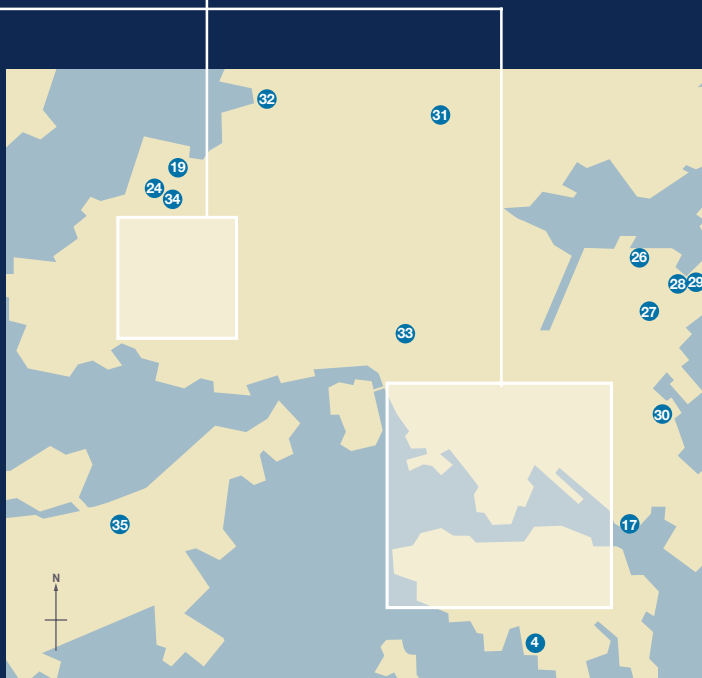


Monte Carlton



NAME OF MAJOR PROJECTS UNDER DEVELOPMENT

- 1 11-15 MacDonnell Road
- 2 1-4 West End Terrace & 11-11A Bonham Road
- 3 2 Park Road
- 4 33 & 35 Island Road
- 5 6-10 Black's Link
- 6 The Belcher's
- 7 Kennedy Town Redevelopment Project
- 8 Queen Street
- 9 157 Prince Edward Road West
- 10 444-450 Prince Edward Road West
- 11 Hung Hom Bay PSPS
- 12 NKIL 6267, King Tung Street, Ngau Chi Wan PSPS
- 13 KIL 9805, Tsim Sha Tsui
- 14 KIL 11118, King's Park
- 15 Hanoi Road Redevelopment Project
- 16 Sky Tower, Kowloon City
- 17 Yau Tong Redevelopment Project
- 18 The Parcville, Yuen Long
- 19 DD104, 107 Wing Kei Tsuen, Yuen Long
- 20 DD115, Yuen Long
- 21 DD120, YLTL515, Yuen Long
- 22 Lot2131 in DD121, Tong Yan San Tsuen, Yuen Long
- 23 DD121, 124 & 127, Tai Tao Tsuen, Yuen Long
- 24 DD129, Lau Fau Shan, Yuen Long
- 25 TMTL443, Fu Tei, Tuen Mun
- 26 DD206, Wu Kai Sha, Ma On Shan
- 27 DD217, 219 & 222, Pak Kong, Sai Kung
- 28 DD221, Sai Kung
- 29 DD221, Sha Ha, Sai Kung
- DD221, Sha Kok Mei, Sai Kung
- 30 DD227, Tai Po Tsai
- 31 DD91, 100, Fanling
- 32 DD99, 101, Lin Barn Tsuen, Yuen Long
- 33 Kwai Shing Circuit PSPS
- 34 DD 129, Yuen Long
- 35 MTR Tung Chung Station
- 36 Sereno Verde, Tai Tong Road, Yuen Long



The Parcville



Sereno Verde

Project Summary - Major Property Development Projects in Hong Kong

	Name of Property	Site Area (sq.ft.)	Total GFA (sq.ft.)
HONG KONG			
1	11-15 MacDonnell Road	10,590	52,954
2	1-4 West End Terrace & 11-11A Bonham Road	9,018	72,071
3	2 Park Road	13,203	120,818
4	33 & 35 Island Road	56,511	42,363
5	6-10 Black's Link	69,535	35,230
6	89 Pok Fu Lam Road (The Belcher's Phase 2)	n/a	1,331,034
7	Kennedy Town Redevelopment Project (Site B)	25,091	229,521
	Kennedy Town Redevelopment Project (Site A)	40,300	422,229
8	Site B, Queen Street	22,432	192,030
	Site A, Queen Street	50,376	459,988
	Site A, Queen Street		3,960
KOWLOON			
9	157 Prince Edward Road West	7,380	66,304
	157 Prince Edward Road West		12,255
10	444-450 Prince Edward Road West	6,761	37,186
11	Hung Hom Bay PSPS	299,433	1,553,245
	Hung Hom Bay PSPS		32,292
12	NKIL 6267, King Tung Street, Ngau Chi Wan PSPS	232,072	1,265,716
	NKIL 6267, King Tung Street, Ngau Chi Wan PSPS		20,236
13	KIL 9805, Tsim Sha Tsui	7,149	85,788
14	KIL 11118, King's Park	387,569	904,176
15	Hanoi Road Redevelopment Project	89,336	1,072,030
16	Sec. A, B, C & RP of KIL 4013, Kowloon City (Sky Tower Phase 1)	162,022	1,265,878
	Sec. A, B, C & RP of KIL 4013, Kowloon City (Sky Tower Phase 1)		12,466
	Sec. A, B, C & RP of KIL 4013, Kowloon City (Sky Tower Phase 2)		230,566
17	Yau Tong Redevelopment Project	TBD	TBD
NEW TERRITORIES			
18	Po Yip Street, Yuen Long (The Parcville)	n/a	995,821
19	DD104, 107, Wing Kei Tsuen, Yuen Long	3,000,000	750,000
20	DD115, Yuen Long	120,000	69,300
21	DD120, YLTL 515, Yuen Long	120,000	420,000
22	Lot 2131 in DD121, Tong Yan San Tsuen, Yuen Long	450,000	450,000
23	DD121, 124 & 127, Tai Tao Tsuen, Yuen Long	350,000	350,000
24	DD129, Lau Fau Shan, Yuen Long	166,304	66,520
25	TMTL 443, Fu Tei, Tuen Mun	68,028	204,085
26	DD206, Wu Kai Sha, Ma On Shan	1,320,000	TBD
27	DD217, 219 & 222, Pak Kong, Sai Kung	1,000,000	340,000
28	DD221, Sai Kung	160,000	111,300
29	DD221, Sha Ha, Sai Kung	790,000	1,074,000
	DD221, Sha Kok Mei, Sai Kung	150,000	30,000
30	DD227, Tai Po Tsai	719,035	1,057,025
	DD227, Tai Po Tsai		21,528
31	DD91, 100, Fanling	200,000	184,800
32	DD99, 101, Lin Barn Tsuen, Yuen Long	3,540,000	TBD
33	Kwai Shing Circuit PSPS	97,952	478,772
	Kwai Shing Circuit PSPS		8,611
34	DD129, Yuen Long	220,000	147,000
35	MTR Tung Chung Station (Site 3)	n/a	1,169,293
	MTR Tung Chung Station (Site 3)		26,910
	MTR Tung Chung Station (Site 2 North)	n/a	237,535
36	99 Tai Tong Road, Yuen Long (Sereno Verde Phase 1)	216,407	467,739
	99 Tai Tong Road, Yuen Long (Sereno Verde Phase 2)	88,728	370,318
	99 Tai Tong Road, Yuen Long (Sereno Verde Phase 3)	27,965	170,468
	99 Tai Tong Road, Yuen Long (Sereno Verde Phase 4)	45,187	132,882
Grand Total			18,854,243

Notes:

(1) TBD=To Be Determined, n/a=not applicable

(2) "Others" includes hotel, service apartment and resort.

(3) P=Planning; D=Demolition; F=Foundation; S=Superstructure; C=Completed

(4) Property in which the Group's return is pre-determined in accordance with the terms and conditions of the joint development agreement.

(5) Properties in which the Group has a development interest: other parties provide the land whilst the Group finances the construction costs 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.

Group Interest (%)	Retail (sq.ft.)	Office (sq.ft.)	Residential (sq.ft.)	Others ⁽²⁾ (sq.ft.)	Total Attributable GFA (sq.ft.)	Stage of Completion ⁽³⁾
33.33			17,650		17,650	S
70.00			50,450		50,450	F
100.00			120,818		120,818	F
43.00			18,216		18,216	F
80.00			28,184		28,184	S
10.00			133,103		133,103	S
100.00 ⁽⁴⁾			229,521		229,521	F
100.00 ⁽⁴⁾			422,229		422,229	F
50.00 ⁽⁵⁾			96,015		96,015	S
50.00 ⁽⁵⁾			229,994		229,994	S
50.00 ⁽⁵⁾	1,980				1,980	
50.00				33,152	33,152	F
50.00	6,128				6,128	
100.00			37,186		37,186	P
29.00			450,441		450,441	F
29.00	9,365				9,365	
50.00			632,858		632,858	S
50.00	10,118				10,118	
100.00		85,788			85,788	P
30.00			271,253		271,253	F
TBD					TBD	D
20.00			253,176		253,176	F
20.00	2,493				2,493	
20.00				46,113	46,113	
TBD					TBD	P
33.33			331,907		331,907	S
100.00			750,000		750,000	P
100.00			69,300		69,300	P
100.00			420,000		420,000	P
100.00			450,000		450,000	P
100.00			350,000		350,000	P
100.00			66,520		66,520	P
96.46			196,860		196,860	P
35.00					TBD	P
100.00				340,000	340,000	P
83.42			92,846		92,846	P
TBD					TBD	P
100.00			30,000		30,000	P
56.00			591,934		591,934	P
56.00	12,056				12,056	
100.00			184,800		184,800	P
TBD					TBD	P
29.00			138,844		138,844	P
29.00	2,497				2,497	
100.00			147,000		147,000	P
16.40 ⁽⁵⁾			191,764		191,764	S
16.40 ⁽⁵⁾	4,413				4,413	
16.40 ⁽⁵⁾				38,956	38,956	P
56.00			261,934		261,934	C
56.00			207,378		207,378	S
56.00			95,462		95,462	F
56.00			74,414		74,414	F
	49,050	85,788	7,642,057	458,221	8,235,116	

Project Summary - Major Property Investment Projects in Hong Kong

NAME OF PROPERTY INVESTMENT

- 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
- 8 2 MacDonnell Road
- 9 Methodist House
- 10 New World Centre
- 11 New World Centre Palace Mall
- 12 Telford Plaza
- 13 Asia Terminals Centre
- 14 Riviera Plaza Arcade,
- 15 Discovery Park Shopping Mall
- 16 New World Centre Extension





Hong Kong Convention & Exhibition Centre



Grand Hyatt Hong Kong



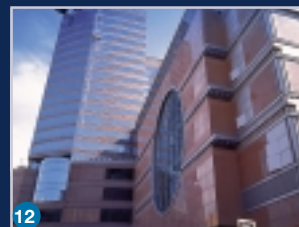
Pearl City



2 MacDonnell Road



New World Centre – New World Renaissance Hotel



Telford Plaza



Discovery Park Shopping Mall

Project Summary - Major Property Investment Projects 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/China Merchants Tower	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 Group Floor to 4th Floor	53,691	40.0	21,476
	- Portion of Group 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 costs 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) 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.

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

Name of Hotel/Location		Number of Rooms	Group's Effective Interest (%)
EXISTING			
HONG KONG			
1	New World Renaissance Hotel, Kowloon	542	64.0
2	Renaissance Harbour View Hotel	860	64.0
3	Grand Hyatt Hong Kong	570	64.0
4	The Regent *	514	75.0
		2,486	
CHINA			
5	New World Courtyard Hotel, Beijing	293	41.5
6	Jing Guang New World Hotel, Beijing	444	20.5
7	China Hotel, Guangzhou	885	9.0
8	New World Beifang Hotel, Harbin	326	23.8
9	New World Hotel, Shenyang	252	49.3
10	New World Courtyard Hotel, Shunde	359	22.9
11	New World Courtyard Hotel, Wuhan	137	35.2
12.	New World Courtyard Hotel, Wuxi	243	25.6
13	Grand New World Hotel, Xian	491	22.4
		3,430	
SOUTHEAST ASIA			
14	New World Renaissance Hotel, Makati, Philippines	599	25.6
15	New World Renaissance Hotel, Ho Chi Minh City, Vietnam	504	21.6
16	Renaissance Riverside Hotel, Ho Chi Minh City, Vietnam	200	19.4
17	New World Renaissance Hotel, Kuala Lumpur, Malaysia	921	37.5
		2,224	
Total		8,140	
TO BE COMPLETED			
18	The Chinese University Hotel Project	TBD	100.0
19	New World Centre Extension	TBD	100.0

* The disposal of the Regent was completed in August 2001.

		Gross Length/ Capacity	NWI's Form of Investment	NWI's Attributable Interest(%)	Contracted Date	Expected/ Actual Operation Date ⁽¹⁾	JV Period (years)	Expiry Date ⁽²⁾
ROAD PROJECTS								
R1	Guangzhou City Northern Ring Road	22.0 km	CJV	65.29	6/1990	1/1994	33	2023
R2	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)		CJV	25.00	12/1992		37	2030
	Phase I - Section I	8.6 km				5/1997		
	Phase I - Section II	53.8 km				12/1999		
R3	Shenzhen-Huizhou Expressway (Huizhou Section)							
	Expressway	34.7 km	CJV	33.33	11/1992	6/1993	30	2027
	Roadway	21.8 km	CJV	50.00	10/1996	12/1997	26	2023
R4	Hui-Ao Roadway		CJV	50.00	12/1995		33	2028
	Hui-Dan Section	36.0 km				1/1996		
	Hui-Ao Section	50.5 km				10/2000		
R5	Roadway No. 321 (Fengkai Section)	42.0 km	CJV	45.00	5/1994	12/1994	25	2019
R6	Roadway No. 321 (Deqing Section)	79.0 km	CJV	45.00	12/1994	9/1995	25	2020
R7	Roadway No.321 (Gaoyao Section)	23.8 km	CJV	55.00	7/1998	8/1998	25	2019
R8	Roadway No.1962 (Gaoyao Section)	32.4 km	CJV	60.00	7/1998	8/1998	30	2026
R9	Roadway No.1958 (Deqing Section)	30.0 km	CJV	65.00	5/1998	5/1999	25	2023
R10	Roadway No. 1967 (Xinxing Section)	25.0 km	CJV	55.00	5/1997	7/1997	25	2022
R11	Roadway No. 324 (Gaoyao Section)	24.0 km	CJV	40.00	8/1993	2/1994	22	2015
R12	Roadway No. 1969 (Gaoyao Section)	27.0 km	CJV	10.00/58.00	8/1996	1/1998	28	2024
R13	Roadway No. 1964 (Zhaojiang Section)	32.0 km	CJV	70.00	6/1994	12/1995	25	2019
R14	Shuangjin Roadway (Gaoyao Section)	34.0 km	CJV	61.00	8/1997	9/1997	26	2024
R15	Roadway No. 1959 (Qingxin Section)	26.6 km	CJV	75.00	8/1997	11/1998	30	2027
R16	Roadway No. 1906 (Qingcheng Section)	26.8 km	CJV	80.00	9/1997	9/2001	30	2028
R17	Roadway No. 1960 (Guangning Section)	60.0 km	CJV	55.00	8/1995	7/1996	25	2020
R18	Roadway No. 1960 (Sihui Section)	47.0 km	CJV	50.00	11/1995		25	2021
	Wumagang Bridge Toll Station					1/1996		
	Shatou Toll Station					6/1996		
R19	Roadway No. 1962 (Guangning Section)	19.5 km	CJV	55.00	7/1996	4/1998	26	2023
R20	Roadway No. 321 (Wuzhou Section)		CJV	45.00	1/1997		25	2022
	Phase I	8.7 km				3/1997		
	Phase II	4.3 km				12/1998		
R21	Yulin to Shinan Roadway	27.8 km	CJV	60.00	5/1997	5/1998	25	2022
R22	Yulin Shinan to Dajiangkou Roadway		CJV	60.00	5/1997		25	2022
	Phase I	8.7 km				8/1997		
	Phase II	30.0 km				1/1999		
R23	Yulin Shinan to Guigang Roadway	20.0 km	CJV	60.00	5/1997	n/a	25	2022
R24	Cangwu County Roadway	10.1 km	CJV	70.00	8/1997	1/1999	25	2022
R25	Beiliu City Roadways		CJV	60.00	8/1997		25	2022
	Phase I	18.2 km				8/1997		
	Phase II	21.6 km				5/1998		
R26	Rongxian Roadways		CJV	70.00	9/1997		25	2022
	Phase I	9.2 km				10/1997		
	Phase II	16.8 km				5/1998		
R27	Wuhan Airport Expressway	18.0 km	CJV	40.00	1/1993	4/1995	30	2025
R28	Tangjin Expressway (Tianjin North Section)		CJV	60.00/90.00	10/1997		30	
	Section I	43.4 km				1/1999		2028
	Section II	17.0 km				1/2001		2030
R29	Shanxi Taiyuan to Gujiao Roadway (Taiyuan Section)	23.2 km	CJV	60.00/90.00	3/1998	7/2000	27	2025
R30	Shanxi Taiyuan to Gujiao Roadway (Gujiao Section)	36.0 km	CJV	60.00/90.00	3/1998	4/1999	27	2025
R31	Jincheng to Jiaozuo Expressway (Shanxi Section)	31.6 km	CJV	60.00/90.00	5/1998	7/2002	30	2028
R32	Roadway No.309 (Changzhi Section)	22.2 km	CJV	60.00/90.00	6/1998	7/2000	25	2023
R33	Taiyuan to Changzhi Roadway							
	(Changzhi Section)	18.3 km	CJV	60.00/90.00	6/1998	8/2000	25	2023
R34	Tate's Cairn Tunnel	4.0 km	Equity	27.50	5/1988	6/1991	30	2018
		1,145.6 km						

		Gross Length/ Capacity	NWI's Form of Investment	NWI's Attributable Interest(%)	Contracted Date	Expected/ Actual Operation Date ⁽¹⁾	JV Period (years)	Expiry Date ⁽²⁾
BRIDGE PROJECTS								
B1	Wuhan Bridge Development**	4.0 km	JSC	48.86	7/1994	6/1995	30	2025
B2	Gaoming Bridge	1.1 km	CJV	30.00/80.00	7/1996	11/1996	25	2021
B3	Zhaoqing Deqing Xijiang Bridge	1.4 km	CJV	60.00	12/1996	5/1999	25	2022
B4	Tianjin Yonghe Bridge	0.5 km	CJV	90.00	7/1998	12/1998	25	2023
		7.0 km						
CARGO HANDLING PROJECTS								
C	Pacific Ports Company Limited#	n/a	Equity	75.00	4/1998	5/1998	-	Perpetual
C1	CSX World Terminals HK Ltd.	1,200,000 TEUs	Equity	25.01	6/1991	6/1991	50	2047
C2	ATL Logistics Centre Hong Kong Ltd.	5,900,000 sq.ft.	Equity	41.75	10/1985	2/1987	50	2047
C3	Asia Container Terminals Limited (ACT)	1,800,000 TEUs	Equity	27.25	12/1998	8/2003	49	2047
C4	United Asia Terminals (Yantian) Limited	11,457 sq.m.	Equity	30.00	1/1997	2/1997	10	2006
C5	Xiamen Xiang Yu Quay Co., Ltd.	250,000 TEUs	CJV	69.00	8/1992	4/1997	50	2042
C6	Xiamen Xiangyu Free Trade Zone Huijian Quay Co., Ltd.	250,000 TEUs	CJV	45.00	6/1995	2nd half 2001	50	2045
C7	Xiamen New World Xiangyu Warehouse & Processing Zone Limited	89,448 sq.m.	FWOE	75.00	3/1995	1/1998	50	2045
C8	Xiamen Xinyuan Container Terminal Co., Ltd.	38,000 sq.m.	EJV	52.50	1/1998	1/1999	20	2018
C9	Sea-Land Orient (Tianjin) Container Terminals Co., Limited	1,200,000 TEUs	EJV	18.38	1/1997	1/1999	30	2027
C10	Nanjing Huining Wharfs Co., Ltd.	6,500,000 tonnes	EJV	41.25	6/1994	10/1994	25	2019
C11	Suzhou Huisu International Container Freight Wharfs Co., Ltd.	40,000 TEUs	EJV	41.25	6/1995	1/1998	30	2025
		600,000 tonnes						
C12	ATL Logistics Centre Yantian Ltd.	11,000 sq.m.	Equity	34.50	4/2001	End of 2001	18	2019
ENERGY PROJECTS								
P1	Zhujiang Power Station - Phase I	600 MW	EJV	50.00	1/1992	1/1994	25	2017
P2	Zhujiang Power Station - Phase II	600 MW	EJV	25.00	12/1995	4/1996	25	2020
P3	Shunde De Sheng Power Plant	273.5 MW	CJV	60.00	1/1997	4/1997	20	2017
P4	Sichuan Qianwei Dali Power Plant	54 MW	CJV	60.00	10/1997	11/1997	25	2022
P5	Macau Power Plant	351.7 MW	Equity	20.33	8/1997	11/1997	25	2010
P6	New QU Energy Limited	n/a	Equity	⁽⁸⁾	10/1999	10/1999	-	Perpetual
		1,879.2 MW						
WATER PROJECTS								
W1	Macau Water Plant	258,000 m³/day	Equity	42.50	8/1997	11/1997	25	2010
W2	Zhongshan Tanzhou Water Plant	60,000 m³/day	Equity	29.00	8/1997	11/1997	35	2027
W3	Nanchang Water Plant	50,000 m³/day	Equity	25.00	8/1997	11/1997	28	2023
W4	Lianjiang Water Plant	100,000 m³/day	Equity	30.00	8/1997	10/2001	30	2027
W5	Dongguan Microfiltration Equipment Plant	n/a	Equity	25.00	8/1997	11/1997	20	2014
W6	Zhongshan Dafeng Water Plant	200,000 m³/day	Equity	33.06	1/1998	4/1998	22	2020
W7	Zhongshan Quanlu Water Plant	500,000 m³/day	Equity	33.06	1/1998	4/1998	22	2020
W8	Changtu Water Plant	50,000 m³/day	Equity	35.00	3/1999	1/2001	30	2029
W9	Baoding Water Plant	260,000 m³/day	Equity	45.00	3/2000	6/2000	20	2020
W10	Siping Water Plant	118,000 m³/day	Equity	25.00	6/2000	9/2000	30	2030
W11	Zhengzhou Water Plant	360,000 m³/day	Equity	25.00	10/2000	8/2001	30	2031
		1,956,000 m³/day						

[illegible]

Project Summary - Major Property Projects in the PRC

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interest (%)	Site Area (sq.m)
DEVELOPMENT PROJECTS FOR SALE					
NORTHERN REGION					
1a	Beijing New World Centre Phase II	CJV	JCE	70	16,224
2	Beijing Lai Loi Garden Phase I	CJV	Assoc.	35	1,270,998
	Beijing Lai Loi Garden Remaining Phases				
3	Beijing Lingal Garden	CJV	Subsidiary	100	169,000
4	Beijing New World Garden Phase I	CJV	JCE	70	52,800
	Beijing New World Garden Phase II A				
	Beijing New World Garden Phase II B (South Office Building)				
	Beijing New World Garden Phase II C (East Office Building)				
	Beijing New World Garden Phase III (Formerly known as Chongwen District Development Lot # 1)				
5a	Beijing New View Garden Remaining Phases (Formerly known as Chongwen District Development Lot # 5)	CJV	JCE	70	220,000
6	Beijing Xin Fu Garden Phase I (Formerly known as Beijing Chongwen District Development Lot # 6)	CJV	JCE	70	167,100
	Beijing Xin Fu Garden Phase II				
	Beijing Xin Fu Garden Remaining Phases				
7	Beijing Xin Kang Garden Phase II	CJV	JCE	70	101,893
	Beijing Xin Kang Garden Phase III				
8	Tianjin Xin An Garden Phase I	WFE	Subsidiary	100	20,148
	Tianjin Xin An Garden Phase II				
9	Tianjin New World Garden Phase I	CJV	Fixed Return Joint Venture	60 (note)	46,469
	Tianjin New World Garden Phase II				
	Tianjin New World Garden Phase III				15,136
	Tianjin New World Garden Remaining Phases	CJV	JCE	70	360,498
10a	Huayuan Residential Area Development Sub Area 8	CJV	Fixed Return Joint Venture	60 (note)	21,470
11a	Xin Chun Hua Yuan Development Phase II	CJV	Fixed Return Joint Venture	60 (note)	72,800
	Xin Chun Hua Yuan Development Remaining Phases				
NORTHEAST REGION					
12	Shenyang New World Garden Phase IB	CJV	Subsidiary	90	1,878,958
	Shenyang New World Garden Phase IC				
	Shenyang New World Garden Phase ID				
	Shenyang New World Garden Remaining Phases				
13a	Dalian New World Plaza Phase I	EJV	Subsidiary	88	9,800
	Dalian New World Plaza Phase III				

Total GFA (sq.m)	Residential (sq.m)	Commercial (sq.m)	Office (sq.m)	Hotel (sq.m)	Others (sq.m)	Development Status	Expected Completion Date
67,531	37,183		3,624		26,724	Completed	N/A
100,000	74,710	25,290				Under Development	Apr, 2003
547,290	532,290				15,000	Under Planning	TBD
127,400	122,244				5,156	Under Development	Nov, 2002
72,345	40,879	2,615	4,083		24,768	Under Development	Oct, 2001
60,918	60,918					Under Development	Jun, 2003
14,000			14,000			Under Development	Jun, 2003
44,467			44,467			Under Development	Jun, 2003
382,800	205,000	30,000	81,200		66,600	Under Planning	TBD
591,625	436,846	47,574			107,205	Under Planning	TBD
35,518	35,518					Under Planning	TBD
45,000	45,000					Under Planning	TBD
601,282	469,582	18,000	6,700		107,000	Under Planning	TBD
79,475	72,857	4,008			2,610	Under Development	Oct, 2001
119,371	83,759	3,212			32,400	Under Planning	TBD
38,031	34,088	3,943				Completed	N/A
18,183			18,183			Under Planning	TBD
70,160	39,267	16,161			14,732	Under Development	Jun, 2003
74,440	67,141	2,000			5,299	Under Development	TBD
104,274	84,942	7,432			11,900	Under Planning	TBD
1,300,968	896,342	383,761			20,865	Under Planning	TBD
60,000	60,000					Under Planning	TBD
34,828	32,985	1,600			243	Under Development	Dec, 2001
100,108	91,612	8,496				Under Planning	TBD
57,761	44,694				13,067	Under Development	Jun, 2002
241,580	209,800				31,780	Under Development	Dec, 2002
206,600	196,260		10,340			Under Planning	TBD
2,603,291	1,628,600	367,232	116,320		491,139	Under Planning	TBD
38,225	38,225					Under Development	Dec, 2001
82,169			59,164		23,005	Under Development	TBD

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interest (%)	Site Area (sq.m)
CENTRAL REGION					
14	Shanghai Zhongshan Square Phase II	CJV	JCE	34	16,171
15	Hong Kong New World Garden Phase I	EJV	Subsidiary	80	114,269
16	Hong Kong New World Garden Remaining Phases				
	Wuhan Menghu Garden Phase I	CJV	JCE	50	399,335
	Wuhan Menghu Garden Remaining Phases				
17a	Wuhan New World Centre (Formerly known as Wuhan Hotel Redevelopment)	CJV	JCE	60	37,234
18	Wuhan Changqing Garden Phase IVB	CJV	Fixed Return Joint Venture	60 (note)	2,311,331
	Wuhan Changqing Garden Remaining Phases				
19	Wuhan Xin Hua Garden Phase I (Formerly known as Wuhan Xinhua Road Development Phase I)	CJV	Fixed Return Joint Venture	60 (note)	92,909
	Wuhan Xin Hua Garden Remaining Phases				
20a	Nanjing New World Centre	EJV	Subsidiary	92	11,218
21	Jinan Sunshine Garden Phase I	EJV	JCE	65	236,000
	Jinan Sunshine Garden Phase II				
	Jinan Sunshine Garden Phase III				
22	Hefei New World Garden Phase I	CJV	JCE	60	82,660
	Hefei New World Garden Phase II				
SOUTHERN REGION					
23	New World Casa California	CJV	JCE	60	18,930
24	Dong Yi Garden Phase II	CJV	Subsidiary	100	74,585
	(Formerly known as New World Eastern Garden Phase II)				
	Dong Yi Garden Phase III				
	Dong Yi Garden Phase IV				
25	New World Oriental Garden Phase I	CJV	Subsidiary	100	96,461
	(Formerly known as Tianhe Shipai Lot No. 2 Phase I)				
	New World Oriental Garden Phase II				
	(Formerly known as Tianhe Shipai Lot No. 2 Phase II)				
	New World Oriental Garden Phase III				
	(Formerly known as Tianhe Shipai Lot No.5)				
26	New World Triumph Plaza Phase I	CJV	Subsidiary	91	107,876
	(Formerly known as Pearl River New Town Zone L Phase I)				
	New World Triumph Plaza Phase II				
27	Covent Garden Phase I	CJV	JCE	60	370,383
	(Formerly known as Fangcun District Nos. 1, 2, 4 Development)				
	Covent Garden Remaining Phases				
28	Fangcao Garden Phase I	CJV	JCE	20	44,516
	Fangcao Garden Phase II				
29	New World South City Phase IIA (Formerly known as Jiaxianzhuang Low-cost Housing Development Phase IIA)	CJV	Fixed Return Joint Venture	60 (note)	576,700
	New World South City Phase IIB				
	New World South City Phase II C				
	New World South City Remaining Phases (Formerly known as Jiaxianzhuang Low-cost Housing Development Remaining Phases)				
	New World South City Remaining Phases (Formerly known as Jiaxianzhuang Commodity Housing Development)	CJV	Subsidiary	80	480,400
30	Shenzhen Xilihu Development	CJV	Subsidiary	70	58,121

Total GFA (sq.m)	Residential (sq.m)	Commercial (sq.m)	Office (sq.m)	Hotel (sq.m)	Others (sq.m)	Development Status	Expected Completion Date
127,957			127,957			Under Planning	TBD
46,659	21,520	787	23,178		1,174	Under Development	Sep, 2001
406,433	350,570	48,037			7,826	Under Planning	TBD
37,638	37,238				400	Under Development	Dec, 2002
218,362	205,562	7,400			5,400	Under Planning	TBD
59,900	59,900					Under Planning	TBD
424,181	424,181					Under Development	Jun, 2002
1,837,768	1,837,768					Under Planning	TBD
123,543	75,466	37,382			10,695	Under Development	Sep, 2001
196,404	196,404					Under Planning	TBD
74,237	74,237					Under Development	Jun, 2002
59,739	55,731				4,008	Under Development	Jan, 2002
340,720	306,379	14,571	11,203		8,567	Under Planning	TBD
80,000		80,000				Under Planning	TBD
45,453	29,630	2,579			13,244	Completed	Jun, 2001
24,329	24,329					Under Development	Jun, 2002
13,393	8,859				4,534	Completed	Dec, 2000
48,944	33,706	7,443			7,795	Under Development	Aug, 2001
57,928	49,589				8,339	Under Development	Apr, 2002
129,804	83,361	18,931			27,513	Under Planning	TBD
177,636	115,425	25,589			36,622	Under Development	Jun, 2003
150,428	117,600				32,828	Under Planning	TBD
84,140	69,240				14,900	Under Planning	TBD
202,556	150,265	15,811			36,480	Under Development	May, 2003
136,979	112,818	2,951			21,210	Under Planning	TBD
35,699	35,699					Under Development	Dec, 2001
1,171,300	1,045,620	5,170			120,510	Under Planning	TBD
44,510	38,000	2,500			4,010	Under Development	Jul, 2002
44,005	43,387				618	Under Planning	TBD
43,571	37,736	5,685			150	Under Development	Nov, 2001
138,850	120,000	12,250			6,600	Under Development	Oct, 2002
226,250	195,000	25,350			5,900	Under Development	Jun, 2003
433,600	370,000	52,800			10,800	Under Planning	TBD
710,000	496,900	186,700			26,400	Under Planning	TBD
29,000	23,800	5,200				Under Planning	TBD

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interest (%)	Site Area (sq.m)
31	Shenzhen New World Yi Shan Garden Phase I Shenzhen New World Yi Shan Garden Phase II Shenzhen New World Yi Shan Garden Phase III	CJV	JCE	70	89,350
32a	Shunde New World Convention & Exhibition Centre Phase II Shunde New World Convention & Exhibition Centre Phase III	CJV	Assoc.	35	14,171
33	Dongguan New World Garden Phase V~IX Dongguan New World Garden Remaining Phases	CJV	JCE	38	504,563
34a	Huiyang Palm Island Golf Club & Resort Phase I Huiyang Palm Island Golf Club & Resort Remaining Phases	EJV	JCE	27	255,000
35	Huizhou Changhuyuan Development Remaining Phases	CJV	Fixed Return Joint Venture	62.5 (note)	57,653
36	Xintang New World Garden Phase IB & IC Xintang New World Garden Phase II Xintang New World Garden Phase III Xintang New World Garden Phase IV	CJV	Fixed Return Joint Venture	60 (note)	283,335
37	Zhuhai New World Riveria Garden Phase I (Formerly known as Zhuhai New World Harbour-front Garden Phase I) Zhuhai New World Riveria Garden Phase II Zhuhai New World Riveria Garden Phase III	CJV	JCE	60	42,104
38	Zhaoqing New World Garden Phase I (Formerly known as Zhaoqing Lake Development) Zhaoqing New World Garden Remaining Phases	CJV	Assoc.	32	160,367
39	Haikou New World Garden Phase I Haikou New World Garden Phase II Haikou New World Garden Phase III	CJV	JCE	60	230,885
Sub-total					
Note : Profit sharing percentage in respect of commodity housing units.					

INVESTMENT PROPERTY UNDER DEVELOPMENT

5b	Beijing New View Garden Phase I	CJV	JCE	70	19,977
13b	Dalian New World Plaza Phase II	EJV	Subsidiary	88	9,800
17b	Wuhan New World Centre (Formerly known as Wuhan Hotel Redevelopment)	CJV	JCE	60	37,234
20b	Nanjing New World Centre	EJV	Subsidiary	92	11,218
40	Hong Kong New World Tower	CJV	Assoc.	44	9,953
41	Changning Ramada Square	CJV	Subsidiary	57	9,084
Sub-total					

Total GFA (sq.m)	Residential (sq.m)	Commercial (sq.m)	Office (sq.m)	Hotel (sq.m)	Others (sq.m)	Development Status	Expected Completion Date
9,606	7,500	441			1,665	Under Development	Sep, 2001
99,702	79,475	6,311			13,916	Under Development	Nov, 2003
69,506	53,720				15,786	Under Planning	TBD
31,705	29,600	270			1,835	Under Development	Oct, 2002
65,549	64,792				757	Under Planning	TBD
47,126	45,760				1,366	Completed	N/A
686,879	686,879					Under Planning	TBD
3,906	3,906					Completed	N/A
256,209	245,564	10,645				Under Planning	TBD
120,000	120,000					Under Planning	TBD
31,218	31,218					Under Development	Nov, 2001
133,180	115,978	6,084			11,118	Under Development	Jun, 2003
90,713	84,880	3,700			2,133	Under Planning	TBD
107,604	100,620	4,223			2,761	Under Planning	TBD
22,139	19,525	1,875			739	Under Development	Dec, 2001
10,507	10,163				344	Under Development	Apr, 2002
29,458	28,274				1,184	Under Development	Oct, 2002
41,405	32,835	2,000			6,570	Under Development	Oct, 2002
312,681	277,250	4,000			31,431	Under Planning	TBD
52,638	49,560				3,078	Under Development	Feb, 2002
66,137	64,625				1,512	Under Planning	TBD
79,313	78,920				393	Under Planning	TBD
18,268,737	14,717,705	1,518,009	520,420		1,512,603		
68,346	49,478	2,159			16,709	Under Development	Oct, 2001
52,195		52,195				Under Development	Aug, 2002
216,300		138,300	21,100	29,900	27,000	Under Planning	TBD
138,083		17,849	54,968	55,780	9,486	Under Development	Jun, 2002
137,125		36,637	64,198		36,290	Under Development	Mar, 2003
122,608	34,927	17,272		46,102	24,307	Under Development	Mar, 2002
734,658	84,405	264,412	140,266	131,782	113,792		

Project No.	Project Name	Form of Investment	Accounting Classification	NWCL's Attributable Interest (%)	Site Area (sq.m)
COMPLETED INVESTMENT PROPERTY PROJECTS					
42	Beijing New World Centre Phase I	CJV	JCE	70	17,141
1b	Beijing New World Centre Phase II	CJV	JCE	70	16,224
43	New World Courtyard Hotel, Beijing	CJV	JCE	59	N/A
					(included in Beijing New World Centre Phase I)
44	New World Xin An Shopping Centre (Formerly known as Tianjin New World Anderson Centre)	WFE	Subsidiary	100	23,127
45	New World Hotel, Shenyang	EJV	JCE	70	7,847
46	Wuhan Int'l Trade & Comm. Centre Annex Building	EJV	Subsidiary	95	3,806
47	New World Courtyard Hotel, Wuhan	CJV	JCE	50	5,201
32b	Shunde New World Convention & Exhibition Centre Phase I	CJV	Assoc.	35	14,171
34b	Huiyang Palm Island Golf Club & Resort Phase I	EJV	JCE	27	255,000
48	New World Courtyard Hotel, Shunde	CJV	Assoc.	33	5,000
	Sub-total				
	Total				

Total GFA (sq.m)	Residential (sq.m)	Commercial (sq.m)	Office (sq.m)	Hotel (sq.m)	Others (sq.m)
126,742	5,801	74,233	26,752		19,956
72,218	28,315	43,903			
23,988				23,988	
101,933		71,998	10,464		19,471
32,200				32,200	
9,423			9,423		
10,250				10,250	
49,103		33,154			15,949
1,660				1,660	
36,524				36,524	
464,040	34,115	223,289	46,639	104,622	55,375
19,467,435	14,836,225	2,005,711	707,324	236,404	1,681,771

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Members of the Company will be held at Meeting Room 404-405, Hong Kong Convention & Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 6 December 2001 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 2001.
- 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, 10 October, 2001

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 on behalf of the member. 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 29 November 2001, Thursday to 6 December 2001, Thursday, 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 28 November 2001, Wednesday.

DATO' DR. CHENG YU-TUNG *DPMS, LLD(Hon), DBA(Hon), DSSc(Hon) (Aged 76)*

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 54)*

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 and HKR International 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 83)*

Appointed as Director in October 1972. Honorary Chairman of Hang Seng Bank 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 *CBE (Aged 74)*

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 92)*

Appointed as Director in October 1972. Honorary Chairman of Miramar Hotel & Investment Company Limited. Director of Hang Seng Bank 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 72)*

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 72)*

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

MR. LIANG CHONG-HOU, DAVID *(Aged 56)*

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

MR. YEUNG PING-LEUNG, HOWARD *(Aged 44)*

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 59)*

Appointed as Director in April 1989. Deputy Chairman 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.

MR. CHENG KAR-SHING, PETER *(Aged 49)*

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 62)*

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

MR. CHAN KAM-LING *(Aged 61)*

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 59)*

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-Sing, Payson)** *(Aged 51)*

Appointed as Alternate Director in September 2000. Mr. Cha is the Managing Director of HKR International Limited. He has extensive experience in the textile and real estate business. He is active in public services and is member of various public and private bodies, inter alia, the Hong Kong Institute of Biotechnology Limited, the Court of the Hong Kong Polytechnic University and the University Grants Committee.

The Directors have pleasure in presenting their Annual Report and Statement of Accounts for the year ended 30 June 2001.

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 156 to 169.

Accounts

The profit of the Group for the year ended 30 June 2001 and the state of the Company's and the Group's affairs at that date are set out in the Accounts on pages 106 to 169.

Operating Profit before Financing Costs and Income

	2001 HK\$m	2000 HK\$m
Rental income		
Trading results	908.7	1,097.7
Provision for diminution in value of investment in a joint development project	(40.0)	–
	868.7	1,097.7
Property sales		
Trading results	466.9	258.3
Forfeiture of deposits for sale of investments	–	186.4
Loss on dilution of interests in a subsidiary company	(22.9)	(1,642.6)
Provision for advance to an equity joint venture	–	(22.0)
Provision for investment in a co-operative joint venture	–	(18.0)
Provision for diminution in value of properties held for sale	(221.7)	–
Provision for advance to a company limited by shares	(270.0)	–
Write back of provision for diminution in value of properties held for sale	231.0	–
	183.3	(1,237.9)
Construction and engineering		
Trading results	333.1	410.6
Profit on disposal of interests in subsidiary companies	–	51.9
	333.1	462.5
Hotel and restaurant operations		
Trading results	825.9	479.1
Surplus on liquidation of an associated company	1.8	–
Surplus on liquidation of subsidiary companies	7.7	–
Provision for advance to a co-operative joint venture	(28.6)	(43.4)
Write back of provision for advance to an associated company	5.0	–
	811.8	435.7

Operating Profit before Financing Costs and Income (continued)

	2001 HK\$m	2000 HK\$m
Infrastructure operations		
Trading results	214.2	312.4
Loss on disposal of interests in associated companies	(426.1)	–
Loss on disposal of investment in unlisted shares	(1.3)	–
Loss on disposal of interests in a subsidiary company	(7.0)	–
Profit on disposal of a co-operative joint venture	99.4	–
Profit on disposal of investment in listed shares	111.8	710.9
Write back of provision for unlisted investment	12.5	–
Profit on repurchase of convertible bonds	1.8	25.5
Provision for investment in listed and unlisted shares	(244.9)	(250.6)
	(239.6)	798.2
Telecommunication services		
Trading results	(196.6)	(252.4)
Forfeiture of deposits for sale of investments	–	136.0
Profit on disposal of interests in an associated company	121.2	–
Profit on disposal of interests in a subsidiary company	–	74.8
Provision for investment in listed shares	(21.6)	–
	(97.0)	(41.6)
Others		
Trading results	297.9	310.0
Loss on disposal of investment in jointly controlled entities	–	(20.2)
Loss on disposal of investment in listed shares	(192.9)	–
Loss on disposal of interests in subsidiary companies	(1.4)	–
Loss on disposal of investment in a co-operative joint venture	(5.5)	–
Profit on disposal of interests in subsidiary companies	65.3	248.3
Profit on disposal of investment in listed and unlisted shares	70.6	585.9
Provision for advance to a jointly controlled entity	(14.0)	–
Provision for investment in unlisted shares	(47.1)	–
	172.9	1,124.0
	2,033.2	2,638.6

Dividends

The Directors have resolved to recommend total final dividend of HK\$0.10 per share (2000: HK\$0.10 per share) 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 6 December 2001. Together with the interim dividend of HK\$0.10 per share (2000: HK\$0.10 per share) paid in May 2001, total distributions for 2001 would thus be HK\$0.20 per share (2000: HK\$0.20 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.

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 the assets and liabilities of the Group for the last five financial years is set out on pages 174 and 175.

Purchase, Sale or Redemption of Listed Securities

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\$18.4 million (2000: HK\$7.1 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 94 to 100.

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

The Directors of the Company, whose names appear on page 176 of this annual report, were Directors of the Company during the year and at the date of this report.

In accordance with Article 103 of the Company's Articles of Association, Dr. Sin Wai-Kin, David, Mr. Cheng Yue-Pui, Mr. Chan Kam-Ling and Mr. Chow Kwai-Cheung retire by rotation and, being eligible, offer themselves for re-election.

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

An Audit Committee has been 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) ("NWDH"), a subsidiary company of the Group, on 25 July 1997. CTF was paid a fee of US\$9.5 million (HK\$73.9 million) for the year ended 30 June 2001 (2000: US\$9.9 million (HK\$77.2 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' Interests in Competing Businesses

During the year and up to the date of this report, the following Directors have interests in the following businesses which are considered to 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"):

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. 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	Hinkok Development Limited	Property development	Shareholder
	Asia Leisure Development Company Limited	Property development	Director

Directors' Interests in Competing Businesses (continued)

The above-mentioned Directors' involvement in the management of the above-mentioned entities are not significant nor are the size of the above-mentioned businesses undertaken by the entities in which they were appointed as directors considered as significant as compared to the Group.

As the Board of Directors of the Company is independent of the boards 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 2001, 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 101 to 103.

Directors' Rights to Acquire Shares or Debentures

(a) Under the respective share option schemes of New World Infrastructure Limited ("NWI"), New World China Land Limited ("NWCL") and New World CyberBase Limited ("NWCB"), options may be granted to respective directors and employees of NWI, NWCL or NWCB to subscribe for shares. The following directors of the Company who are also directors of NWI, NWCL or NWCB have personal interest in share options to subscribe for their respective shares in NWI, NWCL or NWCB as follows:

		Number of Share Options Outstanding at 30 June 2001 with Exercise Price per Share			
Name of Director	Date of Grant	HK\$10.20 ⁽¹⁾	HK\$12.00 ⁽²⁾	HK\$1.955	HK\$0.5664
New World Infrastructure Limited					
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	–	–
New World China Land Limited					
Dr. Cheng Kar-Shun, Henry	7 February 2001	–	–	5,000,000 ⁽³⁾	–
Mr. Cheng Kar-Shing, Peter	9 February 2001	–	–	2,500,000 ⁽⁴⁾	–
Mr. Leung Chi-Kin, Stewart	7 February 2001	–	–	500,000 ⁽³⁾	–
Mr. Chan Kam-Ling	9 February 2001	–	–	500,000 ⁽⁴⁾	–
Mr. Chow Kwai-Cheung	9 February 2001	–	–	500,000 ⁽⁴⁾	–
New World CyberBase Limited					
Dr. Cheng Kar-Shun, Henry	17 August 1999	–	–	–	25,000,000 ⁽⁵⁾

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.

⁽³⁾ Exercisable from 8 March 2001 to 7 March 2006.

⁽⁴⁾ Exercisable from 10 March 2001 to 9 March 2006.

⁽⁵⁾ Exercisable from 17 August 2000 to 16 August 2002.

No share option has been exercised by the directors under the respective share option schemes of the subsidiary companies during the year ended 30 June 2001.

Directors' Rights to Acquire Shares or Debentures (continued)

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.

Substantial Shareholder

As at 30 June 2001, Chow Tai Fook Enterprises Limited ("CTFEL"), together with its subsidiary companies had interests in 808,177,539 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 2001.

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.

Practice Note 19 of the Listing Rules

The disclosure pursuant to Practice Note 19 of the Listing Rules is set out on page 104.

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, 10 October 2001

Connected Transactions

- (a) The Company and CTFEL, severally in the proportions of 64.0% and 36.0%, have on 29 August 1995 issued an indemnity ("Indemnity") to Renaissance Hotel Group N.V. ("RHG"), a former subsidiary company of NWDH, 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, NWDH 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 3 December 1998, NWI and CSX World Terminals Hong Kong Limited ("CSX") (formerly Sea-Land Orient Terminals Limited) entered into a deed of guarantee (the "CSX8 Guarantee") in respect of the obligations of CSXWT Terminal 8 Limited ("CSX8") (formerly Sea-Land Orient Terminal 8 Limited) 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 CSX8 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 Tsing Yi, and its shareholders. The shareholders of ACT included two independent third parties, Sunmall and CSX8 holding 57.0%, 13.5% and 29.5% interest respectively. Sunmall was at that time a wholly owned subsidiary company of NWI and CSX8 was a non-wholly owned subsidiary company owned as to 66.1% by NWI and 33.9% by CSX. CSX is a connected person of NWI only by virtue of CSX's substantial shareholding in CSX8.

Pursuant to a restructuring agreement 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.

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 CSX8 became indirect non-wholly owned subsidiary companies held through PPC.

Under the CSX8 Guarantee, NWI and CSX unconditionally, irrevocably and severally guarantee, in the proportion of each of their respective shareholdings in CSX8, to ACTH and each of its shareholders (other than CSX8) that, if for any reason CSX8 does not (i) pay any sum payable by or expressed to be payable by it, or (ii) perform any of its obligations, under the ACT Agreements, NWI and CSX 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 CSX8 under the ACT Agreements is substantially to fund CSX8's share of CT9 project cost currently estimated to be HK\$720.0 million (2000: HK\$917.0 million) of which 66.1% amounting to HK\$476.0 million (2000: HK\$606.0 million) is guaranteed by NWI pursuant to the CSX8 Guarantee.

Connected Transactions (continued)

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 (i) pay any sum payable by or expressed to be payable by it, or (ii) 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\$330.0 million pursuant to the Sunmall Guarantee.

- (c) 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 income tax ("IT") and land appreciation tax ("LAT") in The People's Republic of China ("PRC") 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\$7,783.0 million. The tax indemnity is also given in respect of LAT and IT payable upon the disposal of any low-cost community housing in the event the relevant company in the Group is unable to pay such taxes. During the year, no such tax indemnity is effected (2000: Nil).
- (d) ACT entered into a facility agreement in respect of project financing of CT9 for HK\$3,400.0 million (the "ACT Loan") on 31 January 2000 which was subsequently reduced to HK\$3,000.0 million. 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 NWI is a substantial shareholder.
- (e) Pursuant to a sale and purchase agreement dated 19 August 2000, Quality First Services Limited ("QFSL"), a wholly owned subsidiary company of New World Services Limited ("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 85.0% owned by Tai Fook Securities Group Limited ("Tai Fook") and 15.0% owned by Primeluck Enterprises Limited ("Primeluck"), at a consideration of HK\$30.0 million.

On 19 August 2000, QFSL had subscribed 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.

As Chow Tai Fook Nominees Limited owns approximately 29.3% 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.

- (f) On 15 September 2000, Bonny-View Corporation ("Bonny-View"), an indirectly owned subsidiary company of the Group, entered into a conditional agreement with Anderson International Investment Limited ("Anderson International") relating to the acquisition of 49.0% interest in New World Anderson Development Company Limited ("NW Anderson") held by Anderson International together with a shareholder's loan of HK\$494.1 million ("Acquisition") for a total consideration of HK\$406.6 million. The Acquisition was completed on 30 November 2000. After the completion, NW Anderson became a wholly owned subsidiary company of Bonny-View.

By virtue of the fact that Anderson International was a substantial shareholder of NW Anderson and was 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 constituted a connected transaction of the Group.

Connected Transactions (continued)

- (g) On 9 November 2000, two unconditional agreements were entered into, respectively between, inter alia, INFA Nominees Limited ("INFA Nominees") as vendor and the Company as purchaser and New World CyberBase Nominee Limited ("NWC Nominee"), a wholly owned subsidiary company of New World Telephone Holdings Limited ("NWTH") as vendor and Mr. Tsang Cheung, Peter ("Mr. Tsang") as purchaser. In the first agreement, INFA Nominees agreed to sell 14 ordinary shares of HK\$1.00 each in the share capital of NWTH, a subsidiary company of the Group and assigned approximately HK\$203.0 million, being the outstanding shareholder's loan advanced by NWTH to INFA Nominees on a pro rata basis to NWTH, to the Company at the date of agreement at a total consideration of about HK\$424.1 million upon the terms and conditions therein contained. After the completion of the further acquisition of NWTH, the interests of the Group in NWTH increased from 88.0% to 95.0%. In the second agreement, NWC Nominee, an indirectly owned subsidiary of the Group, as vendor and Mr. Tsang as purchaser whereby NWC Nominee agreed to sell 180.0 million ordinary shares of HK\$0.02 each in the share capital of NWCB representing 4.7% of the entire issued capital of NWCB to Mr. Tsang at a consideration of HK\$53.1 million upon the terms and conditions therein contained.

Mr. Tsang is the director of NWTH and Mr. Tsang and persons connected with him are the beneficial owner of 100% shareholdings in INFA Nominees which held 7.0% of the entire issued share capital of NWTH before the above acquisition. Hence, Mr. Tsang is a connected person to the Company. Accordingly, the acquisition and disposal constituted connected transactions of the Company.

- (h) On 10 April 2001, New World First Ferry Services Limited, a 51.3% indirectly owned subsidiary company of the Company, entered into a shipbuilding contract with Marinteknik Shipbuilders (S) Pte Ltd ("Marinteknik"), which is owned more than 35.0% by Mr. Liang Chong-Hou David ("Mr. Liang"), for the construction of a 36 metres double deck, 397 passengers catamaran vessel by Marinteknik at a price of HK\$21.1 million, subject to adjustments for delays to the delivery of the vessel and any modifications or changes to the agreed specifications for the vessel.

As Mr. Liang, an executive director of the Company, owns more than 35.0% of the issued share capital in Marinteknik, Marinteknik is an associate of Mr. Liang and accordingly a connected person of the Company. The shipbuilding contract constituted a connected transaction of the Company.

- (i) On 19 April 2001, Front Drive Limited ("Front Drive"), an indirect subsidiary company of the Group entered into a shareholders' agreement with Kingsfund Limited ("Kingsfund") which is an indirect wholly owned subsidiary company of CSX World Terminals, LLC. ("CSXWT"), a substantial shareholder of CSX8, a subsidiary company of the Group, and ATL Logistics Centre Hong Kong Limited ("ATL") which is an associated company of CSXWT and a jointly controlled entity of the Group for the purpose of setting up a company incorporated in Hong Kong and known as ATL Logistics Centre Yantian Limited ("ATLY") to invest in the business in Yantian District, the PRC. According to the terms of the aforesaid shareholders' agreement, the shareholding structure of ATLY is Front Drive as to 18.2%, Kingsfund as to 31.8% and ATL as to 50.0% and shareholders' loans will be called by ATLY on a pro-rata basis when required.
- (j) On 27 April 2001, New World LifeTech Limited ("NWLT"), a 80.0% indirectly owned subsidiary company of the Company, entered into a conditional agreement with LifeTech Enterprises, Inc. ("LifeTech"), a company holding an indirect interest of 20.0% in NWLT, whereby LifeTech agreed to allot and issue to NWLT or Profit Tractor Limited, an indirect wholly owned subsidiary company of the Company, 9,825,810 new common shares (valued at a total sum of approximately US\$3.9 million (equivalent to approximately HK\$30.7 million)) determined at the value of US\$0.40 per share, representing approximately 18.0% of the enlarged issued share capital of LifeTech in consideration for the transfer of the entire issued share capital of the two of the wholly owned subsidiary companies of NWLT, namely LifeTech (Asia) Limited and New World LifeTech Pharmacy Limited to LifeTech.

Connected Transactions (continued)

LifeTech, through its wholly owned subsidiary company, is beneficially interested in 20.0% of the issued share capital of NWLT. Being a substantial shareholder of NWLT, LifeTech is regarded as a connected person of the Company and the above-mentioned transaction constituted a connected transaction of the Company.

- (k) On 11 May 2001, New World Development (China) Limited ("NWDC"), a 70.0% indirect subsidiary company of the Company, entered into an agreement with Nanjing Xuanwu Town Construction Development Company ("NXT") and American Professional Sound Systems Co., Ltd. ("APS") relating to the acquisition of 17.0% and 15.0% interests held by NXT and APS in Nanjing Huawei Real Estate Development Company Limited ("NHRED") respectively. The consideration paid by NWDC to NXT and APS was approximately HK\$28.9 million and HK\$16.8 million respectively. After the acquisition, the interests of NWDC in NHRED increased from 48.0% to 80.0%.

By virtue of the fact that NXT and APS are substantial shareholders of NHRED, which is treated as an indirect subsidiary company of the Company, the acquisition constitutes a connected transaction of the Group.

- (l) On 17 May 2001, an agreement was entered into between Mega Easy Investments Limited ("Mega Easy") as vendor, Firmshare Investments Limited, a wholly owned subsidiary company of the Group as purchaser and the Company as the purchaser's guarantor whereby Mega Easy sold the entire issued share capital of Biowin Investments Limited, a wholly owned subsidiary company of Mega Easy as at the date of the agreement and is the beneficial holder of 75.0% of the entire share capital of Eurasia Hotel Limited which carries on the business of operating The Regent Hong Kong held under a sub lease expiring on 28 December 2010 to the purchaser at a consideration not exceeding 3.0% of the consolidated net asset value of the Company as disclosed in the latest published consolidated audited accounts. The consideration for the acquisition had been arrived at after arm's length negotiation between the parties and was on normal commercial terms. The directors, including the independent non-executive directors of the Company believed that the acquisition is fair and reasonable and was in the interest of the Company and its shareholders as a whole.

Mega Easy is a direct wholly owned subsidiary company of NWDH which is beneficially owned as to 64.0% by the Company and 36.0% by CTFEL and the purchaser is a direct wholly owned subsidiary company of the Company which is owned as to approximately 37.0% by CTFEL. Accordingly, the acquisition constituted a connected transaction of the Company.

- (m) On 25 May 2001, Steady Profits Limited, a wholly owned subsidiary company of NWDC, entered into a conditional share purchase agreement with HK2 Limited ("HK2") relating to the acquisition of 3 shares held by HK2 in Kiwi Profits Limited ("KPL") for a consideration equalled to HK\$28.3 million which was satisfied by the issue and allotment by NWCL of 8,790,616 new shares, credited as fully paid up, in the issued share capital of NWCL at an issue price of HK\$3.225 each. After the acquisition, KPL became a wholly owned subsidiary company of Steady Profits.

Concurrently, on 25 May 2001, NWDC entered into a conditional sale and purchase agreement with HK3 Limited ("HK3") relating to the acquisition of a participating interest representing 12.0% equity interest in the registered capital of NHRED for a consideration equalled to HK\$6.8 million which was satisfied by the issue and allotment by NWCL of 2,121,140 new shares, credited as fully paid up, in the issued share capital of NWCL at an issue price of HK\$3.225 each. After the acquisition, the interests of NWDC in NHRED increased from 80.0% to 92.0%.

Connected Transactions (continued)

The agreements with HK2 and HK3 constituted share and connected transactions of the Group since HK2 and HK3 are substantial shareholders of KPL and NHRED respectively. The agreements were approved by a written consent of the Company as its ultimate holding company.

- (n) Suzhou Huisu International Container Freight Wharfs Co., Ltd. ("Huisu") is a subsidiary company of the Group's indirect subsidiary company, PPC owned as to 45.0% by Suzhou Tonggang Group Company ("Tonggang"), 40.0% by New World (Suzhou) Port Investments Limited ("NW Suzhou") and 15.0% by Wealth & Health Limited ("Wealth & Health"), both NW Suzhou and Wealth & Health are indirect wholly owned subsidiary companies of PPC. Tonggang is a connected person of the Group only by virtue of its being a substantial shareholder of Huisu and is not otherwise connected with the Group.

On 8 February 2001, an agreement was entered into between Grand Linkage Limited ("Grand Linkage"), an indirect wholly owned subsidiary company of the Group, and Tonggang pursuant to which Grand Linkage would acquire 20.0% interest in Huisu from Tonggang at a consideration of RMB5.2 million (approximately HK\$4.9 million) based on unaudited net asset value of Huisu as at 30 June 2000. The acquisition permit PPC to strengthen the management of Huisu and enhance its contribution in the long run.

- (o) On 17 August 2001, an agreement was entered into between Regent Hotel (Hong Kong) Limited ("Regent") as vendor and Fullbase Co., Ltd. ("Fullbase"), an indirect wholly owned subsidiary company of the Company, as purchaser whereby Regent had agreed to sell 20,000,000 shares of HK\$1.00 each in Eurasia Hotel Limited ("Eurasia") to Fullbase at a consideration of HK\$185.0 million upon the terms and conditions therein contained.

Eurasia was a 75.0% indirect subsidiary of the Company, and Regent owned 25.0% of Eurasia. Hence, Regent was a connected person of the Company. Accordingly, the transaction constituted connected transaction of the Company.

- (p) On 30 August 2001, 南京惠寧碼頭有限公司 (Nanjing Huining Wharfs Co., Ltd.) ("Nanjing Huining"), the operator of the nine berths located in Nanjing Port, the PRC, entered into an operating and management agreement (the "Operating and Management Agreement") with 南京港務管理局 (Nanjing Port Authority) ("NPA") whereby NPA agreed to act as the new operator for Nanjing Huining for its unexpired joint venture period up to 2 June 2019 at a consideration of RMB18.0 million (approximately HK\$16.8 million) to be paid to New World (Nanjing) Port Investments Limited ("NW Nanjing") by Nanjing Huining.

By an agreement (the "Huining Agreement") entered into between NW Nanjing and Nanjing Huining on 30 August 2001, NW Nanjing consented that NPA has the sole operation and management right of Nanjing Huining.

In addition, NW Nanjing entered into a share pledge agreement (the "Share Pledge Agreement") with NPA on 30 August 2001 whereby NW Nanjing pledged its entire shareholding of 55.0% in Nanjing Huining in favour of NPA as assurance for NW Nanjing's obligations under the Operating and Management Agreement, the Huining Agreement, the Share Pledge Agreement and the undertaking to maintain its share interest in Nanjing Huining until the expiry of the joint venture period of Nanjing Huining up to 2 June 2019.

The above-mentioned agreements provided PPC with an assured return for the remaining joint venture period of Nanjing Huining and relieved PPC of any further risks in relation to Nanjing Huining.

Nanjing Huining was a non-wholly owned subsidiary of the Group owned as to 55.0% by NW Nanjing and 45.0% by NPA. NW Nanjing is wholly owned by PPC and NPA is a connected person of the Group only by virtue of being a substantial shareholder of Nanjing Huining and is not otherwise connected with the Group.

Connected Transactions (continued)

- (q) On 3 September 2001, NWCL provided a corporate guarantee ("Guarantee") in favour of a financial institution in respect of the obligation and liabilities of Shanghai Ramada Plaza Ltd. ("SRP") under two separate term loan facilities as granted by an independent financial institution up to an aggregate principal amount of US\$10.0 million and RMB50.0 million respectively. NWCL also guaranteed for the completion of Shanghai Ramada Plaza by 31 March 2002 or such later date as the lender might agree and undertook that the funding requirement relating to the completion of its construction would be fulfilled. SRP is owned as to 95.0% by Ramada Property Ltd. which in turn is owned by NWCL as to 60.0% and Stanley Enterprises Limited ("Stanley") as to 20.0%. Stanley had agreed to pay to NWCL a guarantee fee of 0.25% per annum on the amount of the banking facility being utilised by SRP.

By virtue of the fact that Stanley is a substantial shareholder of certain subsidiary companies of the Group, the granting of the Guarantee and the payment of guarantee fee by Stanley constitute connected transactions for the Group.

- (r) On 19 September 2001, Touchful Limited ("Touchful"), a wholly owned subsidiary of NWI, entered into a loan agreement ("Loan Agreement") with Apex-Pro Systems Limited ("Apex-Pro"), an indirect 62.8% subsidiary of NWI in which no connected person of NWI is a substantial shareholder, whereby Touchful provides advances up to HK\$2.0 million to Apex-Pro at an interest rate of 8% per annum. These advances shall be repayable on demand provided that if the advances together with accrued interest is not repaid in full by the first anniversary of the date of the Loan Agreement, Touchful shall, upon the request of Apex-Pro, capitalise the outstanding amount of the advances (based on a pre-money valuation of HK\$10.0 million for the entire issued share capital of Apex-Pro as at the date of the Loan Agreement) into new shares of Apex-Pro. These advances were made not in proportion to the shareholdings of Apex-Pro. Therefore this transaction constituted connected transaction under the Listing Rules.

- (s) The following transactions had taken place between subsidiary companies of the Company and Infa Telecom Asia Limited ("Infa Telecom") during the year ended 30 June 2001:

- (i) purchase of equipment by New World Telephone Limited and New World PCS Limited ("Telephone Group") from Infa Telecom;
- (ii) engagement of Infa Telecom by the Telephone Group in the site installation related services of such purchase; and
- (iii) repairs services provided by Infa Telecom to the Telephone Group.

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

- (t) 上海裕隆實業公司 ("上海裕隆"), a substantial shareholder of Shanghai Heyu Properties Co Ltd ("SHPCL"), a 64.0% 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 2001 and the aggregate amount paid to 上海裕隆 at 30 June 2001 and which has been included as part of the development costs of the related property developed by SHPCL was HK\$24.4 million (2000: HK\$24.4 million). This advance was made not in proportion to the shareholdings of SHPCL. Therefore this transaction constituted connected transaction under the Listing Rules.

Connected Transactions (continued)

- (u) The Company has provided guarantees (the "Guarantees") in respect of the syndicated bank loans (the "Bank Loans") of a subsidiary company and a PRC joint venture of NWI. 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 2001 of the Bank Loans amounted to HK\$241.5 million (2000: HK\$241.5 million). The Guarantees and NWI's counter-guarantee will remain in force for the duration of the Bank Loans.
- (v) The Company has provided guarantee for US\$300.0 million syndicated loan facility granted to New World China Homeowner Development Limited ("NW Homeowner"), a wholly owned subsidiary company of NWCL. A guarantee fee calculated at 2.0% per annum is payable by NW Homeowner to the Company. The loan was repaid during the year and the guarantee fees paid to the Company for the year ended 30 June 2001 amounted to HK\$5.3 million (2000: HK\$12.9 million).
- (w) 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, of a loan facility of up to US\$300.0 million (2000: US\$300.0 million) granted by a syndicate of banks pursuant to a loan facility agreement dated 12 June 1996 of which the loan had been repaid as at the year end and
 - (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 RMB46.0 million (2000: RMB51.0 million) from the Bank of Communications.
- (x) New World Finance Company Limited and Sexon Enterprises Limited, wholly owned subsidiary companies of the Group and Hip Hing Construction Company Limited, 51.3% owned subsidiary company of the Group, had advanced HK\$2,741.2 million (2000: HK\$1,764.4 million) in aggregate to NWCL as at 30 June 2001. These loans are unsecured and carry interest at 0.5% above London Interbank Offer Rate per annum (2000: ranging from 8.5% to 15.0% per annum), and are repayable from March 2002 to December 2006. The interest charged by these subsidiary companies of the Group to NWCL for the year ended 30 June 2001 in respect of these loans amounted to HK\$106.4 million (2000: HK\$114.2 million).
- (y) 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 (s) 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' 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	—	—	3,484,183	253,321 ⁽²⁾
Ld. Sandberg, Michael	—	—	—	—
Dr. Ho Tim	1,782,519	—	—	—
Dr. Sin Wai-Kin, David	3,343,363	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	—	—	—

Directors' Interests in Shares (continued)

	Personal Interests	Family Interests	Corporate Interests⁽¹⁾	Other Interests
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	–	–	–
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	–	–	–

Directors' Interests in Shares (continued)

	Personal Interests	Family Interests	Corporate Interests⁽¹⁾	Other Interests
Matsuden Company Limited				
(Non-voting deferred shares of HK\$1.00 each)				
Mr. Leung Chi-Kin, Stewart	44,000	–	–	–
Mr. Chan Kam-Ling	–	–	44,000	–
Mr. Chow Kwai-Cheung	44,000	–	–	–
Progreso Investment Limited				
(Non-voting deferred shares of HK\$1.00 each)				
Mr. Leung Chi-Kin, Stewart	–	–	119,000	–
Tai Yieh Construction & Engineering Company Limited				
(Non-voting deferred shares of HK\$1,000.00 each)				
Dr. Sin Wai-Kin, David	700	–	–	–
Mr. Chan Kam-Ling	250	–	–	–
Urban Property Management Limited				
(Non-voting deferred shares of HK\$1.00 each)				
Mr. Cheng Kar-Shing, Peter	–	–	750	–
Mr. Leung Chi-Kin, Stewart	750	–	–	–
Mr. Chow Kwai-Cheung	750	–	–	–

Notes:

- ⁽¹⁾ These shares were beneficially owned by a company in which the relevant director is deemed to be entitled under the Securities (Disclosure of Interests) Ordinance to exercise or control the exercise of one third or more of the voting power at its general meeting.
- ⁽²⁾ Interests held by a charitable foundation of which 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:

	2001 HK\$m	2000 HK\$m
Amounts due by affiliated companies	19,760.2	21,387.3
Guarantees given for affiliated companies in respect of banking and other credit facilities	4,889.0	5,960.0
Commitments to capital injections	3,299.6	4,106.1
	27,948.8	31,453.4

- (a) The above financial assistance given to the affiliated companies, in aggregate, represented 48.7% of the consolidated net assets of the Group (2000: 54.0%) as at the balance sheet date. No single entity received financial assistance from the Group which exceeds 25.0% of the consolidated net assets of the Group.
- (b) In additions to the above, certain subsidiary companies and jointly controlled entities of the Group are parties to agreements with third parties pursuant to the joint development of CT9 in Hong Kong, the related berth swap arrangement and the funding therefor. NWI has given guarantees in respect of these obligations of the subsidiary companies and jointly controlled entities to provide additional funds. If NWI is required to perform its obligations under the guarantees, the maximum amount of NWI's share of the liability under the guarantees will be HK\$5,120.0 million.
- (c) 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.
- (d) At 30 June 2001, the combined indebtedness, capital commitments and contingent liabilities as reported by the affiliated companies amounted to HK\$59,061.6 million, HK\$2,282.2 million and HK\$2,814.5 million (2000: HK\$59,154.6 million, HK\$5,290.9 million and HK\$42.0 million) respectively.

**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 106 to 169 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 2001 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, 10 October 2001

Consolidated Profit and Loss Account

		Year ended 30 June	
	Note	2001 HK\$m	2000 HK\$m
Turnover	2	24,382.4	20,535.2
Cost of sales		(18,038.7)	(14,503.5)
Gross profit		6,343.7	6,031.7
Other revenues	3	34.5	405.5
Other (charge)/income	4	(816.9)	22.9
Selling and marketing expenses		(432.7)	(444.9)
Administrative expenses		(1,243.1)	(1,061.7)
Other operating expenses		(1,852.3)	(2,314.9)
Operating profit before financing costs and income	2	2,033.2	2,638.6
Financing costs	5	(2,451.2)	(2,302.6)
Financing income		912.7	817.5
Operating profit	6	494.7	1,153.5
Share of results of			
Associated companies		307.1	449.9
Jointly controlled entities		578.4	324.3
Profit before taxation		1,380.2	1,927.7
Taxation	7	(494.9)	(567.2)
Profit after taxation		885.3	1,360.5
Minority interests		(664.8)	(1,145.5)
Profit attributable to shareholders	8,25	220.5	215.0
Dividends	9,25	425.7	424.5
Earnings per share	10	HK\$0.10	HK\$0.10

As at 30 June			
	Note	2001 HK\$m	2000 HK\$m
Fixed assets	12	46,082.9	44,556.3
Associated companies	14	7,086.3	7,602.1
Jointly controlled entities	15	25,524.9	27,735.4
Other investments	16	7,795.6	9,945.3
Long term receivables	17	539.4	473.9
Total non-current assets		87,029.1	90,313.0
Current assets			
Properties held for sale	18	22,409.0	23,688.3
Stocks	19	795.8	348.2
Current portion of long term receivables	17	467.5	38.4
Other loans receivable		373.1	212.1
Debtors and prepayments	20	9,595.0	7,048.1
Cash and bank balances	21		
Restricted		1,747.0	558.1
Unrestricted		8,062.6	5,811.0
		43,450.0	37,704.2
Current liabilities			
Creditors and accrued charges	22	10,392.9	10,613.7
Contracts in progress	23	882.8	918.4
Deposits received on sale of properties		535.7	235.2
Bills payable		–	0.5
Bank loans and overdrafts			
Secured		1,274.1	427.8
Unsecured		1,186.2	708.2
Other loans			
Secured		–	221.5
Unsecured		49.0	78.0
Current portion of long term liabilities	27	9,029.6	3,286.4
Taxation		915.2	1,016.6
Proposed dividend		213.4	211.4
		24,478.9	17,717.7
Net current assets		18,971.1	19,986.5
Employment of funds		106,000.2	110,299.5
Financed by			
Share capital	24	2,134.0	2,114.1
Reserves	25	55,300.6	56,094.0
Shareholders' funds		57,434.6	58,208.1
Minority interests		17,407.7	17,298.7
Mandatorily convertible bonds	26	1,162.2	1,162.2
Long term liabilities	27	29,970.9	33,611.9
Deferred taxation	28	24.8	18.6
Funds employed		106,000.2	110,299.5

Dr. Sin Wai-Kin, David
Director

Dr. Cheng Kar-Shun, Henry
Director

As at 30 June			
	Note	2001 HK\$m	2000 HK\$m
Fixed assets	12	34.2	35.3
Subsidiary companies	13	30,149.1	29,646.4
Associated companies	14	331.5	249.5
Jointly controlled entities	15	1,654.2	1,868.2
Other investments	16	387.6	445.8
Total non-current assets		32,556.6	32,245.2
Current assets			
Properties held for sale	18	843.5	381.5
Other loans receivable		3.0	3.0
Debtors and prepayments	20	686.1	809.0
Cash and bank balances		274.4	7.6
		1,807.0	1,201.1
Current liabilities			
Creditors and accrued charges	22	754.3	775.4
Unsecured bank loans and overdrafts		6.7	–
Other unsecured loans		6.5	6.2
Current portion of long term liabilities	27	86.0	–
Taxation		0.8	0.8
Proposed dividend		213.4	211.4
		1,067.7	993.8
Net current assets		739.3	207.3
Employment of funds		33,295.9	32,452.5
Financed by			
Share capital	24	2,134.0	2,114.1
Reserves	25	30,903.9	30,338.4
Shareholders' funds		33,037.9	32,452.5
Long term liabilities	27	258.0	–
Funds employed		33,295.9	32,452.5

Dr. Sin Wai-Kin, David
Director

Dr. Cheng Kar-Shun, Henry
Director

		Year ended 30 June	
	Note	2001 HK\$m	2000 HK\$m
Net cash inflow from operating activities	32(a)	3,037.7	2,015.4
Returns on investments and servicing of finance			
Interest received		912.7	817.5
Interest paid		(2,438.4)	(2,544.5)
Dividends received from			
Associated companies		298.9	623.2
Jointly controlled entities		678.1	431.0
Other investments		34.5	405.5
Dividends paid		(219.2)	(280.2)
Dividends paid to minority shareholders		(318.1)	(212.4)
Net cash outflow from returns on investments and servicing of finance		(1,051.5)	(759.9)
Taxation			
Hong Kong profits tax paid		(216.9)	(220.0)
Overseas taxation paid		(28.1)	(43.4)
Cash outflow for taxation		(245.0)	(263.4)
Investing activities			
Purchase of fixed assets		(2,677.7)	(2,396.1)
Increase in investments in associated companies		(1,201.3)	(781.6)
Increase in investments in jointly controlled entities		(258.2)	(2,909.6)
Increase in other investments		(272.3)	(1,399.3)
(Increase)/decrease in long term receivables		(113.5)	208.4
Acquisition of additional interests in subsidiary companies		(603.8)	(472.7)
Acquisition of subsidiary companies (net of cash and cash equivalents)	32(c)	(50.0)	(681.6)
(Increase)/decrease in bank deposits maturing more than three months from the date of placement		(131.3)	197.8
Proceeds from disposal of			
Fixed assets (including investment properties)		23.0	111.1
Associated companies		1,644.5	–
Jointly controlled entities		365.2	23.4
Other investments		1,051.1	2,145.6
Partial interests in subsidiary companies		19.8	–
Disposal of subsidiary companies (net of cash and cash equivalents)	32(e)	235.1	383.5
Net cash outflow from investing activities		(1,969.4)	(5,571.1)
Net cash outflow before financing		(228.2)	(4,579.0)

	Note	Year ended 30 June	
		2001 HK\$m	2000 HK\$m
Financing			
Issue of convertible guaranteed bonds		–	388.0
Repurchase of own shares		–	(365.0)
Repurchase of convertible bonds		(72.4)	(494.5)
Redemption of convertible bonds		(416.9)	–
Share issue expenses		(0.2)	(0.3)
Increase in bank and other loans		5,677.3	13,899.1
(Decrease)/increase in long term accounts payable		(35.8)	199.2
Repayment of bank and other loans		(2,759.4)	(8,282.9)
Capital element of finance lease rental payment		(11.8)	(15.3)
Increase/(decrease) in short term bank and other loans		449.8	(254.8)
Increase in restricted cash and bank balances		(1,271.6)	(539.5)
Contribution from minority shareholders		131.0	2,274.7
Net cash inflow from financing activities	32(f)	1,690.0	6,808.7
Increase in cash and cash equivalents		1,461.8	2,229.7
Cash and cash equivalents at beginning of year		5,471.5	3,213.4
Effect of foreign exchange rate changes		53.5	28.4
Cash and cash equivalents at end of year	32(h)	6,986.8	5,471.5

	Year ended 30 June	
	2001	2000
	HK\$m	HK\$m
Investment and hotel properties revaluation surplus	98.8	949.9
Share of revaluation (deficit)/surplus of		
Associated companies	(85.8)	91.1
Jointly controlled entities	114.0	(102.4)
Investment revaluation (deficit)/surplus	(1,139.4)	765.1
Investment impairment loss charged to profit and loss account	208.4	–
Exchange differences arising on translation of subsidiary companies, associated companies and jointly controlled entities	(8.4)	17.3
Net (losses)/gains not recognised in the profit and loss account	(812.4)	1,721.0
Profit attributable to shareholders	220.5	215.0
Write back of investment revaluation deficit/(surplus) upon disposal	376.6	(678.2)
Investment impairment loss charged to profit and loss account	–	150.7
Total recognised (losses)/gains	(215.3)	1,408.5
Capital reserve on acquisition of		
Additional interests in subsidiary companies	120.1	545.0
Associated companies	83.9	–
Additional interests in jointly controlled entities	4.7	–
Reserves arising from reorganisation	–	334.4
Goodwill on acquisition of		
Subsidiary companies	(87.4)	(36.0)
Additional interests in subsidiary companies	(591.5)	(107.6)
Associated companies	(37.0)	(89.7)
Additional interests in associated companies	(16.7)	(37.4)
Additional interests in jointly controlled entities	(11.9)	–
Release of goodwill upon		
Disposal of subsidiary companies	11.7	1.7
Partial disposal of subsidiary companies	8.1	–
Disposal of associated companies	240.5	–
Dilution of interest in subsidiary companies	–	42.7
Release of capital reserve upon		
Disposal of subsidiary companies	–	(2.9)
Partial disposal of subsidiary companies	(20.6)	–
Partial disposal of an associated company	(146.1)	–
Liquidation of subsidiary companies	(5.0)	–
Share of capital reserve/(goodwill) of		
Associated companies	108.0	304.5
A jointly controlled entity	–	(108.0)
	(554.5)	2,255.2

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.2.114, "Leases", which was issued by the HKSA and became effective for accounting periods beginning on or after 1 July 2000, certain comparative figures have been restated.

(b) 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 or 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.

The gain or loss on the disposal of a subsidiary company represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiary companies.

(c) 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)

(d) SUBSIDIARY COMPANIES

A company is a subsidiary company if more than 50.0% 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.

(e) ASSOCIATED COMPANIES

An associated company is a company other than a subsidiary company and a jointly controlled entity, 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.

(f) 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 any 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 any 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.

(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.

1 Principal Accounting Policies (continued)

(g) 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).

(h) 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.

(i) REVENUE RECOGNITION

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

(i) Rental income

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

(ii) Property sales

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

(iii) Joint property development projects

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

(iv) Construction and engineering

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

1 Principal Accounting Policies (continued)

(i) REVENUE RECOGNITION (continued)

(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.

(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 investments 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)

(j) ASSETS UNDER LEASES

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated on the basis described in Note 1(k)(iv).

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight line basis over the lease periods.

(k) 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)

(k) 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 2% 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 roads and toll bridges are depreciated at rates sufficient to write off their costs on a straight line basis over their toll collection periods ranging from 22 to 29 years.

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)

(l) 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 SSAP No. 2.124 issued by the HKSA. 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.

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

1 Principal Accounting Policies (continued)

(n) DEFERRED TAXATION

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

(o) CAPITALISATION OF INTEREST AND FINANCE CHARGES

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

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

(p) PENSIONS AND RETIREMENT BENEFITS

(i) Defined contribution schemes

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

(ii) Defined benefit schemes

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

(q) FOREIGN CURRENCIES

Foreign currency transactions during the year are converted at exchange rates ruling at the transaction dates. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies and the accounts of overseas subsidiary companies, associated companies and jointly controlled entities are translated into Hong Kong dollars at exchange rates ruling at that date. Exchange differences arising from the translation of the accounts of overseas subsidiary companies, associated companies and jointly controlled entities are dealt with through reserves. All other exchange differences are included in the determination of operating profit, other than those dealt with in Note 1 (k)(iii) and (o).

2 Turnover and Operating Profit before Financing Costs and Income

	Turnover		Operating profit before financing costs and income	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Rental income	1,716.0	1,838.3	868.7	1,097.7
Property sales	4,898.4	2,675.1	183.3	(1,237.9)
Construction and engineering	8,516.8	8,949.4	333.1	462.5
Hotel and restaurant operations	2,571.8	2,360.9	811.8	435.7
Infrastructure operations	788.1	719.4	(239.6)	798.2
Telecommunication services	2,929.7	2,890.2	(97.0)	(41.6)
Others	4,624.7	3,800.2	172.9	1,124.0
	26,045.5	23,233.5	2,033.2	2,638.6
Intra-group transactions				
Rental income	(208.4)	(201.8)	–	–
Property sales	–	(852.1)	–	–
Construction and engineering	(1,318.8)	(1,529.1)	–	–
Telecommunication services	(6.9)	(11.2)	–	–
Others	(129.0)	(104.1)	–	–
	24,382.4	20,535.2	2,033.2	2,638.6
Principal markets				
Hong Kong and Southeast Asia	19,532.7	16,974.3	1,169.6	2,594.2
Mainland China	4,849.7	3,560.9	890.2	(665.8)
Overseas	–	–	(26.6)	710.2
	24,382.4	20,535.2	2,033.2	2,638.6

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.

3 Other Revenues

	2001	2000
	HK\$m	HK\$m
Dividend income from investments in		
Listed shares	30.9	31.8
Unlisted shares	3.6	373.7
	34.5	405.5

4 Other (Charge)/Income

	2001	2000
	HK\$m	HK\$m
Forfeiture of deposits for sale of investments	–	322.4
Loss on dilution of interests in a subsidiary company	(22.9)	(1,642.6)
Loss on disposal of		
Associated companies	(426.1)	–
Jointly controlled entities	(5.5)	(20.2)
Other investments	(194.2)	–
Subsidiary companies	(8.4)	(12.5)
Profit on disposal of		
An associated company	121.2	–
A jointly controlled entity	99.4	–
Other investments	182.4	1,296.8
Subsidiary companies	65.3	387.5
Profit on repurchase of convertible bonds	1.8	25.5
Surplus on liquidation of subsidiary companies	7.7	–
Surplus on liquidation of an associated company	1.8	–
Provision for advances to joint ventures	(312.6)	(65.4)
Provision for diminution in value of properties held for sale	(221.7)	–
Provision for investment in		
A jointly controlled entity	–	(18.0)
A joint development project	(40.0)	–
Listed shares	(109.7)	(65.4)
Unlisted shares	(203.9)	(185.2)
Write back of provision for		
Advance to an associated company	5.0	–
Diminution in value of properties held for sale	231.0	–
Unlisted investment	12.5	–
	(816.9)	22.9

5 Financing Costs

	2001	2000
	HK\$m	HK\$m
Interest on bank loans and overdrafts	2,100.6	2,041.8
Interest on other loans wholly payable within five years	17.1	19.5
Interest on finance leases	4.1	5.3
Interest on convertible bonds	209.7	216.2
Provision for premium on redemption of convertible bonds	188.0	148.8
Interest on loans from minority shareholders	106.9	112.9
Total borrowing costs incurred	2,626.4	2,544.5
Interest capitalised as cost of		
Fixed assets	(65.3)	(91.6)
Jointly controlled entities	(10.0)	(10.1)
Properties under development	(99.9)	(140.2)
	2,451.2	2,302.6

6 Operating Profit

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

	2001	2000
	HK\$m	HK\$m
Crediting		
Gross rental income from investment properties	1,675.2	1,805.4
Outgoings	(211.0)	(206.4)
	1,464.2	1,599.0
Charging		
Auditors' remuneration	31.7	30.2
Cost of inventories sold	5,894.0	3,190.3
Depreciation		
Leased fixed assets	6.7	6.9
Owned fixed assets	1,041.3	873.0
Loss on disposal of fixed assets	10.7	56.9
Operating lease rental expense		
Land and buildings	386.9	315.3
Other equipment	31.1	33.1
Retirement benefit costs	118.7	93.0
Staff costs	3,914.6	3,631.4

7 Taxation

	2001	2000
	HK\$m	HK\$m
Company and subsidiary companies		
Hong Kong profits tax	249.8	329.7
Overseas taxation	38.7	44.6
Deferred taxation	6.5	(4.8)
	295.0	369.5
Associated companies		
Hong Kong profits tax	71.1	61.3
Overseas taxation	42.1	58.5
	113.2	119.8
Jointly controlled entities		
Hong Kong profits tax	29.5	22.3
Overseas taxation	57.2	55.6
	86.7	77.9
	494.9	567.2

Hong Kong profits tax is provided at the rate of 16% (2000:16%) 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\$773.6 million (2000: HK\$199.9 million).

9 Dividends

	2001	2000
	HK\$m	HK\$m
Interim dividend paid of HK\$0.10 (2000: HK\$0.10) per share	212.3	213.1
Proposed final dividend of HK\$0.10 (2000: HK\$0.10) per share	213.4	211.4
	425.7	424.5
Of which the following were settled by the issue of scrip:		
Interim dividend	108.2	103.1
Final dividend	*	96.3

- * Full provision has been made for the 2001 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\$220.5 million (2000: HK\$215.0 million) and the weighted average of 2,119.0 million (2000: 2,125.5 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:

	2001	2000
	HK\$m	HK\$m
Fees	1.5	1.5
Salaries and other emoluments	25.7	24.4
Contributions to retirement benefits	1.2	0.7
	28.4	26.6

11 Emoluments of Directors and Senior Management (continued)

The emoluments of the Directors fell within the following bands:

Emolument band (HK\$)	Number of directors	
	2001	2000
0 – 1,000,000	9	9
2,500,001 – 3,000,000	–	1
3,000,001 – 3,500,000	2	1
3,500,001 – 4,000,000	1	2
4,000,001 – 4,500,000	1	–
13,000,001 – 13,500,000	1	1
	14	14

Fees disclosed above include HK\$0.3 million (2000: 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 (2000: three directors) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2000: two) individuals during the year are as follows:

	2001	2000
	HK\$m	HK\$m
Salaries and other emoluments	7.1	7.4
Contributions to retirement benefits	0.6	0.1
	7.7	7.5

The emoluments fell within the following bands:

Emolument band (HK\$)	Number of individuals	
	2001	2000
3,500,001 – 4,000,000	1	2
4,000,001 – 4,500,000	1	–
	2	2

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 1.7.2000	17,321.6	9,415.0	3,118.3	6,112.3	6,665.6	4,954.7	47,587.5
Translation difference	–	–	(53.8)	–	(17.4)	–	(71.2)
Acquisition of subsidiary companies	–	–	46.0	–	22.2	9.2	77.4
Disposal of subsidiary companies	–	–	(91.3)	(180.0)	(196.9)	(37.7)	(505.9)
Additions	99.7	–	125.9	3.1	929.1	1,685.2	2,843.0
Reclassification	(159.0)	–	454.1	722.3	311.7	(1,329.1)	–
Disposals	–	–	(12.8)	(0.3)	(105.2)	–	(118.3)
Revaluation (deficit)/surplus	(335.0)	539.0	–	–	–	–	204.0
At 30.6.2001	16,927.3	9,954.0	3,586.4	6,657.4	7,609.1	5,282.3	50,016.5
Accumulated depreciation							
At 1.7.2000	–	–	251.1	496.8	2,283.3	–	3,031.2
Translation difference	–	–	(7.6)	–	(9.0)	–	(16.6)
Acquisition of subsidiary companies	–	–	9.7	–	8.6	–	18.3
Disposal of subsidiary companies	–	–	(8.5)	(5.4)	(48.8)	–	(62.7)
Charge for the year	–	–	94.7	191.6	761.7	–	1,048.0
Written back on disposals	–	–	(0.9)	–	(83.7)	–	(84.6)
At 30.6.2001	–	–	338.5	683.0	2,912.1	–	3,933.6
Net book value							
At 30.6.2001	16,927.3	9,954.0	3,247.9	5,974.4	4,697.0	5,282.3	46,082.9
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

12 Fixed Assets (continued)

	Company			Total HK\$m
	Investment properties HK\$m	Land and buildings HK\$m	Other assets HK\$m	
Cost or valuation				
At 1.7.2000	30.2	3.9	3.3	37.4
Disposals	–	(0.9)	–	(0.9)
Revaluation surplus	0.4	–	–	0.4
At 30.6.2001	30.6	3.0	3.3	36.9
Accumulated depreciation				
At 1.7.2000	–	0.8	1.3	2.1
Charge for the year	–	0.1	0.7	0.8
Written back on disposals	–	(0.2)	–	(0.2)
At 30.6.2001	–	0.7	2.0	2.7
Net book value				
At 30.6.2001	30.6	2.3	1.3	34.2
At 30.6.2000	30.2	3.1	2.0	35.3

12 Fixed Assets (continued)

Cost or valuation of properties at 30 June 2001 was made up as follows:

	Group				Company			
	2001		2000		2001		2000	
	At cost/ carrying value HK\$m	At 2001 professional valuation HK\$m	At cost/ carrying value HK\$m	At 2000 professional valuation HK\$m	At cost/ carrying value HK\$m	At 2001 professional valuation HK\$m	At cost/ carrying value HK\$m	At 2000 professional valuation HK\$m
Investment properties								
Hong Kong long lease	-	14,811.9	-	15,094.5	-	30.6	-	30.2
Hong Kong medium lease	-	902.6	-	944.9	-	-	-	-
Overseas long lease	-	84.1	-	82.2	-	-	-	-
Overseas medium lease	-	1,128.7	-	1,200.0	-	-	-	-
	-	16,927.3	-	17,321.6	-	30.6	-	30.2
Hotel properties								
Hong Kong long lease	-	9,954.0	-	9,415.0	-	-	-	-
Land and buildings								
Hong Kong long lease (Note a)	938.1	-	938.1	-	0.7	-	0.7	-
Hong Kong medium lease	874.1	-	886.6	-	2.3	-	3.2	-
Hong Kong short lease	33.1	-	33.1	-	-	-	-	-
Overseas long lease	28.5	-	309.3	-	-	-	-	-
Overseas medium lease (Note a)	1,707.1	-	945.7	-	-	-	-	-
Overseas freehold	5.5	-	5.5	-	-	-	-	-
	3,586.4	-	3,118.3	-	3.0	-	3.9	-
	3,586.4	26,881.3	3,118.3	26,736.6	3.0	30.6	3.9	30.2

(a) Included in the Group's land and buildings are properties transferred from investment properties at carrying value of HK\$985.0 million (2000: HK\$826.0 million) at professional valuations at dates of transfer.

(b) The investment properties and hotel properties were revalued on 30 June 2001 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.

(c) The aggregate net book value of assets pledged as securities for loans amounts to HK\$11,687.6 million (2000: HK\$6,126.5 million).

(d) The net book value of fixed assets includes other assets held under finance leases amounting to HK\$42.5 million (2000: HK\$60.5 million).

13 Subsidiary Companies

	2001 HK\$m	2000 HK\$m
Unlisted shares, at cost	5,603.8	3,712.9
Provision for diminution in value other than temporary in nature	(605.1)	(605.1)
	4,998.7	3,107.8
Listed shares in Hong Kong, at cost	12,087.3	12,081.0
At Directors' valuation in 1972	72.0	72.0
	17,158.0	15,260.8
Amounts due by subsidiary companies less provision	37,693.9	39,330.9
	54,851.9	54,591.7
Amounts due to subsidiary companies	(24,702.8)	(24,945.3)
	30,149.1	29,646.4
Market value of listed shares	3,844.5	2,321.0

Details of principal subsidiary companies are given in Note 36.

14 Associated Companies

	Group		Company	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Group's share of net assets				
Listed shares in Hong Kong	657.5	1,485.1	–	–
Unlisted shares	2,797.1	2,461.7	35.2	35.8
	3,454.6	3,946.8	35.2	35.8
Amounts due by associated companies (Note a)	3,718.8	3,728.5	317.2	236.1
Amounts due to associated companies (Note b)	(87.1)	(73.2)	(20.9)	(22.4)
	3,631.7	3,655.3	296.3	213.7
	7,086.3	7,602.1	331.5	249.5
Market value of listed shares	1,418.5	996.4	–	–

14 Associated Companies (continued)

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

	Group	
	2001 HK\$m	2000 HK\$m
Interest bearing		
Fixed rates (Note (i))	50.7	5.5
Variable rates (Note (ii))	1,140.9	649.6
Non-interest bearing (Note (iii))	2,527.2	3,073.4
	3,718.8	3,728.5

(i) Fixed rates represent interest rates ranging from 8% to 8.5% per annum.

(ii) Variable rates represent interest rates ranging from 1.25% above Hong Kong Interbank Offered Rate to 2% above Hong Kong prime rate.

(iii) The balance included amounts totalling HK\$317.2 million (2000: HK\$236.1 million) due to the Company.

The amounts are unsecured and have no fixed terms of repayment.

(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\$298.9 million (2000: HK\$623.2 million).

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

15 Jointly Controlled Entities

	Group		Company	
	2001	2000	2001	2000
	HK\$m	HK\$m	HK\$m	HK\$m
Equity joint ventures				
Group's share of net assets	758.9	585.4	65.9	197.1
Amounts due by joint ventures				
less provision (Note b)	708.1	821.5	–	–
Amounts due to joint ventures				
(Note c)	(52.4)	(14.0)	–	–
	1,414.6	1,392.9	65.9	197.1
Co-operative joint ventures (Note a)				
Cost of investment less provision	5,443.1	6,082.0	13.0	167.0
Share of undistributed				
post-acquisition results	155.6	87.8	–	–
Amounts due by joint ventures				
less provision (Note b)	7,721.2	9,574.7	–	–
Amounts due to joint ventures				
(Note c)	(23.5)	(35.3)	–	–
	13,296.4	15,709.2	13.0	167.0
Companies limited by shares				
Group's share of net assets (Note a)	2,998.0	2,587.4	–	–
Subordinated loans (Note b)	373.0	363.3	–	–
Amounts due by investee				
companies (Note b)	7,239.1	6,899.3	1,561.6	1,490.4
Amounts due to investee				
companies (Note c)	(885.6)	(551.5)	–	–
	9,724.5	9,298.5	1,561.6	1,490.4
Deposits paid for joint ventures (Note d)	1,089.4	1,334.8	13.7	13.7
	25,524.9	27,735.4	1,654.2	1,868.2

(a) The Group's interests in certain co-operative joint ventures and a subsidiary company in the PRC have been pledged as securities for bank loan facilities granted to the Group. As at the balance sheet date, the outstanding amount under the bank loan facilities was approximately HK\$869.6 million (2000: HK\$601.0 million).

The shares in a jointly controlled entity are pledged as part of the security for credit facilities of HK\$1,750.0 million (2000: HK\$1,750.0 million) granted to a jointly controlled entity of which HK\$498.0 million (2000: HK\$757.0 million) had been utilised as at the balance sheet date.

15 Jointly Controlled Entities (continued)

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

	Subordinated loans		Amounts due by jointly controlled entities	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Interest bearing				
Fixed rates (Note (i))	19.0	19.0	4,945.6	7,606.3
Variable rates (Note (ii))	–	–	2,646.3	1,531.0
Non-interest bearing (Note (iii))	354.0	344.3	8,076.5	8,158.2
	373.0	363.3	15,668.4	17,295.5

(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 1.5% above the Hong Kong prime rate.

(iii) The balance included an amount of HK\$1,561.6 million (2000: HK\$1,490.4 million) 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.

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

(d) 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.

(e) Dividends received and receivable from jointly controlled entities were HK\$678.1 million (2000: HK\$431.0 million).

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

16 Other Investments

	Group		Company	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Unlisted shares, at fair value	1,685.0	1,711.2	387.6	399.8
Listed shares, at market value				
Hong Kong	434.3	1,117.1	–	46.0
Overseas	760.4	2,269.6	–	–
	1,194.7	3,386.7	–	46.0
Investment in joint development projects				
At cost less provision and amortisation	1,297.2	1,372.4	–	–
Fixed return joint ventures				
Cost of investment	1,232.7	1,229.1	–	–
Amounts due by joint ventures	2,386.0	2,245.9	–	–
	3,618.7	3,475.0	–	–
	7,795.6	9,945.3	387.6	445.8

Amounts due by joint ventures totalling HK\$2,084.6 million (2000: HK\$2,056.4 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	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Accounts receivable	820.3	272.5	–	–
Other loans	186.6	239.8	–	–
	1,006.9	512.3	–	–
Amounts receivable within one year included in current assets	(467.5)	(38.4)	–	–
	539.4	473.9	–	–

18 Properties Held for Sale

	Group		Company	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Properties under development, at cost less provision	13,886.4	14,720.3	–	–
Completed properties, at cost less provision	1,442.3	379.4	–	–
Joint development projects, at cost less provision	7,080.3	8,588.6	843.5	381.5
	22,409.0	23,688.3	843.5	381.5

The aggregate carrying value of properties under development and completed properties pledged as securities for loans and banking facilities amounted to HK\$461.1 million and 487.5 million respectively (2000: HK\$218.2 million and Nil).

19 Stocks

	Group		Company	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Raw materials	605.2	40.4	–	–
Work-in-progress	14.7	11.9	–	–
Finished goods	55.5	122.0	–	–
Merchandise	120.4	173.9	–	–
	795.8	348.2	–	–

At 30 June 2001, the amount of stocks carried at net realisable value amounted to HK\$31.0 million (2000: HK\$15.0 million).

20 Debtors and Prepayments

- (a) At 30 June 2001, the retention receivable for contracts in progress amounting to HK\$627.4 million (2000: HK\$562.7 million) has been included in debtors and prepayments.
- (b) Debtors and prepayments include trade debtors, amounts advanced to investee companies, deposits and prepayments. The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiary companies operate. Sales proceeds receivable from sale of properties and retention money receivables in respect of construction and engineering services are settled in accordance with the terms of respective contracts. Ageing analysis of trade debtors is as follows:

	Group		Company	
	2001	2000	2001	2000
	HK\$m	HK\$m	HK\$m	HK\$m
Current to 30 days	2,296.6	2,125.8	–	–
31 to 60 days	354.4	338.5	–	–
Over 60 days	2,214.5	2,192.1	–	–
	4,865.5	4,656.4	–	–

21 Cash and Bank Balances

Restricted bank balances are funds which are pledged to secure for certain short term loans and long term loans in Note 27.

22 Creditors and Accrued Charges

- (a) At 30 June 2001, advances received from customers for contracts in progress amounting to HK\$71.9 million (2000: HK\$24.8 million) has been included in creditors and accrued charges.

22 Creditors and Accrued Charges (continued)

(b) Included in creditors and accrued charges are trade creditors with their ageing analysis as follows:

	Group		Company	
	2001	2000	2001	2000
	HK\$m	HK\$m	HK\$m	HK\$m
Current to 30 days	3,335.1	2,925.7	–	–
31 to 60 days	483.8	466.4	–	–
Over 60 days	2,085.2	2,206.1	–	–
	5,904.1	5,598.2	–	–

23 Contracts in Progress

	Group		Company	
	2001	2000	2001	2000
	HK\$m	HK\$m	HK\$m	HK\$m
Contract costs incurred plus attributable profits less foreseeable losses to date	15,187.1	15,917.8	–	–
Progress payments received and receivable	(16,069.9)	(16,836.2)	–	–
	(882.8)	(918.4)	–	–
Representing:				
Gross amount due from customers for contract work	234.4	382.1	–	–
Gross amount due to customers for contract work	(1,117.2)	(1,300.5)	–	–
	(882.8)	(918.4)	–	–

24 Share Capital

	2001 No. of shares (million)	2001 HK\$m	2000 No. of shares (million)	2000 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	2,114.1	2,114.1	2,127.8	2,127.8
Repurchase of shares	–	–	(37.7)	(37.7)
Issued as scrip dividends (Note a)	19.8	19.8	24.0	24.0
Conversion of bonds (Note b)	0.1	0.1	–	–
Balance at 30 June	2,134.0	2,134.0	2,114.1	2,114.1

(a) During the year, 8,703,824 and 11,136,813 new shares were issued at HK\$11.0677 and HK\$9.7194 per share for the settlement of 2000 final scrip dividend and 2001 interim scrip dividend respectively.

In 2000, 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.

(b) During the year, 65,923 new shares were issued upon conversion of bonds issued by a subsidiary company at the conversion price of HK\$35.15 per share.

25 Reserves

	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	–	18,632.8	19,339.8	–	197.1	16,193.1	54,362.8
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 properties revaluation surplus for the year 2000	–	–	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 2000	–	–	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	–
Profit for the year 2000	–	–	–	–	–	215.0	215.0
Transfer to general reserve	–	–	–	–	8.9	(8.9)	–
Translation difference	–	–	–	–	–	17.3	17.3
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)

	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 1.7.2000	37.7	18,860.6	20,516.0	814.9	206.0	15,658.8	56,094.0
Scrip dividends	–	184.7	–	–	–	–	184.7
Conversion of bonds	–	2.3	–	–	–	–	2.3
Share issue expenses	–	(0.2)	–	–	–	–	(0.2)
Investment and hotel properties revaluation surplus for the year	–	–	98.8	–	–	–	98.8
Share of revaluation (deficit)/surplus of associated companies	–	–	(85.8)	–	–	–	(85.8)
jointly controlled entities	–	–	114.0	–	–	–	114.0
Goodwill on acquisition of subsidiary companies	–	–	–	(87.4)	–	–	(87.4)
additional interests in jointly controlled entities	–	–	–	(11.9)	–	–	(11.9)
additional interests in subsidiary companies	–	–	–	(591.5)	–	–	(591.5)
an associated company	–	–	–	(37.0)	–	–	(37.0)
additional interests in associated companies	–	–	–	(16.7)	–	–	(16.7)
Capital reserve on acquisition of additional interests in subsidiary companies	–	–	–	120.1	–	–	120.1
additional interests in jointly controlled entities	–	–	–	4.7	–	–	4.7
associated companies	–	–	–	83.9	–	–	83.9
Release of capital reserve upon partial disposal of subsidiary companies	–	–	–	(20.6)	–	–	(20.6)
partial disposal of an associated company	–	–	–	(146.1)	–	–	(146.1)
liquidation of subsidiary companies	–	–	–	(5.0)	–	–	(5.0)
Release of goodwill upon disposal of subsidiary companies	–	–	–	11.7	–	–	11.7
disposal of associated companies	–	–	–	240.5	–	–	240.5
partial disposal of subsidiary companies	–	–	–	8.1	–	–	8.1
Share of capital reserve of associated companies	–	–	–	108.0	–	–	108.0
Investment revaluation deficit for the year	–	–	(1,139.4)	–	–	–	(1,139.4)
Investment revaluation deficit written back on disposal	–	–	376.6	–	–	–	376.6
Investment impairment loss charged to profit and loss account	–	–	208.4	–	–	–	208.4
Profit for the year	–	–	–	–	–	220.5	220.5
Transfer to general reserve	–	–	–	–	332.5	(332.5)	–
Translation difference	–	–	–	–	–	(8.4)	(8.4)
Dividends	–	–	–	–	–	(425.7)	(425.7)
Balance as at 30.6.2001	37.7	19,047.4	20,088.6	475.7	538.5	15,112.7	55,300.6
Retained by:							
Company and subsidiary companies	37.7	19,047.4	19,519.5	583.2	538.5	16,599.1	56,325.4
Associated companies	–	–	323.3	0.5	–	(951.6)	(627.8)
Jointly controlled entities	–	–	245.8	(108.0)	–	(534.8)	(397.0)
	37.7	19,047.4	20,088.6	475.7	538.5	15,112.7	55,300.6

25 Reserves (continued)

	Company				
	Capital redemption reserve	Share premium	Asset revaluation reserve (Note a)	Retained profits	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Balance as at 1.7.1999	–	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 2000	–	–	0.2	–	0.2
Realised on disposal of other investments	–	–	(195.4)	–	(195.4)
Investment revaluation deficit for the year 2000	–	–	(186.0)	–	(186.0)
Profit for the year 2000	–	–	–	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
Scrip dividends	–	184.7	–	–	184.7
Conversion of bonds	–	2.3	–	–	2.3
Share issue expenses	–	(0.2)	–	–	(0.2)
Investment properties revaluation surplus for the year	–	–	0.4	–	0.4
Realised on disposal of other investments	–	–	42.5	–	42.5
Investment revaluation deficit for the year	–	–	(12.1)	–	(12.1)
Profit for the year	–	–	–	773.6	773.6
Dividends	–	–	–	(425.7)	(425.7)
Balance as at 30.6.2001	37.7	19,047.4	358.8	11,460.0	30,903.9

25 Reserves (continued)

(a) Analysis of asset revaluation reserve

	Group		Company	
	2001	2000	2001	2000
	HK\$m	HK\$m	HK\$m	HK\$m
Hotel properties	6,195.7	5,738.8	–	–
Investment properties	13,150.1	13,480.0	29.1	28.7
Investments	742.8	1,297.2	329.7	299.3
	20,088.6	20,516.0	358.8	328.0

(b) Distributable reserves of the Company at 30 June 2001 amounted to HK\$11,460.0 million (2000: HK\$11,112.1 million).

(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 was increased from 37.2% to 75.0% and also owned 100% interest in preference shares of PPC. Since the above-mentioned issue of shares was 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 had given rise to a total surplus of approximately HK\$570.0 million, of which HK\$334.4 million was shared by the Group, which was directly taken to reserves.

26 Mandatorily Convertible Bonds

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	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Bank loans				
Secured	8,595.4	7,176.3	–	–
Unsecured	19,766.7	18,556.2	–	–
Other secured loans wholly payable within five years	250.0	250.0	–	–
Other unsecured loans wholly payable within five years	619.5	854.5	–	–
Obligations under finance leases wholly payable within five years (Note a)	37.4	42.7	–	–
	29,269.0	26,879.7	–	–
Convertible bonds (Note b)	5,026.3	5,519.8	–	–
Debentures (Note c)	337.1	334.4	–	–
Loans from minority shareholders (Note d)	2,881.5	3,040.2	–	–
Deferred income	643.9	775.1	–	–
Long term accounts payable	842.7	349.1	344.0	–
	39,000.5	36,898.3	344.0	–
Amounts repayable within one year included in current liabilities	(9,029.6)	(3,286.4)	(86.0)	–
	29,970.9	33,611.9	258.0	–

27 Long Term Liabilities (continued)

	Group					
	Secured bank loans HK\$m	Unsecured bank loans HK\$m	Other secured loans HK\$m	Other unsecured loans HK\$m	Obligations under finance leases HK\$m	Total HK\$m
The maturity of long term borrowings for 2001 is as follows:						
Of less than one year	2,045.5	5,947.1	–	6.4	13.0	8,012.0
Of more than one year, but not exceeding two years	917.1	7,843.3	250.0	354.5	13.7	9,378.6
Of more than two years, but not exceeding five years	5,426.3	5,965.8	–	201.3	10.7	11,604.1
Of more than five years	206.5	10.5	–	57.3	–	274.3
	8,595.4	19,766.7	250.0	619.5	37.4	29,269.0
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

27 Long Term Liabilities (continued)

(a) Finance lease liabilities – minimum lease payments

	Group	
	2001 HK\$m	2000 HK\$m
Within one year	15.4	15.0
In the second year	15.0	28.6
In the third to fifth year	10.9	6.5
	41.3	50.1
Future finance charges on finance leases	(3.9)	(7.4)
Present value of finance lease liabilities	37.4	42.7

(b) Convertible bonds

	Group	
	2001 HK\$m	2000 HK\$m
Bonds to be converted into shares of:		
The Company (Notes (i) and (ii))	2,713.0	3,132.3
Subsidiary companies (Notes (iii) and (iv))	2,313.3	2,387.5
	5,026.3	5,519.8

- (i) A subsidiary company had issued US\$300.0 million convertible bonds which carried interest at 4.375% per annum payable in arrears and were repayable on 4 December 2000. Up to the date of redemption, US\$246.6 million of the said bonds had been converted whilst the remaining bonds of US\$53.4 million were redeemed.
- (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.

27 Long Term Liabilities (continued)

- (iii) NWI has issued US\$250.0 million convertible bonds which carry interest at 5% per annum payable in arrears. 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 conversion price of HK\$19.61 per share, subject to adjustment, at any time until 2 July 2001. Subsequent to the year end, bonds with principal amount of US\$15,000 were converted into shares of HK\$1.00 each of NWI, the remaining balance of the bonds were redeemed at par by NWI on 15 July 2001.

During the year, NWI repurchased bonds with an aggregate principal amount of US\$9.5 million (2000: US\$58.2 million) for a total consideration of HK\$72.4 million (2000: HK\$427.1 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\$130.6 million (2000: US\$121.1 million) of the said bonds had been repurchased and cancelled and the outstanding amount was US\$119.4 million (2000: 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 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.

No bonds were repurchased during the year. In 2000, NWI repurchased bonds with an aggregate principal amount of US\$8.8 million for a total consideration of HK\$67.4 million and these bonds were then cancelled. The surplus arising from the repurchase and the subsequent cancellation of the bonds had been accounted for as other income (Note 4) in the profit and loss account. As at the balance sheet date, US\$72.9 million (2000: US\$72.9 million) of the said bonds had been repurchased and cancelled and the outstanding amount was US\$177.1 million (2000: US\$177.1 million).

(c) Debentures

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

(d) Loans from minority shareholders

The loans from minority shareholders include loans of HK\$1,039.6 million (2000: HK\$1,305.3 million) to certain joint ventures, which are unsecured, carry interest at fixed rates ranging from 10% to 15% (2000: 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	
	2001 HK\$m	2000 HK\$m
Balance at 1 July	18.6	23.8
Transfer from/(to) profit and loss account	6.5	(4.8)
Disposal of subsidiary companies	(0.3)	(0.4)
Balance at 30 June	24.8	18.6
The amount provided is in respect of:		
Accelerated depreciation allowances	20.2	16.7
Other timing differences	4.6	1.9
	24.8	18.6

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 Occupational Retirement Scheme ("ORSO Scheme") and the Mandatory Provident Fund Scheme ("MPF Scheme")). 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\$118.7 million (2000: HK\$93.0 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. MPF Schemes have been established under the Mandatory Provident Fund Schemes Ordinance in December 2000. Commencing on 1 December 2000, newly-joined employees are compulsorily required to join the MPF Schemes. Employees under the ORSO Schemes were offered an option to elect between the ORSO Scheme and the MPF Scheme. The Group's contributions to the MPF Schemes are ranging from 5% to 15% of employee's salaries depending on length of service and are expensed as incurred. The amount charged to the profit and loss account in respect of these schemes was HK\$117.2 million (2000: HK\$88.9 million) after netting off forfeited contribution of HK\$8.9 million (2000: HK\$14.0 million).

30 Commitments

(a) Capital commitments

	Group		Company	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Contracted but not provided for				
Fixed assets	472.5	1,460.9	–	–
Subsidiary companies	–	–	55.0	61.1
Jointly controlled entities	675.9	971.6	121.0	532.6
Other investments	15.6	76.2	–	–
	1,164.0	2,508.7	176.0	593.7
Authorised but not contracted for				
Fixed assets	440.1	1,106.3	–	–
Jointly controlled entities	1,615.7	–	–	–
	2,055.8	1,106.3	–	–

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 from 16 July 1999, 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 but discounted to the same extent as the discount to net tangible asset value in the spin-off arrangement.

	Group	
	2001 HK\$m	2000 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	509.0	937.9
Authorised but not contracted for	130.0	620.1
	639.0	1,558.0

30 Commitments (continued)

(b) Commitments under operating leases

The future aggregate lease payments under non-cancellable operating leases are as follows:

	Group	
	2001 HK\$m	2000 HK\$m
Land and buildings		
In the first year	281.3	309.7
In the second to fifth years inclusive	441.6	386.2
After the fifth year	342.4	434.2
	1,065.3	1,130.1
Other equipment		
In the first year	20.0	21.5
In the second to fifth year inclusive	39.6	19.7
After the fifth year	–	39.3
	1,124.9	1,210.6

(c) At 30 June 2001, the Group had issued performance guarantees amounting to approximately HK\$166.2 million (2000: HK\$107.1 million), 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 repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to 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 2001 has been disclosed in Note (a) above.

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.

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 (2000: HK\$1,482.0 million).

30 Commitments (continued)

(e) Future minimum rental payments receivable

The future minimum rental payments receivable under non-cancellable leases are as follows:

	Group	
	2001 HK\$m	2000 HK\$m
In the first year	483.9	533.7
In the second to fifth years inclusive	473.6	621.8
After the fifth year	78.6	80.3
	1,036.1	1,235.8

The Group's operating leases are for terms ranging from one to six years.

31 Contingent Liabilities

	Group		Company	
	2001 HK\$m	2000 HK\$m	2001 HK\$m	2000 HK\$m
Guarantees for				
Performance bonds in respect of construction contracts undertaken by the Group	1,557.7	1,683.2	10.5	10.5
Other performance bonds	344.7	260.3	327.3	253.3
Guarantees for credit facilities granted to				
Subsidiary companies	–	–	28,913.4	29,202.6
Associated companies	686.1	1,347.7	632.6	1,282.5
Investee companies included under other investments	9.4	157.5	5.5	5.5
Jointly controlled entities	4,202.9	4,612.3	1,924.7	2,190.7
Indemnity to non-wholly owned subsidiary companies for PRC tax liabilities	2,305.3	2,340.0	7,783.0	7,800.0
	9,106.1	10,401.0	39,597.0	40,745.1

32 Notes to Consolidated Cash Flow Statement

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

	Year ended 30 June	
	2001	2000
	HK\$m	HK\$m
Operating profit	494.7	1,153.5
Depreciation	1,048.0	879.9
Provision for investments in		
A joint development project	40.0	–
A jointly controlled entity	–	18.0
Listed and unlisted shares	313.6	250.6
Provision for advances to joint ventures	312.6	65.4
Provision for diminution in value of properties held for sale	221.7	–
Profit on repurchase of convertible bonds	(1.8)	(25.5)
Net loss/(profit) on disposal of		
Fixed assets, including investment properties	10.7	56.9
Associated companies	304.9	–
Jointly controlled entities	(93.9)	20.2
Other investments	11.8	(1,296.8)
Subsidiary companies	(56.9)	(375.0)
Loss on dilution of interests in a subsidiary company	22.9	1,642.6
Surplus on liquidation of subsidiary companies	(7.7)	–
Surplus on liquidation of an associated company	(1.8)	–
Write back of provision for unlisted investment	(12.5)	–
Write back of provision for diminution in value of properties held for sale	(231.0)	–
Write back of provision for advance to an associated company	(5.0)	–
Exchange (gain)/loss	(15.3)	75.2
Increase in stocks	(469.9)	(52.5)
Decrease/(increase) in properties held for sale	2,735.6	(956.2)
Increase in debtors and prepayments	(2,834.4)	(913.3)
(Increase)/decrease in other loans receivable	(163.4)	0.7
Decrease in creditors and accrued charges	(354.1)	(247.1)
(Decrease)/increase in contracts in progress	(35.6)	420.0
Increase in deposits received on sale of properties	300.5	219.2
Net interest expenses and dividend income	1,504.0	1,079.6
Net cash inflow from operating activities	3,037.7	2,015.4

32 Notes to Consolidated Cash Flow Statement (continued)

	2001 HK\$m	2000 HK\$m
(b) Acquisition of subsidiary companies		
Net assets acquired		
Fixed assets	59.1	1,091.7
Associated companies	–	1,081.8
Stocks	31.3	1,216.4
Properties held for sale	1,003.1	691.0
Other investments	9.9	14.6
Debtors and prepayments	145.6	89.4
Tax recoverable	2.7	–
Cash and bank balances	151.2	107.7
Creditors and accrued charges	(233.1)	(69.4)
Short term bank loans	(72.1)	–
Long term liabilities	(7.0)	(120.2)
Minority interests	24.6	(345.2)
	1,115.3	3,757.8
Less: Interests originally held by the Group		
Associated companies	(17.2)	(340.7)
Jointly controlled entities	(984.3)	–
	113.8	3,417.1
Capital reserve on acquisition	–	(334.4)
Goodwill on acquisition	87.4	36.0
	201.2	3,118.7
Represented by:		
Non-cash		
Disposal of port and port-related investments to PPC (Note 25(c))	–	2,329.4
Cash	201.2	789.3
	201.2	3,118.7
(c) Analysis of net outflow of cash and cash equivalents		
in respect of the acquisition of subsidiary companies		
Cash consideration	(201.2)	(789.3)
Cash and bank balances acquired	151.2	107.7
	(50.0)	(681.6)

The subsidiary companies acquired during the year contributed HK\$105.9 million (2000: HK\$19.3 million) of the Group's net operating cash flows, utilised HK\$152.9 million (2000: HK\$57.3 million) for investing activities, and received HK\$73.5 million (2000: nil) for financing activities. The subsidiary companies did not pay nor receive any amount in respect of returns on investments and servicing of finance (2000: HK\$64.8 million).

32 Notes to Consolidated Cash Flow Statement (continued)

	2001	2000
	HK\$m	HK\$m
(d) Disposal of subsidiary companies		
Net assets disposed		
Fixed assets	443.2	21.0
Stocks	53.6	37.3
Other loans receivable	2.4	–
Debtors and prepayments	67.1	130.9
Cash and bank balances – unrestricted	49.6	6.2
Cash and bank balances – restricted	82.7	–
Creditors and accrued charges	(146.0)	(95.1)
Bank loans and overdrafts	(53.6)	(15.3)
Other loans	–	(1.6)
Taxation	(6.2)	–
Long term liabilities	(138.7)	(14.4)
Deferred taxation	(0.3)	(0.4)
Minority interests	(98.1)	6.8
	255.7	75.4
Goodwill	11.7	1.7
Capital reserve	(5.0)	(2.9)
Profit on disposal and surplus on liquidation of subsidiary companies (exclusive of profit on disposal of subsidiary companies shown under major non-cash transactions in Note 32(g))	64.6	300.2
	327.0	374.4
Represented by:		
Cash	284.7	374.4
Accounts receivable	69.3	–
Other investments	30.7	–
Jointly controlled entities	(57.7)	–
	327.0	374.4
(e) Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiary companies		
Cash consideration	284.7	374.4
Cash and bank balances disposed	(49.6)	(6.2)
Bank overdrafts discharged	–	15.3
	235.1	383.5

32 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 bank and other loans HK\$m	Restricted cash and bank balances HK\$m	Minority interests HK\$m	Total HK\$m
Balance at 1.7.1999	20,760.6	30,987.3	3,864.6	1,352.9	(18.6)	9,805.8	66,752.6
Net cash (outflow)/inflow 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 a subsidiary company	–	–	–	–	–	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
Net cash (outflow)/inflow from financing	(0.2)	2,381.0	–	449.8	(1,271.6)	131.0	1,690.0
Scrip dividends issued	204.5	–	–	–	–	–	204.5
Profit on repurchase of convertible bonds	–	(1.8)	–	–	–	–	(1.8)
Partial disposal of interest in subsidiary companies	–	–	–	–	–	40.4	40.4
Acquisition of additional interests in subsidiary companies	–	(460.8)	–	–	–	209.9	(250.9)
Disposal of subsidiary companies	–	(138.7)	–	(53.6)	82.7	(98.1)	(207.7)
Conversion of bonds	2.4	(2.4)	–	–	–	–	–
Decrease in deferred interest income	–	(292.9)	–	–	–	–	(292.9)
Increase in long term accounts payable	–	532.0	–	–	–	–	532.0
Acquisition of subsidiary companies	–	7.0	–	72.1	–	(24.6)	54.5
Increase in minority interests from dilution of interests in a subsidiary company	–	–	–	–	–	22.9	22.9
Minority interests' share of net profit and other reserves	–	–	–	–	–	161.8	161.8
Dividends to minority shareholders	–	–	–	–	–	(318.1)	(318.1)
Inception of finance leases	–	6.5	–	–	–	–	6.5
Land use right contributed by a minority shareholder	–	72.3	–	–	–	–	72.3
Translation difference	–	–	–	–	–	(16.2)	(16.2)
Balance at 30.6.2001	21,181.4	39,000.5	1,162.2	1,564.8	(1,747.0)	17,407.7	78,569.6

32 Notes to Consolidated Cash Flow Statement (continued)

(g) Non-cash transactions

During the year, the Group acquired the development right of a joint development project for a consideration of HK\$430.0 million, of which HK\$86.0 million was paid as at the balance sheet date. The remaining balance payable was included in long term accounts payable.

In addition, NWCL acquired 49.0% interest in New World Anderson Development Company Limited, being a 51.0% subsidiary company of NWCL before the acquisition, from Anderson International Investment Limited ("Anderson International") at a consideration of HK\$406.6 million. The consideration was satisfied by HK\$90.0 million in cash and the remaining balance was set-off against an outstanding amount of HK\$316.6 million due and payable by Anderson International to the Group.

In 2000, the Group disposed of a subsidiary, which owned 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.

(h) Analysis of cash and cash equivalents

	2001 HK\$m	2000 HK\$m
Cash and bank balances	9,809.6	6,369.1
Bank loans and overdrafts	(2,460.3)	(1,136.0)
Bills payable	–	(0.5)
	7,349.3	5,232.6
Add: Bank loans maturing more than three months from the date of drawdown	1,515.8	797.0
Less: Bank deposits maturing more than three months from the date of placement	(131.3)	–
Less: Restricted cash and bank balances	(1,747.0)	(558.1)
	6,986.8	5,471.5

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:

	2001 HK\$m	2000 HK\$m
Transaction with affiliated companies (Note a)		
Provision of contracting work service (Note b)	246.8	937.6
Interest income (Note c)	164.9	367.2
Management fee income (Note d)	11.0	43.3
Purchase of raw materials (Note e)	500.2	–
Transaction/balance with other related parties		
Rental income (Note f)	15.4	25.8
Purchases of fixed assets (Note g)	6.8	58.1
Purchases of mobile phones and accessories (Note g)	–	24.2
Account payable (Note h)	605.7	96.2

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) Raw materials were purchased from an affiliated company at its original purchase costs from third party suppliers. The Group also paid approximately HK\$698.0 million (2000: nil) to the affiliated company as trade deposits for the further purchase of raw materials.
- (f) Rental income is charged at fixed monthly rate in accordance with tenancy agreements.
- (g) Certain transactions had been entered into between subsidiary companies of the Group and Infa Telecom Asia Limited, for the purchase of fixed assets, mobile phones and accessories.
- (h) The amount payable is unsecured, bears interest at Hong Kong prime rate per annum and is repayable on demand.

34 Post Balance Sheet Event

On 21 May 2001, the Group entered into a sale and purchase agreement with Asia Pacific Holdings Limited to dispose of the Regent hotel at a consideration of US\$345.8 million. The transaction was completed on 29 August 2001.

35 Approval of Accounts

The accounts were approved by the Board of Directors on 10 October 2001.

36 Principal Subsidiary Companies

As at 30 June 2001

	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
Advance Planner Limited	100	1	40	49	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 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	15,000,000	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
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	–	75	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

36 Principal Subsidiary Companies (continued)

As at 30 June 2001

	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)					
Gradex Limited	2	1	–	100	Property Investment
Grand Hyatt Hong Kong Company Limited	1,000	1	–	64	Hotel Operation
Hang Bong Company Limited	225,000	1	100	100	Property Trading
Happy Champion Limited	2	1	100	100	Investment Holding
Head Step Limited	2	1	100	100	Property Investment
Hip Hing Construction Company Limited	400,000	100	–	51	Construction and Civil Engineering
	600,000*	100	–	–	
Hong Kong Convention and Exhibition Centre (Management) Limited	3	1	–	51	
	1*	1	–	–	Management of HKCEC
Hong Kong Island Development Limited	33,400,000	5	6	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	
	95,500*	10	–	–	Property Management
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	
	2*	1	–	–	Investment Holding
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	
	1,002*	100	–	–	Property Management
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

36 Principal Subsidiary Companies (continued)

As at 30 June 2001

	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)					
Mega Choice Holdings Limited	100	1	80	80	Property Investment
Mega Fountain Limited	2	1	100	100	Property Trading
New China Steam Laundry Company Limited	40,000,002	1	–	51	Laundry Services
	704,000*	1	–	–	
New World Department Stores Limited	2	1	–	100	Management Services to Department Stores
New World Development (China) Limited	2	1	–	70	Investment Holding
	2*	1	–	–	
New World Finance Company Limited	200,000	100	100	100	Financial Services
New World Harbourview Hotel Company Limited	1,000	1	–	64	Hotel Operation
New World Hotel Company Limited	40,000,000	1	–	64	Hotel Operation
New World Insurance Services Limited	1,000,000	1	–	51	Insurance Brokerage Service
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	–	95	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	95	95	Investment Holding
New World Telephone Limited	2	1	–	95	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	Cleaning Services
	14,420*	100	–	–	
Pollution & Protection Services Limited	8,057,780	1	–	51	Cleaning Services
	500,020*	1	–	–	
Polytown Company Limited	2	10	–	51	Property Investment
	100,000*	10	–	–	

36 Principal Subsidiary Companies (continued)

As at 30 June 2001

	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)					
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
Spotview Development Limited	10,000	1	–	100	Property Investment
Tai Yieh Construction & Engineering Company Limited	40,000	1,000	–	51	Construction and Civil Engineering
Tao Yun Company Limited	10,000*	1,000	–	–	
Team Deco International Limited	2	10	–	100	Property Trading
The Dynasty Club Limited	2	1	–	51	Interior Design
Thyme Company Limited	2	1	100	100	Proprietary Club Operation
Trend Island Limited	500	10	70	89	Property Investment
True Hope Investment Limited	2	1	–	70	Investment Holding
	4,998	1	–	60	
	2*	1	–	–	Investment Holding
Tridant Engineering Company Limited	34,400,000	1	–	51	Electrical Contracting/Instrument Sales
	15,600,000*	1	–	–	
Try Force Limited	4,998	1	–	60	
	2*	1	–	–	Investment Holding
Tsuen Wan Properties Limited	200	100	–	100	Property Investment
Uniformity Security Company Limited	2	100	–	51	
	2,500*	100	–	–	Security Services
Urban Parking Limited	5,000,000	1	–	51	Carpark Management
Urban Property Management Limited	49,995,498	1	–	51	
	4,502*	1	–	–	Property Management
Vibro (HK) Limited	10,000,002	3	–	50	Piling and caisson
Wai Hong Cleaning & Pest Control Company Limited					Cleaning & Pest Control Services
	200,000	100	–	51	
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

36 Principal Subsidiary Companies (continued)

As at 30 June 2001

	Share capital issued [#]		Percentage of equity shares held		Principal activities
	Number	Par value per share	By the Company	By the Group	
Incorporated in Cayman Islands and operated in Hong Kong					
New World China Land Limited	1,463,772,938	HK\$0.10	69	70	Investment Holding
NW China Homeowner Development Limited	5,363,925	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 2001

	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 2001

	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 Xinhua Chen Estate Co., Ltd.	Rmb200,000,000	–	70	Property Investment
Guangzhou Xin Hua Jian Property Development Co., Limited	Rmb244,000,000	–	70	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	–	65	Property Investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	–	70	Property Investment
New World (Shenyang) Property Development Limited	Rmb97,720,000	–	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 2001

	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\$34,000,000	–	–	40	Property Investment
Shenyang New World Department Store Limited	Rmb30,000,000	–	–	100	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	–	–	100	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	–	–	95	Property Investment
Wuxi New World Department Store Limited	US\$5,000,000	–	–	100	Department Store Operation
Wuzhou Xinwu Highways Co., Limited	Rmb72,000,000	–	–	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.

36 Principal Subsidiary Companies (continued)

As at 30 June 2001

	Number	Ordinary share capital issued	Percentage of equity shares held		Principal activities
		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					
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
New Dragon Asia Food Limited	1	US\$1	–	33	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
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.

37 Principal Associated Companies

As at 30 June 2001

	Share capital issued [#]		Percentage of equity shares held		Principal activities
	Number	Par value	By the Company	By the Group	
		per share HK\$			
Incorporated and operated in Hong Kong					
Birkenhead Property & Investment Limited	1,200,000	1	–	50	Property Investment
CSX World Terminals Hong Kong Limited (formerly Sea-Land Orient Terminals Limited)	55,000 'A'	1	–	–	Operation of Container Terminal
	5,000 'B'	1	–	15	
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	5,000,000	1	–	33	Interior Decoration Contracting
New Waly Interior Products Limited	1,000,000	1	–	31	Trading of Interior Products
New World-Guangdong Highway Investments Co. Limited	100 100 *	100 100	– –	30 –	Investment Holding
Niceline Company Limited	1,000	1	–	25	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
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
Yargoony Company Limited	150,000	100	–	16	Stone Quarrying
Incorporated and operated in the United States of America					
CyberLancet Corporation	49,000,000 B	–	–	–	Development of
	21,000,000 +	–	–	100	Internet Technology
CyberNova Corporation	30,000,000 B	–	–	–	Development of
	20,000,000 +	–	–	100	Cable Modem
Prediwave Corporation	35,000,000 B	–	–	–	Development of
	15,000,000 +	–	–	100	Video-on-demand
TechStock, Inc.	30,000,000 B	–	–	–	Technology
	20,000,000 +	–	–	100	Investment Holding

Represented ordinary shares, unless otherwise stated.

* Non-voting deferred ordinary shares.

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

B Common stocks.

+ Series A preferred stocks

37 Principal Associated Companies (continued)

As at 30 June 2001

	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
New QU Energy Limited	65,000,000 B	–	–	–	Development and Production of Heat Transfer Devices
	35,000,000 +	–	–	64	
Newton Asia Limited	2	US\$1	–	50	Property Investment
Right Choice International Limited	200	US\$1	–	18	Property Investment
Sinclair Profits Limited	10	US\$1	–	35	Investment Holding
Incorporated and operated in the People's Republic of China					
Beijing Chang Le Real Estates Development Co., Ltd.	US\$12,000,000	–	–	25	Property Investment
Beijing Fu Wah Real Estates Development Co., Ltd.	US\$8,000,000	–	–	25	Property Investment
Beijing Niceline Real Estates Development Co., Ltd.	US\$8,000,000	–	–	25	Property Investment
Beijing Po Garden Real Estates Development Co., Ltd.	US\$12,000,000	–	–	25	Property Investment
Kunming Fulintang Pharmaceutical Co., Ltd.	Rmb50,000,000	–	–	65	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
Incorporated in Bermuda and operated in Hong Kong					
Kwoon Chung Bus Holdings Limited	393,906,000	HK\$0.10	–	12	Bus Services
Tai Fook Securities Group Limited	488,409,699	HK\$0.10	–	10	Financial Services
Wai Kee Holdings Limited	773,994,000	HK\$0.10	–	8	Construction and Civil Engineering

B Common stocks.

+ Series A preferred stocks.

38 Principal Jointly Controlled Entities

As at 30 June 2001

	Registered capital	Attributable interest Ω		Principal activities
		To the Company	To the Group	
Incorporated and operated in the People's Republic of China				
Equity Joint Ventures				
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 Jing-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
Yixing United Ceramics Company Ltd.	US\$16,360,000	–	48	Ceramics Tiles Manufacturing
Co-operative Joint Ventures				
Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) Co., Limited	Rmb580,000,000	–	15	Operation of Toll Road
Beijing Chong Wen-New World Properties Development Co., Limited	US\$104,100,000	–	41-49	Property Investment
Beijing Chong Yu Real Estate Development Co., Limited	US\$81,840,000	–	49	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 2001

	Registered capital	Attributable interest Ω		Principal activities
		To the Company	To the Group	
Incorporated and operated in the People's Republic of China (continued)				
Co-operative Joint Ventures (continued)				
Guangzhou Cosmart Estate Development Limited	HK\$48,000,000	–	42	Property Investment
Guangzhou Fong-Chuen New World Property Development Co., Limited	Rmb330,000,000	–	42	Property Investment
Guangzhou Fucheng Property Development Co., Limited	HK\$80,000,000	–	42	Property Investment
Guangzhou Northring Freeway Company Limited	US\$19,255,000	–	39	Operation of Toll Road
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	Property Redevelopment
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$182,000,000	–	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 Xinzhao Expressway Co., Limited	Rmb89,392,000	–	54 @	Operation of Toll Road

38 Principal Jointly Controlled Entities (continued)

As at 30 June 2001

	Registered capital	Attributable interest Ω		Principal activities
		To the Company	To the Group	
Incorporated and operated in the				
People's Republic of China (continued)				
Co-operative Joint Ventures (continued)				
Wuhan Airport Road Development Limited	Rmb60,000,000	–	24	Operation of Toll Road
Wuhan Taipei & New World Hotel Co., Ltd.	US\$14,160,000	–	35	Hotel Operation
Wuhan Xinhan Development Co., Limited	Rmb30,000,000	–	35	Property Investment
Wuxi New City Development Co., Limited	US\$10,040,000	–	26	Hotel Operation

Ω 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
ATL Logistics Centre Hong Kong Limited	100,000	1	–	25	Operation of Cargo Handling and Storage Facilities
(formerly Asia Terminals Limited)	20,000 **	1	–	36	
	39,000 *	1	–	–	
	15,918 ***	1	–	–	
Direct Profit Development Limited	200,000	0.05	–	15	Property Investment
Ever Sure Investments Limited	2	1	–	50	Property Investment
Far East Landfill Technologies Limited	1,000,000	1	–	24	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 2001

	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	Property 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.

General Terms

Att.	Attributable
ACT	Asia Container Terminals Limited
ATL	ATL Logistics Centre Hong Kong Limited
CEM	Companhia de Electricidade de Macau
CSXWT Hong Kong	CSX World Terminals Hong Kong Limited
Forex	Foreign exchange
FTNS	Fixed Telecommunications Network Services
FY	Fiscal year, 1 July to 30 June
GDP	Gross domestic product
General Security	General Security (H.K.) Limited
GNRR	Guangzhou City Northern Ring Road
GFA	Gross floor area
Group	New World Development Company Limited and its subsidiary companies
Hip Hing or Hip Hing Construction	Hip Hing Construction Company Limited
HK	Hong Kong
HKCEC	Hong Kong Convention and Exhibition Centre
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
HOS	Home Ownership Scheme
IDD	International Direct Dialing services
IP	Internet Protocol, the open protocol used for communication between Network, LANs and WANs
Jiangsu Expressway	Jiangsu Expressway Company Limited
KCRC	Kowloon Canton Railway Corporation
KLN	Kowloon
MTR	Mass Transit Railway
n/a	not applicable
New World or NWD	New World Development Company Limited

General Terms (continued)

N.T.	New Territories
NWCB or New World CyberBase	New World CyberBase Limited
NWCEP or New World China Enterprises	New World China Enterprises Projects Limited
NWCL or New World China Land	New World China Land Limited
NWDS or New World Department Stores	New World Department Stores Limited
NWFB or New World First Bus	New World First Bus Services Limited
NWFF or New World First Ferry	New World First Ferry Services Limited
NWI or New World Infrastructure	New World Infrastructure Limited
NWM	New World Mobility
NWS or New World Services	New World Services Limited
NWT or New World Telephone	New World Telephone Limited
PPC	Pacific Ports Company Limited
PRC or Mainland China	The People's Republic of China
PSPS	Private Sector Participation Scheme
Rd	Road
RMB	the lawful currency of The People's Republic of China
Sichuan Expressway	Sichuan Expressway Company Limited
Sino-French	Sino-French Holdings (Hong Kong) Limited
TBD	To be determined
Tridant or Tridant Engineering	Tridant Engineering Company Limited
US	The United States of America
HK\$Bil or HK\$ Billion	billion of Hong Kong Dollars
HK\$Mil or HK\$ million or HK\$m	million of Hong Kong Dollars
Urban Property Management	Urban Property Management Limited
US\$	United States dollar(s), the lawful currency of the United States
WTO	World Trade Organisation
Young's or Young's Engineering	Young's Engineering Holdings Limited

Financial Terms

AOP or Attributable Operating Profit	Attributable profit before other non-recurrent income and charge and net financing costs
ARPU	Average Revenue per user per month
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Earnings Per Share or EPS	$\frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Gearing Ratio	$\frac{\text{Net Book Debt}}{\text{Shareholders' funds}}$
Interest Cover or Interest Coverage	$\frac{\text{Operating profit before interest plus share of results of associated companies and jointly controlled entities}}{\text{Interest expense including capitalised interest}}$
Net Debt	The aggregate of bank loans, other loans, overdrafts, convertible bonds, debentures and finance leases less cash and bank balances

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
IPLC	International Private Leased Circuit
JCE	Jointly controlled entities
LRE	Long Reach Ethernet
MVNO	Mobile Virtual Network Operator
WFE or FWOE	Wholly foreign-owned enterprises

Measurements

km	kilometre(s)
m ³	cubic metre
Mbps	Million bits per second
MW	megawatt(s), equal to 1,000kW
sq.ft.	square feet
sq.m.	square metre
TEU or TEUs	Twenty-Foot Container Equivalent Unit

Consolidated Balance Sheet

	2001	2000	1999	1998	1997
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Fixed assets	46,082.9	44,556.3	39,912.5	37,545.1	46,059.7
Investments in associated companies, jointly controlled entities and other investments	40,406.8	45,282.8	40,827.0	37,127.0	31,512.9
Long term receivables	539.4	473.9	627.2	692.6	366.7
Deferred expenditure	–	–	–	222.1	221.8
Current assets	43,450.0	37,704.2	33,986.2	29,119.8	30,509.1
	130,479.1	128,017.2	115,352.9	104,706.6	108,670.2
Less: Current liabilities	24,478.9	17,717.7	18,641.7	15,837.5	18,388.9
	106,000.2	110,299.5	96,711.2	88,869.1	90,281.3
Share capital	2,134.0	2,114.1	2,127.8	1,984.9	1,909.0
Reserves	55,300.6	56,094.0	54,362.8	52,827.2	62,400.9
Shareholders' funds	57,434.6	58,208.1	56,490.6	54,812.1	64,309.9
Minority interests	17,407.7	17,298.7	9,805.8	9,079.6	10,062.2
Mandatorily convertible bonds	1,162.2	1,162.2	3,864.6	–	–
Long term liabilities	29,970.9	33,611.9	26,526.4	24,960.4	15,905.6
Deferred taxation	24.8	18.6	23.8	17.0	3.6
	106,000.2	110,299.5	96,711.2	88,869.1	90,281.3

Consolidated Profit and Loss Account

	2001 HK\$m	2000 HK\$m	1999 HK\$m	1998 HK\$m	1997 HK\$m
Turnover	24,382.4	20,535.2	17,527.1	20,389.9	19,975.9
Operating profit before financing costs and income	2,033.2	2,638.6	2,134.9	3,699.6	6,276.5
Net financing costs	(1,538.5)	(1,485.1)	(840.3)	(754.6)	(656.7)
Share of results of associated companies and jointly controlled entities	885.5	774.2	1,351.0	637.1	2,020.7
Profit before taxation	1,380.2	1,927.7	2,645.6	3,582.1	7,640.5
Taxation	(494.9)	(567.2)	(545.6)	(735.2)	(963.0)
Profit after taxation	885.3	1,360.5	2,100.0	2,846.9	6,677.5
Minority interests	(664.8)	(1,145.5)	(771.6)	(704.0)	(1,365.5)
Profit attributable to shareholders	220.5	215.0	1,328.4	2,142.9	5,312.0
Dividend per share (HK\$)					
– interim	0.10	0.10	0.15	0.32	0.32
– final	0.10	0.10	0.15	0.32	0.88
	0.20	0.20	0.30	0.64	1.20
Earnings per share (HK\$)					
– basic	0.10	0.10	0.65	1.11	2.86
– diluted	N/A	N/A	N/A	1.10	2.85

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

ANZ Bank
ABN AMRO Bank N.V.
Bank of America NT & SA
Bank of China
Bank of East Asia
BNP Paribas
Chase Manhattan Bank, N.A.
China Construction Bank
Deutsche Bank
Hang Seng Bank
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi
The Hongkong and Shanghai Banking Corporation
The Sanwa Bank
Westdeutsche Landesbank

Stock Code

Hong Kong Stock Exchange 0017
Reuters 0017HK
Bloomberg 17HK

Investor Information

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Communicating with you

At New World, we believe that successful relationships are built on communication and trust. As a publicly listed company, we are dedicated to keeping communication channels open with investors, fund managers, and other members of the financial and investment community, as well as with our employees and members of our greater community. Guided by this principle, we have dedicated ourselves to producing an Annual Report that is both accessible and informative by sharing our mission and vision, our challenges and strategies, and our progress and achievements.

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

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