

1 Principal accounting policies

(a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong, and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), including applicable Hong Kong Statements of Standard Accounting Practice and certain Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) (collectively the “HKFRSs”) as described further below. The accounts are prepared under the historical cost convention as modified by the revaluation of hotel and investment properties and other investments.

The HKICPA has issued a number of new and revised HKFRSs which are effective for accounting periods commencing on or after 1st January 2005. In preparing these accounts, the Group has early adopted the following HKFRSs:

HKFRS 3	Business combinations
HKAS 36	Impairment of assets
HKAS 38	Intangible assets

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill and negative goodwill. Details of the change in the accounting policy and the effects of adopting these standards are set out in Note 1(c) and Note 1(d) below. These changes in the accounting policy have been made in accordance with the transitional provisions in the respective standards and have been applied prospectively.

The Group has not early adopted other new and revised HKFRSs in the accounts for the year ended 30th June 2005. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to analyse and quantify the impact of these new and revised HKFRSs on its results of operations and financial position.

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and all of its subsidiaries made up to 30th June, and include the Group’s share of the results for the year and undistributed post-acquisition reserves of its associated companies and jointly controlled entities. The results of subsidiaries, associated companies and jointly controlled entities acquired or disposed of during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition and up to the effective dates of disposal respectively.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account (see Note 1(c) and (d)).

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group’s share of its net assets together with any goodwill carried in the balance sheet.

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

1 Principal accounting policies (continued)

(c) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the subsidiaries, associated companies or jointly controlled entities acquired at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associated companies or jointly controlled entities is included in investments in associated companies or jointly controlled entities respectively. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In prior years, goodwill arising from acquisition after 1st July 2001 was amortised on a straight-line basis over its estimated useful life of not more than twenty years. Any impairment of goodwill was recognised as an expense in the profit and loss account. Goodwill on acquisition of subsidiaries, associated companies or jointly controlled entities occurring before 1st July 2001 was written off directly to reserves in the year of acquisition.

Following the adoption of HKFRS 3, goodwill on acquisitions of subsidiaries, associated companies and jointly controlled entities is no longer amortised but tested for impairment annually. Any impairment loss recognised during the year is charged to the profit and loss account. Accumulated amortisation as at 1st July 2004 has been eliminated with a corresponding decrease in the cost of goodwill. Goodwill previously eliminated against reserves is not restated on the balance sheet or included in the calculation of the profit or loss on disposal of any subsidiary, associated company and jointly controlled entity.

The effect of the change has resulted in an increase of HK\$748,000 in the profit attributable to shareholders for the year ended 30th June 2005 and an increase in the carrying value of jointly controlled entities of the same amount as at 30th June 2005.

(d) Negative goodwill

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

In prior years, for acquisitions on or after 1st July 2001, negative goodwill was presented in the same balance sheet classification as goodwill. To the extent that negative goodwill related to expectations of future losses and expenses that were identified in the Group's plan for the acquisition and could be measured reliably, but which did not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill was recognised in the profit and loss account when the future losses and expenses were recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, was recognised in the profit and loss account over the remaining weighted average life of those non-monetary assets; negative goodwill in excess of the fair values of those non-monetary assets was recognised in the profit and loss account immediately. Negative goodwill on acquisition of subsidiaries, associated companies or jointly controlled entities occurring before 1st July 2001 was taken directly to reserves in the year of acquisition.

Following the adoption of HKFRS 3, the carrying amount of negative goodwill at 1st July 2004 is derecognised and credited to the opening balance of the retained profit. Any excess of the fair value of the Group's share of the net identifiable assets of the subsidiaries, associated companies or jointly controlled entities acquired over the cost of an acquisition is recognised immediately in the consolidated profit and loss account. There is no effect on the Group's opening balance of the retained profit, but the profit attributable to shareholders for the year ended 30th June 2005 has increased by HK\$46,853,000.

(e) Subsidiaries

Subsidiaries are companies, including equity and co-operative joint ventures in the People's Republic of China ("PRC"), in which the Group has the power to exercise control governing the financial and operating policies of the companies. Investments in subsidiaries are carried at cost. Provision is made when the directors consider that there is long term impairment in value.

(f) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long term and significant influence is exercised through representatives on the board of directors and there is no contractual arrangement to establish joint control over the economic activities of the company. The Group's investments in associated companies also include joint ventures in the PRC in which the composition of the board of directors is controlled by the Group's associated companies.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year. The consolidated balance sheet includes the Group's share of the net assets of the associated companies and any goodwill (net of any accumulated impairment loss) on acquisition.

(g) Jointly controlled entities

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

The Group's interests in jointly controlled entities are stated at cost plus the Group's share of their post-acquisition results and reserves and any goodwill (net of any accumulated impairment loss) on acquisition, less provision for diminution in value other than temporary in nature. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities explained as follows:

(i) Equity joint ventures

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

(ii) Co-operative joint ventures

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

(iii) Companies limited by shares

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

(h) Joint ventures in the PRC*(i) Equity joint ventures*

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiaries (where the Group has the power to exercise control governing the financial and operating policies) or as jointly controlled entities (where the Group and the other venturers of the equity joint venture established joint control over the economic activity thereof).

1 Principal accounting policies (continued)

(h) Joint ventures in the PRC (continued)

(ii) *Co-operative joint ventures*

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiaries (where the Group has the power to exercise control governing the financial and operating policies) or as jointly controlled entities (where the Group and the other venturers of the co-operative joint venture established joint control over the economic activity thereof).

(i) Other investments

Other investments represent securities which are held for non-trading purpose. They are stated at fair value at the balance sheet date. Fair value is estimated by the directors by reference to the market price or, in case of unlisted investments, net asset value of the respective investment. Changes in the fair value of individual investment are credited or debited to the investment revaluation reserve until the investment is sold or determined to be impaired. Where the directors determine that there is impairment loss, the accumulated changes in fair value are removed from the investment revaluation reserve and recognised in the profit and loss account. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant investment, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the profit and loss account.

(j) Fixed assets and depreciation

(i) *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential. The investment properties are stated at 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 in value are first set off against earlier revaluation surpluses on a portfolio basis and thereafter charged to the profit and loss account. Any subsequent increases are credited to operating profit up to the amount previously debited. Upon sale of an investment property, the relevant portion of the revaluation surplus in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account. No depreciation is provided on investment properties held on leases of more than twenty years.

(ii) *Hotel properties*

Hotel properties are interests in land and buildings and their integral fixed plant which are collectively used in the operation of hotel. They are stated in the balance sheet at their open market value on the basis of an annual professional valuation. Increases in valuation are credited to the hotel properties revaluation reserve; decreases in value are first set off against earlier revaluation surpluses and thereafter charged to the profit and loss account. 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 expenditures on repairs and improvements are charged to the profit and loss account in the year in which they are incurred.

(iii) *Assets under construction*

No depreciation is provided on assets under construction. All direct and indirect costs relating to the construction of fixed assets including interest and financing costs and foreign exchange differences on the related borrowed funds during the construction period are capitalised as the cost of the fixed assets.

(iv) *Other fixed assets*

Other fixed assets, including other properties which are interests in land and buildings other than investment properties and hotel properties, are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is calculated to write off the cost of assets over their estimated useful lives, using the straight line method. Estimated useful lives are summarised as follows:

Land held on long or medium term lease	Unexpired period of the lease
Buildings	20 years
Leasehold improvements	5–10 years or over the relevant lease period
Furniture, fixtures and equipment	5 years
Motor vehicles	3 years

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. The carrying amounts of fixed assets are reviewed regularly. When the recoverable amounts have declined permanently below their carrying amounts, the carrying amounts are written down to their estimated recoverable amount. Expected future cash flows have been discounted in determining the recoverable amount.

Profits or losses on disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amounts of the assets and are dealt with in the profit and loss account.

(k) Deferred expenditure

Loan procurement expenses are amortised on a straight line basis over the relevant loan periods.

(l) Properties held for/under development

Properties held for/under development are stated at cost less provision for any possible loss. Cost comprises land cost, development expenditure, professional fees and interest capitalised. On completion, the properties are transferred to investment properties or to completed properties held for sale.

(m) Completed properties held for sale

Completed properties held for sale is stated at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(n) Employee benefits(i) *Employee leave entitlements*

Employee entitlement to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

(ii) *Pension obligations*

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

1 Principal accounting policies (continued)

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals payable to such operating leases, net of incentives received from the lessors, are charged to the profit and loss account on a straight line basis over the periods of the leases.

(q) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(r) Capitalisation of interest and finance charges

Interest and finance charges on borrowings relating to properties under development are included in the cost of the development during the period of development. Interest and finance charges on borrowings that are directly attributable to the financing of the Group's investments in joint ventures investing in property development projects are capitalised as the cost of investments in these joint ventures up to the respective date of completion of construction of the related properties. All other borrowing costs are expensed in the profit and loss account in the year in which they are incurred, other than those dealt with in note (j)(iii) above.

(s) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates of exchange ruling at that date. Exchange differences arising in these cases are dealt with in the profit and loss account, other than those dealt with in note (j)(iii) above.

The balance sheet of overseas subsidiaries, associated companies and jointly controlled entities expressed in foreign currencies are translated at rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences arising therefrom are dealt with as a movement in reserves.

(t) Revenue recognition

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

(i) *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 completion certificate by the relevant government authorities, whichever is the later. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

(ii) *Interest income*

(a) Interest income in respect of loan financing provided to associated companies and jointly controlled entities financing the development of property projects during the development periods is deferred and recognised on the same basis as property sales (note (t)(i)) above.

(b) Interest income in respect of loan financing provided to associated companies and jointly controlled entities other than those engaged in property development during their pre-operational period is deferred and amortised over the repayment period of the loan.

(c) Other than those described in (a) to (b) above, interest income is recognised on a time proportion basis.

(iii) *Rental income*

Rental income is recognised on a straight line accrual basis over the terms of lease agreements or on a specified basis according to the terms of lease agreements in respect of contingent rental income.

(iv) *Hotel operations income*

Hotel operations income is recognised when the services are rendered.

(v) *Project management fee income*

Project management fee income in respect of management services provided to associated companies and jointly controlled entities engaged in property development during the development periods is deferred and recognised on the same basis as property sales (note (t)(i)) above.

(vi) *Property management services fee income*

Property management services fee income is recognised when services are rendered.

(vii) *Dividend income*

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

2 Turnover and segment information

- (a) The Group is principally engaged in investment and development of property projects in the PRC. Turnover comprises gross proceeds from sales of properties, revenues from rental and hotel operations, property management services fee income, project management fee income and interest income in respect of loan financing provided to associated companies and jointly controlled entities, net of withholding tax.

	2005	2004
	HK\$'000	HK\$'000
Sale of properties	1,244,647	2,186,222
Rental income	190,961	139,954
Income from hotel operation	165,668	108,829
Property management services fee income	16,451	23,407
Project management fee income	296	4,893
	1,618,023	2,463,305
Interest income less withholding tax	39,651	58,479
	1,657,674	2,521,784

- (b) The Group is organised into four main business segments, comprising property sales, rental operation, hotel operation and property management services. There is no other significant identifiable separate business segment. Segment assets consist primarily of fixed assets, properties held for/under development, other non-current assets, debtors, deposits and other receivables, and completed properties held for sales. Segment liabilities comprise mainly creditors and accruals, bank and other loans, other payable and deferred income.

No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the PRC, which is considered as one geographical location in an economic environment with similar risks and returns.

Year ended	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Total
30th June 2005	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues	1,284,594	186,147	180,125	6,808	—	1,657,674
Segment results	246,868	34,391	42,401	(348)	(1,922)	321,390
Bank and other interest income						50,464
Corporate administrative expenses						(107,306)
Operating profit before financing						264,548
Finance costs						(97,636)
Share of results of Associated companies	5,450	45,585	8,281	(828)	—	58,488
Jointly controlled entities	14,176	74,428	3,650	(1,843)	123	90,534
Profit before taxation						315,934
Taxation charge						(74,881)
Profit after taxation						241,053
Minority interests						(19,509)
Profit attributable to shareholders						221,544

Year ended	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Total
30th June 2004	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues	2,249,594	140,336	121,774	10,080	—	2,521,784
Segment results	2,979	11,102	238,346	(346)	(1,614)	250,467
Bank and other interest income						19,853
Corporate administrative expenses						(117,685)
Operating profit before financing						152,635
Finance costs						(74,701)
Share of results of Associated companies	2,293	16,459	6,738	(691)	—	24,799
Jointly controlled entities	37,160	70,572	7,486	(4,539)	(1,812)	108,867
Profit before taxation						211,600
Taxation charge						(44,788)
Profit after taxation						166,812
Minority interests						(39,466)
Profit attributable to shareholders						127,346

2 Turnover and segment information (continued)

As at 30th June 2005	Property sales	Rental operation	Hotel operation	Property management services	Other operations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	10,234,416	3,422,548	1,233,181	27,546	4,878	14,922,569
Associated companies and jointly controlled entities	5,970,176	5,471,422	412,338	(10,611)	10,152	11,853,477
Unallocated assets						5,372,283
Total assets						32,148,329
Segment liabilities	4,526,217	2,210,985	898,585	18,461	5,490	7,659,738
Minority interests						21,077
Unallocated liabilities						1,190,752
Total liabilities and minority interests						8,871,567
Capital expenditure	3,870	92,770	20,997	1,217	2,250	121,104
Depreciation	11,619	24,567	11,535	561	2,379	50,661
Provision for/(write back of provision for) jointly controlled entities, associated companies and other investments	(55,255)	1,994	(5,315)	—	—	(58,576)
Write back of provision for properties	(9,000)	—	—	—	—	(9,000)
Revaluation deficit on hotel properties	—	—	6,154	—	—	6,154

As at 30th June 2004	Property					Total HK\$'000
	Property sales HK\$'000	Rental operation HK\$'000	Hotel operation HK\$'000	management services HK\$'000	Other operations HK\$'000	
Segment assets	9,409,822	2,585,916	1,138,545	17,260	6,422	13,157,965
Associated companies and jointly controlled entities	6,156,816	5,028,971	400,157	(11,057)	43,479	11,618,366
Unallocated assets						242,911
Total assets						25,019,242
Segment liabilities	5,019,902	1,773,087	934,958	9,328	779	7,738,054
Minority interests						(1,141)
Unallocated liabilities						913,107
Total liabilities and minority interests						8,650,020
Capital expenditure	11,049	195,183	173,424	226	2,772	382,654
Depreciation	14,396	24,255	9,779	198	2,410	51,038
Reversal of impairment loss of fixed assets	—	—	(205,120)	—	—	(205,120)
Provision for/(write back of provision for) jointly controlled entities, associated companies and other investments	104,612	(62)	(2,380)	483	—	102,653
Provision for properties	47,317	—	—	—	—	47,317

3 Other revenue

	2005 HK\$'000	2004 HK\$'000
Bank and other interest income	50,464	19,853

4 Other income/(charges)

	2005 HK\$'000	2004 HK\$'000
Write back of/(provision against) other investments	66,632	(94,793)
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	46,853	—
Write back of/(provision for) diminution in value of properties under development and completed properties held for sale	9,000	(47,317)
Write back of/(provision for) amount due by an associated company (Revaluation deficit)/write back of revaluation deficit on hotel properties	5,315	(2,246)
	(6,154)	3,672
Provision for investments in/amounts due by jointly controlled entities	(13,371)	(5,614)
Reversal of impairment loss of fixed assets	—	205,120
Profit on disposal of a jointly controlled entity	—	3,636
	108,275	62,458

5 Operating profit before financing

	2005 HK\$'000	2004 HK\$'000
Operating profit before financing is arrived at after crediting:		
Gross rental income from investment properties	78,465	72,807
and after charging:		
Cost of properties sold	979,088	1,896,724
Staff costs, including directors' emoluments	123,920	117,604
Depreciation	50,661	51,038
Outgoings in respect of investment properties	43,742	29,706
Rental for leased premises	34,726	36,031
Loss on disposal of fixed assets	11,694	1,347
Auditors' remuneration	4,184	4,160
Retirement benefits costs	3,725	3,794
Amortisation of deferred expenditure	2,434	5,773

There is no contingent rent included in rental income for both years.

	2005 HK\$'000	2004 HK\$'000
The future minimum rental payments receivable under non-cancellable leases are as follows:		
Within one year	133,401	121,810
Between two and five years	301,129	159,359
Beyond five years	857,231	508,222
	1,291,761	789,391

Generally the Group's operating leases are for terms of two to five years except for seven (2004: six) long term leases which are beyond five years.

6 Finance costs

	2005 HK\$'000	2004 HK\$'000
Interest on bank loans	127,471	164,466
Interest on loans from fellow subsidiaries wholly repayable within five years	43,261	20,071
Interest on loans from minority shareholders	4,803	3,640
Interest on short term loans	16,517	4,022
	192,052	192,199
Amount capitalised in properties held for/under development and assets under construction	(76,353)	(97,906)
Reimbursement from an associated company	(18,063)	(19,592)
	97,636	74,701

7 Retirement benefit costs

The Group has established a defined contribution retirement scheme under the Occupational Retirement Scheme Ordinance for all employees in Hong Kong since September 1999. The contributions to the scheme are based on a percentage of the employees' salaries ranging from 5% to 10%, depending upon the length of service of the employees. The Group's contributions to the scheme are expensed as incurred and are not forfeited in respect of those employees who leave the scheme prior to vesting fully in the contributions.

With the implementation of the Mandatory Provident Fund ("MPF") Scheme Ordinance on 1st December 2000, the Group established a new MPF Scheme. Except for employees who commenced employment after 1st October 2000, all the existing employees were given an option to select between the existing defined contribution retirement scheme and the MPF Scheme. The employees who commenced employment after 1st October 2000 are required to join the MPF Scheme. The Group's contributions to the MPF scheme are based on fixed percentages of members' salary, ranging from 5% of MPF relevant income to 10% of the basic salary. Members' mandatory contributions are fixed at 5% of MPF relevant income.

The Group also contributes to retirement plans for its employees in the PRC at a percentage in compliance with the requirements of the respective municipal governments in the PRC.

The assets of all retirement schemes are held separately from those of the Group in independently administered funds. The total cost charged to the profit and loss account amounted to HK\$3,725,000 (2004: HK\$3,794,000).

8 Directors' and senior management remuneration

(i) Details of the directors' emoluments are as follows:

Name of director	Fees	Other	Share option	2005	2004
	HK\$'000	emoluments HK\$'000	benefits HK\$'000	Total HK\$'000	Total HK\$'000
Dr. Cheng Kar-shun, Henry	50	—	—	50	50
Mr. Doo Wai-hoi, William	50	1,000	—	1,050	1,050
Mr. Cheng Kar-shing, Peter	50	—	1,074	1,124	50
Mr. Leung Chi-kin, Stewart	50	—	435	485	50
Mr. Chow Kwai-cheung	50	—	668	718	50
Mr. Chow Yu-chun, Alexander	50	—	—	50	50
Mr. Fong Shing-kwong, Michael	50	—	—	50	238
Mr. Fu Sze-shing	50	—	—	50	50
Mr. Lo Hong-sui	50	—	—	50	100
Mr. Cheng Wai-chee, Christopher	100	—	—	100	100
Mr. Tien Pei-chun, James	100	—	—	100	100
Mr. Lee Luen-wai, John	100	—	—	100	—
Mr. Chan Wing-tak, Douglas	—	—	—	—	50
Mr. Chan Kam-ling	—	—	99	99	50
	750	1,000	2,276	4,026	1,988

None of the directors has waived his right to receive his emoluments (2004: Nil).

(ii) The five individuals whose emoluments were the highest in the Group for the year do not include any director (2004: Nil). Details of the emoluments (including share option benefits) paid to the five (2004: five) individuals in the Group are as follows:

	2005	2004
	HK\$'000	HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	8,321	7,376
Share option benefits	5,330	871
Contribution to retirement benefit scheme	603	565
	14,254	8,812

The emoluments fall within the following bands:

	Number of individuals	
	2005	2004
HK\$1,500,001–HK\$2,000,000	—	4
HK\$2,000,001–HK\$2,500,000	1	1
HK\$2,500,001–HK\$3,000,000	3	—
HK\$3,500,001–HK\$4,000,000	1	—
	5	5

9 Taxation charge

	2005 HK\$'000	2004 HK\$'000
PRC income tax — current tax		
Company and subsidiaries	16	—
Jointly controlled entities	5,064	—
	5,080	—
PRC income tax — deferred tax		
Company and subsidiaries	44,960	33,141
Associated companies	9,061	1,875
Jointly controlled entities	15,780	9,772
	69,801	44,788
	74,881	44,788

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the rate of taxation prevailing in the PRC in which the Group operates as follows:

	2005 HK\$'000	2004 HK\$'000
Profit before taxation	315,934	211,600
Calculated at a taxation rate of 33% (2004: 33%)	104,258	69,828
Income not subject to taxation	(48,830)	(33,071)
Expenses not deductible for taxation purposes	57,742	100,320
Tax losses not recognised	60,855	81,896
Utilisation of previously unrecognised tax losses	(74,358)	(68,617)
Temporary differences not recognised	(24,786)	(105,568)
Taxation charge	74,881	44,788

No provision for Hong Kong profits tax has been made within the Group as the Group has no assessable profits in Hong Kong for the year (2004: Nil). PRC income tax has been provided on the estimated assessable profits of subsidiaries, associated companies and jointly controlled entities operating in the PRC at 33% (2004: 33%).

In July 1999, a deed of tax indemnity was entered into between the ultimate holding company and the Group whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC income tax ("IT") and Land Appreciation Tax ("LAT") payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999. During the year, no such tax indemnity was effected (2004: Nil).

10 Dividend

	2005 HK\$'000	2004 HK\$'000
Final dividend proposed of HK\$0.03 (2004: Nil) per share	113,236	—

At a meeting held on 6th October 2005, the directors recommended a final dividend of HK\$0.03 per share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of contributed surplus for the year ending 30th June 2006.

11 Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$221,544,000 (2004: HK\$127,346,000) and the weighted average of 1,980,770,048 shares (2004: 1,485,096,441 shares) in issue during the year.

Diluted earnings per share for the year ended 30th June 2005 is based on profit attributable to shareholders of HK\$221,544,000 divided by 1,999,832,094 shares which is the weighted average number of shares in issue of 1,980,770,048 shares plus the weighted average of 19,062,046 potential shares deemed to be issued at no consideration assuming all outstanding share options had been exercised.

Diluted earnings per share was not presented for the year ended 30th June 2004 as the exercise of the outstanding share options had no dilutive effect on earnings per share.

12 Fixed assets

Group

	Investment properties	Hotel properties	Other properties	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under construction	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation								
At 30th June 2004	2,299,401	1,009,768	50,101	226,093	180,266	34,266	—	3,799,895
Additions	22,895	20,874	243	1,064	1,199	2,421	72,408	121,104
Acquisition of interests in subsidiaries	—	—	—	—	238	32	—	270
Disposals/write off	—	—	—	(4,306)	(46,595)	(1,774)	—	(52,675)
Transfer from property under development/deposits	45,082	—	—	—	—	—	946,066	991,148
Reclassifications	303,689	—	4,503	—	—	—	(308,192)	—
Revaluation surplus	127,240	42,899	—	—	—	—	—	170,139
At 30th June 2005	2,798,307	1,073,541	54,847	222,851	135,108	34,945	710,282	5,029,881
Accumulated depreciation								
At 30th June 2004	—	—	6,484	74,747	79,639	22,263	—	183,133
Charge for the year	—	—	5,089	24,298	18,217	3,057	—	50,661
Disposals/write off	—	—	—	(1,842)	(35,259)	(1,254)	—	(38,355)
At 30th June 2005	—	—	11,573	97,203	62,597	24,066	—	195,439
Net book value								
At 30th June 2005	2,798,307	1,073,541	43,274	125,648	72,511	10,879	710,282	4,834,442
At 30th June 2004	2,299,401	1,009,768	43,617	151,346	100,627	12,003	—	3,616,762

Notes:

- (i) Investment properties and hotel properties were revalued on 30th June 2005 on an open market value basis by Chesterton Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	Investment properties		Hotel properties	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Long term leases	25,094	—	—	—
Medium term leases	2,773,213	2,299,401	1,073,541	1,009,768
	2,798,307	2,299,401	1,073,541	1,009,768

- (ii) Other properties are stated at cost and held in the PRC under the following leases:

	2005 HK\$'000	2004 HK\$'000
Long term leases	39,590	34,844
Medium term leases	15,257	15,257
	54,847	50,101

- (iii) Certain interests in investment properties and hotel properties pledged as securities for short term loans and long term loans amount to HK\$767,186,000 (2004: HK\$266,579,000) and HK\$837,383,000 (2004: HK\$803,739,000) respectively.

- (iv) As at 30th June 2005, included in assets under construction was interest capitalised of HK\$31,991,000 (2004: Nil).

13 Subsidiaries

	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost (2005 and 2004: HK\$10)	—	—
Amounts due by, net of provision	17,043,436	14,635,621
Amounts due to	(150,068)	—
	16,893,368	14,635,621

Details of principal subsidiaries are given in note 39.

14 Properties held for development

	Group	
	2005 HK\$'000	2004 HK\$'000
Leasehold land, at cost		
Long term	2,149,728	2,221,746
Medium term	1,204,077	1,156,362
Development and incidental costs	412,869	422,675
Interest capitalised	153,341	146,442
	3,920,015	3,947,225

The aggregate carrying value of properties held for development pledged as securities for long term loan amounts to HK\$974,721,000 (2004: HK\$919,892,000).

15 Associated companies

	Group	
	2005 HK\$'000	2004 HK\$'000
Group's shares of net assets	212,024	63,631
Amounts due by, net of provision (note (i))	1,417,727	1,277,360
Amounts due to (note (i))	(85,858)	(42,619)
	1,543,893	1,298,372

(i) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms except for an amount receivable of HK\$286,604,000 (2004: HK\$311,526,000) which carries interest at 5.76% (2004: 5.76%) per annum and is repayable by instalments up to 2016.

(ii) Details of principal associated companies are given in note 39.

16 Jointly controlled entities

	Group	
	2005 HK\$'000	2004 HK\$'000
Equity joint ventures		
Group's share of net assets	113,744	38,217
Amounts due by		
Interest bearing (note (i))	120,634	55,352
Non-interest bearing (note (ii))	85,523	77,639
Amounts due to (note (ii))	(44,991)	(42,456)
	274,910	128,752
Co-operative joint ventures		
Cost of investments	3,705,069	3,560,419
Goodwill	12,704	12,704
Share of undistributed post-acquisition results and reserves	(416,971)	(523,031)
	3,300,802	3,050,092
Amounts due by, net of provision		
Interest bearing (note (iii))	6,243,913	6,407,882
Non-interest bearing (note (ii))	543,099	508,864
Amounts due to (note (ii))	(261,240)	(107,374)
	9,826,574	9,859,464
Companies limited by shares		
Group's share of net liabilities	(268,199)	(251,395)
Amounts due by, net of provision		
Interest bearing (note (iv))	162,777	173,655
Non-interest bearing (note (ii))	313,522	406,153
	208,100	328,413
Deposits for proposed joint ventures (note (v))	—	3,365
	10,309,584	10,319,994

Notes:

- (i) The amount receivable is unsecured, carries interest ranging from 5.85% to 5.94% (2004: 5.85% to 5.94%) per annum and has repayment terms as specified in the relevant loan agreements.
- (ii) The amounts receivable and payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.
- (iii) The amounts receivable are unsecured, carry interest ranging from 1% over London Interbank Offered Rate ("LIBOR") to 12% (2004: 5.31% to 12%) per annum and have repayment terms as specified in the joint venture contracts.
- (iv) The amounts receivable are unsecured, carry interest at 1.5% above Hongkong Interbank Offered Rate ("HIBOR") (2004: 1.5% above HIBOR to 4%) per annum and have repayment terms as specified in the joint venture contracts.
- (v) The balances represented payments on account of proposed joint ventures for which only preliminary agreements have been signed and the joint venture companies have not been established as at the balance sheet date. Upon the establishment of the relevant joint venture companies, the relevant amounts will be reclassified to respective joint venture balances.
- (vi) Details of principal jointly controlled entities are given in note 39.
- (vii) A summary of the financial information of the significant jointly controlled entities is set out in note 37.

17 Other investments

	Group	
	2005 HK\$'000	2004 HK\$'000
Investment securities		
Unlisted shares, at cost	350	350
Amount due from an investee company, net of provision	115,526	48,782
	115,876	49,132

18 Other non-current assets

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Deferred expenditure				
Loan procurement expenses	14,133	10,398	100	5,358
Less: accumulated amortisation	(11,904)	(9,470)	(46)	(5,358)
	2,229	928	54	—
Cash and bank balances, restricted (note 22)	166,896	33,903	50,277	—
	169,125	34,831	50,331	—

19 Debtors, deposits and other receivables

Debtors, deposits and other receivables include trade debtors, utility and other deposits, interest and other receivables and prepayment for land cost.

The ageing analysis of trade debtors is as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
0 to 30 days	111,234	132,027
31 to 60 days	11,175	20,064
61 to 90 days	5,737	39,977
Over 90 days	67,779	40,166
	195,925	232,234

Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sale and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements.

20 Properties under development

	Group	
	2005 HK\$'000	2004 HK\$'000
Leasehold land, at cost		
Long term	402,383	481,217
Medium term	351,386	171,228
Development and incidental costs	1,942,584	1,586,658
Interest capitalised	117,918	118,271
	2,814,271	2,357,374
Less: provision	(199,779)	(240,567)
	2,614,492	2,116,807

The aggregate carrying value of properties under development pledged as securities for long term loans amounts to HK\$328,425,000 (2004: HK\$285,600,000).

21 Completed properties held for sale

The aggregate carrying value of completed properties held for sale that were carried at net realisable values amounts to HK\$227,669,000 (2004: HK\$363,360,000).

As at 30th June 2004, the aggregate carrying value of completed properties held for sale pledged as securities for short term loans amounted to HK\$657,517,000.

22 Cash and bank balances

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Restricted balances	817,517	74,128	537,777	—
Unrestricted balances	5,534,354	817,166	3,586,150	175,876
Cash and bank balances	6,351,871	891,294	4,123,927	175,876
Restricted balances included under other non-current assets (note 18)	(166,896)	(33,903)	(50,277)	—
	6,184,975	857,391	4,073,650	175,876

The restricted balances have been pledged as securities for certain short term loans and long term loans.

23 Creditors and accruals

Creditors and accruals include trade creditors, retentions payable of construction costs, other payables and various accruals. The ageing analysis of trade creditors is as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
0 to 30 days	232,733	509,895
31 to 60 days	23,212	20,053
61 to 90 days	88,074	33,530
Over 90 days	382,301	293,078
	726,320	856,556

24 Amounts due from/to group companies

The amounts due from group companies are unsecured, interest free and repayable within 30 days.

The amounts due to group companies are unsecured, interest free and have no specified repayment terms.

25 Long term liabilities

	Group	
	2005 HK\$'000	2004 HK\$'000
Bank loans (note (i))		
Secured	1,219,260	1,246,807
Unsecured	778,934	871,009
Loans from fellow subsidiaries (note (ii))	2,756,161	3,249,909
Other payable (note (iii))	268,790	—
	5,023,145	5,367,725
Current portion included in current liabilities	(883,949)	(1,731,562)
	4,139,196	3,636,163

Notes:

(i) The bank loans are repayable as follows:

	Group					
	Secured		Unsecured		Total	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Within one year	192,651	620,040	130,841	455,122	323,492	1,075,162
Between one and two years	406,430	186,221	264,916	144,860	671,346	331,081
Between two and five years	458,185	253,630	355,140	168,223	813,325	421,853
After five years	161,994	186,916	28,037	102,804	190,031	289,720
	1,219,260	1,246,807	778,934	871,009	1,998,194	2,117,816

Included in the total bank loan balance is an amount of HK\$286,604,000 (2004: HK\$311,526,000) which is wholly repayable by instalments up to December 2016 and has been on-lent to an associated company (note 15(i)).

(ii) The loans from fellow subsidiaries are repayable as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Within one year	488,017	656,400
Between one and two years	2,268,144	2,164,952
Between two and five years	—	428,557
	2,756,161	3,249,909

The loans from fellow subsidiaries are unsecured and bear interest ranging from three months HIBOR to 1% above London Interbank Offered Rate ("LIBOR") (2004: three months HIBOR to 1% above LIBOR) per annum.

(iii) Other payable is repayable as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Within one year	72,440	—
Between one and two years	72,986	—
Between two and five years	123,364	—
	268,790	—

26 Taxes payable

	Group	
	2005 HK\$'000	2004 HK\$'000
Income tax payable	6,161	7,122
Withholding tax payable	74,967	76,401
Other PRC taxes payable	22,325	14,023
	103,453	97,546

27 Deferred tax liabilities

Deferred taxation is provided in full, using the liability method, on temporary differences using the rate of taxation prevailing in the PRC in which the Group operates.

The movement in deferred tax assets and liabilities during the year is as follows:

Group

Deferred tax assets/(liabilities)

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Recognition of income from sale of properties HK\$'000	Fair value adjustment arising from acquisition HK\$'000	Tax losses HK\$'000	Provisions HK\$'000	Total HK\$'000
At 30th June 2003	(66,761)	(97,987)	(4,493)	—	43,004	19,072	(107,165)
(Charged)/credited to profit and loss account	(31,117)	—	(34,249)	—	43,287	(11,062)	(33,141)
Credited to investment properties revaluation reserve	—	395	—	—	—	—	395
At 30th June 2004	(97,878)	(97,592)	(38,742)	—	86,291	8,010	(139,911)
(Charged)/credited to profit and loss account	(29,991)	—	(42,198)	—	20,431	6,798	(44,960)
Charged to investment properties revaluation reserve	—	(47,913)	—	—	—	—	(47,913)
Acquisition of interests in subsidiaries	—	—	—	(83,696)	—	—	(83,696)
At 30th June 2005	(127,869)	(145,505)	(80,940)	(83,696)	106,722	14,808	(316,480)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of HK\$398,326,000 (2004: HK\$472,014,000) to carry forward against future taxable income. These tax losses will expire at various dates up to and including 2010 (2004: 2009).

28 Minority interests and loans from minority shareholders

	Group	
	2005 HK\$'000	2004 HK\$'000
Minority interests	21,077	(1,141)
Loans from minority shareholders (note)	499,386	410,321
	520,463	409,180

Note: Except for loans of HK\$131,295,000 (2004: HK\$126,492,000) which are unsecured, bear interest at 5% to 5.76% (2004: 5% to 5.76%) per annum and have repayment terms as specified in the joint venture contracts, the remaining balances are unsecured, interest free and have no specific repayment terms.

29 Share capital

	2005 HK\$'000	2004 HK\$'000
Authorised: 8,000,000,000 shares of HK\$0.1 each	800,000	800,000
Issued and fully paid: 3,768,248,832 shares of HK\$0.1 each (2004: 1,488,862,294 shares of HK\$0.1 each)	376,825	148,886

Details of the movement in the issued share capital of the Company are summarised as follows:

	Number of shares of HK\$0.1 each	HK\$'000
At 30th June 2003	1,481,944,294	148,194
Exercise of share options (note (i))	6,918,000	692
At 30th June 2004	1,488,862,294	148,886
Rights issue (note (ii))	2,255,294,538	225,530
Exercise of share options (note (i))	24,092,000	2,409
At 30th June 2005	3,768,248,832	376,825

Notes:

- (i) Pursuant to the share option schemes adopted on 18th December 2000 and 26th November 2002, the Company may grant options to executive directors and employees of the Company to subscribe for shares in the Company. The movements in the number of share options granted during the year and the balance outstanding at 30th June 2005 are as follows:

Date of offer to grant	Exercise price per share HK\$ (note 2)	Number of shares					At 30th June 2005
		At 1st July 2004	Granted during the year (note 1)	Adjusted during the year (note 2)	Exercised during the year	Lapsed during the year	
5th February 2001	1.955	37,438,400	—	(22,650,800)	(13,689,600)	(1,098,000)	—
	1.782*	—	—	56,627,000	(6,584,600)	—	50,042,400
2nd May 2001	2.605	402,000	—	(383,200)	(18,800)	—	—
	2.375*	—	—	958,000	(398,000)	—	560,000
29th June 2001	3.192	2,097,200	—	(1,371,600)	(572,000)	(153,600)	—
	2.910*	—	—	3,429,000	—	(234,000)	3,195,000
31st August 2001	2.380	590,000	—	(478,000)	(100,000)	(12,000)	—
	2.170*	—	—	1,195,000	(248,000)	—	947,000
26th March 2002	2.265	861,200	—	(555,200)	(306,000)	—	—
	2.065*	—	—	1,388,000	(633,400)	(12,600)	742,000
3rd January 2003	1.330	676,800	—	(501,600)	(175,200)	—	—
	1.212*	—	—	1,254,000	(43,800)	—	1,210,200
12th May 2003	1.000	1,544,000	—	(1,064,200)	(275,000)	(204,800)	—
	0.912*	—	—	2,660,500	(800)	—	2,659,700
28th October 2003	1.810	237,600	—	(27,600)	(9,200)	(200,800)	—
	1.650*	—	—	69,000	—	—	69,000
18th December 2003	1.830	1,300,000	—	(750,000)	(550,000)	—	—
	1.668*	—	—	1,875,000	(250,000)	—	1,625,000
25th March 2004	2.470	976,000	—	(818,800)	(84,000)	(73,200)	—
	2.252*	—	—	2,047,000	(54,800)	—	1,992,200
18th June 2004	1.810	—	560,400	(353,200)	(74,400)	(132,800)	—
	1.650*	—	—	883,000	—	—	883,000
4th November 2004	2.725	—	282,800	(282,800)	—	—	—
	2.484*	—	—	707,000	—	—	707,000
22nd December 2004	2.950	—	536,400	(512,400)	(24,000)	—	—
	2.689*	—	—	1,281,000	(400)	(46,600)	1,234,000
		46,123,200	1,379,600	44,624,100	(24,092,000)	(2,168,400)	65,866,500

Notes:

- (1) Except for the share options with original exercise price per share of HK\$1.830 (or HK\$1.668 as adjusted) which are divided into 2 tranches and exercisable within a period of 2 years commencing on the expiry of one month after the dates on which the options were accepted, all the share options are divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.
- (2) Pursuant to the share option schemes of the Company, the number of share options and exercise price are subject to adjustment in case of alteration in the Company's capital structure. Accordingly, the rights issue as announced by the Company on 18th February 2005 constitutes an event giving rise to an adjustment to the exercise price and number of outstanding share options in accordance with the share option schemes. The adjusted exercise prices are identified with asterisks.
- (ii) During the year, 2,255,294,538 shares of HK\$0.1 each were issued at HK\$2.8 per share by way of rights issue on the basis of three rights shares for every two existing shares.

30 Reserves

Group

	Contributed surplus HK\$'000	Share premium HK\$'000	Investment properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profit/ (accumulated loss) HK\$'000	Total HK\$'000
As at 30th June 2003	14,722,334	1,282,386	406,638	12,434	(569,305)	15,854,487
Profit for the year	—	—	—	—	127,346	127,346
Premium on issue of shares	—	12,343	—	—	—	12,343
Release of reserve upon disposal of properties	—	—	—	—	8,229	8,229
Revaluation surplus/(deficit)						
Company and subsidiaries	—	—	63,798	—	—	63,798
Associated companies	—	—	(11,016)	—	—	(11,016)
Jointly controlled entities	—	—	163,536	—	—	163,536
Translation differences	—	—	—	1,613	—	1,613
As at 30th June 2004	14,722,334	1,294,729	622,956	14,047	(433,730)	16,220,336
Retained by:						
Company and subsidiaries	14,722,334	1,294,729	134,837	5,480	517,924	16,675,304
Associated companies	—	—	156,227	4,395	(134,532)	26,090
Jointly controlled entities	—	—	331,892	4,172	(817,122)	(481,058)
	14,722,334	1,294,729	622,956	14,047	(433,730)	16,220,336

	Contributed surplus HK\$'000	Share premium HK\$'000	Investment properties revaluation reserve HK\$'000	Hotel properties revaluation reserve HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Retained profit/ (accumulated loss) HK\$'000	Total HK\$'000
As at 30th June 2004	14,722,334	1,294,729	622,956	—	—	14,047	(433,730)	16,220,336
Profit for the year	—	—	—	—	—	—	221,544	221,544
Premium on issue of shares	—	6,133,520	—	—	—	—	—	6,133,520
Share issue expenses	—	(23,366)	—	—	—	—	—	(23,366)
Release of reserve upon disposal of properties	—	—	10,099	—	—	—	—	10,099
Revaluation surplus								
Company and subsidiaries	—	—	101,463	19,054	—	—	—	120,517
Associated companies	—	—	98,329	—	—	—	—	98,329
Jointly controlled entities	—	—	69,410	—	—	—	—	69,410
Acquisition of interests in subsidiaries	—	—	—	—	49,369	—	—	49,369
Translation differences	—	—	—	—	—	179	—	179

As at 30th June 2005 before proposed final dividend

	14,722,334	7,404,883	902,257	19,054	49,369	14,226	(212,186)	22,899,937
Representing:								
As at 30th June 2005 after proposed final dividend	14,609,098	7,404,883	902,257	19,054	49,369	14,226	(212,186)	22,786,701
2005 proposed final dividend	113,236	—	—	—	—	—	—	113,236
	14,722,334	7,404,883	902,257	19,054	49,369	14,226	(212,186)	22,899,937
Retained by:								
Company and subsidiaries	14,722,334	7,404,883	246,399	19,054	49,369	4,949	637,173	23,084,161
Associated companies	—	—	254,556	—	—	5,105	(85,105)	174,556
Jointly controlled entities	—	—	401,302	—	—	4,172	(764,254)	(358,780)
	14,722,334	7,404,883	902,257	19,054	49,369	14,226	(212,186)	22,899,937

Company

	Contributed surplus	Share premium	Accumulated loss	Total
	HK\$'000 (note (i))	HK\$'000	HK\$'000	HK\$'000
As at 30th June 2003	14,742,495	1,282,386	(1,175,733)	14,849,148
Premium on issue of shares	—	12,343	—	12,343
Loss for the year	—	—	(385,642)	(385,642)
As at 30th June 2004	14,742,495	1,294,729	(1,561,375)	14,475,849
Premium on issue of shares	—	6,133,520	—	6,133,520
Share issue expenses	—	(23,366)	—	(23,366)
Loss for the year	—	—	(91,596)	(91,596)
As at 30th June 2005 before proposed final dividend	14,742,495	7,404,883	(1,652,971)	20,494,407
Representing:				
As at 30th June 2005 after proposed final dividend	14,629,259	7,404,883	(1,652,971)	20,381,171
2005 proposed final dividend	113,236	—	—	113,236
	14,742,495	7,404,883	(1,652,971)	20,494,407

Notes:

- (i) The contributed surplus of the Company represents the excess of the consolidated net asset value of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange thereof as a result of a reorganisation took place in 1999.
- (ii) Under the Companies Law in the Cayman Islands, the contributed surplus and share premium are both distributable. Accordingly, distributable reserves of the Company amount to HK\$20,494,407,000 as at 30th June 2005 before proposed final dividend (2004: HK\$14,475,849,000).

31 Contingent liabilities

Group

The Group has contingent liabilities of approximately HK\$2,057,808,000 (2004: HK\$2,598,081,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 30th June 2005, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the associated companies and jointly controlled entities was approximately HK\$1,440,955,000 (2004: HK\$1,811,365,000).

Company

The Company has contingent liabilities relating to corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries, associated companies and jointly controlled entities of approximately HK\$1,489,966,000 (2004: HK\$1,705,242,000), HK\$242,894,000 (2004: HK\$231,505,000), HK\$1,814,914,000 (2004: HK\$2,366,576,000) respectively.

32 Commitments

(i) Capital expenditure commitments

(a) The capital expenditure commitments of the Group are as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Contracted but not provided for		
Fixed assets	153,895	161,420
Investments in associated companies	—	12,214
	153,895	173,634

(b) The Group did not have any share of capital commitments of the jointly controlled entities (2004: Nil).

(ii) Lease commitments

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
As at 30th June 2005, future aggregate minimum lease payments under non-cancellable operating lease in respect of land and building are as follows:				
The first year	35,815	37,375	3,457	4,916
The second to fifth years	133,790	130,107	3,457	—
After five years	375,742	408,329	—	—
	545,347	575,811	6,914	4,916

(iii) Other commitments

As at 30th June 2005, the Group had issued performance guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group and the outstanding mortgage loans under these guarantees amounted to HK\$388,535,000 (2004: HK\$889,533,000). 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.

33 Notes to consolidated cash flow statement

(a) Reconciliation of operating profit before financing to net cash (used in)/generated from operations

	2005 HK\$'000	2004 HK\$'000
Operating profit before financing	264,548	152,635
Finance costs	(97,636)	(74,701)
Interest income	(90,115)	(78,332)
Interest expense	97,636	74,701
Depreciation	50,661	51,038
Amortisation of deferred expenditure	2,434	5,773
Loss on disposal of fixed assets	11,694	1,347
Provision for investments in/amounts due by jointly controlled entities	13,371	5,614
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	(46,853)	—
(Write back of)/provision for diminution in value of properties under development and completed properties held for sale	(9,000)	47,317
(Write back of)/provision for an amount due by an associated company	(5,315)	2,246
Reversal of impairment loss of fixed assets	—	(205,120)
Revaluation deficit/(write back of revaluation deficit) on hotel properties	6,154	(3,672)
(Write back of)/provision against other investments	(66,632)	94,793
Profit on disposal of a jointly controlled entity	—	(3,636)
Exchange differences	(530)	1,614
Operating profit before working capital changes	130,417	71,617
(Increase)/decrease in properties held for/under development and completed properties held for sale	(86,110)	389,375
Increase in debtors, deposits and other receivables	(185,257)	(523,575)
(Decrease)/increase in balances with group companies	(87,995)	255,433
Increase/(decrease) in deposits received on sale of properties	142,332	(160,284)
(Decrease)/increase in creditors and accruals	(4,927)	618,446
Net cash (used in)/generated from operations	(91,540)	651,012

33 Notes to consolidated cash flow statement (continued)

(b) Acquisition of interests in subsidiaries

	2005 HK\$'000	2004 HK\$'000
Net assets acquired		
Fixed assets	270	1,794
Debtors, deposits and other receivables	96	10,412
Properties under development	743,925	35,888
Cash and bank balances	3,895	10,838
Creditors and accruals	(93,231)	(12,216)
Balances with group companies	(2,660)	1,701
Deferred tax liabilities	(83,696)	—
Tax payable	(110)	—
Minority interest	(33)	—
	568,456	48,417
Interest originally held by the Group as jointly controlled entities	(127,396)	(48,417)
	441,060	—
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries	(46,853)	—
	394,207	—
Consideration satisfied by:		
Cash	125,417	—
Other payable	268,790	—
	394,207	—

(c) Analysis of net (outflow)/inflow of cash and cash equivalents in respect of acquisition of interests in subsidiaries

	2005 HK\$'000	2004 HK\$'000
Cash consideration	(125,417)	—
Cash and bank balances acquired	3,895	10,838
Net (outflow)/inflow of cash and cash equivalents in respect of acquisition of interests in subsidiaries	(121,522)	10,838

(d) Analysis of changes in financing during the year

	Share capital, share premium and contributed surplus	Short term bank loans	Long term liabilities	Restricted cash and bank balances	Minority interests and loans from minority shareholders
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 30th June 2003	16,152,914	1,045,999	5,405,972	(427,635)	380,294
Net cash from/(used in) financing	13,035	(644,130)	(56,401)	353,507	—
Minority interests' share of profit and reserves	—	—	—	—	26,067
Exchange differences	—	—	(231)	—	—
Accrual of interest payable	—	—	18,385	—	2,819
Balance at 30th June 2004	16,165,949	401,869	5,367,725	(74,128)	409,180
Net cash from/(used in) financing	6,338,093	165,284	(656,631)	(743,389)	84,262
Acquisition of interests in subsidiaries	—	—	268,790	—	33
Minority interests' share of profit and reserves	—	—	—	—	22,185
Accrual of interest payable	—	—	43,261	—	4,803
Balance at 30th June 2005	22,504,042	567,153	5,023,145	(817,517)	520,463

34 Business combinations

In February 2005, the Group acquired 70% of equity interest of Dalian New World Tower Co., Ltd. and 65% of equity interest of Dalian New World Hotel Co., Ltd. ("Dalian Acquisition") for a total consideration of HK\$411 million which is payable by 5 instalments up to 25th December 2007. In addition, during the year, the Group also acquired 95% equity interest of Beijing Chongwen New World Food Centre Co. Ltd. for a consideration of HK\$619,000. As this acquisition is individually immaterial, the net assets acquired are disclosed in aggregate with Dalian Acquisition.

Details of net assets acquired are as follows:

	2005 HK\$'000
Purchase consideration	
Cash paid	125,417
Other payable	268,790
Fair value of total purchase consideration	394,207
Fair value of net assets acquired	441,060
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	46,853

34 Business combinations (continued)

The assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquirees' carrying amount
	HK\$'000	HK\$'000
Net assets acquired		
Fixed assets	270	270
Debtors, deposits and other receivables	96	96
Properties under development	743,925	490,302
Cash and bank balances	3,895	3,895
Creditors and accruals	(93,231)	(93,231)
Amounts due to group companies	(2,660)	(2,660)
Deferred tax liabilities	(83,696)	—
Tax payable	(110)	(110)
Minority interest	(33)	(33)
	568,456	398,529
Interest originally held by the Group as jointly controlled entities	(127,396)	
	441,060	

The acquired subsidiaries contributed revenues of approximately HK\$5.7 million and net loss of approximately HK\$1.5 million for the period since the respective dates of acquisition.

35 Related party transactions

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

(i)

	Note	2005 HK\$'000	2004 HK\$'000
Interest on loans from fellow subsidiaries	(a)	43,261	20,071
Rental for leased premises to a fellow subsidiary	(b)	3,366	4,896
Rental for leased premises to an associated company	(b)	28,972	28,972
Property agency fee to a fellow subsidiary	(c)	5,437	6,071
Underwriting commission to ultimate holding company	(d)	20,516	—
Interest income from jointly controlled entities	(e)	(41,827)	(65,665)
Estate management fee income from a fellow subsidiary and jointly controlled entities	(f)	(8,354)	(3,701)
Rental income from fellow subsidiaries	(g)	(52,896)	(51,013)
Rental income from an associated company	(g)	(5,607)	(5,607)

Notes:

- (a) Interest is charged at rates as specified in note 25(ii) on the outstanding balances due to certain fellow subsidiaries.
- (b) The rental is charged at fixed monthly/annual fees in accordance with the terms of the tenancy agreements.
- (c) The property agency fee is charged by the fellow subsidiary in accordance with the terms of the property agency agreement.

- (d) The underwriting commission is charged at 1% of the total issue price of shares issued from rights issue underwritten by the ultimate holding company.
 - (e) This represents interest income in respect of loan financing provided to jointly controlled entities. These loans are unsecured and carry interest at rates as specified in note 16.
 - (f) The estate management fees are charged at fixed amounts to a fellow subsidiary and certain jointly controlled entities as specified in the management contracts.
 - (g) The rental income is charged at fixed monthly fees in accordance with the terms of the tenancy agreements.
- (ii) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries amount to HK\$296,810,000 (2004: HK\$283,614,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (iii) A deed of tax indemnity was entered into between the ultimate holding company and the Group whereby the ultimate holding company undertakes to indemnify the Group in respect of IT and LAT payable in consequence of the disposal of certain properties. During the year, no such tax indemnity was effected (2004: Nil) (note 9).

36 Post balance sheet event

On 12th September 2005, the Group acquired 10% additional equity interest in a subsidiary, Ramada Property Ltd. ("Ramada Property"), which holds the entire interest in Shanghai Ramada Plaza, for an aggregate consideration of approximately HK\$111 million. Upon completion of the transaction on 13th September 2005, the Group's attributable interest in Ramada Property increased to 75%.

37 Significant jointly controlled entities

Set out below is a summary of the financial information of three significant jointly controlled entities whose principal activity is the investment in certain property development projects in Beijing.

(1) Beijing Chong Wen — New World Properties Development Co., Ltd.

(a) Results for the year

	2005 HK\$'000	2004 HK\$'000
Turnover	224,615	451,630
(Loss)/profit for the year	(13,186)	87,952
Group's share of operating (loss)/profit	(9,230)	61,566

(b) Net assets as at year end

	2005 HK\$'000	2004 HK\$'000
Fixed assets	1,453,956	1,473,072
Other assets	4,671,625	3,805,338
Current assets	315,242	425,907
Current liabilities	(1,489,328)	(649,699)
Long term liabilities (other than amounts due to the Group)	(756,029)	(1,220,731)
	4,195,466	3,833,887

(2) Beijing Chong Yu Real Estate Development Co., Ltd.

(a) Results for the year

	2005 HK\$'000	2004 HK\$'000
Turnover	506,050	52,452
Profit/(loss) for the year	43,760	(74,672)
Group's share of operating profit/(loss)	30,632	(52,270)

(b) Net assets as at year end

	2005 HK\$'000	2004 HK\$'000
Fixed assets	1,849,579	1,771,667
Other assets	344,234	695,956
Current assets	634,980	630,644
Current liabilities	(11,572)	(201,524)
Long term liabilities (other than amounts due to the Group)	(872,348)	(951,119)
	1,944,873	1,945,624

(3) China New World Electronics Ltd.*(a) Results for the year*

	2005	2004
	HK\$'000	HK\$'000
Turnover	49,983	49,729
Profit for the year	37,563	23,900
Group's share of operating profit	26,294	16,730

(b) Net assets as at year end

	2005	2004
	HK\$'000	HK\$'000
Fixed assets	920,852	944,180
Other assets	577,407	551,411
Current assets	118,763	113,868
Current liabilities	(62,614)	(17,181)
Long term liabilities (other than amounts due to the Group)	(56,075)	—
	1,498,333	1,592,278

38 Ultimate holding company

The directors of the Company consider New World Development Company Limited, incorporated and listed in Hong Kong, as being the ultimate holding company.

39 Particulars of principal subsidiaries, associated companies and jointly controlled entities

Details of the principal subsidiaries, associated companies and jointly controlled entities which materially affect the results for the year and/or assets of the Group as at 30th June 2005 are set out below:

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
<i>Subsidiaries</i>						
<i>Incorporated and operated in Hong Kong</i>						
Billion Huge (International) Limited	HK\$950,001 950,001 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	78.6%	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
Lingal Limited	HK\$2,000 1,800 ordinary shares of HK\$1 each 200 non-voting deferred shares of HK\$1 each	—	—	100%	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
New World Development (China) Limited	HK\$4 2 ordinary shares of HK\$1 each 2 non-voting deferred shares of HK\$1 each	100%	100%	100%	100%	Investment holding
Sunny Trend Development Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)		Principal activities		
		By the Company	By the Group	2005	2004	
Trend Island Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	100%	100%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Banyan Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Conful Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Ever Brisk Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Hinto Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Keep Bright Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Magic Chance Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Radiant Glow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Sparkling Rainbow Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Stand Fame Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	—	Investment holding
Sweet Prospects Enterprises Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
True Blue Developments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding
Twin Glory Investments Limited	US\$1 1 share of US\$1	—	—	100%	100%	Investment holding

39 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
<i>Subsidiaries (continued)</i>						
<i>Incorporated and operated in the PRC</i>						
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	100%	100%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	—	88%	88%	Property investment and development
Dalian New World Hotel Co., Ltd. (formerly known as Dalian Bond Tak New World Hotel Co., Ltd.)	RMB217,000,000	—	—	100%	—	Hotel investment
Dalian New World Tower Co., Ltd. (formerly known as Dalian Bond Tak International Finance Centre Co., Ltd.)	US\$8,000,000	—	—	100%	—	Property investment and development
Fung Seng Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	—	—	70%	70%	Property development
Guangzhou Xin Hua Chen Real Estate Co., Ltd.	RMB200,000,000	—	—	100%	100%	Property development
Guangzhou Xin Hua Jian Real Estate Co., Ltd.	RMB244,000,000	—	—	100%	100%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	90.5%	90.5%	Property investment and development
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	—	—	92%	92%	Property development

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	—	—	100%	100%	Property investment and development
New World Development (Wuhan) Co., Ltd.	US\$16,000,000	—	—	100%	100%	Property investment and development
New World (Shenyang) Property Development Limited	RMB97,720,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 2 Limited	RMB97,720,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 3 Limited	RMB164,600,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 4 Limited	RMB97,720,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 5 Limited	RMB99,320,000	—	—	90%	90%	Property development
New World (Shenyang) Property Development No. 6 Limited	RMB97,720,000	—	—	90%	90%	Property development
Shanghai Heyu Properties Co., Ltd.	US\$12,000,000	—	—	64%	64%	Property development
Shanghai Ju Yi Real Estate Development Co., Ltd	RMB350,000,000	—	—	70%	70%	Property development
Shanghai Ramada Plaza Ltd.	US\$42,000,000	—	—	65%	65%	Property investment and hotel operation

39 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
<i>Subsidiaries (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Shenyang New World Hotel Co., Ltd.	RMB68,000,000	—	—	100%	100%	Hotel operation
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$182,000,000	—	—	90%	90%	Property development
Wuhan New Eagle Properties Co., Limited	US\$2,830,000	—	—	95%	95%	Property investment
Wuhan Xinhan Development Co., Ltd.	US\$16,000,000	—	—	70%	70%	Property development
Zhuhai New World Housing Development Limited	US\$8,000,000	—	—	100%	100%	Property development
<i>Associated companies</i>						
<i>Incorporated and operated in Hong Kong</i>						
Global Perfect Development Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	50%	50%	Investment holding
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	—	—	30.6%	30.6%	Investment holding

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)		Principal activities		
		By the Company	By the Group	2005	2004	
<i>Incorporated in the British Virgin Islands</i>						
Faith Yard Property Limited	US\$2 2 shares of US\$1 each	—	—	50%	50%	Property investment
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	40%	40%	Investment holding
Grand Make International Limited	US\$100 100 shares of US\$1 each	—	—	45%	45%	Investment holding
<i>Incorporated and operated in the PRC</i>						
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	44.1%	44.1%	Property investment
<i>Jointly controlled entities</i>						
<i>Incorporated in the British Virgin Islands</i>						
Concord Properties Holding (Guangzhou) Limited	US\$10 10 shares of US\$1 each	—	—	40%	40%	Investment holding
<i>Incorporated and operated in the PRC</i>						
Beijing Chong Wen — New World Properties Development Co., Ltd.	US\$122,099,988	—	—	70%	70%	Property investment and development
Beijing Chong Yu Real Estate Development Co., Ltd	US\$81,840,000	—	—	70%	70%	Property investment and development

39 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
<i>Jointly controlled entities</i>						
<i>(continued)</i>						
<i>Incorporated and operated in the PRC</i>						
<i>(continued)</i>						
Beijing Xin Kang Real Estate Development Co., Ltd	US\$12,000,000	—	—	70%	70%	Property development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	—	55%	55%	Hotel operation
China New World Electronics Ltd.	US\$57,200,000	—	—	70%	70%	Property investment and development
Dalian New World Hotel Co., Ltd. (formerly known as Dalian Bond Tak New World Hotel Co., Ltd.)	RMB217,000,000	—	—	—	30%	Hotel investment
Dalian New World Tower Co., Ltd. (formerly known as Dalian Bond Tak International Finance Centre Co., Ltd.)	US\$8,000,000	—	—	—	30%	Property investment and development
Fortune Leader Overseas Chinese (Daiyawan) Investment Co. Ltd.	US\$16,950,000	—	—	34.1%	34.1%	Golf club and resort

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)		Principal activities		
		By the Company	By the Group	2005	2004	
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Co. Ltd.	US\$13,880,000	—	—	34.1%	34.1%	Property development
Guangzhou Bosson Real Estate Co., Ltd.	RMB20,003,000	—	—	60%	60%	Property development
Guangzhou Fong Chuen New World Property Development Co., Ltd.	RMB330,000,000	—	—	60%	60%	Property development
Guangzhou Fucheng Property Development Co., Ltd.	HK\$80,000,000	—	—	60%	60%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	60%	60%	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	—	60%	60%	Property development
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	62.5%	62.5%	Property development
Jinan New World Sunshine Development Ltd.	US\$29,980,000	—	—	65%	65%	Property development
Shanghai Trio Property Development Co., Ltd.	US\$54,000,000	—	—	47.5%	47.5%	Property development
Tianjin New World Housing Development Co., Ltd.	RMB80,000,000	—	—	60%	60%	Property development
Tianjin New World Properties Development Co., Ltd.	US\$12,000,000	—	—	70%	70%	Property development

39 Particulars of principal subsidiaries, associated companies and jointly controlled entities (continued)

Company name	Issued/registered and fully paid up share capital	Attributable interest held (note)				Principal activities
		By the Company		By the Group		
		2005	2004	2005	2004	
<i>Jointly controlled entities (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	60%	60%	Property development
Wuhan Wuxin Hotel Co.Ltd.	US\$13,500,000	—	—	60%	60%	Property investment
Zhaoqing New World Property Development Limited	US\$13,750,000	—	—	40%	40%	Property development

Note: Represent equity interest in case of companies incorporated outside the PRC or the percentage of equity interest in case of equity joint ventures or profit sharing ratio in accordance with the joint venture contracts in case of co-operative joint ventures in the PRC.

40 Approval of accounts

The accounts were approved by the board of directors on 6th October 2005.