

# Notes to the accounts

## 1 Principal accounting policies

### (a) Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of hotel and investment properties and other investments and in accordance with accounting principles generally accepted in Hong Kong.

During the year, the Group adopted the following revised or new Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	Presentation of financial statements
SSAP 11 (revised)	Foreign currency translation
SSAP 15 (revised)	Cash flow statements
SSAP 34	Employee benefits

The adoption of the above new/revised SSAPs has no material effect on the financial statements of the Group for the year ended 30th June 2003. Certain presentational changes have been made upon implementation of SSAP 1(revised) and SSAP 15(revised).

In addition, certain comparative figures for the consolidated profit and loss account have been reclassified for the purpose of presenting an extended analysis of expenses. The directors consider that this extended analysis provides a more meaningful presentation of the Group's results.

A summary of the accounting policies and the effect of adopting these new/revised standards is set out below:

### (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.

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 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 subsidiaries.

### (c) Goodwill

Goodwill represents the excess of purchase consideration over the fair values ascribed to net assets of subsidiaries, associated companies or jointly controlled entities acquired.

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.

Goodwill on acquisitions occurring on or after 1st July 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life of not more than twenty years. Any impairment of the goodwill will be recognised as an expense in the profit and loss account immediately.

**(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.

Negative goodwill on acquisitions of subsidiaries, associated companies or jointly controlled entities occurring before 1st July 2001 was taken directly to reserves in the year of acquisition.

For acquisitions on or after 1st July 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is 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 is recognised in the profit and loss account immediately.

**(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 unamortised goodwill/negative goodwill 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.

## 1 Principal accounting policies (continued)

### (g) Jointly controlled entities (continued)

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 unamortised goodwill/negative goodwill 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 People's Republic of China

(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).

(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 are long term investments other than subsidiaries, 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. 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 investments 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.

(ii) *Other joint ventures*

Other joint ventures are held for the long term and they give fixed rate returns which are predetermined in accordance with the provisions of the joint venture contracts. Other joint ventures are carried at cost less provision for diminution in value other than temporary in nature.

Income from other joint ventures is recognised as set out in note (t) (ii) below.

**(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

## 1 Principal accounting policies (continued)

### (j) Fixed assets and depreciation (continued)

#### (iv) *Other fixed assets (continued)*

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 foreseeable 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 schemes are expensed as incurred.

### (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 accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable 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.

In prior years, the profit and loss of overseas enterprises was translated at closing rate. This is a change in accounting policy, however, the translation of the profit and loss of overseas enterprises in prior years has not been restated as the effect of this change is not material to the current and prior years.

**(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) Income from other joint ventures**

Income from other joint ventures is in respect of the Group's interest in low-cost community housing and is calculated by reference to a predetermined rate on the aggregate qualifying construction and development costs as provided by the respective joint venture agreements.

Income from other joint ventures is recognised only upon completion of a distinct phase of low-cost community housing when the relevant buildings are examined and approved for occupation by the relevant authority, or when the obligations undertaken by the PRC joint venture partners of the respective joint ventures to pay the investment income become due, whichever is the earlier.

# 1 Principal accounting policies (continued)

## (t) Revenue recognition (continued)

### (iii) *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) Interest income in respect of loan financing provided to other joint ventures financing the development of low-cost community housing is recognised on a time proportion basis.
- (d) Other than those described in (a) to (c) above, interest income is recognised on a time proportion basis.

### (iv) *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.

### (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, revenue from rental operation, income from hotel operation, income from other joint ventures, property management services fee income, project management fee income and interest income in respect of loan financing provided to associated companies and joint ventures, net of withholding tax.

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Sales of properties	<b>373,814</b>	561,521
Rental income	<b>127,107</b>	102,467
Income from other joint ventures	—	67,251
Property management services fee income	<b>20,253</b>	23,843
Project management fee income	<b>5,129</b>	23
Income from hotel operation	<b>2,188</b>	—
	<b>528,491</b>	755,105
Interest income less withholding tax	<b>17,093</b>	184,271
	<b>545,584</b>	939,376

- (b) The Group is organised into four main business segments, comprising property sales, rental operation, hotel operation and property management operation. There is no other significant identifiable separate business segment. Segment assets consist of primarily 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 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.

## 2 Turnover and segment information (continued)

	Property					Other	Total
	Property sales	Rental operation	Hotel operation	management operation	operations		
<b>Year ended 30th June 2003</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues	390,817	143,331	7,317	3,759	360		545,584
Segment results	(661,015)	12,599	(481,320)	(6,547)	7,903		(1,128,380)
Bank and other interest income							7,824
Corporate administrative expenses							(124,307)
Operating loss before financing							(1,244,863)
Finance costs							(90,058)
Share of results of							
Associated companies	(26,450)	6,358	(78,495)	(856)	—		(99,443)
Jointly controlled entities	(280,950)	(20,906)	(101,675)	(5,505)	(1,158)		(410,194)
Loss before taxation							(1,844,558)
Taxation							(2,793)
Loss after taxation							(1,847,351)
Minority interests							136,323
Loss attributable to shareholders							(1,711,028)
	Property					Other	Total
	Property sales	Rental operation	Hotel operation	management operation	operations		
<b>Year ended 30th June 2002</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues	813,066	101,387	—	23,843	1,080		939,376
Segment results	168,238	57,364	(148)	(8,728)	(8,191)		208,535
Bank and other interest income							67,149
Corporate administrative expenses							(116,170)
Operating profit before financing							159,514
Finance costs							(24,276)
Share of results of							
Associated companies	(5,835)	2,392	(114)	—	—		(3,557)
Jointly controlled entities	(27,547)	11,264	19,490	(1,612)	(268)		1,327
Profit before taxation							133,008
Taxation							(20,501)
Profit after taxation							112,507
Minority interests							24,620
Profit attributable to shareholders							137,127

	Property					Total
	Property sales	Rental operation	Hotel operation	management operation	Other operations	
<b>As at 30th June 2003</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	9,965,914	3,801,866	776,705	260	—	14,544,745
Associated companies and joint ventures	4,894,128	4,763,497	287,598	(1,189)	37,018	9,981,052
Unallocated assets						217,523
<b>Total assets</b>						<b>24,743,320</b>
Segment liabilities	5,592,024	2,053,395	568,371	3,628	—	8,217,418
Minority interests						(1,376)
Unallocated liabilities						336,115
<b>Total liabilities and minority interests</b>						<b>8,552,157</b>
Capital expenditure	168,615	133,679	155,997	958	1,080	460,329
Depreciation	10,490	38,039	—	371	2,092	50,992
Provision for joint ventures, associated companies and other investments	335,378	4,936	85,074	7,134	—	432,522
Provision for/impairment of/ revaluation deficit of properties	281,247	23,508	386,242	—	—	690,997

  

	Property					Total
	Property sales	Rental operation	Hotel operation	management operation	Other operations	
<b>As at 30th June 2002</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	8,882,904	3,878,358	500,291	19,964	41,666	13,323,183
Associated companies and joint ventures	5,883,531	4,653,599	984,213	(677)	1,682	11,522,348
Unallocated assets						266,036
<b>Total assets</b>						<b>25,111,567</b>
Segment liabilities	3,490,682	2,393,316	900,197	9,358	—	6,793,553
Minority interests						85,485
Unallocated liabilities						351,029
<b>Total liabilities and minority interests</b>						<b>7,230,067</b>
Capital expenditure	4,169	490,370	8,886	968	—	504,393
Depreciation	3,765	16,515	117	207	—	20,604
Provision for amounts due by joint ventures	27,644	14,700	—	—	—	42,344

### 3 Other revenue

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Bank and other interest income	<b>7,824</b>	67,149

### 4 Other (charges)/income

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Impairment of fixed assets	<b>(295,044)</b>	—
Provision against other investments	<b>(281,021)</b>	—
(Provision for)/write back of diminution in value of properties under development and completed properties held for sale	<b>(217,638)</b>	4,287
Revaluation deficit of a hotel property	<b>(178,315)</b>	—
Provision for investments in/amounts due by joint ventures	<b>(134,695)</b>	(42,344)
Net loss on disposal of jointly controlled entities	<b>(21,266)</b>	—
Provision for amount due by an associated company	<b>(16,806)</b>	—
Impairment of goodwill previously written off to reserves	—	(2,100)
Net gain/(loss) on disposal and partial disposal of subsidiaries	<b>109,127</b>	(5,177)
	<b>(1,035,658)</b>	(45,334)

### 5 Operating (loss)/profit before financing

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Operating (loss)/profit before financing is arrived at after crediting:		
Gross rental income from investment properties	<b>102,849</b>	99,064
and after charging:		
Cost of properties sold	<b>363,534</b>	553,772
Staff costs including directors' emoluments	<b>117,901</b>	107,449
Depreciation	<b>50,992</b>	23,056
Rental for leased premises	<b>37,167</b>	23,085
Outgoings in respect of investment properties	<b>13,653</b>	3,483
Amortisation of deferred expenditure	<b>9,634</b>	5,301
Retirement benefits costs	<b>4,138</b>	4,135
Auditors' remuneration	<b>3,682</b>	4,052

Total contingent rents included in rental income amounted to HK\$18,930,000 for 2002. There is no contingent rent included in rental income in 2003.

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
The future minimum rental payments receivable under non-cancellable leases are as follows:		
Within one year	<b>86,966</b>	90,881
Between two and five years	<b>166,837</b>	47,617
Beyond five years	<b>360,128</b>	82,143
	<b>613,931</b>	220,641

Generally the Group's operating leases are for terms of two to five years except for four long term leases which are beyond five years.

## 6 Finance costs

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Interest on bank loans	<b>144,589</b>	36,737
Interest on loans from fellow subsidiaries wholly repayable within five years	<b>39,831</b>	74,077
Interest on loans from minority shareholders	<b>4,495</b>	4,831
Interest on short term loans	<b>6,063</b>	16,793
	<b>194,978</b>	132,438
Amount capitalised in properties held for/under development and assets under construction	<b>(83,019)</b>	(88,044)
Amount capitalised in investments in jointly controlled entities and an associated company	—	(9,339)
Reimbursement from an associated company	<b>(21,901)</b>	(10,779)
	<b>90,058</b>	24,276

## 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 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 the MPF relevant income to 10% of the basic salary. Members' mandatory contributions are fixed at 5% of the 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 amounts to HK\$4,138,000 (2002: HK\$4,135,000).

## 8 Directors' and senior management remuneration

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

	2003 HK\$'000	2002 HK\$'000
Fees	800	800
Salaries, discretionary bonus, other allowances and other benefits in kind	1,027	3,333
Contribution to retirement benefit scheme	103	226
	<b>1,930</b>	4,359

The emoluments of the directors fall within the following bands:

	Number of directors	
	2003	2002
Nil – HK\$500,000	13	12
HK\$1,000,001 – HK\$1,500,000	1	—
HK\$2,500,001 – HK\$3,000,000	—	1
	<b>14</b>	13

Fees include HK\$300,000 paid to independent non-executive directors during the year (2002: HK\$300,000). There were no other emoluments paid to independent non-executive directors during the year (2002: Nil).

None of the directors has waived his right to receive his emoluments (2002: Nil).

- (ii) The five individuals whose emoluments were the highest in the Group for the year do not include any emoluments of the directors (2002: one director whose emoluments are reflected in the analysis presented above). Details of the emoluments paid to the remaining individuals in the Group are as follows:

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Salaries, discretionary bonus, other allowances and other benefits in kind	<b>7,291</b>	6,847
Contribution to retirement benefit scheme	<b>540</b>	509
	<b>7,831</b>	7,356

The emoluments fall within the following bands:

	<b>Number of individuals</b>	
	<b>2003</b>	2002
HK\$1,000,001 – HK\$1,500,000	<b>3</b>	1
HK\$1,500,001 – HK\$2,000,000	<b>1</b>	2
HK\$2,000,001 – HK\$2,500,000	<b>1</b>	—
HK\$2,500,001 – HK\$3,000,000	<b>—</b>	1
	<b>5</b>	4

## 9 Taxation

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
PRC income tax		
Company and subsidiaries	<b>711</b>	2,049
An associated company	<b>(44)</b>	1,148
Jointly controlled entities	<b>2,126</b>	17,304
	<b>2,793</b>	20,501

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 (2002: Nil). PRC income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at the applicable rate of taxation.

The Group's jointly controlled entities established in the PRC are required to pay income tax at the rate of 33% (2002: 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 (2002: Nil).

Realisation of the surplus on revaluation of the Group's investment and hotel properties 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. Tax indemnity has also been given by the ultimate holding company in respect of these properties.

## 10 Dividend

	2003 HK\$'000	2002 HK\$'000
Final, paid, of 2 HK cents per share	—	29,639

The directors do not propose the payment of a dividend for the year ended 30th June 2003.

## 11 (Loss)/earnings per share

The calculation of (loss)/earnings per share is based on the (loss)/profit attributable to shareholders of HK\$1,711,028,000 (2002: HK\$137,127,000) and the weighted average of 1,481,944,294 shares (2002: 1,480,792,307 shares) in issue during the year.

Diluted earnings per share for 2002 was based on profit attributable to shareholders of HK\$137,127,000 divided by 1,480,792,307 shares which was the weighted average number of shares in issue during the year plus the weighted average of 9,739,304 shares deemed to be issued at no consideration as if all outstanding share options had been exercised. The share options have no dilutive effect on the loss per share for the year ended 30th June 2003.

## 12 Fixed assets

### Group

	Investment properties HK\$'000	Hotel properties HK\$'000	Other properties HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Assets under construction HK\$'000	Total HK\$'000
Cost or valuation								
At 30th June 2002	1,538,390	—	53,537	197,826	51,253	17,331	1,900,263	3,758,600
Additions	2,676	—	1,291	833	26,833	6,708	421,987	460,328
Acquisition of subsidiaries	—	380,606	77,136	—	57,811	7,273	190,140	712,966
Disposals	—	—	(2,289)	(20)	(871)	(1,046)	—	(4,226)
Impairment	—	—	—	—	—	—	(295,044)	(295,044)
Transfer from properties under development	113,212	—	—	—	—	—	—	113,212
Reclassifications	468,626	—	(35,307)	—	—	—	(433,319)	—
Revaluation surplus/(deficit)	41,313	(178,315)	—	—	—	—	—	(137,002)
<b>At 30th June 2003</b>	<b>2,164,217</b>	<b>202,291</b>	<b>94,368</b>	<b>198,639</b>	<b>135,026</b>	<b>30,266</b>	<b>1,784,027</b>	<b>4,608,834</b>
Accumulated depreciation								
At 30th June 2002	—	—	4,573	16,063	24,772	10,104	—	55,512
Charge for the year	—	—	5,813	34,454	7,916	2,809	—	50,992
Acquisition of subsidiaries	—	—	23,369	—	32,290	6,107	—	61,766
Disposals	—	—	(701)	(4)	(465)	(709)	—	(1,879)
<b>At 30th June 2003</b>	<b>—</b>	<b>—</b>	<b>33,054</b>	<b>50,513</b>	<b>64,513</b>	<b>18,311</b>	<b>—</b>	<b>166,391</b>
Net book value								
<b>At 30th June 2003</b>	<b>2,164,217</b>	<b>202,291</b>	<b>61,314</b>	<b>148,126</b>	<b>70,513</b>	<b>11,955</b>	<b>1,784,027</b>	<b>4,442,443</b>
At 30th June 2002	1,538,390	—	48,964	181,763	26,481	7,227	1,900,263	3,703,088

Notes:

- (i) Investment properties were revalued on 30th June 2003 on an open market value basis by Chesterton Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Long leases	<b>86,916</b>	84,112
Medium term leases	<b>2,077,301</b>	1,454,278
	<b>2,164,217</b>	1,538,390

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

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Long leases	<b>76,855</b>	2,973
Medium term leases	<b>17,513</b>	50,564
	<b>94,368</b>	53,537

- (iii) Certain interests in investment properties and assets under construction pledged as securities for short term loans and long term loans amount to HK\$297,862,000 (2002: HK\$220,484,000) and HK\$910,412,000 (2002: 340,779,000) respectively.

- (iv) Included in assets under construction is interest capitalised of HK\$145,250,000 (2002: HK\$103,479,000).

## 13 Subsidiaries

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Unlisted shares, at cost (2003 and 2002: HK\$10)	—	—
Amounts due from subsidiaries, net of provision	<b>15,350,701</b>	16,262,801
	<b>15,350,701</b>	16,262,801

Details of principal subsidiaries are given in note 36.

## 14 Properties held for development

	Group	
	2003 HK\$'000	2002 HK\$'000
Leasehold land, at cost		
Long term	<b>1,847,602</b>	1,365,589
Medium term	<b>1,131,857</b>	1,212,338
Development and incidental costs	<b>614,394</b>	557,290
Interest capitalised	<b>149,453</b>	132,911
	<b>3,743,306</b>	3,268,128

The aggregate carrying value of properties held for development pledged as securities for long term loan amount to HK\$91,215,000 (2002: Nil).

## 15 Associated companies

	Group	
	2003 HK\$'000	2002 HK\$'000
Group's shares of net assets	<b>46,905</b>	137,633
Amounts due by associated companies, net of provision (note (i))	<b>1,196,042</b>	1,424,036
Amounts due to associated companies (note (i))	<b>(39,622)</b>	(138,817)
	<b>1,203,325</b>	1,422,852

(i) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms except for amounts receivable of HK\$336,449,000 (2002: HK\$361,371,000) and HK\$19,626,000 (2002: Nil) with respective interest at 5.76% (2002: 6.21%) and 6.01% (2002: Nil) per annum. The amount receivable of HK\$336,449,000 is repayable by instalments up to 2016 and the balance of HK\$19,626,000 is repayable within one year.

(ii) Details of principal associated companies are given in note 36.

## 16 Jointly controlled entities

	Group	
	2003 HK\$'000	2002 HK\$'000
Equity joint ventures		
Group's share of net assets/(liabilities)	45,223	(74,752)
Amounts due by joint ventures		
Interest bearing (note (i))	57,221	452,989
Non-interest bearing (note (ii))	62,487	154,479
	<b>164,931</b>	532,716
Co-operative joint ventures		
Cost of investments	3,413,615	3,524,114
Goodwill	14,946	14,946
Less: accumulated amortisation	(1,494)	(747)
Share of undistributed post-acquisition results and reserves	(616,847)	(211,625)
	<b>2,810,220</b>	3,326,688
Amounts due by joint ventures, net of provision		
Interest bearing (note (iii))	5,314,883	5,537,017
Non-interest bearing (note (ii))	200,130	287,595
Amounts due to joint ventures (note (ii))	(136,454)	(44,950)
	<b>8,188,779</b>	9,106,350
Companies limited by shares		
Group's share of net liabilities	(163,134)	(143,506)
Amounts due by joint ventures		
Interest bearing (note (iv))	173,289	183,855
Non-interest bearing (note (ii))	410,627	416,716
Amounts due to joint ventures (note (ii))	(130)	—
	<b>420,652</b>	457,065
Deposits for proposed joint ventures (note (v))	3,365	3,365
	<b>8,777,727</b>	10,099,496

### Notes:

- (i) The amount receivable is unsecured, carries interest ranging from 5.85% to 5.94% per annum (2002: 5.85% to 12% 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 5.31% to 12% per annum (2002: 8.5% to 12% per annum) and have repayment terms as specified in the joint venture contracts.
- (iv) The amounts receivable are unsecured, carry interest ranging from 1.5% above HIBOR to 4% per annum (2002: 4% to 1.5% above prime rate per annum) and have repayment terms as specified in the joint venture contracts.

## 16 Jointly controlled entities (continued)

Notes: (continued)

- (v) The balances represent 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 36.
- (vii) A summary of the financial information of the significant jointly controlled entities is set out in note 34.

## 17 Other investments

	Group	
	2003 HK\$'000	2002 HK\$'000
Investment security		
Unlisted shares, at cost	350	350
Amount due from an investee company, net of provision	143,575	207,826
	<b>143,925</b>	208,176
Other joint ventures		
Cost of investments, net of provision	106,535	212,449
Amounts due by joint ventures		
Interest bearing, net of provision (note (i))	1,281,828	1,526,356
Non-interest bearing (note (ii))	336,055	108,044
Amounts due to joint ventures (note (ii))	(90,508)	(81,984)
	<b>1,633,910</b>	1,764,865
	<b>1,777,835</b>	1,973,041

Notes:

- (i) The amounts receivable are unsecured, carry interest at 5.31% to 10% per annum (2002: 10% per annum) and have repayment terms as specified in the joint venture contracts.
- (ii) The amounts receivable and payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.
- (iii) Details of principal other joint ventures are given in note 36.

## 18 Other non-current assets

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Deferred expenditure				
Loan procurement expenses	<b>19,029</b>	10,327	<b>11,522</b>	6,004
Accumulated amortisation	<b>(15,514)</b>	(5,880)	<b>(8,934)</b>	(2,596)
	<b>3,515</b>	4,447	<b>2,588</b>	3,408
Cash and bank balances, restricted (note 22)	<b>46,778</b>	45,864	—	—
	<b>50,293</b>	50,311	<b>2,588</b>	3,408

## 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	
	2003 HK\$'000	2002 HK\$'000
0 to 30 days	<b>40,519</b>	36,628
31 to 60 days	<b>6,491</b>	29,909
61 to 90 days	<b>8,656</b>	9,733
Over 90 days	<b>11,353</b>	24,673
	<b>67,019</b>	100,943

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	
	2003 HK\$'000	2002 HK\$'000
Leasehold land, at cost		
Long term	1,069,047	1,389,244
Medium term	110,232	58,830
Development and incidental costs	1,536,587	757,226
Interest capitalised	44,869	38,730
	<b>2,760,735</b>	2,244,030
Less: provision	<b>(204,500)</b>	—
	<b>2,556,235</b>	2,244,030

The aggregate carrying value of properties under development pledged as securities for long term loans amounts to HK\$808,478,000 (2002: Nil).

## 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\$62,677,000 (2002: HK\$36,285,000).

The aggregate carrying value of completed properties held for sale pledged as securities for short term loans amounts to HK\$116,642,000 (2002: HK\$116,808,000).

## 22 Cash and bank balances

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Restricted balances	427,635	603,114	—	—
Unrestricted balances	902,570	847,844	159,411	239,669
Cash and bank balances	1,330,205	1,450,958	159,411	239,669
Restricted balances included under other non-current assets (note 18)	(46,778)	(45,864)	—	—
	<b>1,283,427</b>	1,405,094	<b>159,411</b>	239,669

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	
	2003 HK\$'000	2002 HK\$'000
0 to 30 days	81,367	39,988
31 to 60 days	1,413	283
61 to 90 days	6	6,126
Over 90 days	305,254	71,324
	<b>388,040</b>	117,721

## 24 Amounts due to fellow subsidiaries

The balances are unsecured, interest free and have no specific repayment terms.

## 25 Taxes payable

	Group	
	2003 HK\$'000	2002 HK\$'000
Income tax payable	9,639	10,895
Withholding tax payable	88,271	84,686
Other PRC taxes payable	8,389	10,205
	<b>106,299</b>	105,786

## 26 Share capital

	Group	
	2003 HK\$'000	2002 HK\$'000
Authorised: 8,000,000,000 shares of HK\$0.1 each	800,000	800,000
Issued and fully paid: 1,481,944,294 shares of HK\$0.1 each (2002: 1,481,901,894 shares of HK\$0.1 each)	148,194	148,190

## 26 Share capital (continued)

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 2001	1,468,511,738	146,851
Issue of shares for the acquisition of additional interests in subsidiaries	10,911,756	1,091
Exercise of shares options	2,478,400	248
At 30th June 2002	1,481,901,894	148,190
Exercise of share options (note)	42,400	4
At 30th June 2003	1,481,944,294	148,194

Note: 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 2003 are as follows:

Date of offer to grant	Exercise price per share HK\$	Number of shares				At 30th June 2003
		At 1st July 2002	Granted during the year (note)	Exercised during the year	Lapsed during the year	
5th February 2001	1.955	47,827,600	—	(42,400)	(2,911,600)	44,873,600
2nd May 2001	2.605	458,400	—	—	—	458,400
29th June 2001	3.192	2,328,000	—	—	—	2,328,000
31st August 2001	2.380	2,130,000	—	—	—	2,130,000
26th March 2002	2.265	2,067,600	—	—	(524,400)	1,543,200
3rd January 2003	1.330	—	1,344,000	—	—	1,344,000
12th May 2003	1.000	—	2,214,400	—	—	2,214,400
		54,811,600	3,558,400	(42,400)	(3,436,000)	54,891,600

Note: 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.

## 27 Reserves

### Group

	Contributed surplus	Share premium	Capital reserve	Investment properties revaluation reserve	Hotel properties revaluation reserve	Exchange reserve	Retained profit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30th June 2001	14,751,973	1,243,603	—	288,107	1,480	30,801	1,006,937	17,322,901
Profit retained for the year	—	—	—	—	—	—	137,127	137,127
Premium on issue of shares	—	38,705	—	—	—	—	—	38,705
Impairment of goodwill previously written off to reserves	—	—	2,100	—	—	—	—	2,100
Release of goodwill upon disposal of subsidiaries	—	—	9,520	—	—	—	—	9,520
Revaluation surplus								
Company and subsidiaries	—	—	—	80,436	—	—	—	80,436
Associated companies	—	—	—	106,507	—	—	—	106,507
Jointly controlled entities	—	—	—	41,946	5,432	—	—	47,378
Transfer to capital reserve	—	—	(11,620)	—	—	—	11,620	—
Translation difference	—	—	—	—	—	(11,364)	—	(11,364)
<b>As at 30th June 2002</b>	<b>14,751,973</b>	<b>1,282,308</b>	<b>—</b>	<b>516,996</b>	<b>6,912</b>	<b>19,437</b>	<b>1,155,684</b>	<b>17,733,310</b>
Retained by:								
Company and subsidiaries	14,751,973	1,282,308	—	112,889	—	4,993	1,853,499	18,005,662
Associated companies	—	—	—	164,325	—	11,246	(66,126)	109,445
Jointly controlled entities	—	—	—	239,782	6,912	3,198	(631,689)	(381,797)
	14,751,973	1,282,308	—	516,996	6,912	19,437	1,155,684	17,733,310

  

	Contributed surplus	Share premium	Capital reserve	Investment properties revaluation reserve	Hotel properties revaluation reserve	Exchange reserve	Retained profit/(accumulated loss)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30th June 2002	14,751,973	1,282,308	—	516,996	6,912	19,437	1,155,684	17,733,310
Loss retained for the year	—	—	—	—	—	—	(1,711,028)	(1,711,028)
2002 final dividend paid	(29,639)	—	—	—	—	—	—	(29,639)
Premium on issue of shares	—	78	—	—	—	—	—	78
Release of reserve upon disposal of								
A subsidiary	—	—	—	—	—	(6,438)	—	(6,438)
A jointly controlled entity	—	—	—	—	—	(337)	—	(337)
Revaluation surplus/(deficit)								
Company and subsidiaries	—	—	—	41,626	—	—	—	41,626
Associated companies	—	—	—	10,972	—	—	—	10,972
Jointly controlled entities	—	—	—	11,565	(6,912)	—	—	4,653
Translation difference	—	—	—	—	—	(228)	—	(228)
<b>As at 30th June 2003</b>	<b>14,722,334</b>	<b>1,282,386</b>	<b>—</b>	<b>581,159</b>	<b>—</b>	<b>12,434</b>	<b>(555,344)</b>	<b>16,042,969</b>
Retained by:								
Company and subsidiaries	14,722,334	1,282,386	—	154,515	—	1,859	437,419	16,598,513
Associated companies	—	—	—	175,297	—	4,395	(160,433)	19,259
Jointly controlled entities	—	—	—	251,347	—	6,180	(832,330)	(574,803)
	14,722,334	1,282,386	—	581,159	—	12,434	(555,344)	16,042,969

## 27 Reserves (continued)

### Company

	<b>Contributed surplus</b> HK\$'000 (Note (i))	<b>Share premium</b> HK\$'000	<b>Accumulated loss</b> HK\$'000	<b>Total</b> HK\$'000
As at 30th June 2001	14,772,134	1,243,603	(132,630)	15,883,107
Premium on issue of new shares	—	38,705	—	38,705
Loss retained for the year	—	—	(84,861)	(84,861)
As at 30th June 2002	14,772,134	1,282,308	(217,491)	15,836,951
Final dividend paid	(29,639)	—	—	(29,639)
Premium on issue of new shares	—	78	—	78
Loss retained for the year	—	—	(958,242)	(958,242)
<b>As at 30th June 2003</b>	<b>14,742,495</b>	<b>1,282,386</b>	<b>(1,175,733)</b>	<b>14,849,148</b>

#### 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\$14,849,148,000 (2002: HK\$15,836,951,000) as at 30th June 2003.

## 28 Bank and other borrowings

	<b>Group</b>		<b>Company</b>	
	<b>2003</b> HK\$'000	2002 HK\$'000	<b>2003</b> HK\$'000	2002 HK\$'000
Bank loans (note (i))				
Secured	<b>1,450,254</b>	940,810	—	—
Unsecured	<b>1,471,553</b>	961,683	<b>500,000</b>	500,000
Loans from fellow subsidiaries (note (ii))	<b>2,484,165</b>	2,886,037	—	—
	<b>5,405,972</b>	4,788,530	<b>500,000</b>	500,000
Current portion included in current liabilities	<b>(1,418,479)</b>	(834,045)	<b>(500,000)</b>	—
	<b>3,987,493</b>	3,954,485	—	500,000

Notes:

(i) The bank loans are repayable as follows:

	Secured		Group Unsecured		Total	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Within one year	410,691	155,763	816,776	140,187	1,227,467	295,950
Between one and two years	710,903	24,922	421,132	190,654	1,132,035	215,576
Between two and five years	116,822	523,365	233,645	630,842	350,467	1,154,207
After five years	211,838	236,760	—	—	211,838	236,760
	<b>1,450,254</b>	940,810	<b>1,471,553</b>	961,683	<b>2,921,807</b>	1,902,493

Included in the total bank loan balance is an amount of HK\$336,449,000 (2002:HK\$361,371,000) 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	
	2003 HK\$'000	2002 HK\$'000
Within one year	191,012	538,095
Between one and two years	768,858	892,188
Between two and five years	1,524,295	1,455,754
	<b>2,484,165</b>	2,886,037

The loans from fellow subsidiaries are unsecured and bear interest ranging from three months HIBOR to 0.5% above LIBOR.

## 29 Minority interests and loans from minority shareholders

	Group	
	2003 HK\$'000	2002 HK\$'000
Minority interests	(1,376)	85,485
Loans from minority shareholders (note)	396,013	379,612
	<b>394,637</b>	465,097

Note:

Except for loans of HK\$39,376,000 (2002: HK\$25,744,000) which are unsecured, bear interest at 7.48% (2002: 10%) per annum and have repayment terms as specified in the joint venture contracts, the remaining balance is unsecured, interest free and has no specific repayment terms.

## 30 Contingent liabilities

### Group

The Group has contingent liabilities of approximately HK\$2,068,623,000 (2002: HK\$1,381,447,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. As at 30th June 2003, 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\$1,464,162,000 (2002: HK\$965,049,000).

### 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\$2,003,693,000 (2002: HK\$1,066,682,000), HK\$196,452,000 (2002: HK\$139,115,000), HK\$1,872,171,000 (2002: HK\$1,183,453,000) respectively. As at 30th June 2002, the Company also had contingent liabilities relating to corporate guarantees given in respect of bank loan facilities extended to other joint ventures of HK\$46,729,000, which were released during the year.

## 31 Commitments

### (i) Capital expenditure commitments

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

	Group	
	2003 HK\$'000	2002 HK\$'000
Contracted but not provided for		
Fixed assets	388,557	330,326
Investments in associated companies	—	49,544
Investments in jointly controlled entities	—	47,001
	<b>388,557</b>	426,871
Authorised but not contracted for	—	—
	<b>388,557</b>	426,871

(b) The Group did not have any share of capital commitments of the jointly controlled entities themselves not included in (a) above (2002: Nil).

**(ii) Lease commitments**

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
As at 30th June 2003, future aggregate minimum lease payments under non-cancellable operating lease in respect of land and building are as follows:				
The first year	<b>37,722</b>	38,170	<b>4,916</b>	4,916
The second to fifth years	<b>134,636</b>	139,165	<b>4,916</b>	9,833
After five years	<b>440,909</b>	473,492	—	—
	<b>613,267</b>	650,827	<b>9,832</b>	14,749

**(iii) Other commitments**

As at 30th June 2003, the Group had issued performance guarantees amounting to HK\$382,347,000 (2002: HK\$316,199,000) 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.

## 32 Notes to consolidated cash flow statement

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

	2003 HK\$'000	2002 HK\$'000
Operating (loss)/profit before financing	<b>(1,244,863)</b>	159,514
Finance costs	<b>(90,058)</b>	(24,276)
Interest income	<b>(24,917)</b>	(251,420)
Interest expense	<b>90,058</b>	24,276
Depreciation	<b>50,992</b>	23,056
Amortisation of deferred expenditure	<b>9,634</b>	5,301
Loss on disposal of fixed assets	<b>1,144</b>	33
Impairment of goodwill	—	2,100
Provision for investments in/amounts due by joint ventures	<b>134,695</b>	42,344
Net (gain)/loss on disposal and partial disposal of subsidiaries	<b>(109,127)</b>	5,177
Provision for/(write back of) diminution in value of properties under development and completed properties	<b>217,638</b>	(4,287)
Impairment of fixed assets	<b>295,044</b>	—
Revaluation deficit of a hotel property	<b>178,315</b>	—
Provision against other investments	<b>281,021</b>	—
Net loss on disposal of jointly controlled entities	<b>21,266</b>	—
Provision for an amount due by an associated company	<b>16,806</b>	—
Exchange differences	<b>(91)</b>	(10,232)
Operating loss before working capital changes	<b>(172,443)</b>	(28,414)
Increase in properties held for/under development	<b>(939,180)</b>	(338,443)
Decrease/(increase) in debtors, deposits and other receivables	<b>91,839</b>	(162,551)
(Decrease)/increase in amounts due to fellow subsidiaries	<b>(2,996)</b>	30,013
Increase/(decrease) in deposits received on sale of properties	<b>214,346</b>	(40,669)
Increase/(decrease) in creditors and accruals	<b>172,246</b>	(131,598)
Net cash used in operations	<b>(636,188)</b>	(671,662)

**(b) Acquisition of interest in subsidiaries**

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Net assets acquired		
Fixed assets	<b>651,200</b>	—
Debtors, deposits and other receivables	<b>72,407</b>	4,505
Properties under development	<b>107,706</b>	261,511
Cash and bank balances	<b>15,608</b>	726
Bank loans	<b>(79,076)</b>	—
Creditors and accruals	<b>(20,406)</b>	(296)
Amounts due to fellow subsidiaries	<b>(43,934)</b>	—
Minority interests	<b>(619)</b>	—
Taxation	<b>(450)</b>	—
	<b>702,436</b>	266,446
Interest originally held by the Group as jointly controlled entities	<b>(540,599)</b>	(266,446)
Consideration satisfied by cash	<b>161,837</b>	—

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

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Cash consideration	<b>(161,837)</b>	—
Cash and bank balances acquired	<b>15,608</b>	726
Net (outflow)/inflow of cash and cash equivalents in respect of acquisition of subsidiaries	<b>(146,229)</b>	726

**(d) Disposal of interests in subsidiaries**

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Net assets disposed		
Fixed assets	—	2,127
Investment in associated companies	<b>289,405</b>	409,157
Investment in jointly controlled entities	—	7,026
Debtors, deposits and other receivables	<b>7,986</b>	5,536
Cash and bank balances	—	12,662
Creditors and accruals	—	(23,096)
Taxation	—	(602)
Amount due from a fellow subsidiary	—	10,412
Bank loans	—	(15,888)
	<b>297,391</b>	407,334
Capital reserve	—	9,520
Net gain/(loss) on disposal of interests in subsidiaries	<b>52,771</b>	(5,177)
Consideration satisfied by cash	<b>350,162</b>	411,677

## 32 Notes to consolidated cash flow statement (continued)

### (e) Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries

	2003 HK\$'000	2002 HK\$'000
Cash consideration	350,162	411,677
Cash and bank balances disposed	—	(12,662)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	<b>350,162</b>	399,015

### (f) Analysis of changes in financing during the year

	Share capital, share premium and contributed surplus HK\$'000	Short term bank loans HK\$'000	Bank and other borrowings HK\$'000	Restricted cash and bank balances HK\$'000	Minority interests and loans from minority shareholders HK\$'000
As at 30th June 2001	16,142,427	801,897	2,974,820	(749,133)	395,281
Net cash inflow/(outflow) from financing	40,044	(106,570)	1,741,006	146,019	46,160
Minority interests' share of profit and reserves	—	—	—	—	21,494
Acquisition of additional interests in subsidiaries	—	—	(2,687)	—	18
Disposal of subsidiaries	—	(15,888)	—	—	—
Accrual of interest payable	—	—	75,391	—	2,144
As at 30th June 2002	16,182,471	679,439	4,788,530	(603,114)	465,097
Net cash inflow/(outflow) from financing	(29,557)	366,560	496,556	175,479	29,752
Minority interests' share of loss and reserves	—	—	—	—	(136,626)
Acquisition of subsidiaries	—	—	79,076	—	—
Acquisition of additional interests in subsidiaries	—	—	—	—	3,013
Disposal of partial interests in subsidiaries	—	—	—	—	28,923
Accrual of interest payable	—	—	41,810	—	4,478
<b>As at 30th June 2003</b>	<b>16,152,914</b>	<b>1,045,999</b>	<b>5,405,972</b>	<b>(427,635)</b>	<b>394,637</b>

### 33 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	2003 HK\$'000	2002 HK\$'000
Interest on loans from fellow subsidiaries	(a)	<b>39,831</b>	74,077
Rental for leased premises to a fellow subsidiary	(b)	<b>5,025</b>	4,546
Rental for leased premises to an associated company	(b)	<b>28,972</b>	16,900
Interest income from jointly controlled entities	(c)	<b>(21,579)</b>	(118,380)
Estate management fee income from a fellow subsidiary and jointly controlled entities	(d)	<b>(9,587)</b>	(9,501)
Rental income from fellow subsidiaries	(e)	<b>(24,569)</b>	(4,435)
Rental income from an associated company	(e)	<b>(5,607)</b>	(3,271)

Notes:

- (a) Interest is charged at rates as specified in note 28(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) 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.
- (d) The estate management fees are charged at fixed amounts to a fellow subsidiary, an associated company and certain jointly controlled entities as specified in the management contracts.
- (e) 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\$401,929,000 (2002: HK\$360,818,000). 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 New World Development Company Limited ("NWD") and the Group whereby NWD undertakes to indemnify the Group in respect of IT and LAT payable in consequence of the disposal of certain properties (note 9).
- (iv) On 24th February 2003, the Group disposed of its entire interest in Beijing Lai Loi Garden to Chow Tai Fook Enterprises Limited, shareholder of NWD, for a consideration of approximately HK\$347.8 million resulting in a net gain on disposal of HK\$47.0 million.
- (v) On 14th March 2003, the Group disposed of 10% equity interest in each of Shanghai Ju Yi Real Estate Development Co., Ltd. and Fung Seng Estate Development (Shanghai) Co., Ltd. to Stanley Enterprises Limited, a company wholly owned by a director of the Company, Mr. Doo Wai-hoi, William at consideration of approximately HK\$72.1 million and HK\$13.2 million, respectively, resulting in an aggregate gain of HK\$56.4 million.
- (vi) In October 2003, the Group obtained an unsecured revolving credit facility of HK\$1.5 billion from a fellow subsidiary for a period of 18 months.

## 34 Significant jointly controlled entities

Set out below is a summary of the financial information of three significant jointly controlled entities whose principal activities are the investment in property investment and development project in Beijing.

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

#### (a) Results for the year

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Turnover	<b>202,342</b>	190,822
Loss for the year	<b>(77,610)</b>	(7,657)
Group's share of operating loss	<b>(54,327)</b>	(5,360)

#### (b) Net assets as at year end

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Fixed assets	<b>1,312,723</b>	1,197,475
Other assets	<b>4,095,050</b>	3,427,390
Current assets	<b>308,043</b>	536,387
Current liabilities	<b>(716,545)</b>	(696,429)
Long term liabilities (other than amounts due to the Group)	<b>(1,590,790)</b>	(1,244,271)
	<b>3,408,481</b>	3,220,552

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

#### (a) Results for the year

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Turnover	<b>145,260</b>	390,639
Loss for the year	<b>(146,690)</b>	(70,186)
Group's share of operating loss	<b>(102,683)</b>	(49,130)

#### (b) Net assets as at year end

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Fixed assets	<b>1,575,285</b>	1,447,442
Other assets	<b>412,296</b>	605,413
Current assets	<b>672,470</b>	835,853
Current liabilities	<b>(83,357)</b>	(461,802)
Long term liabilities (other than amounts due to the Group)	<b>(914,313)</b>	(717,906)
	<b>1,662,381</b>	1,709,000

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

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Turnover	<b>32,324</b>	23,469
Profit for the year	<b>7,144</b>	19,821
Group's share of operating profit	<b>5,001</b>	13,875

*(b) Net assets as at year end*

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Fixed assets	<b>885,711</b>	809,862
Other assets	<b>691,358</b>	696,157
Current assets	<b>147,691</b>	140,307
Current liabilities	<b>(218,201)</b>	(227,659)
Long term liabilities (other than amounts due to the Group)	—	—
	<b>1,506,559</b>	1,418,667

### 35 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.

### 36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other joint ventures

Details of the principal subsidiaries, associated companies, jointly controlled entities and other joint ventures which materially affect the results for the year and/or assets of the Group as at 30th June 2003 are set out below:

Company name	Issued/ registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2003	2002	2003	2002	
<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	—	—	<b>100%</b>	100%	Investment holding
Billion Park Investment Limited	HK\$1,000,000 1,000,000 ordinary shares of HK\$1 each	—	—	<b>78.6%</b>	78.6%	Investment holding
China Joy International Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	<b>100%</b>	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	—	—	<b>100%</b>	100%	Investment holding
Max Charm Investment Limited	HK\$2 2 ordinary shares of HK\$1 each	—	—	<b>100%</b>	100%	Investment holding

Company name	Issued/ registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2003	2002	2003	2002	
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
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
Kiwi Profits Limited	US\$10 10 shares of US\$1 each	—	—	—	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

### 36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other joint ventures (continued)

Company name	Issued/ registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2003	2002	2003	2002	
<i>Subsidiaries (continued)</i>						
<i>Incorporated in the British Virgin Islands (continued)</i>						
Sparkling Rainbow Limited	US\$1 1 share of US\$1	—	—	<b>100%</b>	100%	Investment holding
Steady Profits Limited	US\$1 1 share of US\$1	—	—	—	100%	Investment holding
Sweet Prospects Enterprises Limited	US\$1 1 share of US\$1	—	—	<b>100%</b>	100%	Investment holding
True Blue Developments Limited	US\$1 1 share of US\$1	—	—	<b>100%</b>	100%	Investment holding
Twin Glory Investments Limited	US\$1 1 share of US\$1	—	—	<b>100%</b>	100%	Investment holding
<i>Incorporated and operated in the PRC</i>						
Beijing Lingal Real Estates Development Co., Ltd.	US\$13,000,000	—	—	<b>100%</b>	100%	Property development
Dalian New World Plaza International Co., Ltd.	RMB58,000,000	—	—	<b>88%</b>	88%	Property investment and development
Fung Seng Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	—	—	<b>70%</b>	80%	Property development
Guangzhou Xin Yi Development Limited	HK\$286,000,000	—	—	<b>90.5%</b>	90.5%	Property development

Company name	Issued/ registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2003	2002	2003	2002	
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
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	—	—	92%	92%	Property investment and development
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	—	—	100%	100%	Property investment and development
New World Development (Wuhan) Co., Ltd.	US\$12,000,000	—	—	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

### 36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other joint ventures (continued)

Company name	Issued/ registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2003	2002	2003	2002	
<i>Subsidiaries (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Shanghai Mayfair Hotel Co., Ltd.	RMB8,000,000	—	—	<b>65%</b>	—	Hotel operation
Shanghai Ramada Plaza Ltd.	US\$34,000,000	—	—	<b>61.75%</b>	57%	Property investment and hotel operation
Shanghai Heyu Properties Co., Ltd.	US\$12,000,000	—	—	<b>64%</b>	64%	Property investment and development
Shanghai Ju Yi Real Estate Development Co., Ltd	RMB350,000,000	—	—	<b>70%</b>	80%	Property development
Shenyang New World Hotel Co., Ltd. (formerly known as Shenyang New World Lumingchun Building Co.,Ltd.)	RMB68,000,000	—	—	<b>100%</b>	—	Hotel operation
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$182,000,000	—	—	<b>90%</b>	90%	Property development
Wuhan New Eagle Properties Co., Limited	US\$2,830,000	—	—	<b>95%</b>	95%	Property investment
Wuhan Xinhan Development Co., Ltd	RMB55,000,000	—	—	<b>70%</b>	—	Property development

Company name	Issued/ registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2003	2002	2003	2002	
<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	—	—	<b>50%</b>	50%	Investment holding
Niceline Company Limited	HK\$1,000 1,000 ordinary shares of HK\$1 each	—	—	—	35%	Investment holding
Sun City Holdings Limited	HK\$8,000,000 8,000,000 ordinary shares of HK\$1 each	—	—	<b>30.6%</b>	30.6%	Investment holding
<i>Incorporated in the British Virgin Islands</i>						
Faith Yard Property Limited	US\$2 2 shares of US\$1 each	—	—	<b>50%</b>	50%	Property investment
Fortune Star Worldwide Limited	US\$100 100 shares of US\$1 each	—	—	<b>40%</b>	40%	Investment holding
Grand Make International Limited	US\$100 100 shares of US\$1 each	—	—	<b>45%</b>	45%	Investment holding
Sinclair Profits Limited	US\$10 10 shares of US\$1 each	—	—	—	50%	Investment holding

### 36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other joint ventures (continued)

Company name	Issued/ registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2003	2002	2003	2002	
<i>Associated companies (continued)</i>						
<i>Incorporated and operated in the PRC</i>						
Beijing Chang Le Real Estates Development Co., Ltd.	US\$12,000,000	—	—	—	35%	Property development
Beijing Fu Wah Real Estates Development Co., Ltd.	US\$8,000,000	—	—	—	35%	Property development
Beijing Niceline Real Estates Development Co., Ltd.	US\$8,000,000	—	—	—	35%	Property development
Beijing Po Garden Real Estates Development Co., Ltd.	US\$12,000,000	—	—	—	35%	Property development
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$108,500,000	—	—	<b>44.1%</b>	44.1%	Property investment
<i>Jointly controlled entities</i>						
<i>Incorporated and operated in Hong Kong</i>						
New World Sun City Limited	HK\$1,000 1,000 ordinary shares of HK\$1 each	—	—	<b>49.2%</b>	49.2%	Investment holding

Company name	Issued/ registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2003	2002	2003	2002	
<i>Incorporated in the British Virgin Islands</i>						
Concord Properties Holding (Guangzhou) Limited	US\$10 10 shares of US\$1 each	—	—	<b>40%</b>	40%	Investment holding
<i>Incorporated and operated in the PRC</i>						
Beijing Chong Wen-New World Properties Development Co., Ltd.	US\$104,100,000	—	—	<b>70%</b>	70%	Property investment and development
Beijing Chong Yu Real Estate Development Co.,Ltd	US\$81,840,000	—	—	<b>70%</b>	70%	Property investment and development
Beijing Xin Kang Real Estate Development Co.,Ltd	US\$12,000,000	—	—	<b>70%</b>	70%	Property development
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	—	—	<b>59%</b>	59%	Hotel operation
China New World Electronics Ltd.	US\$57,000,000	—	—	<b>70%</b>	70%	Property investment and development
Dongguan New World Garden Trade Construction Co., Ltd.	US\$12,000,000	—	—	<b>38%</b>	38%	Property development
Dongguan New World Square Trade Construction Co., Ltd.	US\$12,000,000	—	—	<b>38%</b>	38%	Property development

### 36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other joint ventures (continued)

Company name	Issued/ registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2003	2002	2003	2002	
<i>Jointly controlled entities (continued)</i>						
<i>Incorporated and operated in the PRC (continued)</i>						
Guangzhou Fong Chuen New World Properties Development Co., Ltd	RMB330,000,000	—	—	<b>60%</b>	60%	Property development
Guangzhou Fucheng Properties Development Co., Ltd	HK\$80,000,000	—	—	<b>60%</b>	60%	Property development
Guangzhou Hemsell Real Estate Development Co., Ltd.	RMB79,597,000	—	—	<b>60%</b>	60%	Property development
Guangzhou Jixian Zhuang New World City Garden Development Limited	US\$24,000,000	—	—	<b>60%</b>	60%	Property development
Guangzhou Bosson Real Estate Co., Ltd.	RMB20,003,000	—	—	<b>60%</b>	60%	Property development
Jinan New World Sunshine Development Ltd.	US\$10,000,000	—	—	<b>65%</b>	65%	Property development
Shanghai Trio Property Development Co., Ltd.	US\$75,000,000	—	—	<b>47.5%</b>	34.2%	Property development
Shenyang New World Hotel Co., Ltd. (formerly known as Shenyang New World Lumingchun Building Co., Ltd.)	RMB68,000,000	—	—	—	70%	Hotel operation

Company name	Issued/ registered and fully paid up share capital	Attributable interest held (note 1)				Principal activities
		By the Company		By the Group		
		2003	2002	2003	2002	
Tianjin New World Properties Development Co., Ltd.	US\$12,000,000	—	—	<b>70%</b>	70%	Property redevelopment
Wuhan Taibei & New World Hotel Co., Ltd	US\$14,160,000	—	—	—	50%	Hotel operation
Wuhan Wuxin Hotel Co. Ltd.	US\$13,500,000	—	—	<b>60%</b>	60%	Property investment
Wuhan Xinhan Development Co., Ltd	RMB55,000,000	—	—	—	50%	Property development
Zhaoqing New World Property Development Limited	US\$6,000,000	—	—	<b>40%</b>	32%	Property development
<i>Other joint ventures</i>						
<i>Incorporated and operated in the PRC</i>						
Huizhou New World Housing Development Limited	RMB80,000,000	—	—	<b>note 2</b>	note 2	Development of low-cost community housing
Tianjin New World Housing Development Co., Ltd	RMB80,000,000	—	—	<b>note 2</b>	note 2	Development of low-cost community housing
Wuhan New World Housing Development Limited	RMB96,000,000	—	—	<b>note 2</b>	note 2	Development of low-cost community housing

## 36 Particulars of principal subsidiaries, associated companies, jointly controlled entities and other joint ventures (continued)

Notes:

- (1) 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.
- (2) In prior years, the Group was entitled to fixed-return of investment in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing. In September 2002, the State Council had announced that all the fixed-return arrangement between PRC enterprises and their foreign partners had to be cancelled by the end of 2002. The Group had initiated discussion with the joint venture partners of projects with fixed-return covenants in the original joint venture contracts to nullify the fixed-return covenants. The profit sharing ratio for the remaining undeveloped phases of these projects would follow that of commodity housing as previously defined under the original contracts.

## 37 Approval of accounts

The accounts were approved by the board of directors on 16th October 2003.