



New World China Land Limited

新世界中國地產有限公司

(incorporated in the Cayman Islands with limited liability)

## Annual Results Announcement 2000/2001

### RESULTS

The directors of New World China Land Limited (the “Company”) announce the audited results of the Company and its subsidiaries (the “Group”) for the year ended 30th June 2001.

	Note	2001 HK\$'000	2000 HK\$'000
Turnover	1	587,265	607,031
Other revenues		48,185	57,239
Other operating income		73,872	-
Operating expenses		(445,111)	(243,838)
Operating profit before financing	2	264,211	420,432
Finance costs		(69,996)	(79,173)
Share of results of			
Associated companies		(11,737)	(2,213)
Jointly controlled entities		50,521	(118,509)
Profit before taxation		232,999	220,537
Taxation	3	30,270	11,620
Profit after taxation		202,729	208,917
Minority interests		4,265	(5,388)
Profit attributable to shareholders		206,994	203,529
Dividend	4	-	-
		<b>206,994</b>	<b>203,529</b>
Earnings per share	5		
Basic		14.13 cents	13.90 cents
Diluted		14.08 cents	N/A

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Notes:

## 1. Turnover

The Group is principally engaged in investment and development of property projects in the PRC. Turnover comprises Return on Costs in respect of low-cost community housing, gross proceeds from sales of properties, revenue from rental operations, management fee income and interest income in respect of loan financing provided to associated companies and joint ventures, net of withholding tax.

	2001	2000
	HK\$'000	HK\$'000
Sales of properties	291,459	82,975
Rental income	172,531	156,126
Return on Costs	14,662	169,924
Management fee income	819	35,875
	479,471	444,900
Interest income less withholding tax	107,794	162,131
	587,265	607,031

An analysis of the Group's turnover by principal activity is as follows:

	2001	2000
	HK\$'000	HK\$'000
Property sales	415,798	439,272
Rental operation	171,467	158,535
Hotel operation	-	9,224
	587,265	607,031

**2. Operating profit before financing**

	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Operating profit before financing is arrived at after crediting:		
Gain on disposal of a subsidiary	93,760	-
and after charging:		
Cost of properties sold	(243,946 )	(81,652 )
Provision for diminution in value of properties held for development and completed properties	(19,888 )	-
Depreciation	(10,942 )	(7,724 )
Amortisation of deferred expenditure	(5,397 )	(5,415 )

**3. Taxation**

	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Company and subsidiaries		
PRC income tax	11,835	-
Jointly controlled entities		
PRC income tax	18,435	11,620
	<b>30,270</b>	<b>11,620</b>

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 (2000: Nil). PRC income tax has been provided on the estimated assessable profits of a subsidiary operating in the PRC at the applicable rate of taxation.

The Group's jointly controlled entities established in the PRC are required under the Foreign Investment Enterprises and Foreign Enterprise Income Tax Law to pay income tax at the rate of 33% (2000: 33%).

**4. Dividend**

No final dividend has been proposed for the year ended 30th June 2001 (2000: Nil).

**5. Earnings per share**

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$206,994,000 (2000: HK\$203,529,000) and the weighted average of 1,464,741,432 shares (2000: 1,463,772,938 shares) in issue during the year.

Diluted earnings per share for the year is based on profit attributable to shareholders of HK\$206,994,000 divided by 1,464,741,432 shares which is the weighted average number of shares in issue during the year plus the weighted average of 5,428,030 shares deemed to be issued at no consideration as if all outstanding share options had been exercised. Diluted earnings per share is not presented for 2000 as the Company had no dilutive potential shares as at 30th June 2000.

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## BUSINESS REVIEW

Financial year 2001 has been a year of steady growth for the Company. Turnover during the FY2001 reached HK\$587 million, a slight decrease of 3.2% over the previous year's figures. The decrease is mainly attributable to the decrease in completion of low-cost community properties. Although completion of low-cost community properties dropped, the Group has accelerated development pace of commodity housing properties which sales increased in 2001. Operating profit before taxation rose to HK\$233 million, up 5.6% on the previous year's figures and net profit increased by 1.7%.

## ANALYSIS OF AOP BY ACTIVITIES

The Group's attributable operating profit (AOP) by types of activities is as follows:

	2001	2000
	HK\$'000	HK\$'000
Property sales	118,817	270,427
Rental operation	257,905	111,670
Hotel operation	10,089	(4,368)
Others	(137)	(254)
	386,674	377,475
Finance costs	(69,996)	(79,173)
Corporate expenses	(109,684)	(94,773)
	206,994	203,529

## PROPERTY DEVELOPMENT

The Group now has 41 major property projects with a total GFA of 19.1 million sq.m.. The Group aims to complete not less than 1.5 million sq.m. of property projects per year in the next three years.

The AOP from property development projects amounted to HK\$118.8 million. During the year under review, the Group completed eight projects in eight cities with a total gross floor area ("GFA") of 337,200 sq.m.. Major contributors to AOP came from the successful sale of Shenyang New World Garden Phase IA, Guangzhou New World Casa California, Wuhan Changqing Garden Phase IV and Dongguan New World Garden.

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### Projects Completed during the Year under Review

Project	Usage	Total GFA (Sq.m.)	Attributable Interest (%)
<b>Northern Region</b>			
Beijing Xin Kang Garden Phase I	R	16,776	70
<b>Northeast Region</b>			
Shenyang New World Garden Phase IA	R	83,720	90
<b>Central Region</b>			
Wuhan Changqing Garden - part of Phase IV	R	69,522	Note
Hefei New World Garden Phase I	R	75,019	60
<b>Southern Region</b>			
Guangzhou New World Casa California	R	20,001	60
Dongguan New World Garden Phase VIB & VIIB	R	36,744	38
Dongguan New World Garden Phase IXA	R	15,863	38
Xingtang New World Garden Phase IA	R	4,430	Note
Huiyang Palm Island Golf Club & Resort Phase I Villa portion	R	13,465	26.7
Huiyang Palm Island Golf Club & Resort Phase I Hotel portion (Investment property)	H	1,660	26.7
<b>Total</b>		<b>337,200</b>	

R : Residential

C : Commercial

O : Office

H : Hotel

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

### Projects to be Completed in FY2002

16 projects in 12 cities are scheduled for completion in FY2002, with a total GFA of 1,232,464 sq.m. Ten projects with a total GFA of 373,181 sq.m. have already been launched for sale and over 33% have been pre-sold.

Projects that have achieved satisfactory sales so far include Beijing New World Garden Phase I, Dalian Manhattan Tower Phase I, Shanghai Hong Kong New World Garden Phase I, Wuhan Changqing Garden IV B and Guangzhou Covent Garden Phase I. Other projects are expected to be launched to the market once the sales permits are obtained and marketing and promotion campaigns are fully prepared.

With the substantial increase in completions for the coming year and the increase in demand of quality residential developments from the local population, the Group expects to see an increase in contribution from property sales.

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<b>Project</b>	<b>Usage</b>	<b>Total GFA (Sq.m)</b>	<b>Attributable Interest (%)</b>
<b>Northern Region</b>			
Beijing New World Garden Phase I	R,C,O	72,345	70
Beijing Xin Kang Garden Phase II	R,C	79,475	70
<b>Northeast Region</b>			
Shenyang New World Garden Phase IB	R	57,761	90
Dalian Manhattan Tower Phase I	R	35,228	88
<b>Central Region</b>			
Shanghai Hong Kong New World Garden Phase I	R,O	42,147	80
Wuhan Changqing Garden Phase IVB	R	424,181	Note
Wuhan Xinhua Garden Phase I (Formerly known as Wuhan Xinhua Road Development)	R,C	123,543	60
Jinan Sunshine Garden Phase I	R	50,113	65
Nanjing New World Centre Residential Portion	R	74,237	92
Hefei New World Garden Phase II	R	24,329	60
<b>Southern Region</b>			
Guangzhou Dong Yi Garden Phase II (Formerly known as New World Eastern Garden)	R,C	48,944	100
Guangzhou Dong Yi Garden Phase III	R	57,928	100
Guangzhou Covent Garden Phase I (Formerly known as Fangcun District Nos. 1, 2 & 4 Development)	R	35,699	60
Guangzhou New World South City Phase IIA (Formerly known as Jixian Zhuang Low-cost Housing Development)	R,C	43,571	60
Shenzhen New World Yi Shan Garden Phase I	R	9,606	70
Zhuhai New World Riviera Garden Phase I (Formerly known as Zhuhai New World Harbour-Front Garden)	R,C	22,139	60
Xintang New World Garden Phase IB & IC	R	31,218	Note
<b>Total</b>		<b>1,232,464</b>	

## PROPERTY INVESTMENT

The Group now has ten major property investment projects with a total attributable GFA of 464,040 sq.m. and six investment properties under development of 734,658 sq.m.. AOP of the Group's rental properties amounted to HK\$257.9 million, an increase of 131%. The Group's investment properties continued to increase their contributions to the Group's profit due to improved occupancy and the rental rates of existing projects as well as the completion of new projects. The rise in AOP was also attributed to the gain of HK\$93.8 million arising from disposal of interest in podium floors of Wuhan International Trade and Commerce Centre and the acquisition of 49% interest in New World Anderson Development Company Limited which owns the Tianjin New World Xin An Shopping Centre.

The performance of the Group's shopping malls in Beijing, Tianjin and Shunde showed marked improvement as a result of more dedicated marketing and promotion efforts. In addition, the Group's office towers in Beijing and Wuhan also showed an increase in contributions resulting from higher occupancy and rentals, which in turn were due to the recovery of the PRC economy. The Group's hotels and service apartments, through its investment in jointly controlled entities and associated companies, performed steadily during the year.

Four additional investment properties will be completed in FY2002, adding 466,162 sq.m. to the Group's investment property portfolio and further enhancing the Group's recurrent income base. The Group aims to increase its rental portfolio of offices, shopping malls, hotels, service apartments in key strategic locations in the prime cities.

<b>Project</b>	<b>Usage</b>	<b>Total GFA (Sq. m.)</b>	<b>Attributable Interest (%)</b>
Beijing New View Garden Phase I	R, C	68,346	70
Shanghai Hong Kong New World Tower	C, O	137,125	44.1
Shanghai Changning Ramada Square	R, C, H	122,608	57
Nanjing New World Centre Commercial Portion	C, O, H	138,083	92
<b>Total</b>		<b>466,162</b>	



## **LIQUIDITY AND CAPITAL RESOURCES**

The Group's gearing decreased slightly from the previous year's 19% to 17%. As at 30th June 2001, the Group maintained a healthy financial situation with a cash and bank balance of HK\$1,252 million. As at 30th June 2001, the Group's total bank borrowing amounted to HK\$1,035 million, of which all are Renminbi financing. The growing availability of Renminbi financing will allow the Group to leverage up its investment returns.

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## **MAJOR ACQUISITIONS AND DISPOSALS**

On 15th September 2000, the Group acquired from Anderson International Investment Limited ("AII") the remaining 49% interest in New World Anderson Development Company Limited, being 51% owned by the Group before the acquisition. The total consideration was HK\$406,624,310, which was satisfied by HK\$90,000,000 in cash and the remaining balance was set-off against an outstanding amount of HK\$316,624,310 due and payable by AII to the Group. On 19th June 2001, the Group disposed of 95% equity interest in Wuhan New Eagle Development Company Limited for a cash consideration of HK\$408,411,215. The gain on the disposal amounted to HK\$93,760,000.

Details of the above transactions will be included in the Company's 2001 annual reports.

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## **DETAILS OF THE CHARGES ON GROUP'S ASSETS**

As at 30th June 2001, the Group's investment properties, assets under construction and properties under development of HK\$240,832,000 (2000: HK\$447,916,000), HK\$112,149,000 (2000: HK\$339,265,000) and 82,243,000 (2000: Nil) respectively have been pledged as securities for short term and long term loans. HK\$218,184,000 of properties held for development in 2000 had been pledged as securities for a short term loan. The short term loan was fully repaid during the year.

The Group's interest in a jointly controlled entity in 2000 were pledged as part of the security to secure syndicated bank loan of US\$40 million granted to the jointly controlled entity of which US\$11.5 million were utilised as at 30th June 2000. The bank loan was fully repaid in 2001.

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## **OUTLOOK**

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

The Group believes that it is in an advantageous position to benefit from the country's prospects and has prepared itself to capitalise on China's positive economic development in the years to come. The Group will continue to dedicate itself to deliver superior quality developments to its customers and to develop innovative marketing campaigns in its marketing efforts in order to achieve successful property sales and to further enhance the Group's brand equity in the Mainland China market.

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## **EMPLOYEE'S INFORMATION**

As at 30th June 2001, the Group had 1,530 full-time employees. Remuneration of the employees are reviewed annually based on the assessment of individual performance.

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## **PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE**

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange of Hong Kong Limited.

**Dr. Cheng Kar-shun, Henry**  
**Chairman and Managing Director**  
**Hong Kong, 10th October 2001**

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the shareholders of the Company will be held at Meeting Room 407, Hong Kong Convention and Exhibition Centre Phase I, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 6th day of December, 2001 at 11:00 a.m. for the following purposes:-

1. To receive and consider the audited financial statements and the Reports of the Directors and Auditors for the year ended 30th June 2001.
2. To elect Directors and to fix their remuneration.
3. To appoint Auditors and to fix their remuneration.
4. As special business, to consider and if thought fit, pass the following resolutions as ordinary resolutions:-

### ORDINARY RESOLUTIONS

- (1) "THAT:
  - (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;

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- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:
  - “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of :-
    - (i) the conclusion of the next Annual General Meeting of the Company;
    - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by applicable law or the articles of association of the Company to be held; and
    - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or legal or practical problems or restrictions under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(2) “THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the capital of the Company on The

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Stock Exchange of Hong Kong Limited (“the Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with Cayman Islands law and all applicable laws and/or the Rules Governing the Listing of Securities on the Stock Exchange or the rules of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of the shares to be repurchased by the Directors of the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of :-

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by applicable law or the articles of association of the Company to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- (3) “THAT:

conditional upon the passing of Ordinary Resolutions Nos. (1) and (2) as set out in the notice convening this meeting, the general unconditional mandate granted to the Directors of the Company pursuant to Ordinary Resolution No. (1) as set out in the notice convening this meeting be extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing

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the aggregate nominal value of the shares repurchased by the Company pursuant to the authority to repurchase shares granted pursuant to Ordinary Resolution No. (2) as set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of this resolution.”

**By Order of the Board**  
**Chow Yu-chun, Alexander**  
**Company Secretary**  
**Hong Kong, 10th October, 2001**

*Notes:*

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (who must be individuals) to attend and vote on his behalf. A proxy need not be a member of the Company.
2. To be effective, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the principal place of business of the Company in Hong Kong at 9th Floor, New World Tower 1, 18 Queen’s Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Please also refer to the published version of this announcement in the South China Morning Post dated 11/10/2001