

Property



Projects	Location	Total Saleable Area (sq. ft.)	No. of Units	Group's Interest
Sky Tower	Kowloon City	1,500,368	2,208	20.0%
Parc Palais	Homantin	900,000	700	30.0%
2 Park Road	Mid-Levels	150,280	148	100.0%
11 Bonham Road	Mid-Levels	123,244	128	70.0%
Kennedy Town Redevelopment	Western District	676,687	1,174	100.0%
Tseung Kwan O Area 55b	Tseung Kwan O	914,079	1,472	45.0%
Total		4,264,658	5,830	

Hong Kong Property Development

In FY2003, the Hong Kong economy and the property market remained weak. In July 2003, after the Hong Kong Government announced a series of economic boosting measures and a full support from the Central Government, both the economy and the property market started to pick-up.

During the period under review, the Group's attributable share of property sales revenues amounted to over HK\$1,840 million. This sum represented proceeds from sales of residential projects including Monte Carlton, Sereno Verde, La Pradera, Tung Chung Crescent, Seaview Crescent, Sky Tower, Bijou Apartments, Queen's Terrace and 11 MacDonnell Road.

In FY2004, the Group is expected to have 6 development projects with 5,830 units available for sale of which the Group's interest in these projects ranges from 20% to 100%. In terms of gross floor area ("GFA"), over 78% of the projects are located in the urban area.

The Group's landbank now has 22 property development projects with a total attributable GFA of 6.3 million sq. ft. under development and 35 agricultural land conversion projects.

At present, the Group's agricultural land bank amounts to 22.5 million sq. ft. (19.8 million sq. ft. on attributable basis) of which 10.6 million sq. ft. agricultural land is under the land use conversion process.

Development Landbank	Attributable GFA (sq.ft.)	No. of projects
Urban projects	3,447,261	15
New Territories projects	2,860,251	7
Sub-total	6,307,512	22
Agricultural land	19,853,100	35
Total	26,160,612	57



Telford Plaza is a joint venture project with MTRC in our rental portfolio.

Hong Kong Property Investment

Rental revenue for the Group's investment properties in Hong Kong amounted to HK\$853 million, a 12% decrease from the same period last year. Overall, during the period under review, the Hong Kong property investment portfolio was still adversely affected by the prevailing deflationary economic environment, weak consumer spending and over supply of office space in Central.

Currently, visitor traffic to New World Centre continues to be hampered by the ongoing construction of the KCR East Rail Tsim Sha Tsui Station and the associated road works nearby. Continuous promotional activities have been held to attract the public. However, it is expected that visitor traffic will only be restored back to normal in the second half of 2004 when all the excavation and construction work has been completed.

In FY2002, we renovated and renamed the Palace Mall to "The Amazon". The opening of Teddy Bear Kingdom, a teddy bear theme park, in August 2002 has improved the visitor traffic to The Amazon. Now, we will concentrate to secure tenants specialising in children's wear, apparel, toys and gift so as to make The Amazon a family attraction in Tsim Sha Tsui.

To promote Hong Kong tourism, the Government has a series of plans to redevelop the Tsim Sha Tsui waterfront into an international arts and cultural attraction. Under the current plan, New World Centre will become the focal point of Tsim Sha Tsui with easy access by KCR, MTR and other public transport.

In May 2003, the Group announced a HK\$40 million contribution towards the design and construction of the "Avenue of Stars" project at New World Centre and assumed the responsibility for the site's management and maintenance work for the next 20 years. The "Avenue of Stars", similar to the "Walk of Fame" in Hollywood, Los Angeles, is designed to honor people who have made a significant contribution in Hong Kong's film industry. The construction commenced in June 2003 and the first phase of the project is expected to be completed in the second quarter of 2004. The completion of the "Avenue of Stars" will enhance the status of New World Centre as the "heart" of Tsim Sha Tsui.

Shopping Malls

The Group has interest in major shopping malls including Discovery Park Shopping Mall, Telford Plaza, Grand Hyatt Shops and Pearl City. All attained 90–100% occupancy. As at June 2003, the New World Centre achieved 87% occupancy while The Amazon was over 80% leased.

Offices

During the period under review, despite the ample supply of office space in Central and neighbouring areas, New World Tower & Extension, AIA Tower of the New World Centre and Manning House achieved almost 90% occupancy while Methodist House was almost 80% leased. Though the occupancy can be maintained, there is downward pressure on the rental side.

Hotels and Restaurants

The Group disposed the Regent Hotel and Wuhan New World Courtyard Hotel in FY2002, and currently has a total of 14 hotels in Hong Kong, Mainland China and Southeast Asia. During the period under review but before the outbreak of SARS in March 2003, the operating performance of our hotel portfolio has shown improvement. In particular, the Group's three hotels in Hong Kong achieved higher occupancy and higher average room rates due to an increased number of business travellers attending international conferences such as ITU – Telecom Asia 2002 in Hong Kong and an increase in tourists from Mainland China. Unfortunately, the general improvement trend has been hampered by the outbreak of SARS during the second quarter in 2003.

China Property

New World China Land Limited (“NWCL”) is the Group's 70%-owned Mainland China property arm. NWCL's property portfolio currently has 37 major development property projects with a total GFA of 16 million sq. m. across 18 cities.

For the year under review, NWCL has completed 14 property development projects in 10 cities with a total GFA of 717,582 million sq. m.. For property investment projects, three projects were completed in FY2003 with a total GFA of 116,428 sq. m..

In FY2004, NWCL will complete 13 projects in 9 cities with a total GFA of 1,109,595 sq. m.. Completion of NWCL's projects in the Pearl River Delta is expected to reach a peak in coming years. These projects are just on time to meet the increasing demand from the fast-growing Pearl River Delta Region. Two investment projects located in Nanjing and Shanghai, with a total GFA of 218,141 sq. m., are scheduled to complete in FY2004. After the completion, it will enhance the Group's rental income.

The property market in Mainland China is still operated under a challenging and competitive environment. This stringent market condition has a potential negative impact on the profit margin of NWCL's project to be completed.