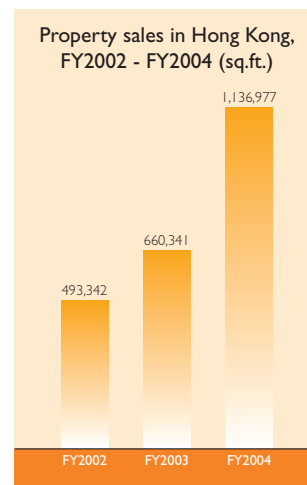


Property

Hong Kong Property Development

The property market in Hong Kong rebounded in the fourth quarter of 2003. Since then, both volume and pricing recorded solid growth. During the year under review, the Group's attributable share of property sales revenues amounted to HK\$4.233 billion. The Group sold 1,136,977 sq. ft. in Hong Kong comparing to 660,341 sq. ft. in FY2003. In FY2004, the Group completed the construction of 2 Park Road and Bon-Point at the Mid-Levels of Hong Kong Island; Parc Palais, Sky Tower and Kingsford Terrace in Kowloon.

The Group now has a landbank, excluding agricultural land pending conversion, of 5.54 million sq. ft. which is enough for meeting its development needs for three to four years. Moreover, the Group has a total 20 million sq. ft. of agricultural land reserve.



Development projects	Attributable GFA (sq. ft.)
Hong Kong Island	748,645
Kowloon	1,957,911
NT excluding agricultural land pending conversion	2,835,219
Total	5,541,775

Parc Palais, located at King's Park, features a grand central garden and a magnificent harbour view.



Agricultural landbank by location	Total land area (sq. ft.)	Attributable land area (sq. ft.)
Yuen Long	14,420,000	12,937,100
Shatin / Tai Po	3,414,000	2,528,000
Fanling	2,310,000	2,310,000
Tuen Mun	120,000	120,000
Sai Kung	1,905,000	1,668,000
Total	22,169,000	19,563,100

The Group is actively negotiating with government on agricultural land conversion. However, during FY2004, the Group only concluded land premium negotiation on one site of GFA 260,000 sq. ft.. Several leading developers voiced out difficulties in closing agricultural land premium negotiations with the government due to differences in price expectations. To ride on

the property upturn, the Group is seeking alternate landbank replenishment sources by participating in public auctions and tendering URA projects.

Strong competition during the auctions for two major sites in Homantin and San Po Kong on 12 October 2004 further confirmed the upturn of the Hong Kong property market. In FY2005, on an attributable basis, the Group has approximately 1.8 million sq. ft. property for sale, including inventory completed before FY2005 and projects to be launched for sale. Projects to be launched in the coming months include Kennedy Town Redevelopment, Black's Link, Tseung Kwan O Area 55b, Lau Fau Shan and Fu Tei projects.

FY2005 Projects	Location	Attributable GFA (sq. ft.)
Inventory completed before FY2005		332,668
Caldecott Hill (郝德傑山)	Piper Hill	31,220
33 & 35 Island Road (香島道33及35號)	Southern District	27,438
Kennedy Town Redevelopment (堅尼地城重建項目)	Western District	676,687
6-10 Black's Link (布力徑6-10號)	The Peak	27,814
Tseung Kwan O Area 55b (將軍澳55b區項目)	Tseung Kwan O	411,336
Lot No. 3569 in DD129, Lau Fau Shan (流浮山項目)	Yuen Long	66,522
3 Tuen Kwai Road, Fu Tei (虎地屯貴路3號)	Tuen Mun	196,744
Total		1,770,429

Hong Kong Property Investment

Hong Kong rental market bottomed at end 2003 with both effective rent and occupancy firming up thereafter. Rental revenue for the Group's investment properties in Hong Kong amounted to HK\$779.7 million, a 8.5% decrease from FY2003. Rental rates of our premises for FY2004 could not immediately reflect the improving market conditions, as some tenancy agreements were renewed in 2003, when market rates were on a downward trend.

Increase in individual travellers from Mainland China and overseas boosted retail traffic. Located at the Tsimshatsui Promenade and next to New World Centre, the "Avenue of Stars", a major new attraction donated by the Group to honour Hong Kong's film professionals, has become a big draw for tourists and locals alike soon after its completion. The monthly visitor flow for the Avenue of Stars was over 1 million after its launch in April 2004. Pedestrian traffic is expected to be further enhanced with the completion of the KCR East Tsimshatsui Station and its associated road works outside New World Centre by the end of October 2004. Higher traffic may translate into positive rental revisions at New World Centre.

The Group now is working on a one million-sq.ft. Hanoi Road Redevelopment Project at Tsim Sha Tsui. The project comprises a hotel, service apartments and a shopping mall with direct access to MTR Tsim Sha Tsui Station and KCR East Tsim Sha Tsui Station.

As KCR East Tsim Sha Tsui Station and its adjoining pedestrian links come into service, New World Centre will have easy access to both MTR and KCR.





New World Renaissance Hotel is just a short walk from a wide array of cultural, shopping and tourism facilities in Tsim Sha Tsui.

Hotels

The Group's hotel portfolio comprises 14 hotels in Hong Kong, Mainland China and Southeast Asia. Hong Kong hotels have improved significantly in both occupancy and average room rate. The Group's hotel operations regained their pre-SARS profitability levels.

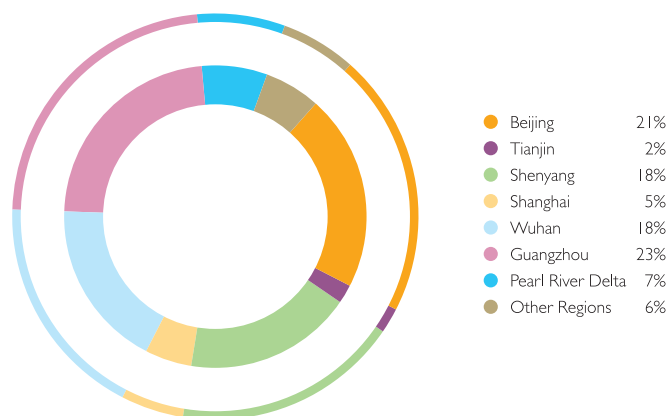
China Hotel in Guangzhou was reverted to our local partner in Guangzhou after the expiry of the build-operate-transfer contract in June 2004. In FY2004, the 860-room Mayfair Hotel Shanghai was completed, bringing our Mainland China hotel portfolio to 7 hotels providing 2,968 guest rooms.

Hotels in Mainland China	City	Number of rooms
New World Courtyard Hotel	Beijing	293
Jing Guang New World Hotel	Beijing	444
Mayfair Hotel Shanghai	Shanghai	860
New World Hotel	Shenyang	261
New World Courtyard Hotel	Shunde	376
New World Courtyard Hotel	Wuxi	243
Grand New World Hotel	Xian	491
Total		2,968

Mainland China Property

New World China Land Limited ("NWCL") is the Group's 70%-owned Mainland China property arm. NWCL's property portfolio currently has 45 major projects with a total GFA of 17 million sq. m. across 17 cities.

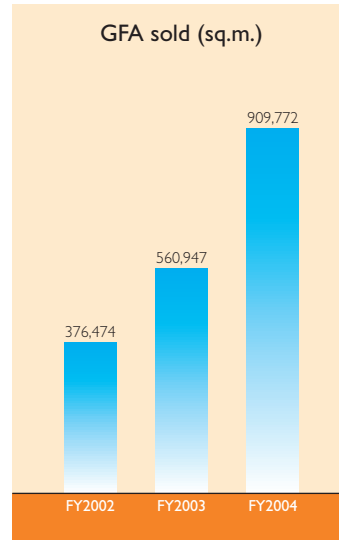
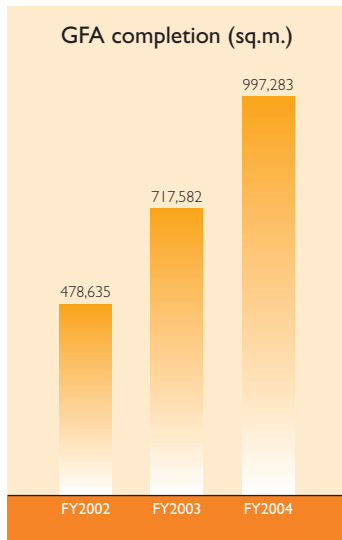
NWCL's landbank breakdown





Shenyang New World Garden is one of the major residential projects of NWCL.

During the year under review, NWCL has completed 15 property development projects in 10 cities with a total GFA of 997,283 sq. m., an increase of 39% year-on-year. Area sold surged 62% to 909,772 sq.m. in FY2004.



Together with the remaining 595,743 sq.m. inventory completed before FY2005, NWCL has approximately 1.3 million sq.m. available for sale, which is sufficient to meet the demand for our premium quality commodity properties in the coming year.

Shanghai Hong Kong New World Tower was completed in October 2003 with satisfactory occupancy. The total GFA of NWCL'S investment portfolio amounted to 1.2 million sq. m.. NWCL'S investment portfolio includes retail spaces, offices, hotels and service apartments at prime locations of high growth cities.

Austerity measures were released by the Central Government in the second quarter of 2004 to cool down the overheating economy. The tightening in credit control has only affected developers with weaker financial position or liquidity problems. The new credit policy had minimal effects on the Group given its good credit history and quality projects.



Shanghai Hong Kong New World Tower, NWCL'S flagship commercial complex standing on Huai Hai Road, is reputed as one of China's new top 10 landmark buildings.