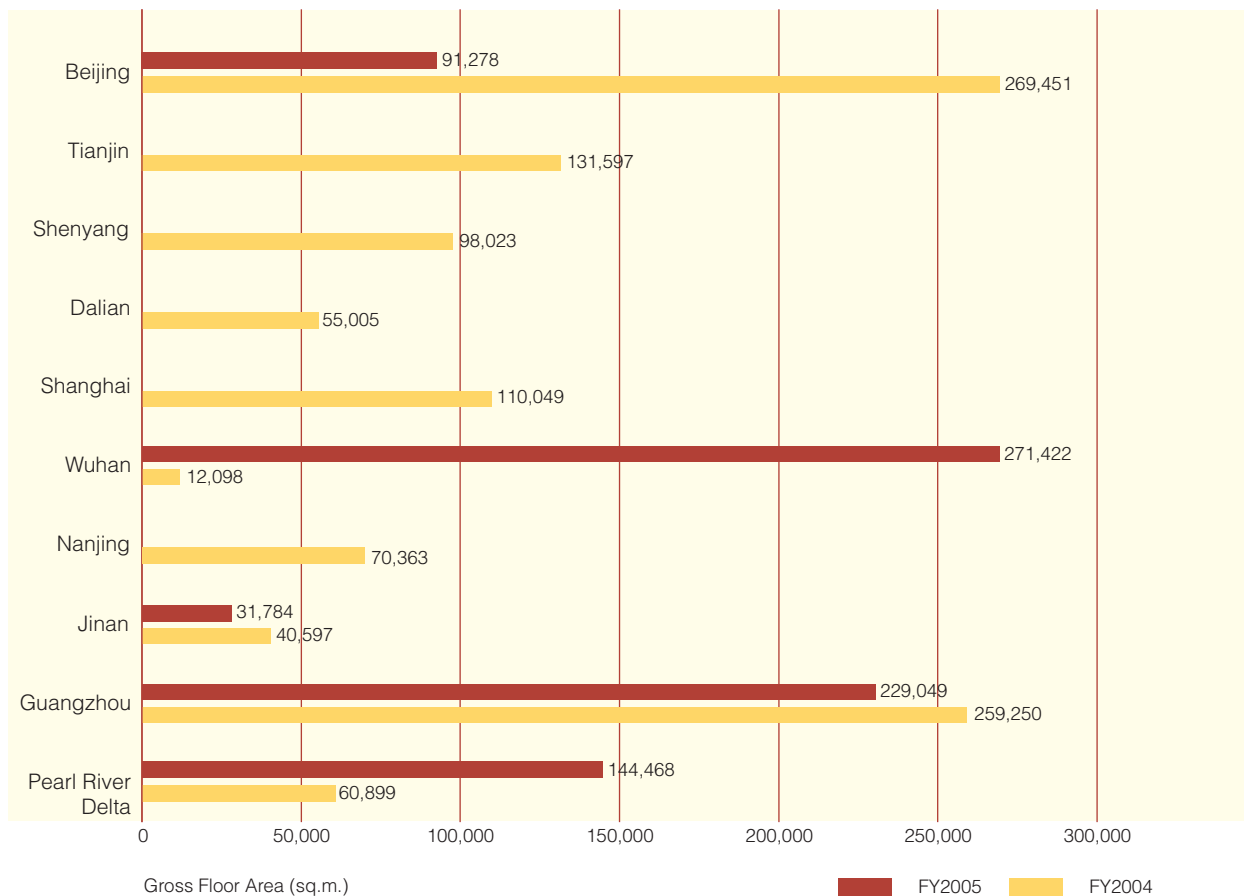
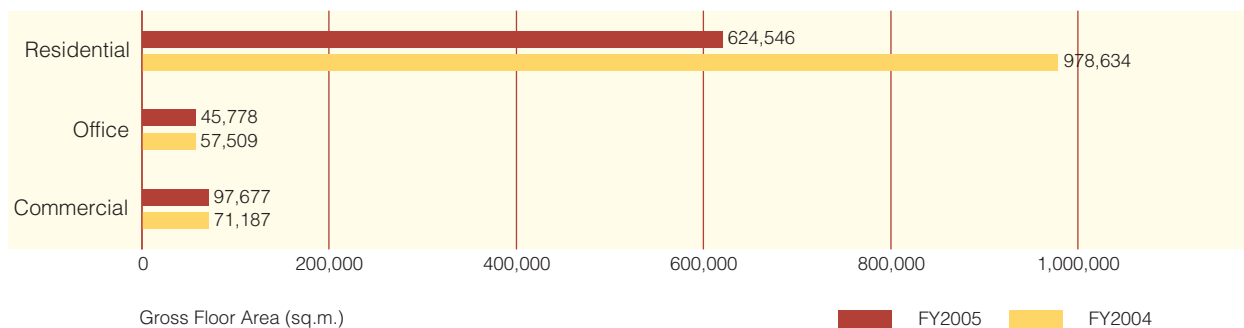


Completion of Gross Floor Area by Location



Completion of Gross Floor Area by Usage



REVIEW OF FY2005 RESULTS

In FY2005, the Group has recorded a profit of HK\$221.54 million, increased 74% year-on-year. Our three major business operations, namely property sales, rental and hotel operations, recorded double-digit growth in attributable operating profit. Property sales recorded an AOP of HK\$164.61 million, 12% increase compared to last year. Rental operation achieved a significant contribution to the Group with an AOP of HK\$150.97 million, increased 61% year-on-year, and hotel operation maintained a steady increase in AOP, in which a 12% year-on-year increase to HK\$20.90 million was recorded.

Analysis of Attributable operating profit ("AOP")		
	FY2005	FY2004
	HK\$'000	HK\$'000
Property sales	164,607	146,460
Rental operation	150,973	93,762
Hotel operation	20,902	18,684
Property management services	(3,033)	(5,566)
Others	(1,575)	(1,813)
AOP before provisions, revaluation deficits and finance costs	331,874	251,527
Provisions and revaluation deficits	(54,956)	(160,298)
Provisions and revaluation deficits written back	93,970	223,743
Finance costs - project loans	(108,106)	(75,189)
Excess of fair value of net assets acquired over cost of acquisition of interests in subsidiaries	46,853	—
AOP	309,635	239,783
Finance costs — corporate loans	(31,249)	(14,605)
Corporate administrative expenses	(107,306)	(117,685)
Bank and other interest income	50,464	19,853
Profit attributable to shareholders	221,544	127,346

Property Sales

For the year under review, the Group has completed 13 projects with a total GFA of 633,068 sq.m.. The completion was below budget as the approval process for completion certificates of residential block of Nanjing New World Centre was longer than expected.

In FY2005, 754,474 sq.m. were sold to generate an attributable cash proceeds of approximately HK\$2.60 billion to the Group. Over 70% of the FY2005's completion were sold and the inventory on hand was depleted around 284,293 sq.m.. The total inventory as at 30 June 2005 amounted to 433,123 sq.m..

By region	Total GFA	Inventory	
	available for sale in FY2005 (sq.m.)	Sold in FY2005 (sq.m.)	as at 30/6/2005 (sq.m.)
Beijing	204,932	116,301	88,631
Tianjin	45,528	36,398	9,130
Shenyang	38,927	24,962	13,965
Dalian	52,659	16,886	35,773
Shanghai	3,662	541	3,121
Wuhan	249,757	211,137	38,620
Jinan	38,680	29,075	9,605
Nanjing	16,151	9,020	7,131
Guangzhou	331,105	225,726	105,379
Pearl River Delta	190,606	70,486	120,120
Others	15,590	13,942	1,648
Total	1,187,597	754,474	433,123

The 12% increase in AOP from property sales was attributable to the improved profit margin of both inventory and newly completed projects as compared with that of FY2004's. Major contributors to AOP were from sales of Guangzhou Central Park-view Phase I, Wuhan Changqing Garden Phase V and Beijing New World Garden Phase II.

Development property projects completed during FY2005	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing New World Garden Phase II (北京新世界家園二期)	R	57,416	70%
Beijing Xin Yang Commercial Building (北京新陽商務樓)	O	1,588	70%
Jinan Sunshine Garden Phase II (濟南陽光花園二期)	R	31,784	65%
Wuhan Changqing Garden Phase V (武漢常青花園五期)	R, C	157,453	60%
Wuhan Menghu Garden Phase IB (武漢夢湖香郡一期B)	R	13,228	70%
Wuhan Xin Hua Garden Phase II (武漢新華家園二期)	R	39,151	60%
Guangzhou Park Paradise Phase IIB, IIC & IID (廣州嶺南新世界家園二期B、二期C及二期D)	R, P	80,204	60%
Guangzhou Central Park-view Phase I (廣州凱旋新世界廣場一期)	R	62,704	91%
Guangzhou Xintang New World Garden Phase II (廣州新塘新世界花園二期)	R	37,273	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	R	26,702	60%
Shenzhen New World Yi Shan Garden Phase II (深圳新世界倚山花園二期)	R	34,382	90%
Huizhou Changhuyuan Phase IIA (惠州長湖苑二期A)	R, C	61,559	63%
Zhuhai New World Riviera Garden Phase II (珠海新世界海濱花園二期)	R	29,624	100%
Total		633,068	

R : Residential
 C : Commercial
 O : Office
 P : Carpark

In FY2006, the Group will complete 12 projects to provide a total GFA of 767,843 sq.m.. Together with the remaining inventory of 433,123 sq.m. as at 30 June 2005, the Group has over 1.2 million sq.m. of commodity properties for sale.

Development property projects to be completed in FY2006	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Yi Garden Phase I (北京新怡家園一期)	R	111,443	70%
Beijing Xin Cheng Commercial Building (北京新成文化大廈)	O	30,246	70%
Beijing New View Garden Phase II (北京新景家園二期)	R, O	131,928	70%
Wuhan Changqing Garden Phase VIA (武漢常青花園六期A)	R	62,353	60%
Wuhan Menghu Garden Phase II (武漢夢湖香郡二期)	R	23,514	70%
Wuhan Xin Hua Garden Phase III (武漢新華家園三期)	R	83,410	60%
Nanjing New World Centre (南京新世界中心)	R	72,503	92%
Guangzhou Park Paradise Phase IIC (廣州嶺南新世界家園二期C)	R	92,790	60%
Guangzhou Concord New World Garden Phase II (廣州協和•新世界二期)	R, C	40,319	40%
Guangzhou Xintang New World Garden Phase III (廣州新塘新世界花園三期)	R, O	71,437	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	R	40,234	60%
Haikou New World Garden Phase II (海口新世界花園二期)	R	7,666	60%
Total		767,843	

Rental Operation

In FY2005, the investment properties portfolio of the Group has been increased by 134,933 sq.m.. The increment was mainly from phase-completion of Wuhan New World International Trade Tower (formerly known as Wuhan International Trade and Commerce Centre). The Group's investment portfolio, including offices, shopping malls, hotels, service apartments and car parks, totalled 1.15 million sq.m..

Our major investment properties, Beijing New World Centre and Shanghai Hong Kong New World Tower, capitalised on the buoyant rental market in Beijing and Shanghai, provided growing contributions to the Group.

Rental income of Beijing New World Centre was charged on turnover basis which provided a strong contribution to the Group's AOP. During the year, the occupancies have been improved both in Shanghai Hong Kong New World Tower and Shanghai Belvedere Apartment. In particular, Shanghai Hong Kong New World Tower was 83% leased in FY2005 against 60% in the previous financial year. Furthermore, positive contribution from Chateau Regalia Beijing was achieved upon its gradual penetration into leasing market.

Investment property completed during FY2005	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing New World Garden Phase II (北京新世界家園二期)	P	26,606	70%
Beijing New View Garden (北京新景家園)	P	5,668	70%
Wuhan New World International Trade Tower (武漢新世界國貿大廈) (formerly known as Wuhan International Trade & Commerce Centre Phase III (武漢國貿大廈三期))	O, P	61,590	100%
Guangzhou New World Oriental Garden Phase I (廣州東方新世界花園一期)	C	2,560	100%
Guangzhou Park Paradise Phase II (廣州嶺南新世界家園二期)	C, P	16,330	60%
Guangzhou Covent Garden Phase II (廣州逸彩庭園二期)	P	3,276	60%
Shenzhen New World Yi Shan Garden Phase II (深圳新世界倚山花園二期)	P	9,249	90%
Huizhou Changhuyuan Phase IIA (惠州長湖苑二期A)	P	9,654	63%
Total		134,933	

In FY2006, the Group plans to complete 8 projects of 282,518 sq.m. in Beijing, Wuhan, Nanjing and Guangzhou to further enhance our investment portfolio.

Investment properties to be completed in FY2006	Usage	Total GFA (sq.m.)	NWCL's interest
Beijing Xin Kang Garden Phase III (北京新康家園三期)	C, P	16,073	70%
Beijing Xin Cheng Commercial Building Phase I (北京新成文化大廈一期)	C, P	16,422	70%
Beijing Xin Yi Garden Phase I (北京新怡家園一期)	P	24,415	70%
Beijing New View Garden Phase II (北京新景家園二期)	P	11,526	70%
Wuhan New World International Trade Tower (武漢新世界國貿大廈) (formerly known as Wuhan International Trade & Commerce Centre Phase III (武漢國貿大廈三期))	O	60,366	100%
Wuhan Xin Hua Garden Phase III (武漢新華家園三期)	C, P	15,708	60%
Nanjing New World Centre (南京新世界中心)	C, P	60,807	92%
Guangzhou Central Park-view Phase IB (廣州凱旋新世界廣場一期B)	R, C, P	77,201	91%
Total		282,518	

Hotel Operation

Our hotel portfolio now comprises of 4 hotels providing 1,790 guest rooms. Apart from the hotel in Shenyang which is under renovation, the occupancy rates and average room rates for the other three hotels were improved during the year under review.

Hotel portfolio	Number of rooms
New World Courtyard Hotel, Beijing (北京新世界萬怡酒店)	293
Mayfair Hotel Shanghai (上海巴黎春天大酒店)	860
New World Hotel, Shenyang (瀋陽新世界酒店)	261
New World Courtyard Hotel, Shunde (順德新世界萬怡酒店)	376
Total	1,790

Currently the Group has two hotels, each located in Wuhan and Dalian, under construction. Upon completion in 2008, they will enhance the Group's hotel portfolio by adding 850 guest rooms.

Provision

Further provision attributable to the Group of HK\$54.96 million had been made on certain projects with reference to valuation as at 30th June 2005 and latest selling price of our launched projects. The major projects involved were certain development projects in Tianjin and Huizhou.

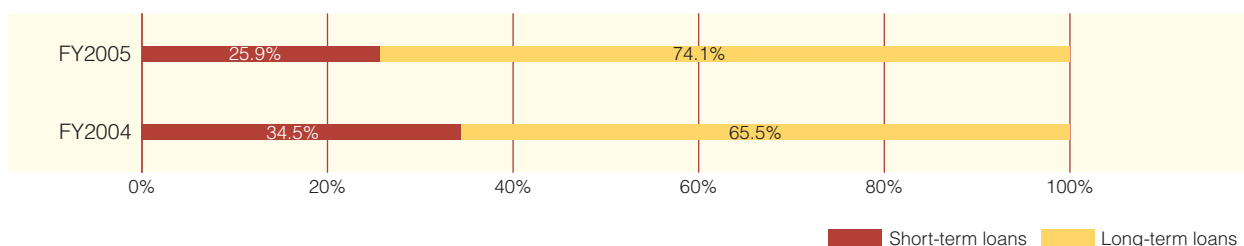
Whereas, with reference to open market valuation of properties under development, completed properties for

sale and hotels as at 30th June 2005 and the prevailing market condition, provisions attributable to the Group of HK\$93.97 million previously provided were written back in FY2005.

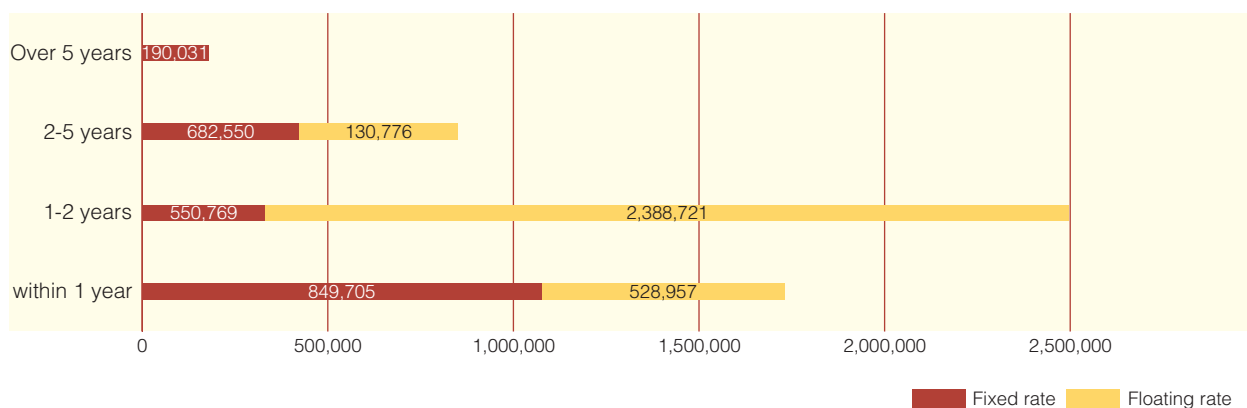
Finance Costs

Project finance costs increased by 44% to HK\$108.11 million in FY2005 due to the increase in interest rate and higher borrowing costs expensed resulting from increase in completed projects.

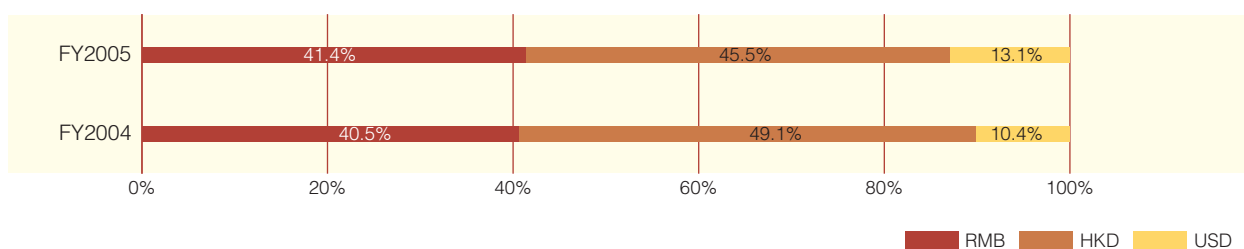
Source of Borrowings



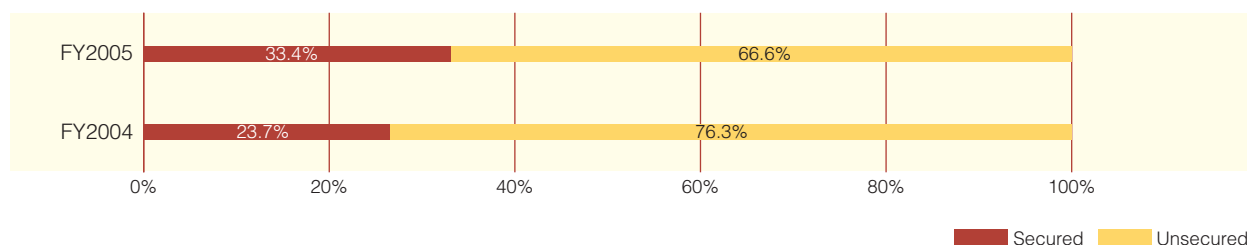
Interest Rate and Maturity Profile (HK\$'000)



Currency Profile of Borrowings



Nature of Debt



LIQUIDITY AND CAPITAL RESOURCES

As at 30th June 2005, the Group's cash and bank deposits amounted to HK\$6,351.87 million (30th June 2004: HK\$891.29 million). The increase in cash and bank deposits was mainly due to strengthening of the Company's capital base. During the year, the Company issued 2,255,294,538 shares of HK\$0.10 each at HK\$2.80 per share by way of rights issue on the basis of three rights shares for every two existing shares. The net proceeds will be used for debt reduction and to finance the Group's operation and investments.

As at 30th June 2005, the Group stays in healthy financial position with zero gearing (30th June 2004: 29.8%). The gearing ratio is on the basis of net debts over shareholders' funds. The Group's consolidated net debt amounted to HK\$4,878.30 million as at 30th June 2004.

The Group's bank and other borrowings as at 30th June 2005 totaling HK\$5,321.51 million, of which 26%, 55%, 15% and 4% are repayable respectively within one year, one to two years, two to five years and over five years. Over 54% of the Group's total debts are on floating rate basis.

As at 30th June 2005, the Group's committed unutilised bank loan facilities amounted to HK\$462.06 million (30th June 2004: HK\$602.80 million).

FOREIGN CURRENCY EXPOSURE

On 21st July 2005, the People's Bank of China ("PBoC") announced a reform to Renminbi ("RMB") exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. Such reform has resulted in RMB appreciated against several major currencies, including the United States Dollar and Hong Kong Dollar. The PBoC's moves on 23rd September 2005 to widen the band of RMB exchange rate against non-US dollar currencies has further strengthened the RMB currency. Such appreciation had no impact on the Group's shareholders' funds as at 30th June 2005. However, as the Group has net RMB exposure in the form of net monetary/non-monetary assets held and investments in PRC entities, the impact of RMB appreciation will be fully reflected in FY2006.

There has been no significant change in the Group's policy to leverage funding by straight debts rather than quasi-debt financial instruments. During the year under review, the Group did not use any financial instrument for hedging purposes.

CONTINGENT LIABILITIES

As at 30th June 2005, the Group has contingent liabilities of approximately HK\$2,057,808,000 (30th June 2004: HK\$2,598,081,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies and jointly controlled entities. The drop in contingent liabilities reflects the Group's commitment to reduce reliance on debt generated from bank borrowings to finance its property projects.

DETAILS OF THE CHARGES ON GROUP'S ASSETS

As at 30th June 2005, the Group's investment properties, hotel properties, properties held for development, properties under development and bank deposits of HK\$767,186,000 (30th June 2004: HK\$266,579,000), HK\$837,383,000 (30th June 2004: HK\$803,739,000), HK\$974,721,000 (30th June 2004: HK\$919,892,000), HK\$328,425,000 (30th June 2004: HK\$285,600,000) and HK\$817,517,000 (30th June 2004: HK\$74,128,000) respectively have been pledged as securities for short term and long term loans. As at 30th June 2004, completed properties held for sale of HK\$657,517,000 had been pledged as securities for a long term loan. The long term loan was fully repaid during the year.

EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2005, the Group had 2,259 full-time employees. Total staff costs including director's emoluments and retirement benefits amounted to HK\$127.6 million for the year ended 30th June 2005 (2004: HK\$121.4 million). Remuneration of the employees are reviewed annually based on the assessment of individual performance. Discretionary year-end bonus shall be paid to employees based on individual performance.

MAJOR ACQUISITION AND DISPOSAL

On 8th February 2005, the Group entered into a Sale and Purchase agreement with Beijing Bank to acquire 70% and 65% of the equity interest in Dalian New World Tower Co., Ltd. ("Dalian NWT") (formerly known as Dalian Bond Tak International Finance Centre Co., Ltd.) and Dalian New World Hotel Co., Ltd. ("Dalian NWH") (formerly known as Dalian Bond Tak New World Hotel Co., Ltd.) respectively, for an aggregate consideration of HK\$411 million which is payable by 5 instalments up to 25th December 2007. Upon completion of the transaction, Dalian NWT becomes a wholly-owned subsidiary of the Group and Dalian NWH is owned as to 95% by the Group.

Subsequent to the completion date, the Group further obtained the remaining 5% equity interest in Dalian NWH at no consideration.

There was no major disposal by the Group during the year.