



New World Centre

Property

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# Property

## Hong Kong Property Development

Hong Kong property market remains resilient with the continuously improving economy and falling unemployment rate. Property prices rose steadily amidst the gradual escalation of local interest rate following the US rate hike.

In FY2005, the Group's share of Hong Kong property sales amounted to approximately HK\$2.28 billion, mainly from Bon-Point, Parc Palais, Sereno Verde, South Hillcrest and 33 Island Road. Though the total volume sold in Hong Kong was lower than previous financial year, the average selling price of the projects had improved significantly due to the rising property prices.

In the first half of 2005, the Group launched and pre-sold The Merton at Kennedy Town and The Grandiose at Tseung Kwan O with overwhelming responses. These projects are expected to provide HK\$6.2 billion cash proceeds to the Group.

The Group now has a landbank of 4.78 million sq. ft. GFA for immediate development and a total of 20 million sq. ft. of agricultural land reserve pending conversion.

Development projects	Attributable GFA (sq. ft.)
Hong Kong Island	180,679
Kowloon	1,703,792
NT excluding agricultural land pending conversion	2,891,564
<b>Total</b>	<b>4,776,035</b>

Agricultural landbank by location	Total land area (sq. ft.)	Attributable land area (sq. ft.)
Yuen Long	14,174,000	12,757,000
Shatin/Tai Po	3,414,000	2,528,000
Fanling	2,310,000	2,310,000
Sai Kung	2,624,000	2,271,000
Tuen Mun	120,000	120,000
<b>Total</b>	<b>22,642,000</b>	<b>19,986,000</b>

The Group is actively discussing with the government on agricultural land conversion and is also seeking various sources to replenish its landbank, such as public auctions and tendering for development projects offered by Urban Renewal Authority and the two rail companies.

During the year under review, land premiums of two plots of agricultural land were paid to add more than 748,000 sq. ft. GFA to the landbank for development. These two projects are expected to complete in FY2008 to provide over 870 residential units.





Projects with land premium paid	Site area (sq. ft.)	Attributable GFA (sq. ft.)	No. of resident units
Ma Tin Road, Yuen Long	138,729	485,556	672
Tong Yan San Tsuen, Yuen Long	262,747	262,747	200

The Group is now actively negotiating with the government on land premium of several sites in Wu Kai Sha, Yuen Long and Shatin to further provide over 3 million sq. ft. GFA.

### Hong Kong Property Investment

Hong Kong's buoyant economy and the expanding scope of CEPA created higher demand for office space. Office vacancy dropped to a record-low level. Since the office supply in Central is mostly leased, we are expecting a noticeable increase in rental rate for New World Tower and Manning House.

In FY2005, the Group's rental portfolio recorded stable growth in both occupancy and average rental rate. The opening of Avenue of Stars and KCR East Tsim Sha Tsui Station in April and October 2004 respectively has boosted pedestrian traffic at New World Centre. In June 2005, the government approved a HK\$276 million plan to relocate the bus terminus at the Tsim Sha Tsui Star Ferry Pier to right opposite to New World Centre by April 2006. This will strengthen the status of our flagship investment property New World Centre as the traffic hub in Tsim Sha Tsui.

The Group leased the underground shopping mall "Amazon", which is right next to New World Centre, to Sogo to open their first store in Kowloon. The Sogo Tsim Sha Tsui Store was opened on 30 September 2005 and immediately attracted a large patronage.

The one million sq. ft. GFA Hanoi Road Redevelopment Project in Tsim Sha Tsui is scheduled to complete in 2007. The project consists of hotel, service apartments and a shopping mall with direct access to MTR Tsim Sha Tsui Station. In time, the Group will have a total of over 3 million sq. ft. GFA in the prime areas of Tsim Sha Tsui.

### Hotels

Strong growth of visitor arrivals from overseas and Mainland China's Individual Visit Scheme brought a robust demand of hotel rooms in Hong Kong. The Group's hotels in Hong Kong, namely Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and New World Renaissance Hotel, have improved significantly in both the occupancy rate and room rate. Meanwhile, our hotels in Southeast Asia and Mainland China maintained moderate growth.



In Hong Kong, a 405-room hotel will be ready in 2007 when the Group finishes our one million sq. ft. GFA Hanoi Road Redevelopment Project. Moreover, the construction of the 600-room hotel project at the Chinese University campus started in July 2005 with target completion in mid-2008. Furthermore, the Group is at the planning stage of the one million sq. ft. GFA five-star hotel project at the New World Centre Extension.

In Mainland China, two hotel projects are in progress in Wuhan (武漢) and Dalian (大連) to provide 850 rooms in total in 2008.

### New World China Land Limited (“NWCL”)

NWCL, the Group’s 71.3% owned Mainland China property arm, has a portfolio of 37 major development property projects across 17 cities with a total GFA of approximately 15.5 million sq. m..

For the year under review, NWCL has completed 633,068 sq. m. GFA and sold 754,474 sq. m. GFA. NWCL will complete 767,843 sq. m. GFA in FY2006, together with the remaining 433,123 sq. m. GFA inventory as at 30 June 2005, NWCL has over 1.2 million sq. m. GFA available for sale in FY2006.

The Group is optimistic about the outlook of Mainland China’s property market. The rights issue of NWCL was approved by NWCL independent shareholders in March 2005 and raised approximately HK\$6.3 billion to strengthen its capital base and financial position. NWCL intends to use the proceeds from the rights issue to settle the outstanding resettlement costs and fund the development costs of its existing projects, reduce its debts and increase its general working capital for future development.



A series of macro control measures over the property market from the Central Government were announced starting March 2005. In order to curb the speculation and stabilise the price of the property market, those measures can direct the property market to a healthy and stable development in the long run.

NWCL was ranked first in “2005 Top10 China’s Real Estate Company Brand Value” by “China Real Estate Top10 Research Team”. NWCL was the only Hong Kong developer being awarded.