

Strategic Businesses

New World Department Stores ("NWDS")

Riding along the rapid growth of consumer market in Mainland China, NWDS recorded a total sales amount of HK\$3.8 billion in FY2005, up 17% year-on-year.

As at the end of June 2005, NWDS's operations expanded to 17 stores across 10 cities in Mainland China and Hong Kong with a total GFA of 461,180 sq. m.. During the year under review, two stores in Shanghai (上海) and Ningbo (寧波) were opened.

In September 2005, the new store in Lanzhou (蘭州) was opened as the 18th department store of the Group.

The Group plans to open three new stores by the end of 2005 and four new stores in 2006 with a total store area of 236,250 sq. m.. In cities with satisfactory operations, NWDS is seeking opportunities and locations for more new stores. NWDS is also actively exploring investment opportunities in cities where NWDS currently has no retail operations.

City	城市	Date of business commencement	GFA (sq. m.)
Existing			
Wuhan (Jianshe Dadao)	武漢 (建設大道)	Nov 1994 / Sep 2000#	35,000*
Shenyang (Nanjing Street)	瀋陽 (南京街)	Nov 1995 / Jul 2005#	13,400
Wuxi	無錫	Jan 1996	16,000
Harbin	哈爾濱	Nov 1996	34,000
Tianjin	天津	Oct 1997	83,000
Ningbo	寧波	Apr 1998	10,000
Beijing	北京	Jun 1998 / Oct 2000#	108,000*
Hong Kong	香港	Apr 1999	14,000*
Shenyang (Taiyuan Street)	瀋陽 (太原街)	Aug 2000	10,400
Shanghai (Central Huaihai Road)	上海 (淮海中路)	Dec 2001	22,500
Wuhan (Jiangnan Road)	武漢 (江漢路)	Dec 2001	23,000
Shanghai (Changning Road)	上海 (長寧路)	Jan 2002	20,000*
Dalian	大連	Sep 2002	32,000
Shanghai (Hongkou)	上海 (虹口)	Oct 2003	15,000
Kunming	昆明	Jun 2004	12,600
Shanghai (Dingxi Road)	上海 (定西路)	Sep 2004	6,680
Ningbo (Huimet)	寧波 (匯美)	Nov 2004	10,600
Lanzhou	蘭州	Sep 2005	27,200*
Total			493,380

To be completed			
Wuhan (Wuchang)	武漢 (武昌)	2005	22,650
Shanghai (Minhang)	上海 (閔行)	2005	28,800
Shenyang (Zhonghua Road)	瀋陽 (中華路)	2005	44,000
Xiamen	廈門	2006	19,800
Shanghai (Yangpu)	上海 (楊浦)	2006	44,000
Chongqing	重慶	2006	42,000
Wuhan (Hankou)	武漢 (漢口)	2006	35,000
Total			236,250

* include supermarket

open in two phases

New World TMT Limited (“NWTMT”)

NWTMT recorded a loss of HK\$866.2 million this year, a decrease of HK\$4,641.0 million compared to HK\$5,507.2 million in the prior year. The loss for FY2005 included certain provisions in its investments, such as HK\$376.9 million for investment in Intellambda Systems Inc., a telecom optics equipment maker controlled by Prediwave management.

NWTMT's management have strengthened project control and improved the cash flow and operating return of its projects.

NWTMT has recently announced to develop a digital bus stop system in Beijing whereby NWTMT will be able to derive advertising revenue from advertisements being placed.

The PrediWave case continued into its second year and the legal team prepared for the start of proceedings in the second quarter of 2006.

New World China Enterprises Projects Limited (“NWCEP”)

The mandate of NWCEP is to focus on strategic investments in manufacturing industries and State-Owned Enterprises reforms and restructures in China. NWCEP not only acts as investment manager for New World's industrial projects but also acts as project manager for a China-focused private equity fund, New World Liberty China Ventures Limited (“NWLCV”). The current total amount of investment of NWCEP is about US\$186 million for over 20 projects.

Since the inception of NWLCV, ten projects and 65% of the initial US\$150 million capital has been invested in small and medium-size enterprises in China. Amongst the investments, Kunming Fulintang Pharmaceutical Company Limited, The Waterman Company Limited Shanghai, Shanghai Autotech Service Limited, Xiamen Topstar Co Limited and HXNW Auto Service Limited have achieved significant improvement in their overall performance.

During the period under review, NWCEP invested into Zhejiang Tianneng Battery Co Ltd, one of the largest battery producers for electric bicycles in China and Shinhint Acoustic Link Holdings Ltd (“Shinhint”), a Hong Kong based integrated manufacturing services provider for ODM/OEM production of electro-acoustic consumer products.

In December 2004, NWCEP disposed of the shares in Vision Grande Group Holdings Ltd for a profit of HK\$14 million. Shinhint (HK stock code: 2728) listed in Hong Kong Stock Exchange on July 2005 and NWCEP has 5.5% shareholding of Shinhint.