



Property



Enrich People's Living

Our sizable property portfolio in Hong Kong and Mainland China embraces residential estates, office buildings, shopping centres, hotels and convention centres. Merging nature, design and technology, we enrich people's daily living, and turn their dreams into reality.

Property

HONG KONG PROPERTY DEVELOPMENT

Hong Kong property market is gaining momentum after the lukewarm environment in 2006. From January to June 2007, property transactions in Hong Kong recorded a significant year-on-year growth in both primary and secondary markets, with transaction consideration over \$55 billion and \$122 billion respectively, which represent an increase of 42% and 45% when compared with July to December 2006.

During the period under review, the Group's share of property sales booked amounted to approximately \$1,542 million. Two projects were launched, namely Deep Bay Grove (深灣畔) at Lau Fau Shan and Prince Ritz (太子滙) at Kowloon City. In FY2007, contribution to property sales mainly came from inventory sales of Deep Bay Grove, The Merton (泓都), The Grandiose (君傲灣) and South Hillcrest (倚嶺南庭).

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

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	412,292
Kowloon	1,336,720
New Territories (excluding areas pending agricultural land conversion)	2,274,441
Total	4,023,453

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,449,000	13,048,000
Sha Tin/Tai Po	3,414,000	2,528,000
Fanling	2,260,000	2,260,000
Sai Kung	2,624,000	2,070,000
Tuen Mun	120,000	120,000
Total	22,867,000	20,026,000

In January 2007, the Group was awarded the government tender for Block A of Wylie Court (衛理苑) at Wylie Path, Kowloon. During the period under review, the Group completed the acquisition of 50% interest of New Eastern Terrace (新東方臺) at Tin Hau Temple Road, North Point and 70% interest of Chun Fai Terrace (春暉臺) at Tai Hang. These three projects account for over 520,000 sq ft GFA.

The Group is discussing with the government on the conversion of seven million sq ft of agricultural land 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.

The Group anticipates to launch five projects namely Hung Hom Peninsula (紅灣半島) at Hung Hom, the Hanoi Road Redevelopment Project (河內道重建項目) at Tsim Sha Tsui, Belcher's Street project (卑路乍街項目) at Western District, Ma Tin Road project (馬田路項目) at Yuen Long and 6-10 Black's Link (布力徑6-10號) at Mid-Levels to provide over 2.6 million sq ft GFA.

HONG KONG PROPERTY INVESTMENT

In FY2007, the Group's gross rental income in Hong Kong amounted to \$1,079.4 million. The Group's commercial portfolio was benefited from the growing local economy and the rising tourist number.

During the period under review, The Edge (君薈坊), the shopping mall at The Grandiose at Tseung Kwan O was opened with 100% occupancy.



The pedestrian traffic of New World Centre and Avenue of Stars reached nearly 20 million during the period under review. Together with the stable income from the anchor tenant, SOGO Tsim Sha Tsui, New World Centre maintained a steady contribution to the Group's rental portfolio.

Hong Kong's buoyant economy has continued to create higher demand for office space. Both occupancy and rental rates of our office portfolio are expected to be further benefited.

The increasing tourism spending and rising number of visitors to Hong Kong have enhanced the rental rates in prime tourist areas like Tsim Sha Tsui. The 1.1-million sq ft GFA Tsim Sha Tsui Hanoi Road Redevelopment Project, which is scheduled to complete in 2008, has a 340,000-sq ft shopping mall with direct access to MTR Tsim Sha Tsui Station and KCR East Tsim Sha Tsui Station.

HOTELS

The visitor arrivals to Hong Kong are growing steadily, with the number increasing to 25 million and 13 million in 2006 and the first six months of 2007 respectively, up 8.1% and 6.8% year-on-year. Benefited from the rising visitor number, the Group's hotels in Hong Kong, namely Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Renaissance Kowloon Hotel, recorded an average occupancy of 83% and a 15% growth in average room rate achieved during the period under review.

New World Hotel Shenyang completed its renovation in September 2006. The Group's hotels in Mainland China have achieved a satisfactory growth in both occupancy and room rate. Our four hotels in Southeast Asia have a moderate growth in contribution.



To further capture the booming tourist demand, the Group has two hotels in the pipeline in Hong Kong located at Hanoi Road and the KCR University Station. Meanwhile, the Group's two hotels in Wuhan and Dalian are both under construction.

NEW WORLD CHINA LAND LIMITED ("NWCL")

NWCL has recorded a profit of \$1,191 million in FY2007, up 61% year-on-year. The significant increase in profit for the year was attributable to the improved performance achieved by all three major operations of NWCL, namely property sales, rental operation and hotel operation.

Though the sales volume was slightly decreased compared to FY2006, the average gross margin and the average selling price of the sold units were improved substantially. During the period under review, average gross margin of development projects achieved over 33% and average selling price of the sold units was nearly RMB8,000 per sq m.

During the period under review, 653,949 sq m were sold to generate gross proceeds of approximately RMB5.2 billion. 835,000 sq m GFA of properties were completed in FY2007. NWCL expects to complete around one million sq m GFA of properties in FY2008.

The Central Government is continuously issuing new measures to balance the supply and demand of the property market. On one hand, it can keep a tight rein on speculating the market. On the other hand, those measures can direct the property market to a healthy and stable development in the long run.

