

Property

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.



Harbour Place



Emerald Green



K11/The Masterpiece

Landbank by location	Attributable GFA (sq ft)
Hong Kong Island	439,458
Kowloon	1,155,499
New Territories (excluding areas pending agricultural land conversion)	3,022,580
Total	4,617,537

Agricultural landbank by location	Total land area (sq ft)	Attributable land area (sq ft)
Yuen Long	14,491,500	13,090,000
Sha Tin/Tai Po	3,412,000	2,526,000
Fanling	2,260,000	2,260,000
Sai Kung	1,265,000	1,028,000
Tuen Mun	120,000	120,000
Total	21,548,500	19,024,000

HONG KONG PROPERTY DEVELOPMENT

Starting from September 2008, Hong Kong economy, including the property market, had been inevitably affected by the global financial turmoil. The worry of economic downturn and the tightening of liquidity cradled a negative sentiment for the property market. Transaction volume and property values recorded substantial reduction. In order to avoid economic depression, the central banks of many nations announced generous economic and liquidity stimulus packages.

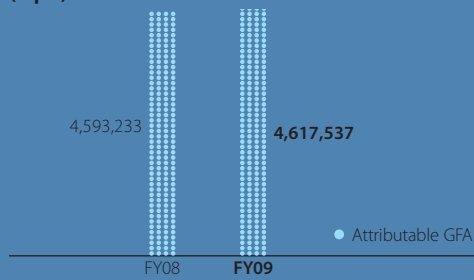
In the second quarter of 2009, following the Mainland property market, the property market in Hong Kong shared signs of stabilization. Low interest rate and encouraging performance of the stock market triggered the turnaround of market sentiment. Local homebuyers regained confidence with improved affordability. Transaction volume and property prices were both growing healthily.

During the period under review, the Group's effective share of property sales amounted to approximately HK\$1,653.7 million. The contributions were mainly from the re-launch of Harbour Place (海濱南岸), sales of Block A of Wylie Court (衛理苑A座), Prince Ritz (太子匯) and other inventories.

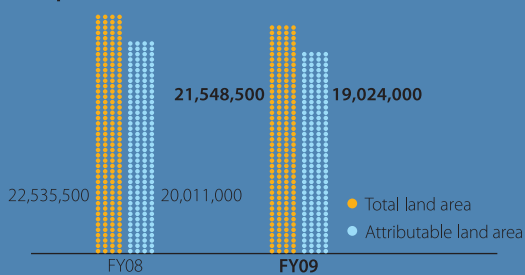
Our project in Yuen Long, the Emerald Green (翹翠峰), was launched in March 2009. As at 30 June 2009, over 64% of the residential units were sold. Our luxury trophy project, The Masterpiece (名鑄), has received overwhelming market responses since its launch in August 2009.



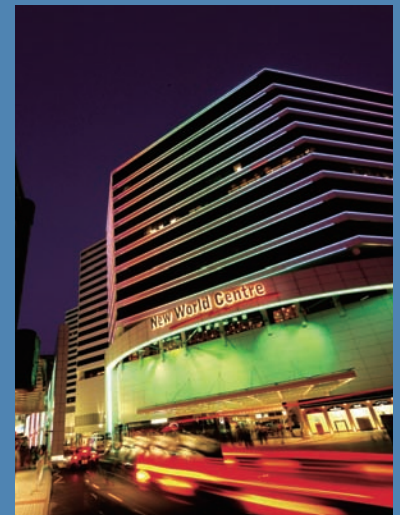
Total Landbank (sq ft)



Total Agricultural Landbank (sq ft)



Wylie Court



New World Centre

In the pipeline, the Group will launch five new projects with over 1,337 units to the market in 2010 and 2011. They are 42–44 Belcher's Street in Western District (西環卑路乍街42–44號), 9–12 Chun Fai Terrace in Tai Hang (大坑春暉臺9–12號), Tong Yan San Tsuen Phase I in Yuen Long (元朗唐人新村一期), 55 Conduit Road at Mid-Levels (半山干德道55號) and the Che Kung Temple Station Project in Sha Tin (沙田車公廟站項目).

During the period under review, the Group paid approximately HK\$4 billion of land premium for two property projects, namely Lung Tin Tsuen Project in Yuen Long (元朗龍田村項目) and Che Kung Temple Station Project in Sha Tin (沙田車公廟站項目). Total gross floor area ("GFA") involved is approximately 1.9 million sq ft.

Currently, the Group has a landbank of 4.6 million sq ft total GFA for immediate development. The Group also has a total of over 21.5 million sq ft of agricultural land reserve pending conversion.

The Group is now negotiating with the government on the land premium for conversion of 6.6 million sq ft agricultural land, most of them designated for residential usage, including the Wu Kai Sha Project (烏溪沙項目), the Tai Tong Road Project (大棠路項目) and the Tai Po Tsai Project (大埔仔項目). These three projects are expected to provide an approximately 1.8 million sq ft attributable GFA to the Group.

In addition to farmland conversion, the Group is also seeking various sources to replenish its landbank, including public auctions, private acquisition and tendering for development projects offered by Urban Renewal Authority and the MTRC.

HONG KONG PROPERTY INVESTMENT

The global financial tsunami drowned quite a number of multinational corporations. The big waves also triggered a lot of companies downsizing and even closing their operations in Hong Kong. The demand and rental rates of prime office buildings were greatly reduced. However, limited supply of prime office spaces and the global economic boosting measures mitigated the weak market sentiment. Signs of stabilization have recently been observed in the office market.

Nevertheless, the existing average rental rates of portfolio of Hong Kong landlords were behind the reduced asking rate in the prevailing market. Positive rental reversion was still going on. In FY2009, the Group's gross rental income in Hong Kong maintained positive growth and amounted to HK\$1,259.1 million, an increase of 4% year-on-year. All the major projects in the Group's investment portfolio attained satisfactory occupancy.

Retail market in Hong Kong was also adversely affected by the economic downturn. However, the consumption of the Mainland tourists provided a strong cushion effect.

K11, the first Art Mall in the world, is scheduled to be opened in the fourth quarter of 2009. Located at the hub of the city, this 340,000 sq ft, six-storey shopping mall has already attracted a number of new designer boutiques, flagship stores, food and beverage outlets, including international brands newly introduced to Hong Kong. The renowned shopping mall, together with the deluxe hotel, Hyatt Regency Hong Kong, Tsim Sha Tsui and luxury residences, The Masterpiece, is situated at the Group's trophy downtown development project overlooking the Victoria Harbour.



Property



New World Hotel Dalian



Hyatt Regency Hong Kong, Sha Tin

HOTEL

Hong Kong hotel industry has experienced rigorous challenges since the third quarter of 2008. The global economic downturn triggered by US sub-prime turmoil led to a substantial decrease of corporate and individual travellers. Postponement of corporate business trips and cancellation of leisure travels dampened the overall arrival volumes and hotel occupancies. Travellers' reluctance to patronize high-end luxury hotels and intensified competition among peers led to a lower average room rate.

The situation was further deteriorated due to the outbreak of H1N1 in April 2009. Nevertheless, as the global economy has shown signs of stabilization and travellers' concerns about the disease have gradually receded, the decline in arrivals to Hong Kong has been narrowed.

During the period under review, the Group's hotels in Hong Kong recorded a drop in contributions to the Group as a result of the weak economy and the threat of the infectious disease. Grand Hyatt Hong Kong, Renaissance Harbour View Hotel and Renaissance Kowloon Hotel recorded an average occupancy of 72%, and the average room rate was modestly affected with 11% decrease.

Excluding global economic downturn and the spread of H1N1, the drop of contribution from the hotel segment was mainly due to the partial renovation of Courtyard by Marriot Beijing and New World Mayfair Hotel Shanghai, the pre-mature results of the newly launched New World Hotel Wuhan, New World Hotel Dalian and Hyatt Regency Hong Kong, Sha Tin, together with the pre-opening expenses charged to income statement for Hyatt Regency Hong Kong, Tsim Sha Tsui during the period under review.

The Group's pentahotel Shanghai, Hyatt Regency Hong Kong, Sha Tin and New World Hotel Dalian have been operating smoothly since operational in FY2009. These three hotels providing 1,256 rooms in total in Mainland and Hong Kong have further enhanced our existing hotel portfolio. Also, the Hyatt Regency Hong Kong, Tsim Sha Tsui was opened in October 2009 to provide 381 rooms.

The reinforcement in promoting Hong Kong as an international tourist hub by the government across the region and the confirmation of tourism-related initiatives in the CEPA's supplement should continue to boost the travel sentiment and help foster the development of Hong Kong's tourism.





Wuhan Menghu Garden



Guiyang Jinyang Sunny Town

During the period under review, China property market has experienced negative effects from both the austerity measures previously imposed by the Central Government and the global economic downturn triggered by the US sub-prime turmoil. In order to stimulate the economy by achieving a year-on-year 8% growth in GDP, Central Government has ambitiously adopted a series of stimulus policies, including monetary easing and support measures for various sectors, to promote stable and fairly fast economic growth since early 2009. The record lending spree recorded in the first half of 2009 not only boosted the economic growth, but also improved the sentiment of property market. The China property market has shown signs of recovery since the end of the first quarter of 2009 with a significant increase in prices and sales volume.

In FY2009, New World China Land Limited ("NWCL") recorded a profit of HK\$1,359.4 million, a decrease of 33% from FY2008. The decrease in profit for the year was mainly attributable to the effect from changes in fair value of investment properties which recorded

a gain of HK\$257.7 million as compared to last year's gain of HK\$406.1 million and also the effect of foreign exchange gain of HK\$38.7 million as opposed to a gain of HK\$515.0 million in the last financial year end when Renminbi appreciated by over 8%. Without taking into account the effect of the aforementioned non-operating items and other exceptional items, the underlying core profit from NWCL's four core business operations in fact reached HK\$1,426.9 million, representing a marginal increase of 2% over last year.

During the period under review, the overall property sales performance of NWCL was dampened by the poor market sentiment and uncertain property market outlook, with 47% drop in sales volume to a total GFA of 472,110 sq m with gross sale proceeds of over RMB3.4 billion. These negative impacts were however mitigated by considerable cost savings achieved and contribution from various disposals of property development projects. The achieved average gross margin maintained at a stable level of 33.2% in FY2009.



Property



Guangzhou Park Paradise



Chengdu Riverside New World



Changsha La Ville New World Garden

In FY2009, NWCL has completed 11 property development projects in Dalian, Wuhan, Changsha, Guangzhou, Guiyang and Zhaoqing with a total gross floor area of 685,526 sq m, representing a 26% decrease year-on-year. The decrease was mainly due to the rescheduling of the completion progress and the pre-sale launching programme under the weaker sentiment of property market.

Development property projects completed in FY2009	Usage	Total GFA (sq m)	NWCL's interest
Dalian New World Tower (大連新世界大廈)	R	24,555	100%
Wuhan Menghu Garden Phase III (武漢夢湖香郡三期)	R	16,416	70%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	R	95,247	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	R, C	55,816	60%
Changsha La Ville New World Phase I (長沙新城新世界一期)	R	122,391	48%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	R	11,742	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	R	28,308	60%
Guangzhou Park Paradise Phase II D2 (廣州嶺南新世界二期D2)	R	64,825	60%
Guangzhou Park Paradise Phase II D3 (廣州嶺南新世界二期D3)	R	43,753	60%
Guangzhou Park Paradise Phase II E1 (廣州嶺南新世界二期E1)	R	14,450	60%
Guangzhou Xintang New World Garden Phase V (廣州新塘新世界花園五期)	R	54,743	63%
Guiyang Jinyang Sunny Town Phase I (貴陽金陽新世界一期)	R, P	88,992	50%
Zhaoqing New World Garden Phase II (肇慶新世界花園二期)	R, P	64,288	100%
Total		685,526	

R: Residential

C: Commercial

P: Carpark





Shanghai Hong Kong New World Tower



Wuhan New World Centre



Beijing New World Centre

Benefited from the high occupancy rates of our investment property portfolio, namely Shanghai Hong Kong New World Tower, Wuhan New World Centre and Wuhan New World International Trade Tower, NWCL has achieved an increase of 13% to HK\$440.1 million in contributions from rental operation.

In FY2009, NWCL's investment property portfolio has increased by 173,100 sq m from the completion of seven investment properties and carparks in Dalian, Wuhan, Guangzhou and Zhaoqing.

Investment properties completed in FY2009	Usage	Total GFA (sq m)	NWCL's Interest
Dalian New World Tower (大連新世界大廈)	C, P	53,853	100%
Wuhan Changqing Garden Phase VII (武漢常青花園七期)	C, P	71,925	60%
Wuhan Xin Hua Garden Phase IV (武漢新華家園四期)	P	6,972	60%
Guangzhou New World Oriental Garden Phase II (廣州東方新世界花園二期)	P	1,264	100%
Guangzhou Covent Garden Phase III (廣州逸彩庭園三期)	C, P	12,364	60%
Guangzhou Park Paradise Phase II D2 (廣州嶺南新世界二期D2)	P	9,144	60%
Guangzhou Park Paradise Phase II D3 (廣州嶺南新世界二期D3)	P	2,516	60%
Zhaoqing New World Garden Phase II (肇慶新世界花園二期)	C	15,062	100%
Total		173,100	

C: Commercial

P: Carpark

