



New World Development Company Limited

2002/2003 Interim Results Announcement

20 March 2003

Interim Results Highlights – NWD

	1H FY2003	1H FY2002
Turnover (HK\$ m)	10,961.6	12,748.6
Profit Attributable to Shareholders (HK\$ m)	52.5	1,035.1
Earnings Per Share (Basic) (HK\$)	0.02	0.49
Dividend Per Share (HK\$)	0.06	0.10
Net Debt (HK\$ m)	30,683	30,135
Cash and bank deposits (HK\$ m)	7,464	7,094
Gearing	57%	56%

Interim Results Highlights – By Company

Profit (Loss) Attributable
to Shareholders

NWD	HK\$ 52.5 million
NWCL	HK\$ 17.1 million
NWI	HK\$ (98.2) million
NWS	HK\$ 409.8 million
NWT & NWM	HK\$ 84.6 million

Property Rentals

- Segment contribution increased 9% to HK\$518.6 million
- Gross rentals in Hong Kong amounted to HK\$842.7 million
- Maintained high occupancy rates of around 80% to 90% in most of our offices and shopping malls
- Hong Kong Convention & Exhibition Centre – 861 events with over 2.7 million visitors

Property Sales – Hong Kong

- HK property market remained soft with a pick up only towards the end of 2002
- Over HK\$1.6 billion in attributable sales revenues
- 40 property development projects with attributable GFA over 13.1 million sq ft
- 22.5 million sq. ft. of agricultural land bank, including an expected 10.5 million sq ft of land conversion
- 5 million sq ft of development projects currently under construction

Property Sales – Mainland China

- Revenue and segment contribution decreased because unable to book sales from Wuhan Changqing Garden
- Excluding Wuhan Changqing Garden, segment contribution grew 87% against the same period last year
- 37% by saleable area of projects completed in the period under review were sold

Construction and Engineering

- Turnover increased 32% to HK\$4.23 billion
- Segment contribution decreased due to pressure on margins resulting from increased competition
- Hip Hing: Over HK\$19 billion of contracts on hand, with new contracts of HK\$1.2 billion awarded in the past six months
- NWS Engineering: Over HK\$5 billion of contracts on hand

Hotels and Restaurants

- Turnover increased 4% to HK\$833 million due to improved occupancy and higher room rates
- Segment contribution increased 24% to HK\$161 million due to higher margins achieved by stringent cost controls
- Hong Kong: Increase in business travelers and visitors from Mainland China led to improved occupancy
- Mainland China: Contribution from hotels increased to HK\$11 million due to improved occupancy & lower borrowing costs

Traditional Infrastructure

- Segment contribution increased 28% to HK\$700.9 million
- Increased contribution from ports due to strong growth in the cargo handling market
- Increased contribution from toll roads due to rise in car ownership and economic growth in Mainland China
- Two additional water plants in Qingdao (青島) and Chongqing (重慶) were put into operation

Telecommunications

- Turnover increased 3% to HK\$1.4 billion
- Segment contribution increased substantially to HK\$92.6 million
- New World Mobility: 900,000 subscribers as at March 2003, 25% growth from June 2002
- New World Telecommunications: Fixed-line subscribers increased 25% to nearly 125,000; IDD total traffic volume grew 60% to 383 million minutes

Others: TMT, Strategic Businesses

- Segment contribution decreased to HK\$13.1 million
- New World Infrastructure focused on nurturing TMT portfolio
- Commercialisation of technology products and services underway
- Opened Dalian New World Development Store and completed expansion of Harbin New World Department Store



Liquidity and Capital Resources

- Cash and bank deposits: HK\$7,464 million
- Net debt: HK\$30,683 million
- Gearing: 57%
- Early repayment of HK\$1 billion debt by June 2003 due to internally generated cashflow from NWS Holdings
- Committed to reducing debt of another HK\$5 billion over 3 years

Outlook – Key Issues

- Property sales in HK impacted by the sluggish economy and weak consumer demand
- Continued downward pressure on HK office rentals due to supply-demand imbalance
- Potentially rising oil prices to impact margins in transportation business
- Further contraction in property construction projects



Where will NWD's growth come from?

- Mainland China: robust economic growth to fuel demand for property sales, office rentals, traditional infrastructure, ports, construction & engineering and services
- Telecom: increased contribution due to product innovations, growth of subscriber base and stringent cost controls
- Convention Center, Hotels and Restaurants: influx in visitors from the Mainland to fuel demand
- Hong Kong property: healthy pipeline of property development projects and extensive land bank



Corporate Governance

- Continued focus on strong corporate governance, increasing transparency and continuous disclosure throughout the Group
- Strong commitment to enhancing communication with media and investment community





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