

商界展關懷

caringcompany<sup>2004-06</sup>  
Awarded by The Hong Kong Council of Social Service  
香港社會服務聯會頒發



新世界發展有限公司

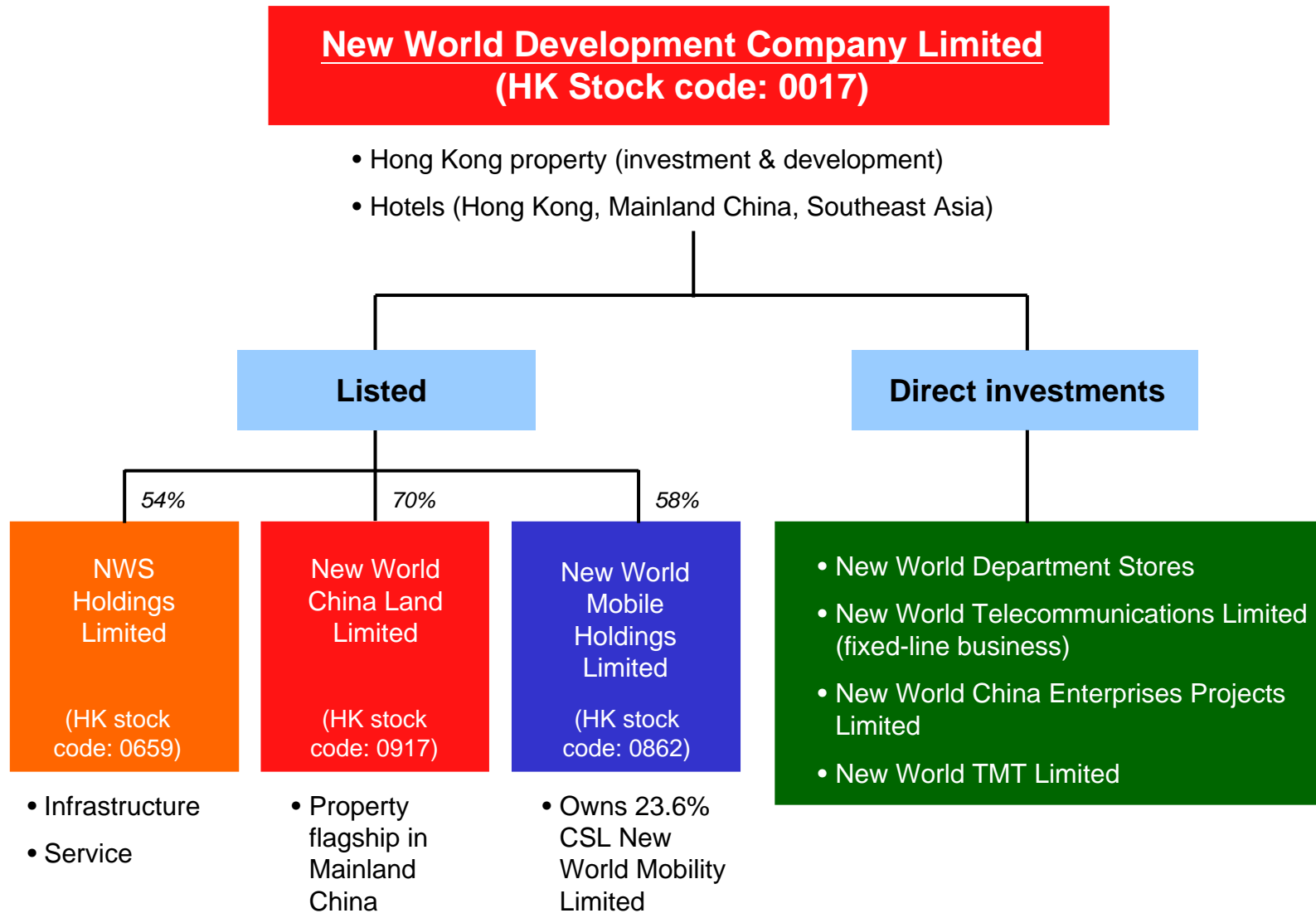
New World Development Company Limited

## FY2006 Annual Results Announcement

10 October 2006



# Corporate Structure



# Consolidated Results Highlights

(\$mil)	<b>FY2006</b>	FY2005	<b>YOY</b>
Turnover	<b>23,910.2</b>	19,539.2	<b>+22%</b>
Total segment results	<b>4,936.5</b>	3,463.7	<b>+43%</b>
Other (charge)/gains	<b>(1,763.9)</b>	1,823.1	<b>NA</b>
Net profit	<b>1,059.8</b>	2,702.7	<b>-61%</b>
Earning per share (\$)	<b>0.30</b>	0.78	<b>-62%</b>
Interim dividend per share (\$)	<b>0.13</b>	0.10	<b>+30%</b>
Final dividend per share (\$)	<b>0.20</b>	0.20	<b>-</b>
Full-year dividend per share (\$)	<b>0.33</b>	0.30	<b>10%</b>
<hr/>			
Net debt (\$bil)	<b>15.0</b>	13.9	<b>+8%</b>
Total equity (\$bil)	<b>69.4</b>	65.8	<b>+5%</b>
Net gearing (%)	<b>21.6</b>	21.2	<b>+2%</b>

# Segment Results

	<b>FY2006</b>	<b>FY2005</b>	
	<b>\$mil</b>	<b>\$mil</b>	<b>YOY</b>
Property sales	<b>1,513.9</b>	1,190.9	<b>+27%</b>
Rental	<b>1,206.5</b>	740.9	<b>+63%</b>
Infrastructure	<b>1,086.7</b>	905.8	<b>+20%</b>
Service	<b>741.4</b>	363.4	<b>+104%</b>
Hotel operations	<b>425.5</b>	295.7	<b>+44%</b>
Department stores	<b>107.4</b>	104.3	<b>+3%</b>
Telecommunications	<b>(75.2)</b>	19.8	<b>NA</b>
Others	<b>(69.7)</b>	(157.1)	<b>NA</b>
<b>Segment results</b>	<b>4,936.5</b>	3,463.7	<b>+43%</b>



# Breakdown of Other (charge)/gains

\$mil	FY2006
Provisions of fibre optic network & other TMT investments	(2,439.2)
Gain on CSL/New World Mobility merger	957.0
Fixed-line assets impairment	(200.0)
Others	(81.7)
Total	(1,763.9)

# Hong Kong Property Development

- Property sales generated \$5.8 billion proceeds, mainly from The Merton (泓都), The Grandiose (君傲灣) and 33 Island Road (香島道33號)
- Property market is warming up with favourable conditions:
  - Healthy economic growth
  - Low unemployment rate
  - Growing household income
  - Mortgage rate decline

- Plan to launch over 3,000 residential units for sale

	GFA (sq. ft.)	No. of units
Deep Bay Grove, Lau Fau Shan (流浮山深灣畔)	86,319	120
Black's Link (布力徑項目)	34,763	9
Hunghom Peninsula (紅灣半島)	1,585,537	2,400
440-450 Prince Edward Road West (太子道西項目)	103,166	110
42-44 Belcher's Street (卑路乍街項目)	123,062	148
Ma Tin Road project (馬田路項目)	485,736	672
Total	2,418,583	3,459

- Hanoi Road Redevelopment Project at Kowloon downtown is also in the pipeline to provide 491,000 sq. ft.



# Hong Kong Property Development

- Landbank of 4.3 million sq. ft. GFA for immediate development and a total of 20 million sq. ft. of agricultural land reserve pending conversion

<b>Agricultural land bank</b>	<b>Total land area sq. ft.</b>	<b>Group's share of land area sq. ft.</b>
Yuen Long	14,452,000	12,984,000
Shatin / Tai Po	3,424,000	2,538,000
Fanling	2,290,000	2,290,000
Sai Kung	2,624,000	2,070,000
Tuen Mun	120,000	120,000
<b>Total</b>	<b>22,910,000</b>	<b>20,002,000</b>

- Closely negotiating with the government on land premium of agricultural land conversion including two projects in Wu Kai Sha (烏溪沙) and Tai Po Tsai (大埔仔) to provide an attributable GFA of around 1.6 million sq. ft.
- Acquisitions of old buildings for redevelopment

# Hong Kong Property Investment

- Rental business remains stable with positive rental reversions
- Pedestrian flow significantly improved in New World Centre, pedestrian flow over 1.5 million/month
- New World Centre Shopping Mall occupancy reached 93%
- New World Tower, Pearl City and Telford Plaza recorded nearly 100% occupancy
- Hanoi Road Redevelopment project to add 1.1 million sq. ft. to our portfolio in the TST prime area in 2008



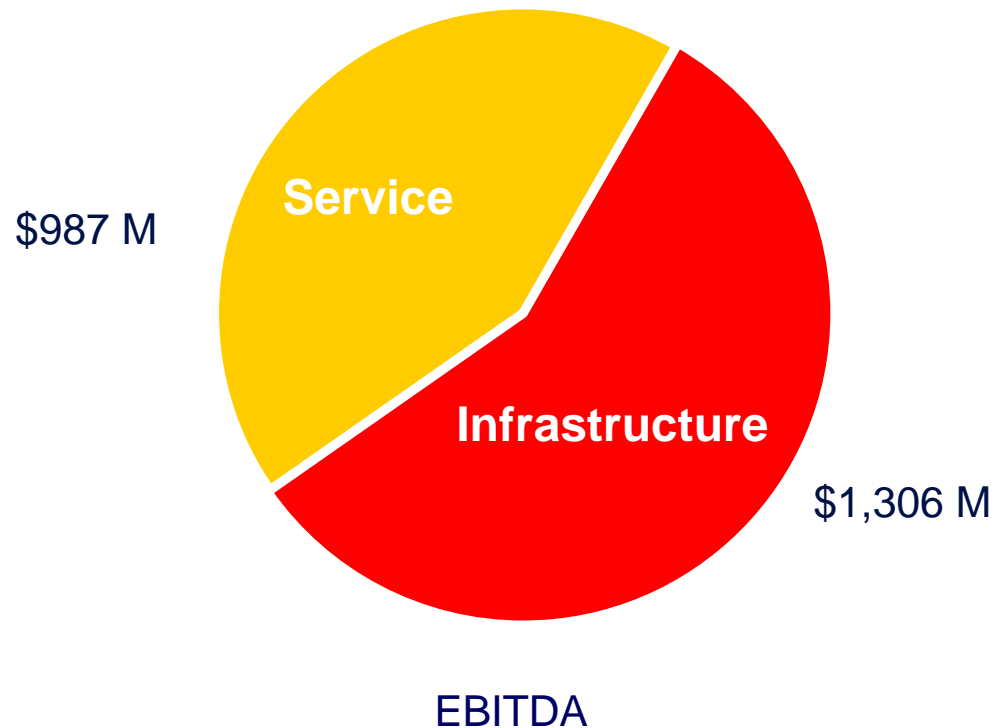
# Hotel Investment

- Hotels in Hong Kong and Mainland China recorded improvement in both occupancy and average room rate with buoyant economy and rising number of visitors
- 4 hotels in Southeast Asia provided stable contribution
- 3 new hotels in Hong Kong: Hanoi Road Redevelopment project at Kowloon downtown (2008), hotel at KCR University Station (2009) and New World Centre Extension (under planning)
- New World Hotel, Shenyang re-opened in September 2006 after renovation
- 2 Mainland China hotel projects to open in 2007: Wuhan (武漢) and Dalian (大連)



# NWS Holdings Limited

- Profit attributable to shareholders \$1,656.6 million
- Net gearing: 13% (June 2005: 18%)



# NWS Holdings Limited

## ➤ Infrastructure

- Energy projects provided steady contributions
- Roads projects recorded a strong growth
- Formed a strategic partnership with Chongqing Water Group and secured a waste water project
- Tianjin Five Continents International Container Terminal (天津五洲國際集裝箱碼頭) started operation in FY2006

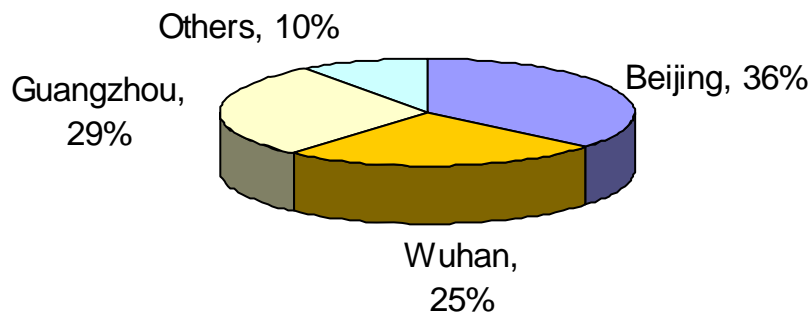
## ➤ Service

- ATL and HKCEC provided steady income and solid contributions; HKCEC Atrium extension will be completed by early 2009
- Turnaround of contracting business; total contract-on-hand about \$29 billion
- China rail container terminals project to be built in phases by 2010

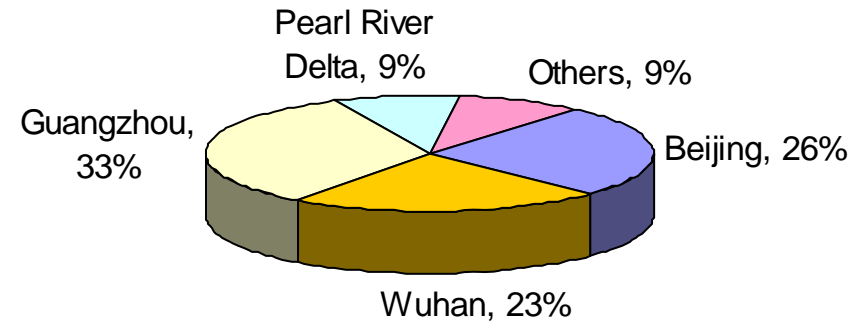


# New World China Land Limited

- Profit attributable to shareholders \$740.5 million
- Completed 707,043 sq. m. and sold 765,774 sq. m. in FY06 which generated \$4.2 billion gross proceeds



***Completion by region***



***Area sold by region***

# New World China Land Limited

- Over 169,000 sq. m. of investment properties were completed, investment property portfolio 1 million sq. m., rental operation provided stable contribution
- Acquisition of new projects located at Chengdu (成都), Changsha (長沙), Guiyang (貴陽), Beijing (北京) and Haikou (海口)

Location	Site Area (sq.m.)	GFA (sq.m.)
Chengdu	950,000	3,000,000
Changsha	440,000	1,000,000
Guiyang	1,670,000	2,840,000
Haikou	2,200,000	1,320,000
Beijing (Level-one development rights)	1,060,000	NA

- Awarded “2006 Leading China Real Estate Brand” and “2006 China Blue Chip Real Estate Corporation”

# New World Mobile Holdings Limited

- Profit attributable to shareholders \$911.6 million
- New World Mobility merged with CSL in March 2006; NWMH holds 23.6% of CSL New World Mobility Limited
- Gain on deemed disposal of NWPCS attributable to the Group \$555.4 million

# New World Telecommunications Limited

- Reported a net loss due to intense competition in IDD and fixed line services
- Fixed-line assets impairment \$200 million due to obsolete technology
- Shifting to broadband and IP based value added services



# New World Department Stores Ltd

- Growing consumer market in Mainland China
- Gross sales proceeds in FY2006 amounted to \$4.9 billion (up 28% vs FY2005)
- 4 stores opened in Lanzhou (蘭州), Wuhan (Wuchang) (武漢武昌), Shanghai (Minhang)(上海閔行) and Shenyang (Zhonghua Road)(瀋陽中華路) in FY2006
- Chongqing (重慶), Changsha (長沙) and Wuhan (Hankou) (武漢漢口) stores were opened after FY2006
- Currently manage 24 stores across 13 cities in Mainland China and Hong Kong with total GFA 710,000 sq. m.
- Plan to open four more stores in 2007



# Outlook

- Core businesses to generate strong cash flow
- Optimistic about Hong Kong and Mainland China property markets
- Infrastructure continues to be growth driver
- Hotels in Hong Kong and Mainland China benefit from improving economy and tourism, 5 hotels will be opened
- Department stores in Mainland China benefit from booming consumer market
- Fixed-line business operating environment continues to be tough

