新世界發展有限公司
New World Development Company Limited

NEW WORLD DEVELOPMENT ANNOUNCES 2001/2002 ANNUAL RESULTS

HIGHLIGHTS

- Profit attributable to shareholders amounted to HK$1,275.4 million
- Earnings per share at HK$0.60
- Proposed dividends per share at HK$0.10
- Hong Kong property sales achieved over HK$4,300 million sales with over 6,400 units ready for sale in FY2003.
- New World China Land Limited ("NWCL") reported a net profit of HK$137.1 million. Turnover increased by 60% to HK$939.4 million, resulting from significant increase in property sales. Declared first time dividend per share of HK$0.02
- New World Infrastructure Limited ("NWI") reported a net loss of HK$148.4 million, primarily due to the decreased income from Bridge Segment and Energy Segment, operating loss of certain technology projects and provision for diminution in value of certain investments.
- New World Services Limited ("NWS") reported a 3.6% increase in net profit to HK$848.7 million. The diversity and synergy of NWS's operations have provided a strong cushion against economic downturn.
- The Group's telecommunications operations achieved first time attributable operating profit ("AOP") of HK$215.0 million resulting from strengthened market position and stringent cost control measure.
- Group's cash and bank deposits amounted to HK$7,093.9 million.

Hong Kong 18 October, 2002 **New World Development Company Limited** ("NWD" or the "Company", HK stock code: 0017) today announced the consolidated results for the company and its subsidiaries (the "Group") for the year ended 30 June 2002. During the year, the Group's audited profit attributable to shareholders amounted to HK$1,275.4 million, with earnings per share at HK$0.60. The Group proposed dividends per share of HK$0.10.

BUSINESS REVIEW

PROPERTY

Hong Kong Property Development

Despite a sluggish macro economic environment in Hong Kong, the Group's property sales were satisfactory. During the period under review, the Group recorded sales revenues of over HK$4,300 million. This sum represents proceeds from sales of residential projects including Monte Carlton and Sereno Verde Phase I, the sale of the Regent Hotel. The Group also shares the results of the sale of residential flats in Villa Carlton, Tung Chung Crescent and the Belcher's.

The Group is dedicated to delivering high-quality developments to satisfy the needs of homebuyers while maintaining stringent cost controls. In the coming financial year, the Group expects to have 8 residential projects (with various interests depicted in the table below) – comprising over 6,400 flats - ready for sale.

Projects	Location	Saleable Area (sq.ft.)	No. of Units	Group's Interest (%)
Sky Tower	Kowloon City	1,500,368	2,208	20.0
Queen Street	Sheung Wan	840,000	1,148	50.0
11-15 MacDonnell Road	Mid-Level	62,780	28	33.3
2 Park Road	Mid-Level	150,280	148	100.0
King's Park	Homantin	1,000,000	700	30.0
Sereno Verde Phase II	Yuen Long	441,580	528	56.0
Seaview Crescent	Tung Chung	1,015,069	1,536	16.4
Bijou Apartments	Mongkok	76,412	171	50.0
Total		**5,086,489**	**6,467**	

The Group now has 40 property development projects with a total attributable gross floor area (GFA) of 11.7 million sq.ft.. The Group recently acquired interests in 5 projects: 440-442 Prince Edward Road West; 7-10 West End Terrace; Piper's Hill NKIL6378; Fanling Sheung Shui Town Lot No. 182; and various lots in DD51 and MTR Tseung Kwan O Station Package 1, Area 55b. Upon completion, the total GFA of these projects will exceed 3 million sq.ft..

At present, the Group's attributable agricultural land bank amounts to nearly 20 million sq. ft. The Group plans to finalise land premium payments for the conversion of land use and/or land exchange applications for 10 residential projects with a total attributable GFA of over 3.5 million sq.ft.. The Group will be cautious when assessing new property projects acquisitions under the prevailing market condition.

Hong Kong Property Investment

Gross rental for the Group's investment properties in Hong Kong amounted to HK$ 1,612.5 million, a 6% decrease. Notwithstanding the deflationary economic environment and weak consumer spending, the Group has held fast to its commitment to upgrading its investment properties to ensure they are competitive. The Group has also tried to maintain and raise the occupancy of its portfolio.

New World Centre, the Group's flagship investment property, completed a major refurbishment programme of its shopping mall in mid-2001 to accommodate a diversified mix of renowned retailers. More recently, "The Amazon" (formerly known as Palace Mall) featuring the Teddy Bear Kingdom on its basement level. With the opening of the Teddy Bear Kingdom in August 2002, the pedestrian traffic flow has increased substantially. New tenants were secured as a result and occupancy is expected to improve in the coming year.

During the year, despite the ample supply of office space in Central and neighbouring areas, New World Tower and Manning House achieved near 90% occupancy while the Methodist House was almost 80% leased. The Group's major shopping malls – including Discovery Park Shopping Mall, Telford Plaza and Pearl City – all attained virtually full occupancy.

As part of its continuing efforts to improve the value of its portfolio, the Group is upgrading facilities and enhancing its image of investment properties. Two major new projects include the multi-purpose complex in Hanoi Road and the extension of the New World

Centre in Tsim Sha Tsui. The Hanoi Road project is adjacent to the planned KCR and MTR underground interchanges. When completed, the two projects will have a total GFA of about 2 million sq. ft. and the Group's properties in Tsim Sha Tsui will all be interconnected by subways.

Hotels and Restaurants

The Group now has a total of 16 hotels in Hong Kong, Mainland China and Southeast Asia. Contributions from the Group's hotels have dropped due to the sale of the Regent in August 2001 and drop in room rates for some of the hotels.

The Group's three hotels in Hong Kong, including the Grand Hyatt Hong Kong, Renaissance Harbourview Hotel and New World Renaissance Hotel, maintained stable occupancy. This was due to the fall in overseas business travellers after the September 11 event being offset by the increase in tourist arrivals from Mainland China.

The Group's four hotels in Southeast Asia – New World Renaissance Hotel in Makati, New World Hotel and Renaissance Riverside Hotel in Ho Chi Minh City and New World Renaissance Hotel in Kuala Lumpur– all have achieved an improvement in occupancy during the year. The Group's nine hotels in Mainland China recorded an increase in operating profit and occupancy rates, reflecting the country's steady economic growth and the early benefits accruing from China's accession to the World Trade Organization ("WTO").

China Property

New World China Land Limited ("NWCL"), the Group's 70%-owned PRC property arm, recorded a profit attributable to shareholders of HK$137.1 million.

NWCL proposed a first-time dividend of HK$ 0.02 per share with continued increase in cash flow. NWCL's property portfolio currently comprises 39 major development projects across 19 cities with a total GFA of 189 million sq. ft. and ten completed investment properties comprising hotels, offices, shopping malls, and resorts with a total GFA of over 5.3 million sq. ft.

During the year, NWCL completed 17 property development projects with a total GFA of 10.25 million sq.ft. in eleven cities. The majority of these projects are residential and strong sales were recorded during the year. In FY2003, NWCL will complete 19 property development projects in 12 cities with a total GFA of 11.9 million sq. ft.. With the increase in completion of development properties, the marketplace is seeing compelling evidence of our ability to deliver quality projects and our brand is becoming increasingly recognized.

In next financial year, 4 investment projects with a total GFA of 4.4 miillion sq.ft. are scheduled to be completed. Two of these are located in Shanghai. Hong Kong New World Tower and Ramada Plaza are scheduled for completion by the end of 2002. Together with Nanjing New World Centre and Dalian New World Centre Phase II, both of which are set for completion in FY2003, they will significantly enhance NWCL's rental income.

INFRASTRUCTURE

In the financial year ended 30 June 2002, New World Infrastructure Limited ("NWI"), affected mainly by the following three factors, recorded a loss of HK$148.4 million as compared to the prior year's HK$94.1 million (as restated due to the impairment loss on goodwill previously written-off to reserves now adjusted in the profit and loss account).

Firstly, Attributable Operating Profit ("AOP") decreased HK$283.6 million to HK$874.2 million. The reduction in AOP came mainly from the Bridge Segment and Energy Segment, which accounted for HK$404.4 million of the AOP as compared to HK$618.9 million in FY2001. The attributable operating loss of Telecommunications Media Technology ("TMT") Segment amounted to HK$102.4 million, an increase of HK$69.1 million over FY2001.

Secondly, non-recurring items comprising mainly impairment losses and provision for diminution in value of certain investments amounted to HK$331.1 million. The total non-recurring losses were offset by the profit on disposal of a 9.75% effective interest in Asia Container Terminals Limited, the joint developer of Container Terminal No. 9, which amounted to HK$135.5 million.

SERVICES

New World Services Limited ("NWS"), the Group's 51%-owned service arm, reported a 3.6% increase in net profit to HK$848.7 million. During the year, all operating divisions (Contracting and Engineering, Facilities, Transport, Financial and Environmental) faced a difficult economic environment throughout the year. Nevertheless, it achieved a net profit margin of 7.3% despite the highly competitive nature of the services industry. The diversity of its operations has helped NWS weather the economic downturn, with subsidiaries that post growth compensating for businesses facing difficulties. This synergy helps to provide stability in maintaining profitability.

Contracting and Engineering

Despite the depressed construction market in Hong Kong, the Contracting and Engineering Division reported a 7.8% increase in profit, mainly attributable to the successful cost control measures implemented during the year. The operation has also been successful in securing many new contracts. To further enhance its competitiveness, the operation is seeking to tap new opportunities in the Mainland China through strategic alliances with local contracting companies. In response to increased competition, the operation will continue to focus on quality and training.

Facilities

The impact of the September 11 event led to a lower occupancy at the Hong Kong Convention and Exhibition Centre ("HKCEC"). To maintain profitability, efforts are underway to attract international organisers and to boost the HKCEC's exhibition portfolio.

The other facilities businesses -- property management as well as security and guarding -- reported lower margins under the current economic environment. Nonetheless, Urban Property Management Limited recorded increased turnover and maintained its position as Hong Kong's market leader in property management. The operation continues to strive for service excellence through training while focusing on Government outsourcing opportunities.

Transport

The Transport operation achieved stable growth in turnover and improved profitability due to vigorous cost-saving measures, falling fuel prices and declining interest rates. During the year, New World First Bus ("NWFB") continued to expand its network. With the successful addition of eight new routes, including four new routes serving Tseung Kwan O new town, NWFB operated a total of 100 routes as at 30 June 2002.

Financial and Environmental

These 2 operations provide an extremely wide range of services spanning from landscape design, maintenance services, landfill technology to integrated financial services. In January 2002, the Financial services operation acquired Tengis Limited through Tricor

Holdings Limited, which is under the process of being merged with Secretaries Limited to allow for greater cost savings and more efficient use of resources. NWS has 23% equity interest in such investment. Both operations recorded moderate earnings growth during the year.

TELECOMMUNICATIONS

New World Mobility

It has been a successful year for New World Mobility ("NWM"). A strong emphasis on cost control, high network efficiency and continuing service quality enabled NWM to achieve a net profit. The subscriber base as at June 2002 exceeded 720,000, with a gross ARPU (Average Revenue Per User) of HK$260. As of now the subscriber base has climbed to 770,000.

The introduction of a series of customer-oriented services and innovative applications successfully expanded NWM's revenue sources. These include a service for downloading logos and ringtones, a movie ticketing service, and the provision of financial information and mobile games. Despite a highly competitive environment, the market responded enthusiastically.

As an ongoing service strategy, NWM will continue to work with third party content providers to provide innovative and customer-oriented services to different user segments. Meanwhile, NWM is ready to introduce more high-speed 2.5G mobile communications services, such as the upcoming launch of the first-to-market videostreaming services using 2.5G technology scheduled for the third quarter of 2002.

New World Telephone

Leveraging its expanded market coverage and improved network infrastructure, New World Telephone ("NWT") fixed-line service now covers over 5,500 buildings or over 1 million homes. In the past year, the number of lines grew to 102,000, an improvement of more than 100%. During the year, NWT was the first FTNS operator in Hong Kong to enter into a bilateral agreement with China Telecom to deploy an MPLS-based IP-VPN (Virtual Private Network) service, a technology powered by Cisco Systems. NWT is taking the lead in the MPLS-based IP-VPN market.

As part of its regional expansion plan, NWT now has 23 bilateral partners, an increase from 17 in the previous year. All these partners are renowned carriers. NWT has also extended its capability to provide international voice and data services through investments in a range of global submarine cable systems, including APCN, APCN-2, FLAG-FNAL, Japan-US CN, China-US CN, Sea-Me-We-3, EAC and PC-1.

During the year, NWT established a strategic marketing network in key cities in mainland China and Vietnam ensuring that NWT is now well positioned to capture the significant revenue opportunities expected to arise throughout the Greater China region and beyond following China's successful WTO accession.

Meanwhile, NWT continues to strengthen its brand in Hong Kong's IDD market. It has successfully sustained market share at 15% with traffic now standing at 521 million minutes, a growth of 11% on the previous year. More importantly, NWT maintained its leadership in prepaid calling cards with a 41% market share.

STRATEGIC BUSINESSES

New World Department Store

As at the end of June 2002, New World Department Stores Limited ("NWDS") had 13 department stores and four supermarkets with a total GFA of over 3.9 million sq. ft. in Hong Kong and eight cities in Mainland China. During the year under review, NWDS opened Shanghai – Hong Kong New World Department Store, Wuhan Trendy Plaza, Shanghai Xinning Trendy Plaza and Shanghai New World Supermarket. We also commenced management of Tianjin New World Xin An Shopping Centre. Total sales at these stores during the year amounted to HK$1,902 million. Even excluding the new stores, the total sales increase over the previous year was 26%.

New World China Enterprises Projects Limited

Through New World China Enterprises Projects Limited ("NWCEP"), the Group invests in four core business sectors in Mainland China: healthcare, consumer products, building materials, and automotive mid-stream and down-stream services. NWCEP is also project manager for New World Liberty China Ventures Limited, established in December 2000 as a strategic alliance with Liberty Mutual Group of the United States and other investors.

OUTLOOK

Despite the global economic slowdown, Mainland China remains a market with unprecedented potential. For many years now it has been one of the fastest-growing regions in the world. Hong Kong is uniquely positioned as the best place to integrate itself with the fast-growing Pearl River Delta and to capitalize on the opening up of Mainland China's economy and markets. With the Group's firm establishment in Hong Kong and Mainland China, we have a major competitive advantage in terms of being able to grasp future opportunities to benefit our growth.

The Group will continue to strengthen operations within its four core divisions of Property, Infrastructure, Services and Telecommunications in Hong Kong and Mainland China. This diversity gives us multiple earnings streams to mitigate the impact of periodic economic fluctuation.

With an historic low interest rate environment and much improved affordability, together with more market-driven Government housing policy, the property market in Hong Kong is expected to improve. The Group expects to launch more residential units to the market in the coming year with the aim to generate stronger cash flow from property sales to the Group.

In Mainland China, the Group has achieved encouraging sales of its property projects. The Group expects to see increased contribution from its Mainland China property operations in coming years with the increase in completion of property projects.

With well-established positions in their respective fields, the Group will continue to strengthen its service and infrastructure businesses by growing market share and pursuing growth opportunities.

The Group's telecommunications businesses have started to bear fruit with both the mobile and fixed network businesses showing encouraging results. We will enhance our competitiveness by putting strong emphasis on providing innovative and customer-oriented services.

With each business now having gained clear momentum and scale, the Group is assured with solid and sustainable earnings in the years to come despite the uncertainties in the global economy.

- End -

*Issued by OCCASIONS Corporate & Finance Communications Limited for and on behalf of **New World Development Company Limited.** For further information, please contact:*

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This press release can be downloaded from the following websites:

www.nwd.com.hk
www.occasions.com.hk

Appendix: Consolidated Profit and Loss Account

	FY02	(as restated*) FY01
	HK$'mil	HK$'mil
Turnover	22,874.6	24,382.4
Segment information		
Rental	705.4	990.5
Property sales	1,017.6	399.1
Construction and engineering	502.2	452.4
Hotel and restaurant	215.0	709.7
Infrastructure	1,132.0	760.1
Telecommunications	215.0	(334.3)
Others	366.2	156.6
AOP	4,153.4	3,134.1
Unallocated corporate expenses	(485.7)	(477.9)
Operating profit before financing costs and income	3,667.7	2,656.2
Financing costs	(2,017.7)	(2,451.2)
Financing income	615.1	912.7
Profit before taxation	2,265.1	1,117.7
Taxation	(524.7)	(494.9)
Profit after taxation	1,740.4	622.8
Minority interests	(465.0)	(576.4)
Profit attributable to shareholders	1,275.4	46.4
Dividends	(431.5)	(425.7)
Earnings per share		
Basic	HK$0.60	HK$0.02
Fully diluted	-	-

**as restated due to the impairment loss on goodwill written-off to reserves previously*