



# 新世界發展有限公司

New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Hong Kong Stock Code: 0017)

## Interim Results Announcement 2003/2004

### RESULTS

The Directors announce that the unaudited results of the Group for the six months ended 31 December 2003 were as follows:

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

|  | Note | Six months ended 31 December |                                |
|--|------|------------------------------|--------------------------------|
|  |      | 2003<br>HK\$m                | 2002<br>HK\$m<br>(As restated) |
| Turnover   | 3    | 11,381.1                     | 10,961.6                       |
| Cost of sales                                      |      | (8,983.1)                    | (8,397.9)                      |
| Gross profit                                       |      | 2,398.0                      | 2,563.7                        |
| Other revenues                                     |      | 2.0                          | 20.1                           |
| Other (charge)/income                              | 4    | (49.3)                       | 7.0                            |
| Selling and marketing expenses                     |      | (241.5)                      | (206.9)                        |
| Administrative expenses                            |      | (504.7)                      | (458.6)                        |
| Other operating expenses                           |      | (1,036.0)                    | (1,244.0)                      |
| Operating profit before financing costs and income | 3    | 568.5                        | 681.3                          |
| Financing costs                                    |      | (522.0)                      | (860.0)                        |
| Financing income                                   |      | 134.4                        | 189.5                          |
| Operating profit                                   | 5    | 180.9                        | 10.8                           |
| Share of results of                                |      |                              |                                |
| Associated companies                               |      | 90.5                         | 235.4                          |
| Jointly controlled entities                        |      | 526.7                        | 284.6                          |
| Profit before taxation                             |      | 798.1                        | 530.8                          |
| Taxation   | 6    | (255.8)                      | (281.2)                        |
| Profit after taxation                              |      | 542.3                        | 249.6                          |
| Minority interests                                 |      | (305.9)                      | (235.1)                        |
| Profit attributable to shareholders                |      | 236.4                        | 14.5                           |
| Interim dividend                                   |      | 69.1                         | 131.5                          |
| Earnings per share                                 | 7    |                              |                                |
| Basic  |      | HK\$0.10                     | HK\$0.01                       |
| Fully diluted                                      |      | N/A                          | N/A                            |
| Interim dividend per share                         |      | HK\$0.02                     | HK\$0.06                       |

Notes:

1. The interim results have not been audited.

## 2. Changes in accounting policy

### SSAP 12 “Income taxes”

In order to comply with Statement of Standard Accounting Practice 12 “Income taxes” issued by the Hong Kong Society of Accountants, the Group adopted a new accounting policy for deferred tax with effect from 1 July 2003. A balance sheet method is used to recognise deferred tax in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The effect of adopting the new accounting policy has been applied retrospectively. The profit for the six months ended 31 December 2002 has been reduced by HK\$38.0 million. Certain comparative figures have been adjusted accordingly.

## 3. Segment information

The Group’s turnover and contribution from operations are analysed as follows:

### a Business segments

|  | Property investment and development<br>HK\$m | Service<br>HK\$m | Infrastructure<br>HK\$m | Telecommunications<br>HK\$m | Department stores<br>HK\$m | Others<br>HK\$m | Eliminations<br>HK\$m | Consolidated<br>HK\$m |
|--|--|------------------|-------------------------|-----------------------------|----------------------------|-----------------|-----------------------|-----------------------|
| <b>Six months ended 31 December 2003</b>           |  |                  |                         |                             |                            |                 |                       |                       |
| External sales                                     | 1,655.0                                      | 5,724.9          | 244.7                   | 1,356.7                     | 1,571.5                    | 828.3           | —                     | 11,381.1              |
| Inter-segment sales                                | 53.3   | 661.2            | —                       | 3.8                         | —                          | —               | (718.3)               | —                     |
| <b>Total turnover</b>                              | <b>1,708.3</b>                               | <b>6,386.1</b>   | <b>244.7</b>            | <b>1,360.5</b>              | <b>1,571.5</b>             | <b>828.3</b>    | <b>(718.3)</b>        | <b>11,381.1</b>       |
| <b>Segment results</b>                             | <b>301.9</b>                                 | <b>346.9</b>     | <b>108.7</b>            | <b>37.8</b>                 | <b>14.3</b>                | <b>24.7</b>     |                       | <b>834.3</b>          |
| Other (charge)/income                              |  |                  |                         |                             |                            |                 |                       | (49.3)                |
| Unallocated corporate expenses                     |  |                  |                         |                             |                            |                 |                       | (216.5)               |
| Operating profit before financing costs and income |  |                  |                         |                             |                            |                 |                       | <b>568.5</b>          |
| <b>Six months ended 31 December 2002</b>           |  |                  |                         |                             |                            |                 |                       |                       |
| External sales                                     | 1,051.8                                      | 6,062.7          | 265.3                   | 1,381.6                     | 1,357.0                    | 843.2           | —                     | 10,961.6              |
| Inter-segment sales                                | 53.2   | 506.2            | —                       | 5.0                         | —                          | —               | (564.4)               | —                     |
| <b>Total turnover</b>                              | <b>1,105.0</b>                               | <b>6,568.9</b>   | <b>265.3</b>            | <b>1,386.6</b>              | <b>1,357.0</b>             | <b>843.2</b>    | <b>(564.4)</b>        | <b>10,961.6</b>       |
| <b>Segment results</b>                             | <b>323.2</b>                                 | <b>435.8</b>     | <b>104.7</b>            | <b>92.6</b>                 | <b>(71.7)</b>              | <b>33.6</b>     |                       | <b>918.2</b>          |
| Other (charge)/income                              |  |                  |                         |                             |                            |                 |                       | 7.0                   |
| Unallocated corporate expenses                     |  |                  |                         |                             |                            |                 |                       | (243.9)               |
| Operating profit before financing costs and income |  |                  |                         |                             |                            |                 |                       | <b>681.3</b>          |

### b Geographical segments

|  | Turnover<br>HK\$m | Operating profit/<br>(loss) before<br>financing costs<br>and income<br>HK\$m |
|--|-------------------|--|
| <b>Six months ended 31 December 2003</b> |                   |  |
| Hong Kong and Southeast Asia             | 8,149.6           | 577.0  |
| Mainland China                           | 3,231.5           | (8.5)  |
|  | <b>11,381.1</b>   | <b>568.5</b>   |
| <b>Six months ended 31 December 2002</b> |                   |  |
| Hong Kong and Southeast Asia             | 8,480.6           | 991.7  |
| Mainland China                           | 2,481.0           | (310.4)  |
|  | <b>10,961.6</b>   | <b>681.3</b>   |

#### 4. Other (charge)/income

|  | Six months ended 31<br>December |               |
|--|---------------------------------|---------------|
|  | 2003<br>HK\$m                   | 2002<br>HK\$m |
| Amortisation of goodwill:                        |                                 |               |
| A jointly controlled entity                      | —                               | (0.5)         |
| Subsidiaries                                     | (4.9)                           | (4.5)         |
| Dilution loss on disposal of a subsidiary        | (6.1)                           | (0.3)         |
| Write back of impairment loss of:                |                                 |               |
| Goodwill   | —                               | 2.1           |
| Other investments                                | —                               | 2.2           |
| Impairment loss on:                              |                                 |               |
| Fixed assets                                     | —                               | (35.0)        |
| Other investments                                | —                               | (180.9)       |
| Loss on disposal of:                             |                                 |               |
| Associated companies                             | (2.5)                           | —             |
| Fixed assets                                     | (26.7)                          | —             |
| Other investments                                | (29.6)                          | (41.8)        |
| Subsidiaries                                     | (5.4)                           | —             |
| Profit on disposal of:                           |                                 |               |
| Associated companies                             | 0.2                             | —             |
| Fixed assets                                     | 8.3                             | —             |
| Jointly controlled entities                      | 6.8                             | 9.9           |
| Other investments                                | —                               | 280.5         |
| Subsidiaries                                     | 3.5                             | 17.5          |
| Provision for:                                   |                                 |               |
| Amount due from joint venture                    | (2.5)                           | —             |
| Doubtful debts                                   | (4.7)                           | —             |
| Provision for investment in:                     |                                 |               |
| Deposit paid for joint venture                   | —                               | (18.6)        |
| Jointly controlled entities                      | —                               | (76.9)        |
| Properties held for sale                         | —                               | (2.6)         |
| Unlisted shares                                  | —                               | (4.0)         |
| Share of results of other investments            | (10.3)                          | —             |
| Surplus on liquidation of a subsidiary           | —                               | 16.8          |
| Write down of stocks to net realisable value     | (41.5)                          | —             |
| Write back provision for diminution in value of: |                                 |               |
| Jointly controlled entities                      | —                               | 20.3          |
| Properties held for sale                         | 44.1                            | 22.8          |
| Write back provision for:                        |                                 |               |
| Advance to joint venture                         | 15.1                            | —             |
| Doubtful debts                                   | 4.2                             | —             |
| Other investments                                | 2.7                             | —             |
|  | (49.3)                          | 7.0           |

## 5. Operating profit

Operating profit of the Group is arrived at after charging the following:

|                          | Six months ended 31<br>December |         |
|--------------------------|---------------------------------|---------|
|                          | 2003                            | 2002    |
|                          | HK\$m                           | HK\$m   |
| Cost of inventories sold | 1,818.8                         | 1,683.6 |
| Depreciation             |                                 |         |
| Leased fixed assets      | 52.1                            | 21.2    |
| Owned fixed assets       | 584.6                           | 583.6   |

## 6. Taxation

|                             | Six months ended 31<br>December |       |
|-----------------------------|---------------------------------|-------|
|                             | 2003                            | 2002  |
|                             | HK\$m                           | HK\$m |
| Company and subsidiaries    |                                 |       |
| Hong Kong profits tax       | 88.4                            | 117.7 |
| Overseas taxation           | 7.7                             | 7.0   |
| Deferred taxation           | 71.5                            | 50.7  |
| Associated companies        |                                 |       |
| Hong Kong profits tax       | 34.0                            | 38.6  |
| Overseas taxation           | —                               | 0.2   |
| Deferred taxation           | 1.3                             | (1.0) |
| Jointly controlled entities |                                 |       |
| Hong Kong profits tax       | 18.3                            | 15.7  |
| Overseas taxation           | 35.1                            | 31.7  |
| Deferred taxation           | (0.5)                           | 20.6  |
|                             | 255.8                           | 281.2 |

Hong Kong profits tax is provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the period. Deferred taxation has been provided on temporary differences using the current applicable rate. Tax on overseas profits is provided on the estimated profits for the period at the rate of taxation prevailing in the countries in which the Group operates.

## 7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$236.4 million (2002: As restated HK\$14.5 million) and the weighted average number of 2,288.8 million shares (2002: 2,166.4 million shares) in issue during the period.

The conversion of the outstanding convertible bonds does not have any dilutive effect on the earnings per share for the current and previous period.

## 8. Comparative figures

Certain comparative figures have been reclassified to conform with the current period presentation.

## **INTERIM DIVIDEND**

The directors have declared an interim cash dividend of HK\$0.02 per share for the financial year ending 30 June 2004 to shareholders registered on 5 May 2004. The dividend warrants will be despatched to shareholders on or about 21 May 2004.

## **BOOK CLOSE DATE**

Book close dates (both days inclusive) : 29 April 2004 to 5 May 2004

Latest time to lodge transfer with Share Registrar : 4:30 p.m. on 28 April 2004

Address of Share Registrar : Tengis Limited  
Ground Floor, Bank of East Asia Harbour View  
Centre,  
56 Gloucester Road, Wanchai, Hong Kong

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company has not redeemed any of its listed securities during the six months ended 31 December 2003. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 31 December 2003.

## **PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE**

A detailed results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing The Listing of Securities on the Stock Exchange will be published on the Stock Exchange's website in due course.

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## **BUSINESS REVIEW**

### **PROPERTY**

#### **Hong Kong Property Development**

The Hong Kong property market was very encouraging in the fourth quarter of 2003. The launch of Parc Palais and Sky Tower captured enormous interest.

During the period under review, the Group's property sales revenues amounted to \$387 million from Sereno Verde, La Pradera and Monte Carlton.

The Group now has 6 million sq. ft. development projects in progress. At present, the Group's agricultural land bank amounts to 19.7 million sq. ft., of which 10.6 million sq. ft. is under the land use conversion process.

## Development projects

Attributable  
GFA (sq. ft.)

|                |                  |
|----------------|------------------|
| Urban projects | 3,080,753        |
| NT projects    | 2,847,275        |
| <b>Total</b>   | <b>5,928,028</b> |

## Hong Kong Property Investment

Rental revenue for the Group's Hong Kong investment properties amounted to \$440 million for the period under review.

### *Shopping Malls*

Discovery Park Shopping Mall and Telford Plaza recorded 90% and 100% occupancy respectively, while New World Centre shopping mall was 88% leased.

New World Centre is expected to benefit from greater accessibility and higher pedestrian traffic with the scheduled completion of the KCR East Tsim Sha Tsui Station and its associated road works in 2004. Scheduled to open in April 2004, the adjacent Avenue of Stars, a major new attraction donated by the Group to honour Hong Kong's film professionals, is expected to be a big draw for tourists and locals alike.

### *Offices*

The increase in office space supply puts pressure on both rental rates and occupancy. With a slight drop of 3% in rental rates, New World Tower attained occupancy of 87% whilst New World Centre office buildings maintained 70%.

### *Hotels and Restaurants*

The Group's hotel portfolio consists of 14 hotels in Hong Kong, Mainland China and Southeast Asia. During the period under review, Hong Kong's visitor arrivals were boosted by a dramatic increase in Mainland travellers under the new policy for individual travellers from selected cities. Room rates for the Group's hotels in Hong Kong were recovering with steady occupancy. Moreover, the performance of our hotels in Mainland China and Southeast Asia remained stable.

## Mainland China Property

During the period under review, New World China Land (“NWCL”) completed 9 property development projects of 431,125 sq.m., an increase of 29% from that of last interim period.

| Projects  | Usage       | Total GFA<br>(sq.m.) | NWCL's<br>interest<br>% |
|---|-------------|----------------------|-------------------------|
| Beijing Xin Kang Garden Phase III                           | Residential | 83,318               | 70                      |
| Chateau Regalia Beijing                                     | Residential | 121,505              | 100                     |
| Jinan Sunshine Garden Phase I                               | Residential | 25,806               | 65                      |
| Tianjin New World Garden Phase I                            | Residential | 22,862               | 60                      |
| Wuhan Menghu Garden Phase IA                                | Residential | 12,098               | 100                     |
| Shenyang New World Garden Phase IC (Area D)                 | Residential | 98,023               | 90                      |
| Guangzhou Xintang New World Garden Phase II                 | Residential | 19,504               | 60                      |
| Shunde New World Convention & Exhibition Centre<br>Phase II | Residential | 20,527               | 35                      |
| Huiyang Palm Island Golf Resort Phase I & II                | Residential | 27,482               | 34                      |
| <b>Total</b>  |             | <b>431,125</b>       |                         |

NWCL continued to place emphasis in building up a strong rental base in Mainland China with the completion of the final 110,049 sq.m. at Hong Kong New World Tower in Shanghai

## SERVICE

For the six months under review, Hong Kong gradually recovered from the economic downturn as a result of SARS. Most of the service business units achieved excellent results, especially the Hong Kong Convention and Exhibition Centre (“HKCEC”). HKCEC captured \$42 million more in revenues over the same period last year, representing a 12% increase.

Construction operations were still struggling under tough construction market conditions in Hong Kong. The Group intends to increase its participation in Mainland China. In addition to forming wholly foreign-owned enterprises in Beijing, we have also invested a 10% interest in one of the largest Mainland China construction groups, China Construction Third Engineering Bureau Co.

New World First Bus Services Limited, the major contributor to our transport business, returned to a pre-SARS patronage level at the end of 2003. Furthermore, our transport business has undergone a reorganization to form a joint venture with a subsidiary of Chow Tai Fook Enterprises Limited to obtain the synergistic benefits.

## INFRASTRUCTURE

For the Infrastructure division, all businesses showed an improvement in operations during the period under review. Zhujiang Power Station Phase I and II recorded a 22% increase in electricity sold. For the water treatment and waste management operations, the projects also posed steady

growth. Guangzhou City Northern Ring Road, the highest contributor to the roads and bridges business, had a 15% increase in toll income. We are in the process of disposing of 13 toll road projects in Zhaoqing and the Wuhan Bridge.

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## **PORTS**

Our ports operations in Hong Kong faced the dual challenges of the SARS impact and the slowing throughput in Hong Kong. However, our port operations in Mainland China remained robust and continued to increase its contribution to the Group. Xiamen and Tianjin ports recorded throughput growth of 39% and 16% respectively.

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## **TELECOMMUNICATIONS**

### **New World Mobility**

New World Mobility (“NWM”) provided steady revenue to the Group. The subscriber base of NWM grew from 990,000 in June 2003 to 1.2 million in December 2003 with 40% prepaid customers.

During the period under review, NWM reinforced its position as an innovative service provider by launching a number of new initiatives. The company regrouped its multimedia value-added services under the brand-new “M kee” service platform, giving customers easier access to their desired services with an icon-based colour WAP interface.

In the face of the launch of 3G mobile services in Hong Kong, the Group believes that providing services tailored to customer needs via NWM’s existing 2.5G network will remain the most cost-effective strategy for staying competitive in the market.

### **New World Telecommunications**

The IDD rates of New World Telecommunications (“NWT”) dropped 24%. NWT made significant progress in launching its new market strategies over the last six months in corporate, carrier and personal businesses. We are currently servicing over 200,000 fixed lines, up 23% in 6 months.

In the corporate market, NWT successfully unveiled “Managed Network” in November 2003, an innovative service delivering one of the most advanced and comprehensive portfolios of managed end-to-end telecom and IT solutions.

On the international front, NWT had established bilateral relationships with more than 100 incumbent and other key operators. An agreement signed with China Netcom in November 2003 has enabled NWT to position itself to capture the massive business opportunities arising from CEPA.

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## **DEPARTMENT STORES**

During the period under review, total sales of New World Department Stores (“NWDS”) amounted to \$1.5 billion, up 16% year-on-year. Currently, NWDS is operating 15 department stores with a total GFA of 4,610,000 sq.ft. in nine Mainland cities and Hong Kong.



NWDS opened its third store in Shanghai in the city's Hongkou district in October 2003. The Group plans to open three more stores by end-2004.

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## OTHER

### New World TMT

New World TMT ("NWTMT") completed its evolution from an infrastructure company to a telecommunications, media and technology enterprise. Armed with a clear focus, NWTMT aims to take advantage of significant technology investments to develop opportunities in the telecom and media sectors in concurrence with regulatory guidelines established by authorities in Mainland China.

### New World China Enterprises

Since the inception of New World Liberty China Ventures Limited in December 2000, ten projects have been invested in and 65% of the initial US\$150 million capital has been invested in small and medium-size enterprises in China. Amongst the investments, healthcare and automobile downstream services achieved steady growth.

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## LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2003, the Group's consolidated net debt amounted to \$30,130 million (30 June 2003: \$31,231 million), translating into a gearing ratio of approximately 63%. The proposed 2:5 rights issue, if approved by shareholders, will raise \$5.3 billion to further strengthen the Group's balance sheet and improve its liquidity.

The Group has maintained a balanced debt profile with adequate risk diversification through a preferred mix of fixed and floating rate debt.

|                                      | As at<br>31 December<br>2003 | As at<br>30 June<br>2003 |
|--------------------------------------|------------------------------|--------------------------|
| Net Debt (HK\$m)                     |                              |                          |
| Consolidated net debt                | 30,130                       | 31,231                   |
| NWSH (stock code: 659)               | 6,979                        | 6,893                    |
| NWCL (stock code: 917)               | 5,102                        | 5,122                    |
| NWTMT (stock code: 301)              | 2,261                        | 1,838                    |
| Net debt (excl. listed subsidiaries) | 15,788                       | 17,378                   |

### Source of Borrowings

As at 31 December 2003, around 30% of the total outstanding loans were secured by the Group's assets.

## Interest Rate and Maturity Profile

As at 31 December 2003, \$11,594.5 million of debt will be due within the next twelve months. Our cash on hand as of 31 December 2003 was \$5,286.1 million.

This combination of cash on hand, together with cash inflow from operations and our remaining undrawn banking facilities, should enable the Group to satisfy its debt repayment commitments and working capital requirements.

Approximately 78% (78% in FY2003) of the Group's total debt is on a floating rate basis, whilst fixed rate borrowings are mainly related to the Group's RMB loan facilities and convertible bonds. With a larger portion of floating rate debt, our interest outlay is set to drop further in line with falling interest rates.

## OUTLOOK

With the revival of the Hong Kong economy and the continuing prosperity in Mainland China, we are optimistic about the economy of the Greater China region.

The Hong Kong economy maintains its momentum since its rebound in the last quarter of 2003. The property market is growing steadily. In year 2004, we plan to launch 9 property development projects providing approximately 1.6 million sq. ft. Furthermore, to maintain a reasonable development schedule, we are actively negotiating on agricultural land conversion.

| Projects                            | Location             | GFA<br>(sq. ft.) | No. of<br>Units | NWD's<br>Interest<br>% | NWD's<br>attributable<br>GFA<br>(sq. ft.) |
|-------------------------------------|----------------------|------------------|-----------------|------------------------|---|
| 33 & 35 Island Road                 | Southern<br>District | 43,067           | 10              | 43.0                   | 18,519                                    |
| 2 Park Road                         | Mid-Levels           | 120,904          | 148             | 100.0                  | 120,904                                   |
| 11 Bonham Road                      | Mid-Levels           | 123,142          | 128             | 70.0                   | 86,199                                    |
| Kennedy Town Redevelopment          | Western<br>District  | 675,913          | 1,174           | 100.0                  | 675,913                                   |
| 6-10 Black's Link                   | Southern<br>District | 34,762           | 8               | 80.0                   | 27,810                                    |
| 2-4 Caldecott Road, Piper's Hill    | Kowloon              | 77,210           | 88              | 33.3                   | 25,711                                    |
| Tseung Kwan O Area 55b              | Tseung Kwan<br>O     | 914,079          | 1,472           | 45.0                   | 411,336                                   |
| Lot No. 3569 in DD129, Lau Fau Shan | Yuen Long            | 66,520           | 168             | 100.0                  | 66,520                                    |
| 3 Tuen Kwai Road, Fu Tei            | Tuen Mun             | 204,632          | 320             | 96.5                   | 197,388                                   |
| <b>Total</b>                        |                      | <b>2,260,229</b> | <b>3,516</b>    |                        | <b>1,630,300</b>                          |

In Mainland China, we expect to complete 10 development projects of approximately 627,854 sq.m. in the second half of FY2004.

| Projects                                    | Usage   | Total GFA<br>(sq. m.) | NWCL's<br>interest<br>% |
|---|---------|-----------------------|-------------------------|
| Beijing Xin Yu Garden Block 3 & 4           | R, C, O | 71,814                | 70                      |
| Tianjin New World Garden Phase II           | R, C    | 79,531                | 60                      |
| Dalian Manhattan Tower II                   | R       | 37,109                | 88                      |
| Dalian New World Plaza Remaining Phases     | O       | 15,218                | 88                      |
| Nanjing New World Centre                    | R       | 68,701                | 92                      |
| Guangzhou New World Oriental Garden Phase I | R       | 115,587               | 100                     |
| Guangzhou Central Park-view Phase I         | R, C    | 171,011               | 91                      |
| Guangzhou Covent Garden Phase II            | R       | 25,786                | 60                      |
| Guangzhou Xintang New World Garden          | R       | 30,217                | 60                      |
| Huiyang Palm Island Golf Resort Phase III   | R       | 12,880                | 34                      |
| <b>Total</b>                                |         | <b>627,854</b>        |                         |

C : *Commercial*

O : *Office*

R : *Residential*

We are actively looking for growth opportunities in infrastructure and ports projects in Mainland China, while at the same time seeking to enhance and expand our service businesses in Hong Kong.

Our energy business will benefit from the increasing electricity demand in Guangdong and Macau. Furthermore, in line with the Central Government's policy for the privatization of utility assets, more Mainland China cities are offering their water and waste water assets for sale. Efforts will be directed to prospective projects that reach our investment benchmark.

New World Department Stores are expected to benefit from the booming consumer market in Mainland China. Our hotels in Hong Kong will benefit from the improving relaxed policy of Mainland travellers.

**Dr. Cheng Kar-Shun, Henry**  
**Managing Director**  
**Hong Kong, 18 March 2004**

*Please also refer to the published version of this announcement in the (South China Morning Post)*