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Fellow Shareholders,

New World China Land had a record year of property sales to end June 2002.

This successful sales performance resulted in a significant increase in turnover to HK\$939.4 million, an improvement of 60% on the previous year. Profit attributable to shareholders amounted to HK\$137.1 million.

With the continued increase in cash flow from property sales, the Group proposed a first-time dividend of HK\$0.02 per share.

RECORD YEAR OF SALES

Our sales set a new record for the year to 30 June 2002, providing strong cash flow to the Group. We benefited from the fact that more projects entered the market and that they covered a much wider range of cities than in previous years, with demand for each project remaining strong. We sold a total of 679,306 sq.m. Gross Floor Area, a 122% increase.

STRENGTHENING THE NEW WORLD BRAND

The record sales performance also reflects the success of our efforts to build a cohesive property brand in China. With more of our projects coming on stream in more cities, the marketplace is seeing compelling evidence of our ability to deliver quality projects. As New World China Land grows, we will gain stronger critical mass across the country. Our brand is becoming increasingly recognized. Improved brand equity is translating into premium pricing and this is now clearly reflected at the sales level.

A good example of this is in Wuhan at Changqing Garden – one of the largest residential developments in the PRC – where we have completed the first four phases and sold nearly 13,000 units. In Beijing, Beijing New World Centre received recognition under the *Beijing City New Top 10 Architectural Awards in the 1990s* scheme, a welcome accolade. The project is helping to improve the image of Chongwen District and pave the way for further success in our future development in this vicinity. In Guangzhou, our Casa California luxury resort-style residential development that sets new standards in landscaping and design is now finished with nearly all units sold.

These completed developments are reinforcing our reputation. New World China Land stands for professionalism and commitment to quality. They see proof of our ability to exceed customer expectations and create truly aspirational properties.

GOOD PROGRESS IN OUR STRATEGY

Our strategy is to accelerate the completion of our developments in order to increase sales revenue, while growing our investment portfolio and enhancing the rental performance of existing properties.

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Our accelerated completion programme has shown good momentum. We will continue focusing on completion of our residential property developments. Our property schedule for the financial years to end June 2003 and 2004 sees completion of more than 1.11 million and 1.53 million sq.m. GFA respectively, compared to the current year of 0.95 million sq.m. GFA.

Expansion of our investment property portfolio will increase the recurrent revenue stream. Currently, the Group has 10 completed investment properties comprising hotels, offices, shopping malls, and resorts with a total GFA of over 490,000 sq.m.. The Group expects to make sound progress in this respect in the coming year when major projects come on stream. Going forward, four investment projects with a total GFA of 406,294 sq.m. are scheduled to be completed in FY2003. These include the Hong Kong New World Tower and Ramada Plaza in Shanghai, Nanjing New World Centre and the shopping mall at our Dalian New World Plaza development.

PROSPECTS

We remain very positive on the overall property market in China. Robust demand for housing, liberal mortgage policies and the emergence of a secondary market, coupled with continuing economic growth and increasing disposable incomes, are all providing excellent conditions for a rising market. This is further supported by high levels of foreign capital inflow and sustainable domestic investments and consumption, along with China's WTO accession and 2008 Olympics.

New World China Land's strategy is to differentiate its brand by maintaining a reputation for best-in-class product and service quality. The projected increase in completions for properties intended for sale and for investment over the next few years should yield strong cash flow and profits.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank the Directors, our dedicated management and staff for their steadfast loyalty and commitment throughout the year. Their hard work continues to play a key role in the Group's success.

Dr. Cheng Kar-shun, Henry
Chairman and Managing Director
Hong Kong, 18 October 2002