CHAIRMAN'S STATEMENT

To Our Shareholders,

In FY2008, the Group has recorded a profit of HK$2,019.9 million, an increase of 70% over that of FY2007. The significant increase in profit for the year was attributable to improved performance achieved by two major operations of the Group, namely property sales and rental operation. The attributable operating profit before provision and finance costs amounted to HK$1,761.1 million, representing an increase of 45% over that of FY2007.

New World

Last 12 months have been a ceaseless period for China. Domestically, China was experiencing disastrous events like the unprecedented snow storm in the South in early 2008 and then the tragic earthquake in the West in May 2008. After the unfortunate happenings, China had her glorious dream come true in the Beijing Olympic Games in August 2008.

For the property industry, the vigorous market has been calmed down by the Central Government since late September 2007. The rapid development of property market nationwide gradually turned into rational adjustment of individual regional markets based on their own supply-demand dynamics. Some cities in the South like Shenzhen had a bigger price correction. Some cities in the Northeast side showed a much more stabilised situation.

The cooling down effect has been intensified recently by the global financial turmoil. The credit crunch and perceived economic slowdown globally have created a lot of uncertainties and risks. Among the economies in the world, China is widely believed to be the most robust one. In the short run, domestic market may experience irrational behaviours dampening its healthy growth. When assessing the market, we believe the China property market is still at the early stage of the cycle, with genuine housing demand from rapid urbanisation. In the long run, the market will back track to its path of healthy growth according to its fundamentals.

In order to cope with the risks associated, New World China Land will continue its prudent approach in managing our businesses in China. The Group has a healthy balance sheet with a gearing ratio of 31.8%. As at 30th June 2008, the aggregate cash on hand (the Group together with jointly controlled entities and associated companies) amounted to HK$8 billion. Together with our strong recurrent cash flow from rentals, the Group has sufficient liquidity to weather the current tough situation and also finance our future expansion and growth.

The Group focuses on mid-size to large scale quality developments to capture the growing housing demand from the emerging middle to high income households, and to capitalise on the healthy economic growth of major Mainland cities. The Group expects that the middle to high end residential property market still has significant growth potential since demand for such properties will continue to increase as a result of persistent development of the Mainland economy, the corresponding urbanisation, income increase, and improvement in living standard of the urban population. Furthermore, the Group believes that its geographical diversification will alleviate the risks of having too much of its operation concentrated in one particular city or region in Mainland China.

Dr Cheng Kar-shun, Henry
Chairman and Managing Director

Hong Kong, 13th October 2008