





From our **four core businesses**
of Property, Infrastructure, Services and Telecommunications,
we have the necessary **foundations** that will enable
us to weather the current storm and enter into a

new era of

growth

Fellow Shareholders

The global economy has experienced considerable slowdown in recent times. However, there has been one notable exception: China.

We are excited at China's developments on several fronts. From improvements in infrastructure developments, rising disposable incomes and living standards, growth in the automotive sector, to advances in telecommunications, as well as liberalisation of capital markets and banking practices, China is the new horizon.

In fact, China is likely to sustain its pace of economic growth for the next decade, contributed by such factors as her imminent entry into the WTO, the awarding of the 2008 Olympics Games to Beijing, and her substantial transnational infrastructure projects. Already the Central Government's Tenth Five-Year Plan has laid out the framework for doubling China's GDP by 2010.

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The Group has accumulated substantial investment and operational experience in Mainland China, particularly in the fields of property and infrastructure. With our long-dedicated commitment to the country's development, we fully intend to capitalise on our strengths as this dynamic market continues to flourish.

Meanwhile, Hong Kong's economy follows in its path of integration with the Mainland whilst more foreign direct investments help to power her growth. The Group is therefore prepared for the opportunities that such a growing relationship will bode for the territory.

Hong Kong has, throughout its history, experienced periods of uncertainties. The recent terrorist attack on September 11 in the United States had a significant impact on the global and regional economies. Such an incident has exacerbated the already vulnerable local property market. However, history recalls the remarkable resilience of the territory's people. Often, it is in trying times that the greatest endeavours are realised. I believe that the virtues of Hong Kong people — diligent, flexible and entrepreneurial — will once again overcome the obstacles before us.

At New World Development, we believe that our people possess the essence of such virtues. While the uncertainties that the economic climate holds are a challenge for all companies, we are confident that by drawing from the strengths of our people, as well as on our core values of quality, initiative, trust, and creativity, we will maintain our focus and strategic direction. Moreover, from our four core businesses of Property, Infrastructure, Services and Telecommunications, we have the necessary foundations that will enable us to weather the current storm and enter into a new era of growth.

Dr. Cheng Yu-Tung

Chairman

Hong Kong, 10 October, 2001