

A Conversation with **the Chairman**

Despite substantial growth in the PRC property market, certain cities have experienced intense competition. How is New World China Land addressing that?

Our approach is threefold: Differentiation. Product Excellence. Brand Equity Management. By drawing on our thirty years of property experience in Hong Kong and our local know-how, we believe we are able to deliver the best of both world to our customers. At the same time, we are gradually building up our brand equity. We understand local market trends and customer behaviors irrespective of different market segments. We aim to create aspirational values at affordable prices and to enrich the lifestyle of our customers.

How is New World China Land optimising returns in view of China's imminent entry into the WTO and Beijing's hosting of the 2008 Olympics?

We are developing the right product in the right place. We are putting a lot of thought into product positioning. And we are accelerating our development schedule to meet rising demand, thereby realising the company's asset values within a rapid time frame. In the most vibrant growth cities of Beijing and Shanghai, our emphasis is on Grade A office space, intelligent buildings, housing for expatriates such as villas and service apartments, as well as housing for local managers to upgrade their lifestyle. We are also focusing on space for rental such as hotels, offices, shopping malls and service apartments in commercial multi-use complexes. Across the country as a whole,

in accordance with a growing desire for quality living, we are creating residential communities with excellent architectural design, spacious floor layout, meticulous landscaping and open space, comprehensive property services.

Is there a limit to how much New World China Land can build in the coming years?

Our land bank stands at 19 million sq.m. across major cities, transportation and trading hubs. Given the sheer size of our land bank, we have enough work in hand. In terms of management capacity, we have already established well-trained and qualified foreign and local management teams to execute project works. Financially, we have achieved satisfactory property presale programs which are bringing in substantial operational cash flows.

Besides property sales, how will recurrent income improve your company's returns?

Our current rental base comes from several major projects, including the Beijing New World Centre Complex, Tianjin New World Xin An Shopping Centre and hotels. In the coming years, we will be completing three more major investment properties; namely, Hong Kong New World Tower, Changning Ramada Square in Shanghai, and Dalian New World Plaza. We expect our rental base to grow significantly once these properties are completed and are contributing to the Group's bottom line.