



Fellow Shareholders,

New World Development continues to strengthen operations within its four core businesses of Property, Infrastructure, Services and Telecommunications in Hong Kong and Mainland China. In the face of the challenging economic and market conditions of the past 12 months, our diversified portfolio of multiple earnings streams has served us well.

The world's economy is expected to remain vulnerable. Despite the global slowdown, China remains a market with unprecedented potential. Over the years it has been one of the fastest-growing regions in the world. China's successful accession into the WTO, progressive changes at every level of business, banking and government, and rising disposable incomes, are all adding powerful economic stimulus that promise sustainable growth.

Hong Kong is uniquely positioned as the best place to integrate with the fast-growing Pearl River Delta Region and to capitalize on the opening up of China's economy and markets. And Hong Kong people continue to show resilience in the face of economic adversity. Their entrepreneurial skills and ability for sheer hard work will help Hong Kong re-orient its economy for future growth through a broad variety of strong and promising businesses.

At New World the breadth and maturity of our own businesses is allowing us to weather the prevailing storms. With the Group's firm establishment in Hong Kong and Mainland China, we have a major competitive advantage in terms of being able to grasp future opportunities to benefit our growth. Although the global economic slowdown persists, with each business now having gained clear momentum and scale, the Group remains confident that it can achieve solid and sustainable earnings in the years to come.

Dr. Cheng Yu-Tung

Chairman

Hong Kong, 18 October 2002