



TO OUR SHAREHOLDERS,

New World China Land (“NWCL”) is a well-recognised brand in every city where we have a footprint. In FY2004, NWCL was awarded “2003 Top 50 China Real Estate Enterprises” and “2004 China Blue Chip Property Developer”. Our premium quality products are highly praised by the professionals and end-users. Both Shanghai Hong Kong New World Tower and Wuhan International Trade & Commerce Centre were recently selected by the China Real Estate Top 10 Research Institute as “2004 China New Top 10 Landmark Building”. NWCL is the only company having 2 projects winning this award.

Strong core operations

In FY2004, the Group has recorded a profit of HK\$127.35 million. The significant improvement in results was attributable to improved results in our three major business operations, namely property sales, rental and hotel operations. For the year under review, we have completed a total GFA of 997,283 sq. m. in 10 cities even when the early period was still under the shadow of SARS. The overall sales volume of properties increased by more than 62% to 909,772 sq. m.

Shanghai Hong Kong New World Tower was completed in October 2003 with satisfactory occupancy. The Group's investment portfolio now increased to 1.3 million sq. m. comprising retails, offices, hotels, service apartments and carparks at prime locations of high growth cities.

Austerity measures were released by the Central Government in the second quarter of 2004 to cool down the overheating economy. The tightening in credit control only affects developers with weaker financial position or liquidity problem. The new credit policy has minimal effects on the Group given its good credit history and quality projects.

Confidence in future

NWCL is a national developer in Mainland China. Our portfolio comprises 45 major projects with a total GFA of 17 million sq.m. spanning over 17 high-growth cities. With abundant land reserve, NWCL is at a better position than other developers, especially when new land can only be acquired through public auctions or tenders.

As a pioneer in providing quality living and working environments, NWCL draws on its strong international experience and outlook to bring innovative properties and related services to the motherland, in a spirit that promote greater social responsibility and community advancement. Our untiring efforts to explore new concepts in home-building and to bring them into reality, have helped create a society in which people have better homes and lead better lives.

Urbanisation and new household formation in Mainland China will drive the demand for housing. We expect that the residential segment of the market will be benefited favourably from the boosting demand as a result of rising income and urbanisation. The Group will continue focus on producing residential units for sale while gradually building up our rental portfolio to generate stable recurrent income.

Campaigns will be launched to further strengthen the "New World China Land" brand. Our brand equity in Mainland China definitely empowers us to utilise the full potential of all our core operations.

Dr. Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 15 October 2004