

Chairman's Statement



To Our Shareholders,

China achieved a GDP growth of 11.3% in the second quarter of 2006. The fastest growth in the last 12 years depicts the domestic economy in Mainland China still running at an enviable pace when compared with the rest of the World.

The resilient economic growth, stable increase of average income per capita and the expectation of Renminbi appreciation support the stable growth of real estate market in Mainland China. New World China Land is at the best position to take advantage of this market trend, given the Group's strategic exposure in the downtown areas of key cities.

After several years of development, the China property market has evolved to a new stage. To be a successful property developer in this new era, one has to continuously pay attention to three aspects: land-reserving, execution and branding.

Land-reserving is to have the right size of land bank at the right locations. New World China Land's large land reserve is a definite asset to our operation, given the ever increasing land prices and difficulties in acquiring new pieces of land under the new land policy which had been in place since 31st August 2004. Recently, we have also started to expand our footprint to second-tier which provide better margins.

Execution is to produce the right product to match the demand at the right time. New World China Land develops wide ranges and types of properties to cater for varying demands on sizes and functions from different market segments. Our dedicated professionalism in our approach to projects and wide embracing experiences enable us to handle the stringent demand of multi-product lines with ease.

The Group plans to complete around one million sq. m. GFA of properties in FY2007. From July to September 2006, the Group sold and pre-sold 320,000 sq. m. GFA. The 300,000 sq. m. Wuhan New World Centre at the bustling downtown commercial district will be completed in 2007. In addition, the Group also has two major projects in the pipeline. The first one is the 500,000 sq. m. Shanghai New World Garden located adjacent to the World Expo 2010 Shanghai China site. The second one is the 200,000 sq. m. Dalian New World Tower located in the downtown financial district of Dalian. New World China Land will soon be running with full throttle.

Branding is to create an acquired response from a target audience based on cumulative impressions and positive reinforcement. Branding is no longer a fashion gimmick. It is also an important selection criterion for home buyers. New World China Land is now well-recognised by the local home buyers. The Group has been certified and selected into the China's real estate company brand value research top ten list by the "China Real Estate Top10 Research Team" for two consecutive years, and was awarded the "2006 Leading Company Brand in China Real Estate" this year. Meanwhile, the Group was also awarded "2006 China Blue Chip Real Estate Corporation" in September 2006. Recently, we have launched a re-branding exercise to strengthen the corporate brand equity which is one of the key success factors as a national property developer.

A new series of macro control policies has been announced starting from May 2006. Again, like the measures introduced in the first quarter of 2005, we believe the aim of the central government is to curb the speculation and stabilize the price of the property market and direct the property market to a healthy and stable development in the long run. This is exactly what a long-term, committed developer like us desire.

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 10th October 2006