



To Our Shareholders,

The Group has recorded a profit of HK\$1,191 million in FY2007, up 61% year-on-year. The significant increase in profit for the year was attributable to the improved performance achieved by all three major operations of the Group, namely property sales, rental operation and hotel operation.

In the first half of 2007, China recorded a 11.5% GDP growth compared to same period last year. In particular, the fixed assets investment in middle and Western part of Mainland China were RMB1,111.1 billion and RMB1,009.4 billion, up 35.6% and 30.2% year-on-year respectively.

With the economic boom in Mainland China, listing as a capital-raising activity for future development is becoming a trend for enterprises. In recent years, property developers in Mainland China have been surging to be listed on the Hong Kong Stock Exchange. NWCL has been listed in Hong Kong as early as 1999. And, NWCL has become one of the major developers in the mainland since then, creating modern communities and refining living lifestyle.

For a property developer, landbank is the most important asset and also the blueprint of its future development. In this regard, developers in Hong Kong and Mainland China are actively expanding their landbanks in different cities in Mainland China, thus contributing to the record-breaking land auction prices. High land prices inevitably bring negative effect to the profit margins of enterprises. NWCL has been continuously looking for suitable land parcels ever since its investment in China during the 1980s. As a Hong Kong developer with the largest land bank in China, NWCL can be immune from the impact of high land prices.

In 2006, the Group acquired several new projects located in mid-western Mainland China. The decision was based on our positive view on the property market in that region. Firstly, the lower land costs in these secondary cities will translate into better margins. Secondly, the rapid development of the mid-western cities, under the strong support from the central government, means a higher growth potential. In FY2008, the first phase of the projects located in Chengdu, Changsha and Guiyang will be completed and start the contribution to the Group.

Branding is to create a 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. NWCL has been four years in a row awarded "Top10 National Real Estate Developers Brand Value", recognising 'New World China Land' as a name for guaranteed quality. The Group has planned to carry out a series of branding strategy, reinforcing market recognition to NWCL while at the same time, strive to deliver quality products, satisfying ever-increasing market demand.

Dr Cheng Kar-shun, Henry

Chairman and Managing Director

Hong Kong, 11th October 2007