



**CHINA HOUSING AND LAND
DEVELOPMENT, INC.**
中华房屋土地开发集团公司



Dear Shareholders:

2008 proved to be a challenging year for our company and China's entire real estate industry. This was primarily a result of the tighter credit market and slowing buyer demand prompted by the difficult global economic environment. This resulted in a significant reduction to our financial performance as we progressed throughout the year.

In spite of lower year over year revenue and profits, we made a concerted effort to enhance our financial and competitive position in 2008. We took proactive measures to minimize our cost structure and modified our development schedule to match demand, conserve cash and minimize our capital expenditures.

We were pleased to have ended 2008 with a \$35 million increase in our cash position which helped to stabilize our business and allowed us to selectively capitalize on compelling new business opportunities. We were also able to lower our net debt position compared to the prior year period while significantly strengthening the total number of assets on our balance sheet.

We were encouraged with the Chinese government's efforts to stimulate the economy, including the real estate sector late in 2008. Such actions included reductions in down payments on owner-occupied housing, a reduction in official interest rates, a reduction in deed tax and a waiver of stamp duty fees, as well as broad monetary stimulus.

As we entered into 2009, we believe the real estate market has stabilized and encouraging data points have indicated an overall improvement from the market lows we experienced in recent months. We completed a solid first half of 2009 and our ability to capture share in Xi'an's housing market growth remains strong. Government stimulus, on both the national and local level, is providing stabilization and renewed pricing strength in the housing market. And while many potential homebuyers had sat

on the sidelines for several quarters during the global economic challenges, we are now seeing evidence that the market has found its footing and is gaining momentum.

This change is evidenced by our sequential quarterly revenue growth in the first half of 2009. Additionally, the total square meters of our units sold increased significantly and we are regaining pricing strength as our average selling price per square meter continues to rise off its lows.

As one of the largest developers in northwest China, we continue to make progress building an attractive project portfolio that engenders the trust of existing and future homebuyer customers. With regards to Xi'an especially, we believe we have chosen the best possible geographical area on which to focus, which boasts a population of 8.7 million, making it one of the top ten cities in China. Xi'an's GDP growth has remained in the double digits over the last several years, reaching 15.6% in 2008, with 13.5% growth expected in 2009.

We are excited about the market response to our current projects, and believe that with our existing projects, our solid pipeline, our strong balance sheet and prudent financial oversight combined with our experienced management team, we have laid the foundation to capitalize on a growing stability and future strength in the western Chinese housing market.

I would like to take this opportunity to express our appreciation to our employees, directors and shareholders. Your contributions have helped established China Housing and Land as a leader in its market. We look forward to our opportunities in 2009 and beyond.

Sincerely,

Lu Pingji
Chairman