

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30th June, 2001.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 45 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30th June, 2001 are set out in the consolidated income statement on page 56.

An interim dividend of HK2 cents per share amounting to HK\$76,913,023 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK2 cents per share to the shareholders on the Register of Members on 15th November, 2001, amounting to HK\$77,115,664.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 6 to 9 of the annual report.

INVESTMENT PROPERTIES

During the year, the Group acquired and disposed of its investment properties of HK\$229,164,300 and HK\$86,239,649, respectively, transferred from properties under development and stocks of unsold properties of HK\$2,739,570,039 and HK\$540,369,799, respectively, to investment properties and revalued all its investment properties at the year end date. Net surplus on revaluation amounting to HK\$364,072,044 has been credited directly to the investment property revaluation reserve.

Details of these and other movements during the year in the investment properties of the Group are set out in note 16 to the financial statements.

HOTEL PROPERTY

During the year, the Group transferred from properties under development of HK\$1,132,935,401 to hotel property.

Details of this are set out in note 17 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 18 to the financial statements.

DIRECTORS' REPORT *(Continued)*

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2001 are set out on pages 222 to 238 of the annual report.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2001 are set out in notes 45 and 46 to the financial statements, respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 27 to the financial statements.

RESERVES

Details of movements during the year in the reserves of the Company and the Group are set out in note 28 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company redeemed its Luxembourg listed convertible bonds due in October 2000 with face value of US\$3,880,000 and February 2001 with face value of US\$194,700,000 at an aggregate payment of US\$3,880,000 and US\$214,170,000, respectively.

The Company also repurchased 1,500,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") at an aggregate consideration of HK\$4,868,553, all of these shares were subsequently cancelled. The nominal value of the cancelled shares of HK\$1,500,000 was credited to the capital redemption reserve and the aggregate consideration was paid out from the Company's retained profits. Details of the repurchase are as follows:

Month of the repurchase	Total number of the ordinary shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration HK\$
March 2001	1,500,000	3.30	3.10	4,868,553

The repurchase was made for the benefit of the shareholders as a whole as it enhances the net assets value and/or earnings per share of the Company.

Apart from the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year.

DIRECTORS' REPORT *(Continued)*

CONVERTIBLE BONDS

Details of the convertible bonds of the Company and the Group in issue and redeemed during the year are set out in note 31 to the financial statements.

TREASURY, GROUP BORROWINGS AND INTEREST CAPITALISED

The Group maintains a prudent approach in its treasury management with foreign exchange exposure being kept at minimal and interest rates on floating rate bases. Bank loans, overdrafts and other borrowings repayable within one year or on demand are classified as current liabilities. Repayment analysis of bank loans and other borrowings as at 30th June, 2001 are set out in note 29 to the financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$148,973,849.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Robert Ng Chee Siong
Mr. Ow Sing Kau (retired on 30th June, 2001)
Mr. Kent Lee Wing Kan
Mr. Albert Yeung Pak Hin
Mr. Raymond Tong Kwok Tung
Mr. Robert Lee Chi Hong
Mr. Benjamin Lam Yu Yee
Mr. Ambrose Cheung Wing Sum, JP (appointed on 1st November, 2000)

Independent Non-Executive Directors

Mr. Ronald Joseph Arculli, GBS, OBE, JP
Mr. Paul Cheng Ming Fun, JP

In accordance with the provisions of the Company's Articles of Association, Messrs. Robert Ng Chee Siong, Kent Lee Wing Kan and Paul Cheng Ming Fun, JP will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS IN SHARES AND DEBT SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30th June, 2001, the Directors and their associates held the following interests, which were beneficial unless otherwise stated, in shares and debt securities of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"):

(a) Interests in the Company

Name of Director	Personal interests	Number of ordinary shares held			Total interests
		Family interests	Corporate interests	Other interests	
Mr. Robert Ng Chee Siong	111,845	2,392,966	—	—	2,504,811
Mr. Ronald Joseph Arculli, GBS, OBE, JP	1,012,481	—	—	—	1,012,481
Mr. Paul Cheng Ming Fun, JP	58,364	—	—	—	58,364
Mr. Kent Lee Wing Kan	57,259	—	—	—	57,259
Mr. Albert Yeung Pak Hin	14,200	—	—	—	14,200
Mr. Raymond Tong Kwok Tung	—	—	—	—	—
Mr. Robert Lee Chi Hong	—	30,000	—	—	30,000
Mr. Benjamin Lam Yu Yee	—	—	—	—	—
Mr. Ambrose Cheung Wing Sum, JP	—	—	—	—	—

(b) Interests in associated corporations

(i) Holding Company

Tsim Sha Tsui Properties Limited ("TST Properties")

Name of Director	Personal interests	Number of ordinary shares held			Total interests
		Family interests	Corporate interests	Other interests	
Mr. Robert Ng Chee Siong	523,867	—	—	—	523,867
Mr. Ronald Joseph Arculli, GBS, OBE, JP	60,000	—	—	—	60,000
Mr. Paul Cheng Ming Fun, JP	—	—	—	—	—
Mr. Kent Lee Wing Kan	—	—	—	—	—
Mr. Albert Yeung Pak Hin	—	—	—	—	—
Mr. Raymond Tong Kwok Tung	—	—	—	—	—
Mr. Robert Lee Chi Hong	—	—	—	—	—
Mr. Benjamin Lam Yu Yee	—	—	—	—	—
Mr. Ambrose Cheung Wing Sum, JP	—	—	—	—	—

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS IN SHARES AND DEBT SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

(b) Interests in associated corporations *(Continued)*

(ii) Subsidiary

Mr. Robert Ng Chee Siong held non-beneficial interest in one share of HK\$1.00 in Sinoland Credit Limited.

(iii) Associated Companies

Mr. Robert Ng Chee Siong held corporate interests in 110 ordinary shares representing 55% of the issued shares of Erleigh Investment Limited, which in turn owned 100% of the issued shares of Murdoch Investments Inc.. Mr. Ng also held corporate interests in 8 ordinary shares representing 40% of the issued shares of Silver Link Investment Limited.

Save as disclosed herein, neither the Directors nor any of their associates had any beneficial or non-beneficial interests in shares or debt securities of the Company or its associated corporations as defined in the SDI Ordinance. Furthermore, none of the Directors or any of their spouses or children under the age of 18 were granted any rights or options to subscribe for shares or debt securities of the Company and its associated corporations.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESSES

Pursuant to paragraph 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), the Company discloses that during the year and up to the date of this report, Mr. Robert Ng Chee Siong, the Chairman of the Board, held interests and/or directorships in companies engaged in businesses of property investment and development in Hong Kong, and in hotel management in Singapore.

As the Board of Directors of the Company is independent of the boards of these companies and maintains two Independent Non-Executive Directors, the Group operates its businesses independently of, and at arm's length from, the businesses of these companies.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from the transactions disclosed under the heading "Related Party and Connected Transactions" as set out in note 44 to the financial statements, there were no other contracts of significance in relation to the Company's business, to which the Company, its holding company, its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

None of the Directors of the Company has a service contract with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

CONNECTED TRANSACTIONS

During the year, the Company announced that it had entered into the following connected transactions, particulars of which are disclosed herein in accordance with the requirements of the Listing Rules.

Acquisition and Disposal of Shares and Loans

On 5th June, 2001, the Company's wholly-owned subsidiaries, King Chance Development Limited and Sing-Ho Finance Company Limited entered into agreements, respectively, with Osborne Investments Ltd. ("Osborne") for the acquisition of 500,000 shares in Great Land (HK) Limited ("Great Land"), being 50% of the issued shares thereof, at a consideration of HK\$80,427,192 and with Cliveden Finance Company Limited ("Cliveden") for taking up the assignment of a loan of HK\$19,792,891 due by Great Land to Cliveden on a dollar for dollar basis.

On the same day, the Company and its wholly-owned subsidiary, Sino Land Treasury Limited ("SL-Treasury") entered into agreements, respectively, with General Investments (Far East) Corp. ("General Investments") for the sale of one share in Will Rise Limited ("Will Rise"), being 50% of the issued shares thereof, at a consideration of HK\$77,253,982 and with Seaview Finance Company Limited ("Seaview") for the assignment to Seaview of a loan of HK\$30,160,931 due by Will Rise to SL-Treasury on a dollar for dollar basis.

The acquisition and disposal of shares and loans were completed on 8th June, 2001 in accordance with their respective terms.

Osborne, Cliveden, General Investments and Seaview are all wholly-owned subsidiaries of Boswell Holdings Ltd. ("Boswell"), in which Mr. Robert Ng Chee Siong, being the Chairman and Executive Director of the Company, has a 50% interest. Boswell is an associate of Mr. Ng, and therefore, a connected party to the Company under the Listing Rules. As such, the above transactions constituted connected transactions for the Company.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

Acquisition and Disposal of Shares and Loans *(Continued)*

The acquisition of shares and loans in Great Land enables the Company to take full control of the entire commercial section of the Maritime Bay which became a 100% owned investment property of the Company. Consolidation of ownership and management increases economy of scale especially with the Company's management expertise in commercial properties. The disposal of shares and loans in Will Rise allows the Company to dispose of its interest in The Arcadia as it only comprises some remaining unsold units in the development and was no longer owned en bloc.

Further information as regards other transactions is disclosed under the heading "Related Party and Connected Transactions" in note 44 to the financial statements.

BIOGRAPHICAL DATA OF DIRECTORS

Details of the Directors are set out on pages 19 to 20 of the annual report.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2001, the following shareholders of the Company were interested in 10% or more of the issued share capital of the Company as recorded in the register kept under Section 16(1) of the SDI Ordinance:

Name of shareholder		Number of ordinary shares held	Notes
Mr. Ng Teng Fong	("Mr. Ng")	2,033,227,282	1
Tsim Sha Tsui Properties Limited	("TST Properties")	1,949,208,131	1
Mr. Chen Din Hwa	("Mr. Chen")	422,545,068	2
Xing Feng Investments Limited	("Xing Feng")	422,545,068	2
Nice Cheer Investment Limited	("Nice Cheer")	422,545,068	2

Notes:

1. Mr. Ng controlled more than one third of the voting rights of TST Properties and accordingly was deemed to have interests in the 1,949,208,131 shares held by TST Properties that formed part of the share interests of Mr. Ng as disclosed above.
2. Mr. Chen controlled more than one third of the voting rights of Xing Feng which in turn controlled more than one third of the voting rights of Nice Cheer. Accordingly, Mr. Chen was deemed to have interests in the shares held by Xing Feng and Nice Cheer. Hence, the share interests held by Mr. Chen, Xing Feng and Nice Cheer were duplicated.

Save as disclosed herein, no other person is recorded in the register as having an interest in 10% or more of the issued share capital of the Company as at 30th June, 2001.

DIRECTORS' REPORT *(Continued)*

DONATIONS

During the year, the Group made charitable donations amounting to HK\$155,000.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of sales and purchases attributable to the Group's five largest customers and suppliers, respectively, is less than 30% of the Group's total sales and purchases for the year and the Directors do not consider any one customer or supplier to be influential on the Group.

RETIREMENT BENEFITS SCHEME

The Group has wound up the defined benefits scheme registered under the Occupational Retirement Schemes Ordinance with effect from 1st December, 2000 and all members joined the Mandatory Provident Fund Scheme ("MPF") from 1st December, 2000.

The vested benefits of the members as at 30th November, 2000 have been transferred to the MPF Employer's Voluntary Contribution account of the qualifying members.

AUDIT COMMITTEE

Pursuant to the requirements of the Listing Rules, an Audit Committee comprising Messrs. Ronald Joseph Arculli, GBS, OBE, JP and Paul Cheng Ming Fun, JP, Independent Non-Executive Directors, was established on 23rd September, 1998. The Audit Committee reports to the Board and has held regular meetings since its establishment to review and recommend to improve the Group's financial reporting process and internal controls.

CODE OF BEST PRACTICE

The Company has complied throughout the year ended 30th June, 2001 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

The term of office for each Independent Non-Executive Director is the period up to his retirement by rotation and re-election at the Annual General Meeting in accordance with the Company's Articles of Association.

DIRECTORS' REPORT *(Continued)*

AUDITORS

A resolution will be submitted to the Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board
Robert NG Chee Siong
Chairman

Hong Kong, 25th September, 2001