

CHAIRMAN'S STATEMENT

I am pleased to present the 2004/2005 Annual Report to shareholders.

FINAL RESULTS

For the year ended 30th June, 2005, the Group's audited consolidated net profit attributable to shareholders increased significantly to a new record high of HK\$5,225.0 million, an increase of 270.8% compared with HK\$1,408.8 million in the previous financial year. The turnover of the Group was HK\$4,150.7 million. Earnings per share for the year amounted to 120.87 cents, compared with 35.32 cents in the previous financial year.

The Group has adopted in advance the new Hong Kong Accounting Standard 40 ("HKAS 40") on investment properties and the new HKAS – Interpretation 21 on Income Taxes – Recovery of Revalued Non-Depreciable Assets. Following the adoption of the new HKAS 40, all investment properties are stated at fair value and any changes in fair value of the Group's investment properties are recognised in the consolidated income statement. With the introduction of HKAS – Interpretation 21, deferred tax is provided on the basis that the carrying amounts of investment properties will be recovered through use and calculated at applicable profits tax rates.

DIVIDENDS

The Directors have resolved to recommend a final dividend of 11.5 cents per share in respect of the year ended 30th June, 2005 to shareholders whose names appear on the Register of Members of the Company on 17th November, 2005. Together with the interim dividend of 8.5 cents per share, the total dividend for the full year is 20 cents per share.

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the Annual General Meeting to be held on 17th November, 2005; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for scrip dividend on or about 21st November, 2005. It is expected that the final dividend warrants and share certificates will be despatched to shareholders on or about 15th December, 2005.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS ACTIVITIES

Acquired a total attributable gross floor area of 8.08 million square feet

(1) Land Bank

During the financial year ended 30th June, 2005, the Group acquired 10 plots of land for residential, office and retail developments. The addition of these new sites contributes in aggregate approximately 8.08 million square feet of attributable gross floor area to the Group. Details of these acquisitions are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. KCR Wu Kai Sha Station Development, New Territories STTL 530	Residential/ Retail	100%	1,847,641
2. Junction of Sheung Yuet Road and Wang Chiu Road, Kowloon Bay, Kowloon NKIL 6310	Office/Retail	100%	609,027
3. Fuk Wing Street/Fuk Wa Street, Sham Shui Po, Kowloon NKIL 6425	Residential/ Retail	100%	134,044
4. Ma Wo Tai Po, New Territories TPTL 179	Residential	100%	114,486
5. 256 Hennessy Road, Wan Chai, Hong Kong IL 2769	Office/Retail	100%	71,862
6. 305 Castle Peak Road, Kowloon NKIL 939	Residential/ Retail	100%	64,800
7. 464-474 Castle Peak Road, Sham Shui Po, Kowloon NKIL 1175-1177	Residential/ Retail	100%	58,037
8. 20-24 Staunton Street, Central	Residential/ Retail	100%	29,903

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS ACTIVITIES *(Continued)*

(1) Land Bank *(Continued)*

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
9. Kwu Tung, New Territories Lot 2596, DD92	Residential	100%	23,638
10. 2004G12 North of Zhangxiang Road, Zhangzhou, Fujian Province, PRC	Residential	100%	5,131,128
			<hr style="width: 100%; border: 0.5px solid black;"/> 8,084,566

The Group's land bank consists of a total attributable gross floor area of 27.85 million square feet

As at 30th June, 2005, the Group's land bank, including properties held for sale, properties under development and completed investment properties, amounted to a total gross floor area of approximately 27.85 million square feet comprising a balanced portfolio of properties of which 58% is residential; 25% commercial; 9% industrial; 6% car parks and 2% hotels. The Group will continue to replenish its land bank selectively to optimise its earnings potential.

(2) Project Completion & Development Activities

During the financial year ended 30th June, 2005, the Group completed the following developments with a total attributable gross floor area of approximately 1.89 million square feet:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. Residence Oasis TKOTL No. 24, 15 Pui Shing Road, Tseung Kwan O, New Territories	Residential	60%	895,470
2. Oceania Heights 2 Hoi Chu Road, Tuen Mun, New Territories	Residential/ Retail	100%	341,859

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS ACTIVITIES *(Continued)*

(2) Project Completion & Development Activities *(Continued)*

	<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
3.	The Cairnhill Route Twisk, TWTL 395, Area 40, Tsuen Wan, New Territories	Residential	25%	206,909
4.	The Royal Oaks 8 Kam Tsin South Road, Kam Tsin Lodge, Sheung Shui, New Territories	Residential	100%	166,840
5.	St Andrews Place 38 Kam Chui Road, Beas Stable, Sheung Shui, New Territories	Residential	100%	98,909
6.	Anglers' Bay 18A Castle Peak Road, Sham Tseng, New Territories	Residential	50%	88,668
7.	Caldecott Hill 2 Caldecott Road, Piper's Hill, Kowloon	Residential	33.3%	25,737
8.	Colonnades Court Hu Li Nan Bu & North of Hai Tian Lu, Xiamen Lot No. 89-C5, PRC	Residential/ Retail	100%	70,162
				<hr/> <u>1,894,554</u>

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS ACTIVITIES *(Continued)*

(2) Project Completion & Development Activities *(Continued)*

The Group expects to complete the following projects with an aggregate attributable gross floor area of approximately 0.94 million square feet in the next financial year:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. One SilverSea, Hoi Fai Road, West Kowloon	Residential/ Retail	100%	843,621
2. Mount Beacon Kowloon Tong, Kowloon	Residential	33.3%	100,391
			<hr/>
			944,012

(3) Sales Activities

The buoyant economy has provided a solid foundation for home-buyers. Rising employment, continuing GDP growth, strong consumer confidence, favourable mortgage terms and rising household formations, all contributed to the resurgence of confidence in the property market, resulting in robust growth. During the financial year ended 30th June, 2005, the Group achieved encouraging performance in property sales yielding higher profit margins.

Earnings from sales of projects completed during financial year ended 30th June, 2005 were mainly derived from the sale of residential units in seven new developments namely Residence Oasis, The Royal Oaks, Oceania Heights, The Cairnhill, Anglers' Bay, Caldecott Hill and Colonnades Court. Approximately 99.5% of the units in these projects have been sold.

Sales of previously completed projects were encouraging with favourable prices being achieved. During the financial year 2004/2005, the Group sold all the units in Imperial Villas and Ocean View, and a substantial number of residential units in Island Resort and Island Harbourview. Other developments of the Group, namely Parc Palais, a luxury residential project located in the prime location of King's Park, approximately 8.0% of its units were unsold and The Cliveden 1.9%.

Mount Beacon, a luxury residential project in which Sino Land has a 33.3% interest, was launched on the market in July 2005. The project was well received in the market and the first phase sales target was achieved within a month.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS ACTIVITIES

(Continued)

(3) Sales Activities *(Continued)*

The HKSAR Government has recently given its consent to the pre-sale of units in One SilverSea, a prime residential project located on the West Kowloon waterfront. Wholly-owned by Sino Land, this project is expected to be marketed within the financial year 2005/2006.

(4) Rental Activities

(a) Size and New Acquisitions

As at 30th June, 2005, the Group had approximately 9.3 million square feet of attributable gross floor area of completed investment properties. Of this portfolio, commercial developments account for 51%, industrial developments 23%, car parks 17%, hotels 7%; with the remaining 2% being residential.

Compared with 9.2 million square feet of the total gross floor area of completed investment properties attributable to the Group in the last financial year, the increase of approximately 0.1 million attributable square feet of rental properties was primarily due to the completion of the new Oceania Heights shopping mall project, and the acquisition of Rosedale Garden (shopping mall) and 20-24 Staunton Street in Central (residential and retail). Of the total gross floor area of these new rental properties, retail space accounts for 77% and residential for the remaining 23%.

(b) Asset Enhancement

Our asset enhancement programme, being carried out in the key properties, continues to bear fruit. The main thrust of the programme is customer satisfaction. Retail shopping malls have been upgraded and redesigned to be customer-friendly while at the same time providing our valued tenants and shoppers with higher visibility and circulation of customer traffic. The programme also involves a regular review of the terms of the HKSAR Government grants under which the Group's properties are held. Where appropriate, the opportunity will be taken to convert the property to a use yielding a higher level of return. Enhanced rental income is expected to result from these initiatives.

Modifications were granted during the financial year 2004/2005 permitting a change of use in respect of two rental properties. Futura Plaza, which was originally an industrial building, has been converted to use as an office building. Tuen Mun Town Plaza Phase I will soon have approximately 100,000 square feet more retail space. The Group will derive higher rental income as a result of these modifications.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS ACTIVITIES

(Continued)

(4) Rental Activities *(Continued)*

(b) Asset Enhancement (Continued)

Two floors in retail area of Tsim Sha Tsui Centre have been converted into office space which has already been taken up by new tenants. The layout of the south wing of the Hong Kong Pacific Centre has been redesigned so as to optimise the commercial value of the space and attract more prominent tenants.

(c) Rental Income

During the financial year 2004/2005, the retail sector recorded solid growth in rental rates mainly due to a combination of both macro fundamentals and micro factors. On the macro side, stronger consumer confidence, improved income and wealth as well as strengthening business environment resulted from increasing domestic and tourist consumption have set the backbone for positive growth. On the micro side, our marketing and promotional programme being rolled out on a regular basis has sustained shopper flow and enriched customers' shopping experience. Our three flagship retail malls Tuen Mun Town Plaza Phase I, Olympian City shopping malls, and China Hong Kong City continued to perform well.

The demand for office space has been on the uptrend with the number of overseas and local companies setting up their offices in Hong Kong reaching a new high in 2005. On the back of encouraging demand, the rental rates of most of our office buildings have firmed up in the first half of the financial year and have shown signs of an upward trend starting in the second half.

***Rental income of
HK\$1,226.9 million***

The gross rental revenue of the Group, including the attributable share of its associates, increased by 8.2% to HK\$1,226.9 million for the financial year ended 30th June, 2005 compared with HK\$1,133.4 million in the previous financial year with satisfactory overall occupancy and improved rental rates in general.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS ACTIVITIES

(Continued)

**Cash resources of
HK\$13,838.9 million**

(5) Finance

As at 30th June, 2005, the Group's gearing was 22.7%, expressed as a percentage of bank and other borrowings net of cash and bank balances over shareholders' equity. The increase in gearing compared with that as at 31st December, 2004 was mainly due to acquisition of land for development purpose and utilisation of credit facilities for existing development projects. Of the total borrowings, 6% was repayable within one year, 28% repayable between one and two years and 66% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$13,838.9 million, comprising cash on hand of approximately HK\$3,576.3 million together with committed undrawn facilities of approximately HK\$10,262.6 million. Total asset and shareholders' fund of the Group were HK\$51.2 billion and HK\$34.6 billion respectively.

In November 2004, the Company, through its wholly-owned subsidiary, Getsmart Finance Limited, issued HK\$2.5 billion 1.625% Guaranteed Convertible Bonds due 2009. The transaction received an overwhelming response from a wide spectrum of investors and, as a result, the 'Green Shoe' was exercised. Fund raised on this transaction was for general corporate purposes. The new Convertible Bonds are denominated in Hong Kong dollars.

There was no material change in foreign currency borrowings and the capital structure of the Group for the financial year ended 30th June, 2005. Foreign exchange exposure has been prudently kept at a minimal level. The Group's borrowings are subject to floating interest rates except for the Convertible Bonds due 2009.

(6) Future Developments

The principal focus of the Group lies in property development and investments, with its land bank being continuously and selectively replenished in order to optimise future earnings potential. As at 30th June, 2005, the Group had approximately 17.81 million attributable square feet of gross floor area of land bank currently being developed, of which over 86% is designated for residential projects, which will be developed over the next five to six years.

The Group re-affirms its commitment to building quality properties. In keeping with its mission to enhance customer satisfaction, the Group will wherever possible ensure that right design concepts and features, which are also environmentally friendly, are integral elements of its developments. Management continues to conduct regular reviews of its properties and where necessary makes improvements to maintain its reputation for the highest standards of quality and service.

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the financial year ended 30th June, 2004.

CHAIRMAN'S STATEMENT *(Continued)*

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Group places great significance on corporate integrity, business ethics and good governance while acknowledging its corporate responsibilities to society. It believes that the long-term interests of shareholders can best be optimised by conducting business in a socially responsible manner and by adopting, where possible, environmentally friendly practices in its daily operations and business development.

Sino Group title sponsored the Aquathoner 2005 at Hong Kong Gold Coast, Castle Peak Bay.



Over 300 Sino staff and their families participated in the Community Chest Walks for Millions.

(1) Community Care and Social Services

In furtherance of the Group's strong commitment to good corporate citizenship, the Community Care Committee was set up in the financial year 2003/2004 to promote environmental protection initiatives, organise social community services and charitable events.

As a committed and responsible corporate citizen, the Group has been working closely with different charitable and voluntary organizations to hold various community services for the needy. It has also participated in a number of charitable events.

CHAIRMAN'S STATEMENT *(Continued)*

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

(Continued)

(1) Community Care and Social Services *(Continued)*

It is the Group's belief that local arts and cultural activities are of utmost importance in fostering creativity, elevating the appreciation ability and improving the quality of life of the Hong Kong people. Our keen interest in supporting local arts and cultural activities can be seen by our action to sponsor various musicals and theatrical performances. 'Zheng He and the Emperor', 'Love in a Fallen City 2005', 'One of the Lucky Ones', 'The King and I' and 'Saturday Night Fever' were among the many programmes we supported.

The Group sponsored 'Love in a Fallen City'.



The Group and Sino Group of Hotels jointly organised workshops and internship programmes for CCC Kung Lee College students.



The Group has also taken part in sharing business knowledge and expertise with other social service organisations and educational bodies through workshops and internship programmes. Our aim is to offer our younger generation with strong interest in developing their career in the property or hotel field an opportunity to gain experience and broaden their horizons.



The Group, along with its subsidiary Sino Estates Management Ltd have been awarded the 2004-2005 Caring Company Logo.

Our efforts in community services have been well recognised. As a result, the Group, along with its subsidiary Sino Estates Management Limited ("SEML") has been awarded the 2004-2005 Caring Company Logo by the Hong Kong Council of Social Service. This is the second time for the Group to have won the award and the third for SEML.

CHAIRMAN'S STATEMENT *(Continued)*

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY *(Continued)*



The Group has collaborated with the World Wide Fund for Nature to conduct the 2nd census of Hong Kong's Chinese White Dolphins for conservation research.

(1) **Community Care and Social Services** *(Continued)*

On the environmental protection front, the Group has collaborated with organisations such as Green Power, Friends of the Earth and the World Wide Fund for Nature to arrange and support events and activities to arouse public awareness of and interest in protecting our nature; educate people ways of protecting our environment; and encourage the concept of green living.

The Committee will continue to roll out more activities for the staff and the community in the years to come.



The Group title sponsored 'Po Leung Kuk-Sino Group Charity Duck Race' to raise fund for Po Leung Kuk's children welfare services.



The Group sponsored staff members to take part in the 2005 Olympic Day Run organized by the Sports Federation & Olympic Committee of Hong Kong, China.

CHAIRMAN'S STATEMENT *(Continued)*

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

(Continued)

The volunteer team of SEML has launched a renovation project for various elderly centres. Visits to single elderly homes were also held.



Awarding of certificates under The Hong Kong Energy Efficiency Registration Scheme for Buildings.

(2) Property Management Services

During the financial year under review, the Group's wholly-owned property management arm, SEML received a number of awards from various organisations in recognition of its quality of service, management capability, contributions in community and charity services, and promotion of environmental protection.

SEML has long identified the importance of energy saving in the context of environmental protection and cost saving for the customers. For the last two years, considerable time and resources have gone into efforts to reduce the consumption of electricity and to ensure its more efficient use. As a result of these endeavours, SEML has been able to lower levels of electricity consumption in four main areas namely lighting, electrical appliances or equipment, air conditioning and lift and escalator. Over 50 properties managed by SEML have been granted certificates under The Hong Kong Energy Efficiency Registration Scheme for Buildings by the Electrical and Mechanical Services Department of the HKSAR Government.

SEML was also awarded the Wastewi\$e Logo for four projects and Gold Wastewi\$e Logo for another six projects from the Environmental Protection Department in the financial year 2004/2005 adding to the twelve previous awards received in the financial year 2003/2004. SEML also received a Certificate of Merit for Green SME of the 2004 Hong Kong Econ-Business Awards for a residential project called Serenity Park.

CHAIRMAN'S STATEMENT *(Continued)*

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

(Continued)

(2) Property Management Services *(Continued)*

As of 30th June, 2005, SEML won a number of prizes for its service standard and quality in the Quality Building Management Competition in many districts, namely Wan Chai District, Eastern District, Yau Tsim Mong District, Kowloon City District, Shatin District, Tuen Mun District, Tai Po District, Kwai Ching District and Yuen Long District organized by District Councils of the HKSAR Government. SEML will continue to improve its service in its relentless pursuit of better lifestyle for its customers.



SEML has been very supportive to the 'Fresh Water Plumbing Quality Maintenance Recognition Scheme' of the Water Supplies Department and more than 80 properties were presented the certificates.

In the pursuit of healthy living and a better quality of life, SEML has made strenuous efforts to keep high standard of hygiene. A number of projects under SEML's management have been awarded certificates under the Fresh Water Plumbing Quality Maintenance Recognition Scheme by Water Supplies Department of the HKSAR Government in addition to the sixty-four projects that were awarded the certificates previous financial year. Such projects include Island Resort, Sky Horizon, 38 Repulse Bay Road, Haddon Court, Hong Kong Gold Coast, Windsor Heights, Long Beach Gardens, Majestic Park, Sea Crest Terrace, Waterside Plaza, 148 Electric Road, Tsim Sha Tsui Centre, Empire Centre, Shatin Galleria, Marina House and Chai Wan Industrial City Phases I and II.

Eight projects including Island Resort, Pacific Palisades and Grand Dynasty View received the Certificate of Merit for Promoting Good Housekeeping by Occupational Safety and Health Council. In addition, eight projects including Grand Palisades, Windsor Heights, Shatin Galleria, Corporation Park and Leader Industrial Centre were awarded the Workplace Hygiene Charter by both Occupational Safety & Health Council and the Labour Department.

Best Result Cleaning Services Limited, a wholly-owned subsidiary of the Company specializing in cleaning, pest control, grease and water tank cleaning, can rightly be proud of the fact that twelve properties under their cleaning management won awards in several major cleaning competitions, namely 2004 Kwun Tong District Private Buildings Cleansing Competition, 2004 - 2005 North District Private Buildings Cleansing Competition and 2004 - 2005 Kowloon City District Private Buildings Cleansing Competition. It also won the champions in other cleaning competitions organized by Kowloon-Canton Railway Corporation and Mass Transit Railway Corporation.

Sino Security Services Limited, a wholly-owned subsidiary of the Company, has continued to donate its used-uniforms to the Salvation Army on a regular basis since 2004. The Youth Pre-employment Training Programme, first began in 2001, will continue as an on-going programme to assist young people who are interested in gaining more on-the-job training and experience.

CHAIRMAN'S STATEMENT *(Continued)*

EMPLOYEE PROGRAMMES

Human capital is one of the most important assets of the Group. As at 30th June 2005, the Group employed approximately 5,800 staff members. During the financial year 2004/2005, the Group held various internal and external training programmes for its employees designed, inter alia, to raise yet higher the standard of service, promote staff's awareness of the need to first understand the varying needs of their customers better to provide them with quality care and service. Language proficiency, professional knowledge, management know-how, corporate governance, productivity and efficiency are all areas that are addressed by various programmes and seminars.

Courses are organized to improve language skills; customer relations and customer service; information technology; self-enhancement initiatives and environmental conservation. Office administration, property management and project management as well as knowledge in relation to corporate governance are also high on the training agenda.

Our mission is to be recognised as the Group that consistently provides Hong Kong with the very best in products and service and, ultimately, to make the Group the 'Number One Choice for Customers, Investors and Employees'.

New courses will continually be developed to meet corporate and specific career planning needs. During the year, a number of new courses or seminars were introduced, comprising seminars on the new code of corporate governance, issues in relation to connected transactions and notifiable transactions and code for dealing in the company's securities by relevant employees to enable all the key and relevant staff to better understand the issues involved.

As the economic and social ties between the Mainland and Hong Kong strengthen, the Group continues its efforts in promoting the use of Putonghua amongst staff by providing courses for various levels on a regular basis. It is the Group's policy that all staff members, in particular those in front-line positions, must uphold meticulous standards in customer service.

The Group has always laid particular emphasis on promoting good teamwork as an essential element in the efficient and effective use of human resources, internal procedures and systems. Teamwork serves to focus individual achievement upon the objectives of the Group, which results in better quality of products and services. During the financial year 2004/2005, several workshops and seminars on team-building and leadership were organised in order to promote the spirit and skills of teamwork.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS

Hong Kong's GDP fared better than expected in the second quarter of the year, thanks to the resilient global economy and broad-based economic growth in Hong Kong. The steady rise in home prices has released many home-owners from negative equity, with numbers declining to a record low. There is a perceptible "feel good" factor in the economy, resulting from greater confidence in the stability of asset values. Levels of spending per household have continued to rise in line with the rise in income and real estate values thereby stimulating consumption. Mortgage rates continue favourable, as they are on a structure of Prime rate minus a credit spread. In the current healthy economic climate home-buyers remain optimistic that asset values will remain firm, and the affordability of home-owners is not expected to be affected to any significant degree by interest rates. The tourism and hospitality industry sectors have continued the upward momentum with numbers of long-haul visitors on the increase. Solid economic fundamentals and other positive factors have offset the impact of rising interest rates in Hong Kong.

The Close Economic Partnership Agreement between Hong Kong and PRC (CEPA) will afford a wide range of Hong Kong enterprises the opportunity of enjoying the benefits of complementary economic strengths between the two economies. The increased levels of mutual cooperation between Hong Kong and the PRC resulting from CEPA are now beginning to produce results, thereby further enhancing the competitiveness of Hong Kong corporations and generating a higher level of wealth in the economy.

Recent HKSAR Government land auctions have also had a positive effect on the property market in Hong Kong, sending a signal for a solid and continuous growth. As to the future, growth is sustainable, economic fundamentals remain intact and the economic outlook is promising, with the Group well positioned to benefit.

The Group will continue its policy of selectively and continuously replenishing its land bank to optimise earnings and of improving the quality of its products and services so as to enhance the lifestyle for its customers. The Group's acquisition of prime sites for its land bank will enable us to strengthen our earnings and profitability, and continue to deliver value to our shareholders. The Directors are indeed confident in the medium to long term prospects of the Group.

CHAIRMAN'S STATEMENT *(Continued)*

STAFF AND MANAGEMENT

Mr. Paul Cheng Ming Fun, who served the Board for more than 10 years resigned effective 31st May, 2005. His immense contribution during his directorship with the Company is greatly appreciated.

I would like to extend a warm welcome to Mr. Adrian David Li Man-kiu and Dr. Fu Yuning who joined the Board as Independent Non-executive Directors with effect from 28th April, 2005 and 8th June, 2005 respectively. Their knowledge, experience and international insight will certainly prove to be of great benefit to the Group. Further, with effect from 1st July, 2005, Mr. Ronald Joseph Arculli was re-designated as Non-executive Director of the Company.

I would also like to take this opportunity to welcome Mr. Thomas Tang Wing Yung and Mr. Daryl Ng Win Kong who were appointed as Executive Directors with effect from 1st April, 2005 and 28th April, 2005 respectively.

Sino Land has made significant strides in its business and was re-admitted as one of the Hang Seng Index Constituent Stocks effective 6th June, 2005. On behalf of the Board, I take this opportunity to express my sincere appreciation to all staff for their commitment, dedication and continuing support. I would also like to express my gratitude to my fellow Directors for their guidance and wise counsel.

Robert NG Chee Siong
Chairman

Hong Kong, 22nd September, 2005