

2001 began well with decreases in interest rates in the Hong Kong Special Administrative Region ("Hong Kong") and the U.S.A., but the economies in these areas were already commencing to decline, due to adverse factors. The extraordinary and tragic events which happened in the U.S.A. on 11th September, however, had a negative effect on the situation and stimulated the decline in the global economy. Accordingly, the Group's performance in 2001, particularly during the second half, was disappointing.

FINANCIAL RESULTS

For the year ended 31st December, 2001, the loss attributable to shareholders was approximately HK\$178.9 million, compared to a loss of approximately HK\$396.1 million for 2000. The loss was mainly due to further impairment losses and revaluation deficits arising from a revaluation of the Group's Hong Kong properties. However, the impairment losses and revaluation deficits relating to properties charged to the income statement, which are non-cash in nature, have reduced to HK\$332.5 million from the HK\$393.0 million in the preceding year. The increase in shareholding during the year in Sun Hung Kai & Co. Limited ("Sun Hung Kai") has helped to alleviate the impact to the loss attributable to shareholders.

If the impairment losses and revaluation deficits of HK\$332.5 million had not arisen in 2001, the Group's results for the year would have been a profit attributable to shareholders of HK\$153.6 million.

The Company completed a successful rights issue for approximately HK\$363 million in June 2001.

DIVIDEND

The Directors do not recommend the payment of a final dividend (2000: Nil) and accordingly, there will be no closure of the Register of Members of the Company.

It should be noted however that the Group took advantage of the relatively low share prices of Sun Hung Kai compared to the net asset value and increased the shareholding in Sun Hung Kai during the year from 47.31% to 52.29%. It is further noted that the Company made a bonus issue of warrants in September 2001.

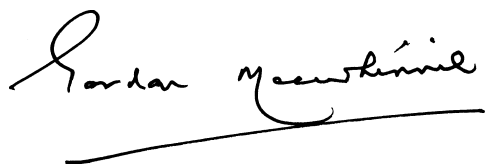
The Annual General Meeting will be held on 3rd June, 2002.

FUTURE PROSPECTS

The Review of Operations by the Chief Executive which follows this statement covers the Group's outlook for the future.

APPRECIATION

I would like to thank my fellow Directors and the staff for their diligence, dedication and support in the past year.



Sir Gordon Macwhinnie

Chairman

Hong Kong, 11th April, 2002