RESULTS

For the year ended 31 March 2002, Group profit attributable to Shareholders amounted to HK$86.3 million. Earnings per share were 4.2 cents. Turnover during the year amounted to HK$3,330.2 million.

An interim dividend of 2.0 cents per share was paid by the Company in January 2002 in respect of the year ended 31 March 2002. Your Directors have recommended the payment of a final dividend of 5.0 cents per share, subject to the Shareholders' approval at the forthcoming Annual General Meeting. The total dividend distribution for the year will be 7.0 cents per share.

The Group's investment properties were revalued as at 31 March 2002 and the Group's investments in securities were also stated at fair value. The consolidated net asset value per share of the Company as at 31 March 2002 was HK$5.55 compared to HK$5.93 for the preceding year.

BUSINESS REVIEW & PROSPECTS

For the most part of the financial year under review, the operating environment was fairly difficult due mainly to the global economic downturn. However, the impressive US GDP growth announced for first quarter this year as well as improving Hong Kong exports in the recent one to two months prompted the general market expectation of a sizeable recovery in the second half of 2002. Latest moves adopted by several leading financial institutions in revising upwards their respective 2002 Hong Kong GDP projections have also added further credibility to such an expectation.

PROPERTY ACTIVITIES

Company's own interests

In November 2001, Sorrento Phase I, a joint-venture project above the MTR's Kowloon Station comprising 1,272 units in three towers, was launched with an initial target to sell 600 units. The excellent response exceeded all expectations and total sales reached 926 units or 73 per cent of total Phase I units. Sales proceeds generated during the financial year under review amounted to HK$4.2 billion.

Sorrento is equally owned by a five-member consortium comprising the Group, Wheelock, Realty Development, Wharf and Harbour Centre Development. The total area for the entire development with 2,126 units under two phases is 2.5 million square feet. Completion of Phase II, two towers consisting of 854 units, is expected by early 2004. The soft-launch or pre-sale may start as early as the fourth quarter of 2002.

Bellagio, the Sham Tseng site on the western shore of the New Territories, is a joint-venture development equally owned by the Group, Wheelock and Wharf. With 2.8 million square feet in GFA, it is being developed into 3,354 units in eight towers under four phases.

Bellagio directly faces the beautiful Tsing Ma bridge – the world's longest double-deck suspension bridge – and has a waterfront location. Ideally located, it takes only 15 minutes to get to Central, 20 minutes to the Hong Kong International Airport, and 20 minutes to the Hong Kong-China border. Construction work for all four phases is progressing according to schedule. Completion of Phase I, covering 840 units in two towers, is scheduled for late 2002 and the pre-sale launch is planned for the second half of 2002.

Realty Development Corporation group

During the year under review, the group continued its sales of various property projects, including mainly The Primrose, The Astrid, Forest Hill and My Loft.

The pre-sale for Palm Cove commenced in March 2002. The amount of interests gathered throughout Easter Holidays was extremely encouraging. Out of the total 260 units, 155 units or 60 per cent have already been sold. This residential development located along Castle Peak Road has a total GFA of 243,600 square feet and completion is expected by mid-2003.

The King's Park development is owned by a five-member consortium comprising the group, New World Development, Sino Land, Chinese Estates and Manhattan Garments. This residential site located in Homantin is being developed into eight towers consisting of 700 units with a total GFA of 904,200 square feet. Demolition works have completed and foundation works are now in progress. Pre-sale is now targeted to take place during the fourth quarter of 2002.

Marco Polo Developments group

The physical hand-over of units to purchasers marked the successful completion of the Ardmore Park project. The Certificate of Statutory Completion was obtained in October 2001. Stage billings representing 93 per cent of the total sales price of total units sold had been billed and fully collected as of the end of the financial year under review. Another 5 per cent of the sales proceeds held by stakeholders had been substantially received by the group in May 2002. Legal completion for this project is expected to be in the second half of 2002 when the balance 2 per cent stage billings will be billed.

The former Marco Polo Hotel site is being redeveloped into a freehold, luxury high-rise condominium complex with 488,200 square feet in GFA, known as "Grange Residences". Main construction work is now in progress and scheduled to be substantially completed by second half of 2003. The exact timing of the launch date will be announced in due course.

Ardmore View is currently leased out at an average occupancy of 90 per cent. This residential redevelopment with a total GFA of 92,200 square feet will proceed when market conditions improve.

Wheelock Place had achieved an average occupancy of 94 per cent at satisfactory rental during the financial year under review.

OUTLOOK

Hong Kong is exceptionally strong in the service industry which now contributes 86 per cent of Hong Kong's GDP. Yet, this sector accounts for only 33 per cent of GDP in China, and we see that as an opportunity. We believe Hong Kong is in the right place, at the right time, with the right neighbour. China's WTO membership is a new milestone for Hong Kong, presenting unprecedented positive opportunities and challenges. With its sizeable landbank, mainly represented by its 33 per cent interest in Bellagio, 35 per cent effective interest in Sorrento and 15 per cent effective interest in the King's Park development, the Group is well-placed to take advantage of the gradual recovery of the economy.

In Singapore, the lifting of some of the anti-speculative measures by the Authorities and the deferment of the 10 per cent deposits have triggered some activities in the residential property market. However, any significant price increase is still unlikely to happen in the near term. On the investment property side, the current weak office and retail rental markets would probably prevail with the exception of the Orchard Road area due to limited supply in this micro-market.

Gonzaga W. J. Li
Chairman

Hong Kong, 10 June 2002