

CHAIRMAN'S STATEMENT

I am pleased to present the 2001/2002 Annual Report to shareholders.

FINAL RESULTS The Group's audited consolidated turnover and net loss attributable to shareholders for the year ended 30th June, 2002 was HK\$2,765 million and HK\$34 million respectively. Loss per share for the year was 2.49 cents.

DIVIDENDS In light of the final results, your Directors have resolved not to recommend a final dividend in respect of the year ended 30th June, 2002.

REVIEW OF OPERATIONS The operations under Sino Land represent a substantial portion of the operations of the Group. Therefore, for discussion purposes, we have focused our discussion of the operations of the Group on Sino Land.

Land Bank

As at 30th June, 2002, the Company's listed subsidiary, Sino Land, had a total of approximately 17 million square feet of attributable gross floor area, an increase of 2 million square feet as compared to the previous year. The land bank comprises a spectrum of properties: 39% residential; 34% commercial; 14% industrial; 9% car parks; and 4% hotels. During the financial year, Sino Land acquired seven plots of land for residential and commercial developments as well as a 19% interest in a commercial project based in Shanghai named Raffles City Shanghai. These sites bring in a total of 2.6 million square feet of attributable gross floor area to Sino Land's land bank.

In July 2002, Sino Land won a joint venture contract from Urban Renewal Authority for the redevelopment of the Tsuen Wan Town Centre site. It is expected that about 1,900 residential flats with a total gross floor area of approximately 1.2 million square feet and 245,419 square feet of retail space will be built. Together with this newly acquired site and up to September 2002, Sino Land's land bank increased to a total of approximately 18.4 million square feet.

During the year, Sino Land completed three developments: Central Park, a residential project, Olympian City 2, a 511,287 square feet retail mall, and Futura Plaza, an industrial building with a total attributable gross floor area of approximately 0.9 million square feet. Sino Land expects to complete four residential developments namely Grand Regentville, Horizon Place, Sky Horizon and St Andrews Place with an aggregate attributable gross floor area of approximately 1 million square feet in the next financial year.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

Property Sales

During the year, sales revenue was mainly generated from the sale of Central Park, Park Avenue and Island Resort. Apart from these residential development projects, Sino Land also sold commercial and residential investment properties, namely Energy Plaza, Olympian Tower, The Hacienda and all retail shops in Sino Centre. To capitalise on the steady recovery of market sentiment supported by historical low mortgage rates, positive banking environment and an increase in quotas of soft loans provided by the SAR Government, Grand Regentville in Fanling, Horizon Place in Kwai Chung, Sky Horizon in North Point and Ocean View in Ma On Shan due for completion between 2002 and 2003, was placed on the market. Public response to these projects was favourable as the majority of units were sold within a short period of time.

Leasing Operation

As at 30th June, 2002, Sino Land's completed investment portfolio increased to approximately 8.1 million square feet from the previous 7.7 million square feet, representing a net increase of approximately 0.4 million square feet mainly attributable to the addition of Olympian City 2, Futura Plaza and Sunley Centre. This is reflected in the composition of the investment portfolio: 48% commercial; 24% industrial; 17% car parks; 8% hotels; and 3% residential, which accounted for approximately 48% of Sino Land's total land bank. Total gross rental revenue of Sino Land, including the attributable share of its associates, was HK\$1,106 million.

Finance

As at 30th June, 2002, Sino Land, including the attributable shares of its associates, had cash resources of approximately HK\$6,858 million, consisting of cash in hand of approximately HK\$3,463 million and undrawn facilities of approximately HK\$3,395 million.

In May 2002, Sino Land, through its wholly-owned subsidiary Golden Million Finance Corporation issued HK\$1,500,000,000 3.75% Guaranteed Convertible Notes due 2007. The funds are used for general corporate and working capital purposes. As the convertible notes are based in Hong Kong dollars, the financing will not pose any additional foreign exchange risk to the Group.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

Finance *(Continued)*

With the exception of the redemption of Convertible Bonds in April 2002 which the United States dollars liability reduced by US\$155,385,000, there was no material change in foreign currency borrowings and the capital structure of Sino Land for the financial year ended 30th June, 2002. Foreign exchange exposure is kept at a minimal level. Most of Sino Land's borrowings are subject to floating interest rates except for certain project loans and convertible notes.

As at 30th June, 2002, Sino Land did not record any material exceptional changes in contingent liabilities since the previous financial year ended 30th June, 2001.

Future Developments

Property development and investments are the foremost business focus of Sino Land with the land bank being continuously and selectively replenished to optimise earning prospects. During the financial year and up to September 2002, new sites with a total attributable gross floor area of about 4 million square feet were acquired. Sino Land is committed to building quality properties with value-added product features and services. Environmentally friendly concepts and features will also be incorporated in building design, project management, estate management and office administration.

Other than the above mentioned, there was no material change from the information published in the report and accounts for the financial year ended 30th June, 2001.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Group values the importance of corporate integrity, ethics and governance as well as its responsibility in society while appreciating that long-term shareholders' value is best optimised by behaving and performing in a socially responsible manner as well as under a sustainable environment. Professional practices that are in compliance with environmental conservation principles are implemented in property development, project management, property management as well as office administration.

CHAIRMAN'S STATEMENT *(Continued)*

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

(Continued)

During the financial year, Sino Land organised and sponsored a series of community services; activities and campaigns to promote environmental conservation in achieving a better quality of life and health. To further reiterate this philosophy, 'Tree Planting for Clean Air 2002' was organised in April as part of community services. In addition, Sino Land also encourages staff to participate in voluntary social services to help and care for the elderly and less fortunate.

A 'Green Committee' has been set up within Sino Land to formulate internal policies, organise activities and training for staff to pursue environmental protection. Sino Land was involved in and initiated a wide range of activities to support environmental sustainability.

In January 2002, Sino Estates Management Limited, a wholly-owned subsidiary of Sino Land, was granted the Gold Award under the category of Green Property Management (Private Housing) and a Certificate of Merit under the category of Green Office in the 2001 Eco-Business Awards.

EMPLOYEE PROGRAMMES

During the financial year, Sino Land organised various internal and external training programmes for over 2,670 employees to maintain their service standards, strengthen their professional knowledge and enhance their productivity. A variety of subjects were covered although more emphasis was placed on customer service and proficiency in Mandarin by all front-line staff. Other courses in relation to information technology, self-enhancement initiatives, and environmental protection knowledge were also provided. New courses will be continuously developed to meet specific career planning needs and corporate strategies.

Sino Land runs a programme to recognise employees of outstanding performance and with significant contributions where ultimately, training is provided to prepare them as future leaders while developing their skills as role models to fellow colleagues. During the year, 15 employees received the Outstanding Employees Award.

PROSPECTS

The economic slowdown and political events in the United States have prompted a downturn and period of recession in some of the export-reliant economies in the region. However, it is anticipated that the adverse impact of world economic fluctuations on Hong Kong can be mitigated by China's continuing domestic economic growth, surging investment opportunities, developing of the financial market and their rising bilateral flow of capital and trade. These will also be the fundamental driving forces behind economic transformation and recovery in Hong Kong.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS

(Continued)

We welcome the SAR Government's housing policy announced in June 2002 which aims at developing a more market-oriented approach in attaining an equilibrium between supply of and demand for housing. It is not only a positive catalyst for the healthy growth of the property industry but also conducive to economic recovery. The SAR Government further announced the new institutional framework for public housing whereby organisations in relation to land and housing have been placed under one section and one Principal Official. This will be more efficient in terms of decision-making, implementation of policy, the enforcement of best practices as well as facilitating a more integrated and comprehensive approach towards land use, allocation of resources and housing supply. This reflects the SAR Government's determination to ensure the operation of a free private sector residential property market. Coupled with a series of financial and tax incentives and favourable mortgage market, the industry is heading for a sustainable and healthy recovery.

During the financial year, Sino Land has replenished its land bank with an additional 2.6 million square feet of attributable gross floor area at fair prices. This new addition will provide stable earning prospects in the next few years. The Directors are confident of the prospects of the Group in the medium to long term.

STAFF AND MANAGEMENT

Mr. Kent Lee Wing Kan, who served on the Board for more than 17 years has retired as Executive Director with effect from 1st May, 2002. I would like to express my appreciation for his immense contributions during his directorship with the Company, and wish him a happy retirement.

On behalf of the Board, I would like to take this opportunity to express my appreciation and thanks to all staff for their commitment and contribution. I would also like to express my gratitude to my fellow directors for their support.

Robert NG Chee Siong
Chairman

Hong Kong, 24th September, 2002