

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30th June, 2002.

PRINCIPAL ACTIVITIES The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 46 to the financial statements.

RESULTS The results of the Group for the year ended 30th June, 2002 are set out in the consolidated income statement on page 27.

The Directors do not recommend the payment of a dividend for the year.

INVESTMENT PROPERTIES During the year, the Group acquired and disposed of its investment properties of HK\$148,224,049 and HK\$709,827,528, respectively, transferred from properties under development of HK\$493,574,677 and revalued all its investment properties at the year end date. Net deficit on revaluation amounting to HK\$1,390,214,183 has been charged 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 15 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT Details of movements during the year in the property, plant and equipment of the Company and the Group are set out in note 17 to the financial statements.

MAJOR PROPERTIES Details of the major properties of the Group at 30th June, 2002 are set out on pages 202 to 218.

SUBSIDIARIES AND ASSOCIATES Details of the Company's principal subsidiaries and associates at 30th June, 2002 are set out in notes 46 and 47 to the financial statements, respectively. The share of results of associates has decreased due to the decrease in profits of the associates which is a result of a slowdown in property market.

SHARE CAPITAL Details of movements during the year in the share capital of the Company are set out in note 30 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 31 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the year.

CONVERTIBLE BONDS/NOTES Details of the convertible bonds/notes of the Group in issue and redeemed during the year are set out in note 29 to the financial statements.

DIRECTORS' REPORT *(Continued)*

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. Of the total borrowings, 21% was repayable within one year, 45% repayable between one and two years and 34% repayable between two and five years. As at 30th June, 2002, the Group's total asset value amounted to HK\$41.7 billion. The gearing of the Group as at 30th June, 2002 was 33% calculated as total borrowings to total assets. Repayment analysis of bank loans and other borrowings as at 30th June, 2002 are set out in note 27 to the financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$41,539,007.

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. Raymond Tong Kwok Tung
Mr. Kent Lee Wing Kan (retired on 1st May, 2002)

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, Mr. Ronald Joseph Arculli, GBS, OBE, JP will retire at the forthcoming Annual General Meeting and, being eligible, will offer himself for re-election.

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

As at 30th June, 2002, 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	Number of ordinary shares held				Total interests
	Personal interests	Family interests	Corporate interests	Other interests	
Mr. Robert Ng Chee Siong	524,720	—	—	—	524,720
Mr. Ronald Joseph Arculli, GBS, OBE, JP	60,000	—	—	—	60,000
Mr. Paul Cheng Ming Fun, JP	—	—	—	—	—
Mr. Raymond Tong Kwok Tung	—	—	—	—	—

DIRECTORS' REPORT (Continued)

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

(Continued)

(b) Interests in associated corporations

(i) Subsidiaries

Sino Land Company Limited

Name of Director	Number of ordinary shares held				Total interests
	Personal interests	Family interests	Corporate interests	Other interests	
Mr. Robert Ng Chee Siong	113,401	2,426,267	—	—	2,539,668
Mr. Ronald Joseph Arculli, GBS, OBE, JP	1,026,570	—	—	—	1,026,570
Mr. Paul Cheng Ming Fun, JP	59,176	—	—	—	59,176
Mr. Raymond Tong Kwok Tung	—	—	—	—	—

Mr. Robert Ng Chee Siong held non-beneficial interest in one share of HK\$1 in Sinoland Credit Limited.

(ii) Associates

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 or any of its 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 of Hong Kong Limited ("Listing Rules"), the Company discloses that during the year and up to 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.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTEREST IN COMPETING BUSINESSES *(Continued)*

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' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from the transactions disclosed under the heading "Related Party and Connected Transactions" as set out in note 45 to the financial statements, there were no other contracts of significance in relation to the Company's business, to which the Company or any of its 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 of Shares and Loans

- (i) On 15th November, 2001, Sino Land (Shanghai) Company Limited ("SL-Shanghai"), a wholly-owned subsidiary of the Company's listed subsidiary, Sino Land Company Limited ("Sino Land"), entered into agreements with Shanghai Square Pte Ltd ("Shanghai Square") for the acquisition by SL-Shanghai, or by its nominee, of 200,000 ordinary shares in Hua Qing Holdings Pte Ltd ("Hua Qing"), being 20% of the issued ordinary shares thereof at a consideration of S\$200,000 (or HK\$0.9 million) and for taking up by SL-Shanghai, or by its nominee, the assignment of the shareholder's loans of S\$0.06 million (or HK\$0.3 million) and US\$29.4 million (or HK\$228.4 million) (together with accrued interest thereon) due from Hua Qing to Shanghai Square at a consideration of US\$20.9 million (or HK\$162.5 million).

The acquisitions of shares and loans were completed on 18th December, 2001 in accordance with the respective terms of the agreements by Vasilon Pte Ltd., a wholly-owned subsidiary of Sino Land, as the purchaser in place of SL-Shanghai.

**CONNECTED
TRANSACTIONS**
(Continued)

Acquisition of Shares and Loans *(Continued)*

(i) *(Continued)*

Shanghai Square is a wholly-owned subsidiary of Orchard Parade Holdings Limited ("Orchard Parade"). Mr. Ng Teng Fong is a common substantial shareholder of the Company and Orchard Parade and is therefore a connected party to the Company under the Listing Rules. As such, the above transactions constituted connected transactions for the Company.

The acquisitions of shares and loans in Hua Qing enable Sino Land to hold a 19% effective interest in Raffles City project in Shanghai, thus allowing Sino Land to have an immediate and quality investment in a major and rapidly developing city in The People's Republic of China (the "PRC") and enhancing Sino Land's portfolio of development properties in the PRC. Sino Land also benefits from partnering shareholders with reputable entities. In addition, the aggregate consideration of the acquisition of shares and loans is at a discount to the market value of the Raffles City project and to the book value of Hua Qing.

- (ii) On 25th June, 2002, Sino Land's wholly-owned subsidiaries, King Chance Development Limited ("King Chance") and Sing-Ho Finance Company Limited ("Sing-Ho Finance") entered into an agreement with Millwood Limited ("Millwood") and Cliveden Finance Company Limited ("Cliveden Finance") whereby: (a) King Chance agreed to acquire 100,000 shares of Mass Fame Investment Limited ("Mass Fame"), being 100% of the issued shares thereof, from Millwood at a consideration of HK\$1; and (b) Sing-Ho Finance agreed to take up the assignment from Cliveden Finance of a loan of HK\$98,815,848 due by Mass Fame to Cliveden Finance at a consideration of HK\$96,558,776. Mass Fame indirectly held 100% interest in an industrial building, Sunley Centre.

The acquisitions of shares and loans were completed on 25th June, 2002 in accordance with their respective terms.

Millwood and Cliveden Finance are both indirect wholly-owned subsidiaries of Boswell Holdings Limited ("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.

**CONNECTED
TRANSACTIONS**
(Continued)

Acquisition of Shares and Loans *(Continued)*

(ii) *(Continued)*

The acquisitions of shares and loans enable Sino Land to hold Sunley Centre, thus increasing and enhancing its industrial property portfolio, and also provide an opportunity for Sino Land to maximise the value of the property. Sino Land also benefits from economy of scale with the leasing and management expertise in industrial properties.

Disposal of Shares and Loans

- (i) On 25th June, 2002, Sino Land and Sing-Ho Finance entered into an agreement with Gornik Securities Limited (“Gornik”) and Seaview Finance Company Limited (“Seaview Finance”) whereby: (a) Sino Land agreed to sell 2 shares in Maba Trading S.A. (“Maba”), being 100% of the issued shares thereof, to Gornik at a consideration of HK\$32,610,693; (b) Sing-Ho Finance agreed to assign to Seaview Finance a loan of HK\$9,521,342 due by Prestige Development Limited to Sing-Ho Finance on a dollar for dollar basis; and (c) Sing-Ho Finance agreed to assign to Seaview Finance a loan of HK\$8,878,650 due by Pariv Limited to Sing-Ho Finance on a dollar for dollar basis. Maba indirectly holds a 50% interest in the carparking spaces and a few unsold residential units of Miami Beach Towers Phase I and carparking spaces of Miami Beach Towers Phase II.
- (ii) On the same day, King Chance and Sing-Ho Finance entered into an agreement with Osborne Investments Ltd. (“Osborne”) and Seaview Finance whereby: (a) King Chance agreed to sell 500,000 shares in Lead Talent Investment Limited (“Lead Talent”), being 50% of the issued shares thereof, to Osborne at a consideration of HK\$7,120,032; and (b) Sing-Ho Finance agreed to assign to Seaview Finance a loan of HK\$13,740,449 due by Lead Talent to Sing-Ho Finance on a dollar for dollar basis. Lead Talent holds certain carparking spaces of Villa Oceania.
- (iii) On the same day, King Chance and Sing-Ho Finance entered into an agreement with Osborne and Seaview Finance whereby: (a) King Chance agreed to sell 60,000 shares in Allways Success Development Limited (“Allways Success”), being 60% of the issued shares thereof, to Osborne at a consideration of HK\$12,790,484; and (b) Sing-Ho Finance agreed to assign to Seaview Finance a loan of HK\$5,108,686 due by Allways Success to Sing-Ho Finance on a dollar for dollar basis. Allways Success holds the interest in certain carparking spaces of Serenity Park Phase I.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

The disposals of shares and loans were all completed on 25th June, 2002 in accordance with their respective terms.

Gornik, Seaview Finance and Osborne are all indirect wholly-owned subsidiaries of 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.

The disposals of shares and loans allow Sino Land, to dispose of the interest in the carparking spaces of Miami Beach Towers Phase I and Phase II, Villa Oceania, and Serenity Park Phase I, as Sino Land does not have controlling interest in these properties.

Further information as regards other transactions is disclosed under the heading "Related Party and Connected Transactions" in note 45 to the financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2002, the following shareholder of the Company was 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
Mr. Ng Teng Fong	981,026,085

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, 2002.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$764,000.

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.

DIRECTORS' REPORT *(Continued)*

RETIREMENT BENEFITS SCHEME

The Group participates in a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee.

The retirement benefits cost charged to income statement represents contribution payable to the scheme by the Group at rates specified in the rules of the scheme.

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, 2002 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.

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, 24th September, 2002