

Chairman's Statement



Dr. Lee Shau Kee, Chairman and Managing Director

“ I am pleased to present to the Shareholders my report on the operations of the Group ”

Profit and Turnover

The Group's consolidated net profit after taxation and minority interests for the year ended 30th June, 2002 amounted to HK\$2,153 million, representing a decrease of 51% from that reported in the previous financial year, as the total gross floor area of, as well as the profit from, the development projects completed during the financial year under review were less than those of the previous financial year. The turnover of your Group also showed a decrease of 32% from that of the previous financial year and amounted to HK\$6,230 million.

Dividends

Your Board recommends the payment of a final dividend of HK\$0.45 per share to shareholders whose names appear on the Register of Members of the Company on 18th December, 2002. The total distribution per share of HK\$0.80 for the full year, including the interim dividend of HK\$0.35 per share already paid, represents a decrease of 27% from the total distribution in the previous year. Warrants for the final dividend will be sent to shareholders on or before 20th December, 2002.

Business Review

PROPERTY MARKET

The local property market witnessed a slowdown following the 9-11 incident in the United States, under an environment of high unemployment and sustained deflation in Hong Kong. On the whole, property prices showed a slight decline as compared with the price levels recorded in the previous financial year.

During the past financial year, the Group made good efforts to promote the pre-sale of its major new developments. These resulted in satisfactory sales recorded in respect of the Group's projects which included the Metro Harbour View, Park Central and Phase 2 of Sereno Verde. Residential properties that were sold by the Group summed up to around 5,800 units and amounted to approximately HK\$12.8 billion. Amongst these, approximately 2,300 units which amounted to HK\$5.2 billion in total sales proceeds were attributable to the Group.

Chairman's Statement (cont'd)

COMPLETION OF DEVELOPMENTS

During the financial year under review, the Group completed several developments which amounted to 0.58 million sq.ft. in total attributable area. These included Sereno Verde (Phase 1 and part of Phase 2) at Tai Tong Road, Yuen Long with attributable gross floor area of approximately 260,000 sq.ft., Seaview Crescent at Tung Chung with attributable gross floor area of approximately 240,000 sq.ft., 9 Durham Road with attributable gross floor area of approximately 20,000 sq.ft., Supernova Stand at Mercury Street with attributable gross

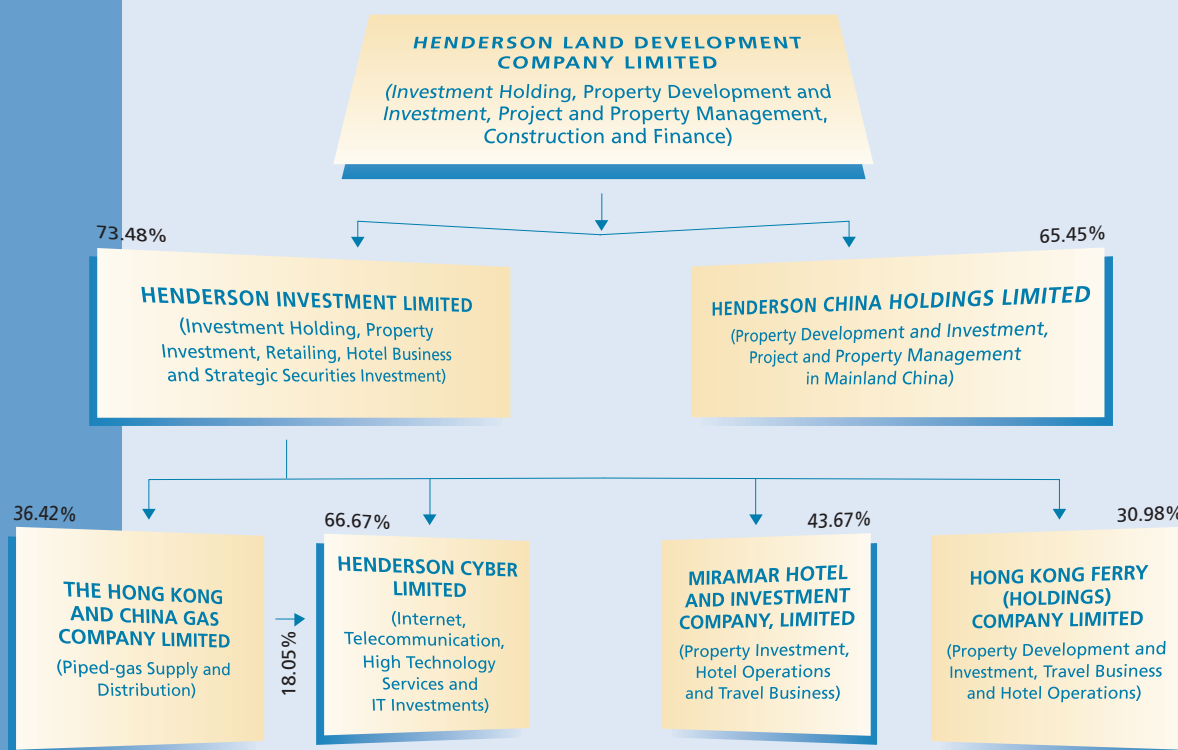
floor area of approximately 20,000 sq.ft., Wealth House at Castle Peak Road with attributable gross floor area of approximately 20,000 sq.ft., Opulence Height at Castle Peak Road, Yuen Long with attributable gross floor area of approximately 10,000 sq.ft. and Excellent Court at Cheong Lok Street with attributable gross floor area of approximately 10,000 sq.ft. In addition, the Group's joint venture development in respect of Lexi New City Phase VIII and Phase IX located in Panyu in the Guangdong Province totalling 0.53 million sq.ft. were also completed.

HENDERSON LAND GROUP STRUCTURE

Market Capitalisation as at 3rd October, 2002

Henderson Land Development Company Limited : HK\$39Bn.

Seven Listed Companies of Group : HK\$124Bn.



(All percentage shareholdings shown above were figures as of 3rd October, 2002)

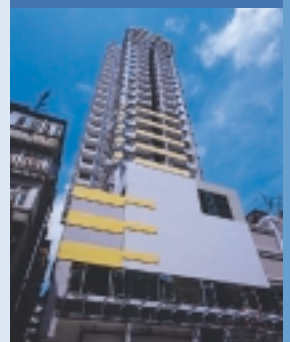
Chairman's Statement (cont'd)

DEVELOPMENTS UNDER SALE & PRE-SALE

Location	Site Area (sq.ft.)	Gross Floor Area (sq.ft.)	Purpose	Group's Interest (%)	Development Progress	Completion Date or Expected Completion Date
HONG KONG						
1 8 Hung Lai Road (Royal Peninsula)	162,246	1,478,552	Residential	50.00	Completed	December 2000
2 1-98 King's Park Hill Road (King's Park Hill)	168,392	241,113	Residential	62.04	Completed	January 2000
3 108 Castle Peak Road (Wealth House)	2,129	16,142	Commercial/Residential	100.00	Completed	February 2002
4 28 Lo Fai Road, Tai Po (Casa Marina I)	283,200	226,561	Residential	100.00	Completed	March 1999
5 1 Lo Ping Road, Tai Po (Casa Marina II)	228,154	182,545	Residential	100.00	Completed	May 2000
6 Tung Chung Town Lot No. 1 (Tung Chung Crescent – Blocks 7 to 9)	(Note 1)	863,156	Commercial/Residential	20.00	Completed	August 1999
7 28 Mercury Street (Supernova Stand)	5,128	48,939	Residential	36.38	Completed	August 2001

Note 1: The site area for the whole of Tung Chung Crescent is 331,537 sq.ft.

City Regalia, Shamshuipo



This residential tower has a total G.F.A. of approx. 39,000 sq.ft.

Chairman's Statement (cont'd)

Royal Terrace, North Point



This 100%-owned project of the Group was completed in August 2002 and provides a 31-storey residential tower being built over a level of shops with a total G.F.A. of approx. 138,000 sq.ft. and 3 storeys of carparking facility.

Location	Site Area (sq.ft.)	Gross Floor Area (sq.ft.)	Purpose	Group's Interest (%)	Development Progress	Completion Date or Expected Completion Date
8 99 Tai Tong Road Yuen Long (Sereno Verde – Phase 1)	(Note 2)	467,738	Residential	44.00	Completed	September 2001
9 99 Tai Tong Road Yuen Long (Sereno Verde – Phase 2 Blocks 9 & 10)	(Note 2)	140,897	Residential	44.00	Completed	June 2002
10 99 Tai Tong Road Yuen Long (Sereno Verde – Phase 2 Blocks 13 & 15)	(Note 2)	150,829	Residential	44.00	Superstructure in progress	December 2002
11 8 Tung Chung Waterfront Road, Tung Chung (Tung Chung Town Lot No. 3) (Seaview Crescent – Blocks 1 to 3)	(Note 3)	898,170	Commercial/ Residential	20.00	Completed	March 2002
12 933 King's Road (Royal Terrace)	16,744	138,373	Commercial/ Residential	100.00	Completed	August 2002
13 Tseung Kwan O Town Lot Nos. 57 and 66 (Park Central – Phase 1)	(Note 4)	1,492,028	Commercial/ Residential	24.63 (Note 5)	Completed	August 2002
14 Tseung Kwan O Town Lot Nos. 57 and 66 (Park Central – Phase 2)	(Note 4)	1,469,557	Commercial/ Residential	24.63 (Note 5)	Superstructure in progress	January 2003
15 198 Yee Kuk Street (City Regalia)	5,218	39,113	Residential	100.00	Completed	September 2002

Note 2: The site area for the whole of Sereno Verde is 380,335 sq.ft.

Note 3: The site area for the whole of Seaview Crescent is 228,896 sq.ft.

Note 4: The total site area for Phases 1 and 2 is 359,883 sq.ft.

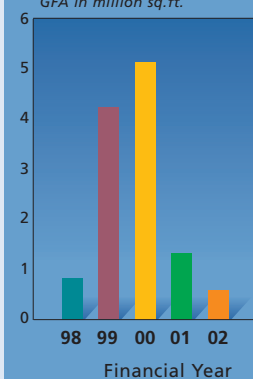
Note 5: The combined percentage interest of the two lots

Chairman's Statement (cont'd)

Location	Site Area (sq.ft.)	Gross Floor Area (sq.ft.)	Purpose	Group's Interest (%)	Development Progress	Completion Date or Expected Completion Date
16 2 Kwun Tsing Road, So Kwun Wat, Castle Peak Road (Tuen Mun Town Lot No. 374) (Aegean Coast)	456,964	1,249,560	Commercial/ Residential	25.00	Completed	September 2002
17 8 Fuk Lee Street (Kowloon Inland Lot No. 11127 R.P.) (Metro Harbour View – Phase 1)	(Note 6)	878,703	Residential	72.76	Superstructure in progress	December 2002
18 8 Fuk Lee Street (Kowloon Inland Lot No. 11127 R.P.) (Metro Harbour View – Phase 2)	(Note 6)	835,699	Residential	72.76	Superstructure in progress	August 2003
THE PEOPLE'S REPUBLIC OF CHINA						
1 Lot HR-2 Li Wan District Guangzhou (Metro Line One – Changshou Road Station) (Heng Bao Garden)	256,549	1,227,527	Residential	65.45	Completed	June 2001
2 Phase VIII of Lexi New City, Shajiao Island, Panyu, Guangdong (Fanghua Garden – Luotao South Zone Villa)	1,689,145	2,576,058	Retail/ Residential/ Carparks/ Club	16.36	Completed	December 2001
3 Phase IX of Lexi New City, Shajiao Island, Panyu, Guangdong (Green Island House)	1,805,718	682,621	Residential/ Club	16.36	Completed	February 2002

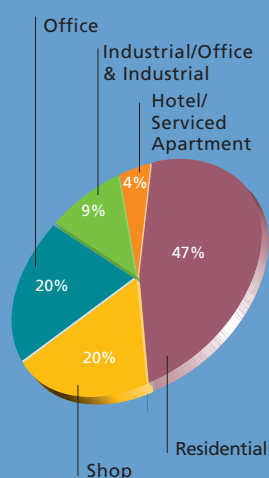
Note 6: The site area for the whole of Metro Harbour View is 228,601 sq.ft.

Annual Completion
GFA in million sq.ft.



Chairman's Statement (cont'd)

Usage of Land Bank & Investment Properties



LOCAL LAND BANK

The local property market remained volatile throughout the period under review due to negative developments occurring both in the local as well as overseas markets. The Group adopted a conservative approach in replenishing its land bank and focused its resources to convert agricultural land holdings in hand into development land in the past financial year with a view to bringing down the cost of land replenishment and good progress had been made in this respect.

For the Group's agricultural land lots situate at Lam Tei, Tuen Mun and those located in Ng Uk Tsuen, Sheung Shui, the change in land use into residential development land had taken place in the past financial year and the land conversion premiums were paid in full. These resulted in the replenishment of approximately 980,000 sq.ft. in development gross floor area attributable to the Group. As a further development, the Town Planning Board had also approved the increase of the maximum permitted plot ratio of the agricultural land lots located in Ng Uk Tsuen, Sheung Shui from 3.3 times to 5 times, subject to payment of additional land premium. Also, applications for the change of land use were made in respect of the second phase of the agricultural land plots situate at Tai Tong Road, Yuen Long which, if approved, will be converted into a development site with attributable development gross floor area of approximately 440,000 sq.ft.. As for the agricultural land lots situate at Wu Kai Sha, it is currently estimated this will become a residential development site with maximum permitted plot ratio of 3 times thereby providing attributable development gross floor area of approximately 1.7 million sq.ft.. Good progress has also been made on the redevelopment plan of the Yau Tong Bay

project participated by the Group as the relevant sites had been included under the enlarged Yau Tong Bay Comprehensive Development Area in the Cha Kwo Ling / Yau Tong / Lei Yue Mun Outline Zoning Plan as gazetted by the Government in June of this year. Upon approval granted by the Government, this Yau Tong Bay redevelopment project will have attributable development gross floor area of approximately 1.72 million sq.ft.. Also, the agricultural land situate at Wo Hing Road, Fanling is currently estimated to be converted into a residential development of approximately 580,000 sq.ft. in attributable gross floor area. Further, application has been made in respect of the Group's agricultural land lots situate at Ma Sik Road, Fanling North which aimed to seek approval from the Town Planning Board for increasing the maximum permitted residential plot ratio of the site to 5 times, providing around 3 million sq.ft. in attributable development gross floor area for the entire project.

From the Group's listed associates, the old Ma Tau Kok South Plant site of 130,000 sq.ft. located in Kowloon owned by The Hong Kong and China Gas Company Limited had already received approval to be developed as a residential-cum-commercial project of approximately 1.1 million sq.ft. There is no land conversion premium payable in respect of this development project and initial construction work on the project has already begun. Also, Hong Kong Ferry (Holdings) Company Limited has approached the Government for the fixing of land conversion premiums in respect of the future redevelopment plans regarding 222 Tai Kok Tsui Road as well as 6 Cho Yuen Street, Yau Tong with total development floor area of 320,000 sq.ft. and 150,000 sq.ft. respectively.

Chairman's Statement (cont'd)

As at the end of the financial year under review, the total development land bank of the Group amounted to approximately 20.9 million sq.ft. in attributable development floor area and, in addition, the Group holds approximately 22.8 million sq.ft. in agricultural land.

PROPERTY RENTAL

In the financial year under review, total gross rental income of the Group amounted to approximately HK\$2,277 million, reflecting an increase of 6% over that recorded in the previous financial year and representing 36% of the total revenue of the Group. Rental income has thus become a steady source of income to the Group. Although office rental in Hong Kong recorded a general downward adjustment and the slowdown in the economy in the past financial year brought along its negative impacts on the local retailing and food sectors, the major retail shopping properties owned by the Group were able to maintain an overall occupancy rate of 93% whilst rental levels generally remained steady. Such resilience shown from the Group's rental property portfolio is mainly a result of the positioning strategy adopted by the Group whereby most of the Group's retail shopping podiums are located in the new towns and right at the existing and planned mass transportation network. Thus, during the financial year under review, there was an increase recorded in the rental level and also an improvement shown in the occupancy in respect of certain retail shopping centres owned by the Group. The success of such positioning strategy was further evidenced by the launch of operation of the Tsung Kwan O Extension Line by the Mass Transit Railway Corporation on 18th August, 2002 when the Group's retail shopping centres situate at the Phase

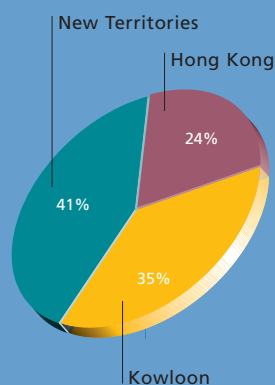
II and Phase III of the Metro City project experienced a big increase in pedestrian traffic and brought about an increase in business turnover for the tenants of various trades located in these shopping centres. As at the end of the period under review, the total attributable gross floor area of the Group's rental property portfolio amounted to 6.6 million sq.ft. In addition, the Group also owns rental carparking space totally 2.5 million sq.ft. attributable to the Group. As for the International Finance Centre located above the Hong Kong Station of the Airport Express Line, which is 47.5% jointly held by the Group and The Hong Kong and China Gas Company Limited as long-term investment properties, leasing result of Phase I of this project was satisfactory. The second phase of this project will comprise an 88-storey office building with gross floor area of 1.95 million sq.ft., as well as retail shopping space and hotel properties of 510,000 sq.ft. and 1.1 million sq.ft. respectively. The whole project will be completed in stages by the end of 2004. As this project is situate right at the centre of the city and is equipped with the most advanced design and high quality construction, it will be another boost to the Group's source of rental income.

PROPERTY MANAGEMENT

In light of market competition, the Group has made continuous efforts to develop residential and commercial properties with ancillary facilities that will meet the changing needs of purchasers and tenants. Further, efforts have also been made to design and develop properties that can be easily serviced and managed. There are three wholly-owned property management companies operated by the Group, namely, Hang Yick Properties Management Limited ("Hang Yick"), Well Born Real Estate

Chairman's Statement (cont'd)

Distribution of Land Bank & Investment Properties



Management Limited ("Well Born") and Goodwill Management Limited, providing professional property management services to various commercial and residential buildings, shopping arcades, industrial and retail shop properties and car parks within the Group's major developments. In addition, these companies have also been awarded property management contracts in respect of a number of housing projects of the Housing Department as well as other private residential developments. Following the good results achieved last year in receiving numerous major awards in the areas of environmental protection, staff training, voluntary services and human resources management, Hang Yick and Well Born again recorded very good results this year, winning a total of 97 open awards.

HENDERSON INVESTMENT LIMITED ("HENDERSON INVESTMENT") –

As at the end of the financial year, the Group held a 73.48% interest in this listed subsidiary. In the financial year ended 30th June, 2002, profit of this company amounted to HK\$1,780 million, showing a decrease of 10% as compared with that recorded in the previous financial year. This was mainly due to the substantial non-recurrent income brought about by the spin-off and separate listing of Henderson Cyber Limited in the previous financial year. Profit of this company was mainly generated from the steady rental income received and profit contributions derived from the three listed associates during the financial year under review. The Newton Hotel operation and technology business under this company recorded losses, being affected by the overall adverse economic environment in Hong Kong. However, profit contributions continue to be recorded for this company in respect of its retailing business and

operating of infrastructure projects in Mainland China. Further, the disposal of equity interests in the retail shopping podium at the City One Shatin brought substantial profit to this company in the financial year under review.

ASSOCIATED COMPANIES

The Hong Kong and China Gas Company Limited ("Hong Kong and China Gas") –

36.42% owned by Henderson Investment: Hong Kong and China Gas reported a slight increase in profit to approximately HK\$1.7 billion for the six months ended 30th June, 2002 as compared to the profit of the corresponding period in the previous financial year. The number of customers reached 1,436,984, representing an increase of approximately 5% over that of the previous year. With respect to the energy business of this group, investment in mainland gas projects in line with the environmental policy of the Mainland China has been a long term strategic priority for this group's core business development. In particular, this group has participated in environmentally-friendly energy projects, including the Guangdong Liquefied Natural Gas Receiving Terminal and Trunkline Project and the West-to-East gas pipeline project. During the first eight months of 2002, this group concluded sino-foreign joint venture projects in three mainland cities with a vast territory, large population and prosperous commercial and industrial activities, namely Zhuhai in Guangdong Province, Taizhou in Jiangsu Province and Zibo in Shandong Province, for the transmission of natural gas. Recently, this group had entered into a framework agreement with Nanjing General Gas Company to establish a sino-foreign city gas joint venture and the total investment for the project will be RMB1.2 billion.

Chairman's Statement (cont'd)

This group strives to strengthen its environmentally-friendly energy businesses in Hong Kong by expanding its filling station services to meet the demand for liquefied petroleum gas from the existing 16,000 taxis and 200 light buses. ECO Stations' current market share is approximately 32% and the business of ECO Stations generates steady revenue for this group. On the property development front, besides participating in two large development projects - Two International Finance Centre of Airport Railway Hong Kong Station project and Sai Wan Ho Ferry Concourse project - which are presently under construction, this group agreed with the Company in August to co-operate in the development of Ma Tau Kok South Plant Site which will provide a total gross floor area of over 1.1 million sq.ft., and is expected to be completed in 2005.

Hong Kong Ferry (Holdings) Company Limited ("Hong Kong Ferry") –

30.98% owned by Henderson Investment: The interim results of Hong Kong Ferry for the six months ended 30th June, 2002 recorded HK\$140 million in profit, representing a decrease of 45.8% from that in the same period last year. This group's profit from operations was mainly derived from the pre-sale of the residential units of Metro Harbour View. Subsequent to the successful pre-sale of Phase 1 of Metro Harbour View in late 2001, Phase 2 was launched in April this year. The accumulated total number of units sold was approximately 1,500. Phases 1 and 2 are expected to be completed by late 2002 and late 2003 respectively, which will

eventually generate profit to this group. In addition, this group is negotiating with Government over the land premium in respect of the future redevelopment plans regarding 222 Tai Kok Tsui Road and 6 Cho Yuen Street, Yau Tong.

Miramar Hotel and Investment Company, Limited ("Miramar") –

43.67% owned by Henderson Investment: For the year ended 31st March, 2002, Miramar reported a profit of HK\$257 million, representing a substantial increase of 38.6% when compared to that of the previous financial year, as this group managed to improve the operating profitability through stringent cost control and pro-active marketing strategies, and successfully sold several plots of land in California, U.S.A. during the financial year. The occupancy rate and rental income from shopping and office properties remained steady for the financial year.

This group's hotel management business now manages a total of ten hotels and serviced apartments - five in Hong Kong, and five in the Mainland China. In facing the negative impact of the terrorist attack in the U.S., this group's flagship Hotel Miramar recorded a modest decline in its occupancy to 85%. It is expected that China's entry into World Trade Organisation and its hosting of Olympic Games 2008 will facilitate the growth of the tourism industry as well as the economic recovery of Hong Kong, which will benefit the overall business development of this group.

Investment Property Project

Shopping Mall in New Town

Metro City Plaza (Phase II and Phase III)

- Located right at centre of the new township of Tseung Kwan O in the New Territories
- 100% owned by the Group
- Completed in December, 1999
- Built with a combined G.F.A. of approximately 1,220,000 sq. ft.
- Retained as one of the largest core investment properties by the Group, this sizeable shopping podium sits right under 15 residential towers containing over 4,700 residential units



- Frequent festive and merchandise promotional functions held in the jumbo-size sun-roof covered podium right at the centre of the shopping mall help to draw crowds and boost retail consumptions
- Maintained very high occupancy year after year since opening, the occupancy rate this year is around 95%
- The opening of Po Lam station at the MTRC-Tseung Kwan O Line in August, 2002 that is located right between Phase II and Phase III of Metro City Plaza will further increase its rental contribution to the Group

Chairman's Statement (cont'd)

HENDERSON CHINA HOLDINGS LIMITED ("HENDERSON CHINA") –

65.45% owned by the Group: Henderson China recorded a turnover of HK\$578 million, representing an increase of 20% compared to the corresponding period in the previous year. Sales of units of Heng Bao Garden, Guangzhou and Phases VIII and IX of Lexi New City, Panyu and rental income were the main contributing sources of profit to this group. In light of the economic growth in Mainland China, it is anticipated that its property market will on the whole experience a gradual and balanced development. As for those major cities which are currently attracting purchasers both locally and from overseas such as Beijing and Shanghai, there exists further potential for value appreciation. This group possesses plentiful development land bank in these cities and conditions gradually appear ripe for development of some of the sites. This group will expedite the steps to develop these projects and will identify suitable joint venture business partners to assist in the development.

HENDERSON CYBER LIMITED ("HENDERSON CYBER") –

66.67% owned by Henderson Investment : Henderson Cyber reported a turnover of HK\$67.5 million for the financial year ended 30th June, 2002, representing an increase of 1.4 times over that registered in the previous financial year as a result of the substantial increase shown in its retailing business. Other revenue, mainly represented by interest income from deposits and debt securities, was recorded at a much lower level as compared with that of the previous financial year due to the significant fall in interest rates during the year under review.

With the efforts of this group in controlling direct costs, the operating expenses of this group recorded for the year were similar to those registered in the previous financial year. The loss attributable to shareholders for the financial year ended 30th June, 2002 amounted to HK\$136 million, after accounting for a HK\$71.3 million provision for impairment loss in respect of data centre and network facilities and IT investments as well as a write-off of inventories in the amount of HK\$11.3 million. In the long run, this group seeks to integrate its existing businesses and where feasible, to offer "one-stop shopping", while also exploring a range of partnerships and alliances with leading technology companies to accelerate access to technologies and further enhance the relationship with the large customer bases of Henderson Group and Hong Kong and China Gas.

CORPORATE FINANCE

In August, 2001, the Group obtained a HK\$5.5 billion five-year syndicated loan on favourable terms and only HK\$400 million was drawn down from such facility. Also, during the period under review, the Group, on its own initiative, prepaid in full and cancelled two syndicated loans amounting to HK\$10.5 billion which were originally due to expire in mid-2002 and in the first quarter of 2003 respectively. However, the Group still possesses abundant committed stand-by funding facilities. Also, in July of this year, the Group reached an agreement with the Urban Renewal Authority to terminate a contract relating to a redevelopment project which included a funding provision commitment earlier made by the Group and this has also resulted in substantial reduction in the future funding

Chairman's Statement (cont'd)

requirements of the Group. Apart from banking facilities of a relatively small proportion which were raised in Renminbi, the vast majority of the Group's funding facilities are obtained in Hong Kong Dollars and the Group's exposure to foreign exchange fluctuation risks is therefore very small. Further, the Group does not participate in any trading activities in foreign exchange derivatives.

Prospects

Economic recovery in the United States has been taking place at a slow pace at a time of uncertainty in the Middle East. However, Mainland China was able to show steady sustained growth. Hong Kong, being right at the southern gateway of Mainland China, is able to benefit from its growth. There are abundant business opportunities to bring about the recovery of the local economy.

In the past, the land policy in Hong Kong was determined and handled by many departments within the Government and has resulted in the over-supply of land. As a consequence, the local property market has been subjected to a long period of slowdown and property prices fell by more than half in value. Recently, the Government implemented changes to its land and housing supply policies, amongst welcoming signs of reduction in the supply of Home Ownership Scheme flats, public housing units and government land sale. Further, the Government has also made known its intention to adopt suitable measures soon to stabilise the property market. All these will contribute positively to the local property market and will bring about a return of confidence to the value

appreciation potential of local residential units. Once the current excess inventories of completed units are absorbed by the market, there will be a promising outlook for the property market.

Your Group has much earlier on adopted a very conservative land replenishment strategy and this has brought about substantial reduction in the completion of projects in recent years, thereby greatly reducing the Group's risk exposure over a period of continual decline in property price. The Group is presently taking the advantage of the prevailing low property prices to acquire more development sites and has made further efforts to hasten up negotiations of land premium with the Government on agricultural land conversions as well as applications for increase in plot ratios of the development sites. From now until the end of 2003, the total number of residential units that the Group plans to launch in pre-sale of properties under construction and sale of completed properties will amount to around 9,500 units. The majority of these units are located in busy urban areas of good demand.

The Group had made appropriate long term plans to increase its rental property portfolio which has resulted in an increase from a total of 2.9 million sq.ft. in attributable gross floor area in 1995 to approximately 7.9 million sq.ft. expected by the end of June, 2003. The Group's recurrent income base will be strengthened substantially, since the Group's rental properties, consisting mainly of large shopping centres in the new towns and Grade A office properties in urban districts

Chairman's Statement *(cont'd)*

at the mass transit railway and mainline railway network, are able to maintain steady rental as well as high occupancy rates. The Group's investments in Hong Kong and China Gas, Henderson China, Hong Kong Ferry and Miramar have all borne fruits in establishing a steady income base with sustainable growth prospect, as well as providing a sound foundation to allow the Group to expand its business in Mainland China and to diversify the Group's business. Your Group possesses abundant financial resources and can fully capture market opportunities that may arise for the expansion of the Group's business.

As the Group has already pre-sold a substantial portion of the major developments to be completed by the end of the current financial year, and as profits will also continue to be generated from the rental properties and the Group's listed associates, it is anticipated that, in the absence of the unforeseen circumstances, the Group's performance will show a steady growth.

Lee Shau Kee

Chairman

Hong Kong, 3rd October, 2002

Investment Property Project

Shopping Mall in New Town

Sunshine City Plaza

- Located right at centre of the new township of Ma On Shan in the New Territories
- 100% owned by the Group
- Completed in December, 1994
- Built with a total G.F.A. of approximately 533,000 sq. ft.



- Retained as one of the large-scale core investment properties by the Group, this sizeable shopping podium sits right under 8 residential towers containing over 2,200 residential units
- Frequent festive and merchandise promotional functions held in the jumbo-size sun-roof covered podium right at the centre of the shopping mall help to draw crowds and boost retail consumptions
- Maintained very high occupancy year after year since opening, the occupancy rate this year is around 93%
- Well-poised to contribute steadily growing rental profit to the Group with the scheduled opening of Ma On Shan station of the KCR Ma On Shan Rail in 2004 that located right next to this shopping mall