

2002 was a disappointing year in terms of the performance of the Group. This was due primarily to the continuing decline of the property sector in the Hong Kong Special Administrative Region ("Hong Kong"). Like many groups which have major interests in property, we have been adversely affected by the drop in selling prices, rental rates, and most important of all, the valuation of our property portfolio at the financial year end, which has caused further impairment losses and revaluation deficits.

## FINANCIAL RESULTS

For the year ended 31st December, 2002, the loss attributable to shareholders for the year was HK\$375 million, an increase of loss of 110% compared to the corresponding loss of the previous year of HK\$179 million. The additional loss was mainly due to further impairment losses and revaluation deficits, which are non-cash in nature, arising from a revaluation of the Group's Hong Kong properties. The impairment losses and revaluation deficits relating to properties charged to the income statement have increased to HK\$564 million from the HK\$332 million in the preceding year.

It should be noted that, if the impairment losses and revaluation deficits of HK\$564 million had not arisen in 2002, the Group's results for the year would have been a profit attributable to shareholders of HK\$190 million.

## DIVIDEND

The Directors do not recommend the payment of a final dividend (2001: Nil). It should be noted however that the Group took advantage of the relatively low share prices of Sun Hung Kai & Co. Limited ("Sun Hung Kai") compared to the net asset value of the company, and increased its shareholding in Sun Hung Kai during the year from 52% to 62%.

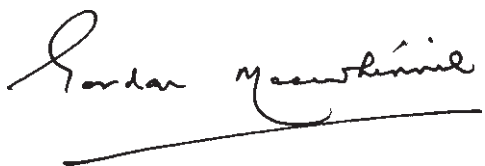
Accordingly, there will be no closure of the Register of Members of the Company, and the Annual General Meeting will be held on 11th June, 2003.

## 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, 10th April, 2003