

REVIEW OF OPERATIONS

(1) LAND BANK

Total land bank of 21.3 million square feet

As at 30th June, 2004, the land bank held by the Sino Group increased to 21.3 million square feet from 18.8 million square feet held at the end of the previous financial year, as the result of new sites the Group had acquired for the purposes of quality residential and commercial developments. The Group's land bank now comprises a well-diversified portfolio of properties: residential (50%), commercial (28%), industrial (12%), car parks (7%) and hotels (3%). Most of the residential developments currently under construction are located in popular locations throughout the territory and are conveniently served by various modes of transportation including railway and subway lines.

During the financial year 2003/2004, the Group acquired four plots of land with a total attributable gross floor area of 3.8 million square feet. After taking into account of the gross floor area sold in relation to projects newly completed during the financial year 2003/2004 such as Ocean View, Imperial Villas Phase I and II, The Cliveden, Parc Palais and other properties, the Group's total land bank increased by approximately 2.5 million square feet of attributable gross floor area.

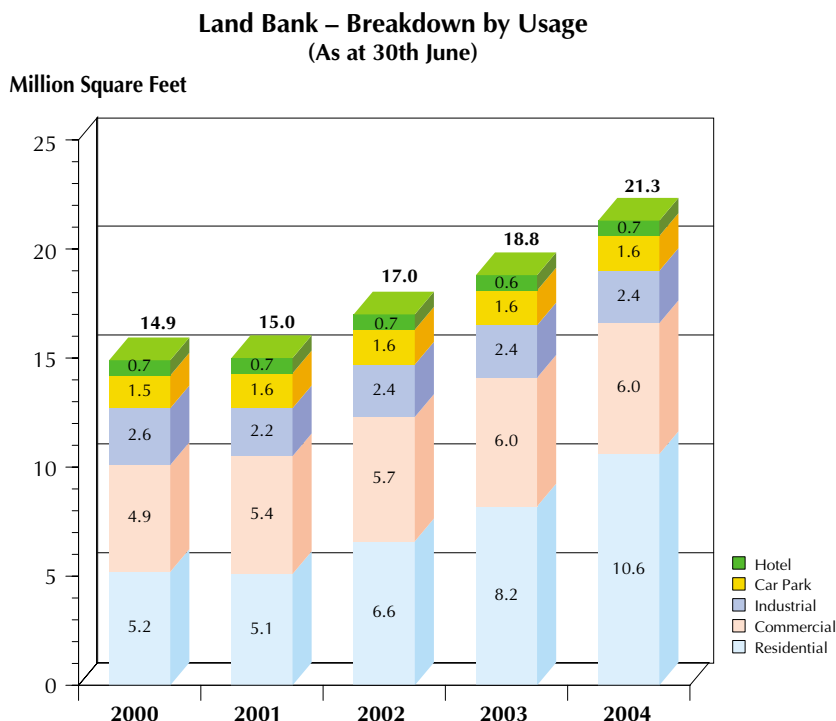
The Group's commercial and industrial buildings and car parks are held mainly for long-term investment, thereby generating a stable stream of recurrent income for the Group. The following table shows the detailed breakdown of the Group's land bank as at 30th June, 2004.

	By Status and Usage					Total Area	Percentage
	Residential	Commercial	Industrial	Car Park	Hotel		
	<i>(Gross Floor Area in Square Feet)</i>						
Development for Sale	9,869,995	1,388,321	—	—	38,750	11,297,066	53%
Completed Investment Properties	227,363	4,641,910	2,172,534	1,557,664	631,929	9,231,400	43%
Development for Investment	166,840	—	—	—	—	166,840	1%
Completed Properties for Sale	336,794	37,753	265,610	—	—	640,157	3%
Total	10,600,992	6,067,984	2,438,144	1,557,664	670,679	21,335,463	100%
Percentage	50%	28%	12%	7%	3%	100%	

	By Location and Usage					Total Area	Percentage
	Residential	Commercial	Industrial	Car Park	Hotel		
	<i>(Gross Floor Area in Square Feet)</i>						
New Territories	4,560,976	1,858,646	644,007	1,112,610	—	8,176,239	38%
Kowloon	1,068,578	2,002,780	1,794,137	391,452	—	5,256,947	25%
Hong Kong Island	378,296	1,059,745	—	53,602	165,506	1,657,149	8%
China and Singapore	4,593,142	1,146,813	—	—	505,173	6,245,128	29%
Total	10,600,992	6,067,984	2,438,144	1,557,664	670,679	21,335,463	100%

REVIEW OF OPERATIONS *(Continued)*

(1) LAND BANK *(Continued)*



(2) HIGHLIGHTS OF THE GROUP'S PROPERTIES COMPLETED DURING THE YEAR

Ocean View (100% owned)

1 Po Tai Street, Ma On Shan, New Territories

Located in one of the fastest growing new towns and easily accessible by various means of public transport, which will include the Ma On Shan Rail link scheduled for completion later this year. Ocean View incorporates a number of environmentally friendly features such as balconies, a material recovery room on each floor, naturally ventilated car parks and outdoor solar lighting systems. The tastefully landscaped garden area located on the podium provides a relaxing ambience. The project, which was completed in August 2003, provides a total of 911 residential flats and approximately 110,000 square feet of indoor and outdoor clubhouse facilities. Over 99% of the residential units have now been sold.

REVIEW OF OPERATIONS *(Continued)*

(2) HIGHLIGHTS OF THE GROUP'S PROPERTIES COMPLETED DURING THE YEAR *(Continued)*

Imperial Villas Phase I and II (100% owned)

1 & 8 Ping Chuk Lane, Ping Shan, Yuen Long, New Territories

Located in Ping Shan adjacent to the Light Rail's Tong Fong Station, the development comprises a low-rise residential compound offering a total of 298 flats. Occupation permits were obtained in October and November 2003. Over 99% of the units have been sold.

The Cliveden (50% owned)

98 Route Twist, Tsuen Wan Area 40, New Territories

Commanding panoramic views of Tsuen Wan, the Tsing Ma Bridge and Kap Shui Mun, this project is located in the mid-levels of Tai Mo Shan. Occupation permit for this project was obtained in September 2003. The development provides 225,075 square feet of residential space comprising 210 luxurious flats. Over 92% of the units have been sold.

Parc Palais (30% owned)

18 Wylie Road, King's Park, Kowloon

This luxurious residential estate consists of 700 flats and a 3-storey clubhouse/car park podium and is located in King's Park, one of the most sought after residential areas of Kowloon. The development was completed in February 2004 and approximately 73% of the total number of units has already been sold by now since it was launched onto the market in August 2003. Handover of the units to owners has been taken place since August 2004.

(3) HIGHLIGHTS OF THE GROUP'S DEVELOPMENT PROPERTIES

The Cairnhill (25% owned)

Tsuen Wan Area 40, Lot No. 395, New Territories

This site is located at the mid-levels of Tai Mo Shan and commands a panoramic view of Tsuen Wan, the Tsing Ma Bridge and Kap Shui Mun. Upon its completion in the financial year of 2004/2005, the development will provide approximately 827,635 square feet of residential space comprising 770 luxurious flats. All units have been sold.

REVIEW OF OPERATIONS *(Continued)*

(3) HIGHLIGHTS OF THE GROUP'S DEVELOPMENT PROPERTIES *(Continued)*

Oceania Heights (100% owned)

TMTL 432, Hoi Chu Road, Tuen Mun, New Territories

Located in one of the fastest growing new towns of New Territories, the development is close to major traffic arteries and can be conveniently reached by various transport means which will include the KCR West Rail now in operation. The existing local Light Rail system provides a convenient link with Yuen Long. The site is well served by public recreational facilities, schools and is approximately a 10-minute walk from Tuen Mun Town Plaza, Phase I. The project will offer 544 residential flats and 29,082 square feet of retail space. Pre-sale started in July 2003. Completion is expected in September 2004. About 95% of the units have now been sold.

Anglers' Bay (50% owned)

Tsuen Wan Lot No. 214 in DD387, Sham Tseng, New Territories

The development consists of some 248 residential units in 2 towers with a total gross floor area of 177,335 square feet, affording a panoramic view of the Ma Wan Channel and Tsing Ma Bridge. Completion is expected to be in September 2004. Pre-sale started in July 2003 and thus far market response has been satisfactory. Over 86% of the units have been sold.

The Royal Oaks (100% owned)

8 Kam Tsin South Road, Sheung Shui, New Territories DD92L2543

This unique low-density development is located on a scenic Sheung Shui country estate adjacent to The Hong Kong Golf Club and HKJC Beas River Country Club. When completed, it will consist of 44 quality detached country style houses. The development is expected to be completed in the fourth quarter of 2004.

Residence Oasis (60% owned)

TKOTL 24, MTR Hang Hau Station Development, Tseung Kwan O, New Territories

The Group was awarded the tender to develop a 193,365 square feet site over the MTR Hang Hau Station in June 2002. The project, which comprises 2,130 flats in 6 towers, is scheduled for completion by December 2004. A magnificent clubhouse comprising some 180,000 square feet offers a wealth of facilities including an 80 metres outdoor swimming pool, a 400 metres long jogging trail. Barbecue facilities and a bowling alley will also be built. The pre-sale consent was issued in August 2003. About 76% of the units have already been sold.

REVIEW OF OPERATIONS *(Continued)*

(3) HIGHLIGHTS OF THE GROUP'S DEVELOPMENT PROPERTIES *(Continued)*

Caldecott Hill (33.3% owned)

NKIL 6378, 2 and 4 Caldecott Road, Piper's Hill, Kowloon

This redevelopment project, located at the mid-levels of Piper's Hill, will provide 88 luxurious low-rise and low-density residential apartments with views overlooking the Kowloon Peninsula. The project, scheduled for completion in December 2004, was marketed in March 2004 with 57% of the units sold.

St Andrews Place (100% owned)

38 Kam Chui Road, Beas Stable, Sheung Shui, New Territories, DD94L943

This unique low-density development, which comprises 26 quality detached houses, each with individual car-port, is situated in an exquisite area of the New Territories close to the Hong Kong Golf Club and HKJC Beas River Country Club. The construction of the superstructure is well under way with plans for completion in the first quarter of 2005.

Mount Beacon (33.3% owned)

NKIL 6196, Junction of Cornwall Street and Tat Chee Avenue, Kowloon Tong, Kowloon

The site is close to the City University of Hong Kong and within easy walking distance from the MTR and KCR Kowloon Tong Station. Mount Beacon offers 200 residential flats and 22 luxurious townhouses with a full range of clubhouse facilities. The development is scheduled for completion in October 2005.

West Kowloon Site (100% owned)

KIL 11158, Hoi Fai Road, West Kowloon Reclamation

The site is located at the waterfront of West Kowloon Reclamation area. It is adjacent to Island Harbourview and is about a 5-minute walk from the MTR Olympic Station. As it is close to other Sino Land developments such as Olympic City 1 and 2, Park Avenue and Central Park at the MTR Olympic Station, the Group can enjoy synergy and economies of scale in terms of project management and marketing. Upon the scheduled completion in December 2005, approximately 700 residential flats and 112,483 square feet of shopping mall will be provided.

REVIEW OF OPERATIONS *(Continued)*

(3) HIGHLIGHTS OF THE GROUP'S DEVELOPMENT PROPERTIES *(Continued)*

Tsuen Wan Town Centre Redevelopment (100% owned)

TWTL 398, Tai Ho Road / Yeung Uk Road, Tsuen Wan

The Group received a joint venture contract from the Urban Renewal Authority for the redevelopment of the Tsuen Wan Town Centre site in July 2002. The site is opposite to the Tsuen Wan City Hall and about a 8-minute walk from the MTR Tsuen Wan Station and a 5-minute walk from Tsuen Wan West Station on KCR West Rail which is now in operation. About 1,500 residential flats in 5 towers with a total gross floor area of approximately 1.2 million square feet and over 245,000 square feet of retail space are expected to be built. This project is expected to be completed in the financial year of 2006/2007.

Ho Tung Lau Site (100% owned)

STTL 470, Shatin, New Territories

The Group was awarded the development rights of Ho Tung Lau from KCRC in November 2002. The site is next to the KCRC's office in Fo Tan and opposite to Shatin Race course. It is only a 5-minute walk from the KCR Fo Tan Station. Upon its completion which is scheduled in July 2007, the project will yield some 1.3 million square feet of residential space providing about 1,422 units in 10 towers and 21,528 square feet of retail space.

53 Conduit Road, Hong Kong (100% owned)

The remaining portion of Inland Lot No. 2138 and Inland Lot No. 2613, Hong Kong Island, Hong Kong

In February 2004, the Group successfully won a tender from a private landlord to redevelop this prime residential site. This luxury residential development will yield a total of 63,446 square feet of gross floor area. Design plan is being carried out. We expect construction to be completed in the financial year 2007/2008.

Site at Castle Peak Road, Cheung Sha Wan, Kowloon (100% owned)

The remaining portion of Section A of N.K.I.L. No. 1177, subsection 1 of Section A of N.K.I.L. No. 1177, the remaining portion of N.K.I.L. No. 1176, the remaining portion of Section A of N.K.I.L. No. 1176, the remaining portion of N.K.I.L. No. 1175 and Section B of N.K.I.L. No. 1175

In August 2004, the Group entered into a sale and purchase agreement for a site of approximately 6,449 square feet located in Castle Peak Road, Cheung Sha Wan, Kowloon. The site will be used for residential and retail developments, and it is only a 5-minute walk from MTR Lai Chi Kok Station. A total of approximately 58,037 square feet of gross floor area will be built. The project is expected to be completed in 2007.

REVIEW OF OPERATIONS *(Continued)*

(3) HIGHLIGHTS OF THE GROUP'S DEVELOPMENT PROPERTIES *(Continued)*

Site at Fuk Wing Street/Fuk Wa Street, Shum Shui Po, Kowloon

(100% owned)

In September 2004, the Group successfully won the joint development contract from Urban Renewal Authority to develop the site at Fuk Wing Street/Fuk Wa Street in Shum Shui Po, which is only a 2-minute walk from the MTR Shum Shui Po Station. On completion, the development will yield a total of approximately 134,044 square feet of gross floor area. The site will be developed for residential and retail purposes. The project is scheduled for completion in 2008.

Yeung Uk Road, Tsuen Wan (100% owned)

TWTL 394, K17, Tsuen Wan, New Territories

The Group was awarded the development rights by Urban Renewal Authority to redevelop a site in Yeung Uk Road in Tsuen Wan in April 2004. The development will be well served by a wide range of public transportation such as KCR West Rail which is only a few minutes walk from the KCR Tsuen Wan West Station as well as MTR Tsuen Wan Station. Upon completion, this development will offer approximately 296,000 square feet of residential space and 194,000 square feet of retail space. Combining the residential and retail spaces of Tsuen Wan Town Centre Redevelopment project, it will create a shopping hub in the entire region. Construction will be completed in the financial year 2008/2009.

Site in Ma Wo, Tai Po, New Territories (100% owned)

In September 2004, the Group entered into a sale and purchase agreement for an agricultural land of 63,604 square feet in Ma Wo, Tai Po, New Territories. The site will be used for residential development and it is close to the Group's residential development Grand Dynasty View. The Group is planning to seek modification of lease with the HK Government.

Honey Lake, Shenzhen, PRC (50% owned)

Shenzhen Lot No. B303 - 0041, Futian, Shenzhen, PRC

The Group has formed a 50/50 joint venture with a renowned property company to acquire a prime site in Honey Lake, Shenzhen from a public land auction held in April 2004. The site will be developed into a residential area with approximately 85% of total gross floor area being designated for building high-rise blocks and 15% low-rise. It is expected that a total of approximately 1.4 million square feet of gross floor area will be built with approximately 687,006 square feet attributable to the Group. The project is scheduled for completion in the financial year 2008/2009.

REVIEW OF OPERATIONS *(Continued)*

(3) HIGHLIGHTS OF THE GROUP'S DEVELOPMENT PROPERTIES *(Continued)*

Chengdu Site, Sichuan, PRC (20% owned)

Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan, PRC

This site will be jointly developed with a renowned property company. Upon completion, the site will yield approximately 13 million square feet of residential, commercial and hotel spaces. The project will be completed in phases in and beyond financial year 2008/2009.

(4) INVESTMENT PROPERTIES

The Group's completed investment portfolio, including attributable share in associated companies, was 9.2 million square feet as at 30th June, 2004. The portfolio comprises properties of diversified usage:

9.2 million square feet of completed investment properties with diversified uses

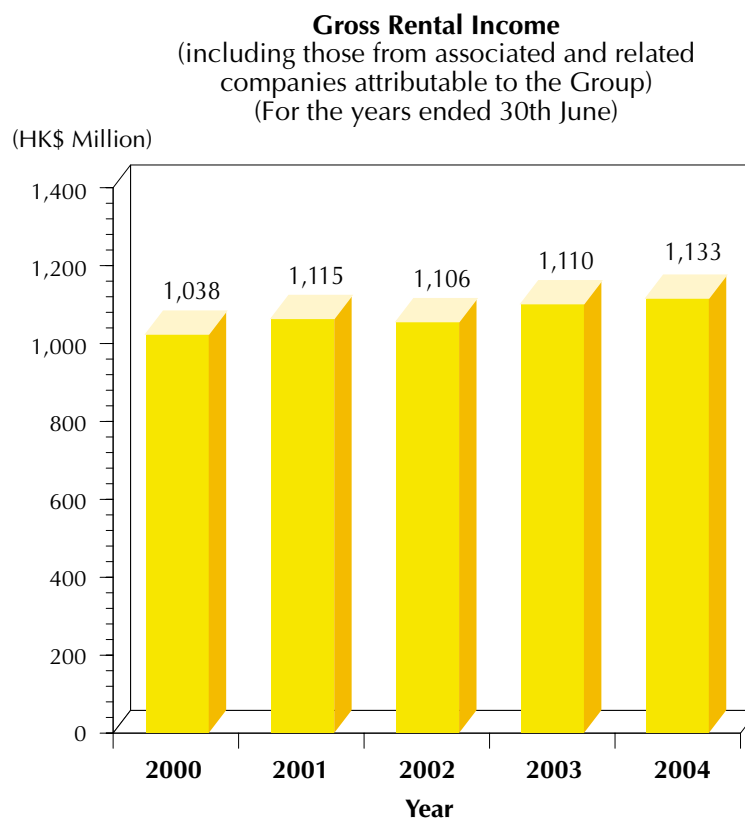
Use	Percentage
Office/Retail	50%
Industrial	24%
Car parks	17%
Hotels	7%
Residential	2%

The Group's investment property portfolio has maintained high occupancy rates throughout the year. Including contributions from associated and related companies, the total gross rental revenue was increased slightly to HK\$1,133 million for this financial year. The following table presents the breakdown of investment properties including those under development:

	Investment Portfolio					Total Area	Percentage
	Commercial	Industrial	Car Park	Hotel	Residential		
Completed Investment Properties	4,641,910	2,172,534	1,557,664	227,363	631,929	9,231,400	98%
Development for Investment	—	—	—	166,840	—	166,840	2%
Total	4,641,910	2,172,534	1,557,664	394,203	631,929	9,398,240	100%
Percentage	49%	23%	16%	5%	7%	100%	

REVIEW OF OPERATIONS *(Continued)*

(4) INVESTMENT PROPERTIES *(Continued)*



(5) HIGHLIGHTS OF INVESTMENT PROPERTIES

Tuen Mun Town Plaza, Phase I (100% owned)

1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun, New Territories

In the sixteen years since its completion, Tuen Mun Town Plaza has grown from a major regional mall to the retail hub of the North-West New Territories. With direct access to the West Rail Tuen Mun Terminus, the local Light Rail system and bus terminus, the shopping mall draws substantial pedestrian traffic from the transport system that links the western New Territories. The complex is fully leased with a stable rental income contribution to the Group.

REVIEW OF OPERATIONS *(Continued)*

(5) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)*

Olympian City 1 and 2 (30% and 42.5% owned respectively)

11 Hoi Fai Road and 18 Hoi Ting Road, MTR Olympic Station, Kowloon

These two shopping malls are part of the developments which surround the MTR Olympic Station in West Kowloon, a massive section of land reclaimed from Victoria Harbour. Both Olympian City 1 and 2 are interconnected and linked to the MTR Olympic Station and offer in excess of 650,000 square feet of retail spaces. This development is only 5 minutes from Central and about 18 minutes to Chek Lap Kok Airport on the MTR's Tung Chung Line.

Olympian City 2, with its 3 levels of shopping, 80,000 square feet of open piazza, a variety choices of retail outlets, a cinema and a bowling alley not only affords the consumer an excellent choice of entertainment and retail shopping, but also the opportunity to dine in a wide selection of restaurants. The mall is equipped with numerous plasma televisions, projector screens and a large outdoor LED screen which provide visual entertainment and other information to shoppers. To further enhance pedestrian flow and the popularity of the mall and promote customer loyalty, activities such as stage performance, lucky draw, family oriented events and joint promotions with movie companies and broadcasting media are organised on a regular basis. The mall achieved high occupancy throughout the year.

Island Resort Mall (40% owned)

28 Siu Sai Wan Road, Hong Kong

Island Resort Mall provides 189,190 square feet of retail space with about 80 retail outlets and restaurants over three levels and in excess of 1,200 car parks offering a rich array of consumer choice. The ground floor comprises an air-conditioned public transport interchange equipped with a state of the art digital electronic information system. Served by different bus companies more than 20 bus routes link popular locations across the territory. The mall not only features fine retail shopping opportunities but also the relaxed appeal of a spacious promenade where one can enjoy the view of the Victoria Harbour. The mall enjoys high occupancy.

REVIEW OF OPERATIONS *(Continued)*

(5) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)*

China Hong Kong City (25% owned)

33 Canton Road, Tsim Sha Tsui, Kowloon

China Hong Kong City, a development of 2.6 million square feet incorporating retail, offices, hotel, traffic interchange and ferry terminal, is located on the waterfront of western Tsim Sha Tsui. The unique gold curtain wall cladding and passenger facilities for the China Ferry Terminal have led to it's being recognised as the 'Golden Gateway to China'. With a continued expansion in traffic between Hong Kong and China's coastal cities (including Macau), the pedestrian flow in the complex is enjoying tremendous growth, underpinning good business opportunities for office tenants, the retail tenants and hotel operation. The renovation of the retail space was completed in November 2003. The new retail ambience will reflect contemporary European style and inspiration. This new architectural design and finishes, coupled with a new and exciting retail mix, promises a new shopping experience for visitors, commuters and shoppers. With this facelift, pedestrian flow recorded double-digit growth and demand for the retail space showed great improvement.

The Fullerton Singapore and One Fullerton (100% owned)

1 Fullerton Square and 1 Fullerton Road, Singapore

The Fullerton Singapore, characterised by its unique heritage building structure and contemporary interior design, is located in the heart of the Singapore Central Business District and on the seafront. Re-developed into a prestigious, world-class, 5-star hotel with 400 rooms and suites and linked by a subway with its adjacent commercial complex on the seafront, the project was completed in December 2000 and has been very well received. During the financial year 2003/2004, the hotel achieved strong growth mainly due to rising business activities.

In 2003, the project was bestowed FIABCI Prix d'Excellence under the Leisure Category Winner and the Best New Business Hotel in the World by Business Traveller U.K. Awards. The hotel was also awarded the Best New Business Hotel in Asia Pacific (Business Traveller Asia Pacific Awards) in 2002 and 2003, and has been admitted to Conde Nast Traveller's sixth annual 2002 Hot List of the world's top new hotels and has also received several awards such as the Urban Redevelopment Authority Architectural Heritage Award 2001, the Singapore Institute of Architects Architectural Design Award 2001 (Conservation Category) and MIPIM Award 2002.

REVIEW OF OPERATIONS *(Continued)*

(5) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)*

Conrad Hong Kong (30% owned)

Pacific Place, 88 Queensway, Hong Kong

This 5-star, international-class hotel is located above a major retail-shopping complex on Hong Kong Island and is managed by one of the most well known international hotel operators. Its excellent location and superior standard of service have made Conrad Hong Kong one of the most favoured hotels in the region.

Central Plaza (10% owned)

18 Harbour Road, Wan Chai, Hong Kong

Central Plaza, a 78-storey intelligent office building, with a full view of the Victoria Harbour, is recognized as the one of the tallest buildings in Asia. This Grade-A office tower has a gross floor area of approximately 1.4 million square feet. Located next to the Hong Kong Convention & Exhibition Centre, its prestigious location and advanced technical facilities have attracted many global corporate tenants. The building was completed in October 1992 and the occupancy is satisfactory.

Skyline Tower (50% owned)

39 Wang Kwong Road, Kowloon Bay, Kowloon

This office redevelopment project located next to the East Kowloon Expressway was formerly known as Ahafa Cargo Centre and is about an 8-minute walk from the MTR Kowloon Bay Station. The project was completed in November 2003, providing a total attributable gross floor area of 413,915 square feet. It enjoys high occupancy and favourable rent rate.

The Centrium (70% owned)

60 Wyndham Street, Central, Hong Kong

This Grade-A commercial development located near Lan Kwai Fong, the 'expatriate quarter' renowned for its cosmopolitan lifestyle, festive entertainment and dining activities, was completed in June 2001. It provides 255,911 square feet of international-class commercial space with a retail mall to match and complement the flamboyant atmosphere and popular eateries nearby.

Futura Plaza (100% owned)

111-113 How Ming Street, Kwun Tong

This 26-storey building located in Kwun Tong is 3 minutes walk from the MTR Kwun Tong Station. The property has been retained for investment purpose. The project was completed in November 2001 and its occupancy rate is satisfactory.

REVIEW OF OPERATIONS *(Continued)*

(5) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)*

148 Electric Road (100% owned)

Electric Road, North Point, Hong Kong

This is a prime commercial development near the MTR Fortress Hill Station and Cross-Harbour Tunnel. The development caters to a wide range of businesses and is within walking distance from five international hotels, including the City Garden Hotel. The project yields an attributable gross floor area of 197,400 square feet. The project has enjoyed high occupancy.

Tsim Sha Tsui Centre (45% owned)

Salisbury Road, Tsim Sha Tsui East, Kowloon

Tsim Sha Tsui Centre, located centrally in Tsim Sha Tsui East, is surrounded by several international-class hotels. The building is a popular choice for trading and manufacturing companies requiring office space. The Tsim Sha Tsui Extension on the KCR East Rail Extensions due for completion in fourth quarter of 2004 and Tsim Sha Tsui Promenade Beautification Scheme will further boost traffic flow to the area. The occupancy rate for this property is satisfactory.

Hong Kong Pacific Centre (100% owned)

28 Hankow Road, Tsim Sha Tsui, Kowloon

Located in the centre of Tsim Sha Tsui's bustling retail neighbourhood, this commercial development comprising a high-rise modern office tower and shopping centre podium, has a total gross floor area of 232,606 square feet. Most of the shops enjoy extensive street frontage with a heavy pedestrian flow generated from nearby Nathan Road.

Pacific Plaza (100% owned)

418 Des Voeux Road West, Hong Kong

Pacific Plaza is situated in the popular Western district near the Western Harbour Tunnel, and incorporates a future MTR exit on the ground level. This attractive commercial building of 23 storeys provides 131,960 square feet gross floor area of space and a 32,500 square feet shopping podium.

Omega Plaza (100% owned)

32 Dundas Street, Kowloon

Completed in 1993 and situated in the heart of Mongkok, Kowloon's most vibrant retail and business area, this property has 19 storeys of office space and a 4-storey shopping podium.

REVIEW OF OPERATIONS *(Continued)*

(5) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)*

One Capital Place (100% owned)

18 Luard Road, Wan Chai, Hong Kong

This attractively designed commercial project, located in the heart of Wan Chai, is close to the MTR Wan Chai Station. The building has maintained satisfactory occupancy.

Cameron Plaza (100% owned)

23 Cameron Road, Tsim Sha Tsui, Kowloon

This Ginza-style commercial building is located within one of Kowloon's busiest retail and tourist areas. Both the retail space and the office floors enjoy high occupancy.

Marina House (100% owned)

68 Hing Man Street, Shau Kei Wan, Hong Kong

Located in one of the Island's busiest districts, the commercial development provides 119,298 square feet of office space over a shopping podium and a basement car-park.

Sunley Centre (100% owned)

9 Wing Yin Street, Tsuen Wan, New Territories

The Centre was acquired in June 2002. This 18-storey and 170,570 square feet industrial building is located at the centre of the Tsuen Wan Industrial Zone and is close to the Kwai Chung terminals. The property is fully let.

Cambridge Plaza (100% owned)

188 San Wan Road, Sheung Shui, New Territories

Acquired in June 2003, Cambridge Plaza provides a total of 174,358 square feet of space for industrial use. The project has maintained full occupancy.

Raffles City Shanghai (19% owned)

Plot 105 A & B, 228 Xizang Road, Central,
Huangpu District, Shanghai

The building is jointly developed by several international property developers. The 46-storey prime office tower is located in the central business area of Huangpu District and surrounded by boutique shops that attract heavy pedestrian flow. The project was completed in October 2003, yielding a total of 1.35 million square feet of gross floor area. The retail precinct is fully occupied whereas the office space has enjoyed high occupancy.

REVIEW OF OPERATIONS *(Continued)*

(6) CHINA MARKET

The Group has adopted a focused and selective approach in managing its investments in Mainland China following the successful completion and marketing of the first development, Beverly Garden as well as the pre-sale of Colonnades Court both in Xiamen. The Group has 10 major developments currently under development in prime locations in Shenzhen, Chengdu, Xiamen, Fuzhou and Guangzhou with a total developable and attributable gross floor area of 5.4 million square feet. Of the total, 85% are residential developments, 14% commercial and 1% hotel which will be constructed in phases to cater to the needs of the respective markets.

The overall land cost and carrying cost of these projects are low. Hence, the management believes that these projects will generate reasonable earnings in the long term.

(7) CORPORATE AFFAIRS

Strong balance sheet position

With a steady recurrent income base from the property investment portfolio and proceeds from its property sales, the Group has continued to maintain a sound financial position with healthy cash-flow. Gearing ratio has been significantly reduced to 11.5%. The Group has retired a total of HK\$3.1 billion debts during the year.

The Group affirms its commitment to maintaining a high degree of corporate transparency as well as good communication with banks and investors. The Corporate Finance Department have used various channels including regular meetings with investors, fund managers and analysts; investor conferences; site visits, result briefings and the web site (www.sino-land.com) to disseminate information on the Group's latest developments. During the financial year 2003/2004, we have attended a total of 3 major investors' conferences and participated in 5 non-deal roadshows.

Date	Institution	Country/Region	Type
22-Sep-03 – 24-Sep-03	CLSA Ltd.	Hong Kong	Investors' Conference
25-Sep-03 – 26-Sep-03	ABN AMRO Asia Ltd.	Singapore	Non-deal Roadshow
13-Oct-03 – 18-Oct-03	Deutsche Bank AG Hong Kong Branch	Europe	Non-deal Roadshow
4-Nov-03 – 7-Nov-03	Morgan Stanley Dean Witter	Singapore	Investors' Conference
7-Jan-04 – 9-Jan-04	DBS Vickers (Hong Kong) Limited	Japan	Non-deal Roadshow
9-Feb-04 – 10-Feb-04	ABN AMRO Asia Ltd.	U.K. (London)	Investors' Conference
11-Feb-04 – 13-Feb-04	Lehman Brothers Asia Limited	Europe	Non-deal Roadshow
29-Mar-04 – 2-Apr-04	HSBC Securities (Asia) Limited	United States	Non-deal Roadshow

Sino Club has close to 60,000 members

Sino Club, established in July 1997, has now grown to a membership base of close to 60,000 members. To enhance communication between the Group and its customers including property owners, residents and tenants, as well as the general public, Sino Club has bridged the gap with its members through newsletter, web site and e-mail.

REVIEW OF OPERATIONS *(Continued)*

(7) CORPORATE AFFAIRS *(Continued)*

Efforts have also been put into focusing more on web-based channels of communication to help save paper. Members are offered a wide range of shopping and hospitality incentives at the Group and Group-related malls and hotels both in Hong Kong and Singapore, with exclusive home purchase privileges. They are also invited to priority previews of show flats and can enjoy activities arranged exclusively for them. As the Group markets more residential units and commercial space, Sino Club will see a further increase in its membership.

The Group regards staff training and development as one of its most important management objectives, and an integral part of building professionalism and integrity and maintaining excellence in service quality. During the year, the Group organised various types of training programmes for its employees to further enhance staff development and productivity. The Group arranges a broad range of seminars and training in customer service, language, environmental conservation and information technology to broaden the knowledge, skill and ultimately the quality of service provided by its employees. The Group takes advantage of the many different channels of communication available, including the Internet and internal computer network facilities to promote the exchange of information and improve efficiency.

(8) PROPERTY MANAGEMENT

As a vertically integrated company, the Group provides property management, cleaning, security, building maintenance and related services through its wholly-owned subsidiaries, Sino Estates Management Limited, Sino Estates Services Limited, Best Result Cleaning Services Limited, Sino Security Services Limited and its associated company, Sino Parking Services Limited. The property management portfolio will continuously expand in tandem with the property development programme of the Group. Currently, the Group's management portfolio consists of some 150 projects with an aggregate gross floor area in excess of 46 million square feet, which, aside from properties within the Group includes other private estates and Government shopping malls.

During the financial year 2003/2004, the Group conducted comprehensive training programme on a regular basis, covering all aspects of property management, the main emphasis being on customer service. Management continues to stress the need for excellent communication and to this end actively encourages staff to attend the various language courses provided by the Group. The course in Putonghua has received particular attention.

To upgrade service and maintain customers' satisfaction

REVIEW OF OPERATIONS *(Continued)*

(8) PROPERTY MANAGEMENT *(Continued)*

The Group has continued its practice of appointing experienced senior personnel as ‘Centre Manager’ for its seven most important complexes, namely, Tsim Sha Tsui Centre, Tuen Mun Town Plaza, Pacific Palisades, Hong Kong Gold Coast, China Hong Kong City, Olympian City 1 and 2 and Island Resort, with the responsibility of ensuring smooth and efficient management in the interests of its tenants and of the Group

To cope with the Group’s expansion of its property management operations and to meet customers’ expectations of quality service and “lifestyle” environments, the Group will continue to review, and where necessary upgrade, its services to achieve ever higher standards of property management services.

One of the initiatives that the Group has implemented during the year is iPromise[®] which is an internet-based property management information system. Developed jointly by Hong Kong Productivity Council and Sino Estates Management Limited, the system enables the property management arm of the Group to adopt a more systematic, structural and efficient approach to property management. Communication among departments of the Group has been enhanced, team work improved, resulting in a better quality of service to our customers. It also transforms the manual-based management to knowledge-based management. The Group anticipates that over 90% of the properties being managed by Sino Estates Management Limited will have adopted the system by the end of 2004. Full implementation is expected in early 2005.

Sino Estates Management Limited, Sino Security Services Limited and Best Result Cleaning Services Limited will continue to explore new business opportunities and widen the scope of their business activities to enhance shareholders’ value.