

CHAIRMAN'S STATEMENT



Zhou Mingchen, Chairman

On behalf of the Board of Directors, I am pleased to present the annual report of Top Glory International Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2002.

Chairman's Statement

RESULTS

The Group posted positive figures during 2002. The consolidated turnover for 2002 was HK\$562,923,000, representing a decrease of 46% compared to the corresponding period of the previous year. Profit attributable to shareholders amounted to approximately HK\$4,581,000, compared to a loss of HK\$656,115,000 last year. Taking into account the movement of the issued share capital of the Company during the year, earnings per share were 0.16 HK cents (loss per share was 24.53 HK cents in 2001).

Following an independent professional valuation of the Group's property and hotel investment portfolios, the Board of Directors has resolved to make a provision of HK\$159,029,000 due to the current sluggish market condition.

Further information is set out under the section headed "Management Discussion and Analysis".

DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the year ended 31 December 2002 (2001: nil).

BUSINESS REVIEW

Notwithstanding recent external economic and financial pressures over the last year, the Group continued to focus on its property and hotel operations, and has been operating in line with its strategies formulated two years ago. The Company raised approximately HK\$232,500,000 through a rights issue in September 2002 and the capital base of the Group was strengthened accordingly. Out of the funds raised, HK\$165,200,000 was used to acquire the development project of Guangzhou Metro Paradise from its controlling shareholder COFCO (Hong Kong) Limited ("COFCO (HK)"). The property investment portfolio of the Group was strengthened as a result.

In January 2003, the Group announced the disposal of its entire holding of 337,637,002 shares in COFCO International Limited to COFCO (HK) for a consideration of approximately HK\$844,092,000. The disposal has improved the Group's financial resources.

The Group's business structure has been rationalized through the abovementioned capital reorganization, thus enabling the Group to concentrate on its property investment and development, and hotel operations.

Chairman's Statement

OUTLOOK

Despite the current stagnant global political and economic conditions, the Group is confident of the long-term prospects of the Hong Kong and China's property markets. The Group remains competitive with its healthy financial position and stable profitability. With the full support of China National Cereals, Oils & Foodstuffs Import & Export Corporation, its ultimate holding company, the Management is committed to continuing its business strategy to create value and produce satisfactory returns for shareholders.

I would like to take this opportunity to express my appreciation to the Board of Directors and to all employees for their diligence over the year.

Zhou Mingchen

Chairman

Beijing, 8 April 2003