

Chairman's Statement

Financial Results

The audited Group loss attributable to the shareholders for the year ended 31st March, 2001 amounted to HK\$85.4 million, as compared with the profits of HK\$4.3 million for the previous year. The loss for the year is mainly due to a provision of HK\$150.0 million for the two residential projects in Tuen Mun.

An interim dividend of 2 cents per share was paid on 23rd February, 2001. The Board has recommended not to pay a final dividend.

Property Development

During the year under review, Nerine Cove, in which your Group has a 20% interest, and Parkview Court which is wholly owned by the Group, both in Tuen Mun, were completed.

In view of the present weak demand for residential units, your Group had decided to both cut prices and offer other incentives in order to stimulate demand. After the new measures were taken, sales of more than HK\$1,500.0 million were generated for the two Tuen Mun projects.

Hotel

Sheraton-Hong Kong Hotel in which your Group has a 35% interest, has performed well this year. With limited new supply of hotel rooms in the coming few years, we expect that the Sheraton will continue to enjoy high occupancy rates. A major renovation of the hotel rooms will start next year, resulting in an upgrade of the hotel.

High-tech Investments

In order to take advantage of the current relatively low valuations for high-tech companies, your Group has committed to invest US\$13.0 million (HK\$101.4 million) in new U.S. venture capital funds. The money will be invested over a period of four to five years. It is expected that the environment for high-tech companies in the U.S. will improve by the second half of next year.

Prospects

The residential market has been weak for the whole year. In view of the current worldwide economic slowdown and comparatively high unemployment rate in Hong Kong relative to previous years, the residential market is not expected to improve in the foreseeable future.

The office market had a strong performance last year. However, the current economic slowdown and the new supply in 2002 and 2003 are expected to affect the market.

The Group is in a strong financial position and it will take advantage of the current weak market conditions to cautiously replenish its landbank over the next few years.

Finally, I would like to thank all staff for their loyal support and hard work.

David P. Chan
Chairman

Hong Kong, 28th June, 2001