

Chairman's Statement

RESULTS

The Group has recorded a turnover of HK\$112 million, a decrease of 77% compared to HK\$492 million for last year. During the year, the Group focused on the restructuring of U.K. operation and development of two sites at Tuen Mun. Due to the poor market sentiment in the year 2000, the Group has strategically delayed the development of its projects. The turnover has dropped because there is no sales of new development project during the year. The consolidated loss for the year is HK\$92 million compared to a profit of HK\$3 million for last year. This is the first time that the Group has reported a loss since its listing in 1993. The loss is mainly attributable to the drop in turnover.

DIVIDEND

The Board does not recommend the payment of a final dividend as it is in the interest of the Group to conserve financial resources for other ongoing development projects.

BUSINESS PROSPECTS

The HKSAR government has indicated to reduce the supply of units under the Home Ownership Housing Scheme and announced a more flexible land sale policy. Property developers welcome such policy changes believing that this will lead to a more stable property market. The prime lending rate has dropped by 2.25% since March 2000. This has encouraged some potential buyers to materialize their decision and help to ease the mortgage burden of most home owners. It is still believed that interest rates will be maintained at such a lower level until there are signs of recovery of the economy. With the decrease in unemployment rate, accompanied by competitive mortgage rates offered by banks, the Board is optimistic on the gradual recovery of the property market. The development of two sites in Chung Shan and Tsing Fat Street, Tuen Mun is in progress and the residential units are expected to be available for pre-sale in the third and fourth quarter of 2001 respectively.

The two houses at 12B Bowen Road will be completed and it is expected to be disposed at a profit in the coming year.

The restructuring of our UK operation has been successfully completed during the year. The Group now owns 100% interest in all the relevant subsidiaries, as contrast to 72.06% before restructuring. The Board believes that in the medium term, the Group will benefit from value appreciation of the property market in the U.K. Subsequent to year end, the Group has also disposed the UK listed shell company, Golden Land Investments PLC for a consideration of HK\$7.4 million.

APPRECIATION

Taking this opportunity, I would like to thank our bankers for their continued support and all our staff for their dedication and loyal services.

Tai Kuen, S.B.S., J.P.

Chairman

Hong Kong, 17th July, 2001