

OVERVIEW

Given the massive lay-offs in recent years and the prolonged slump in the property market since mid 1998, Hong Kong was on the verge of recession even before the September terrorist attacks. A surge in the unemployment rate, concerns over job security and salary freezes coupled with the large number of home owners with negative asset value against their mortgage loans, have resulted in consumer sentiment continuing to deteriorate, notwithstanding the rise in disposable income as a result of falling mortgage rates. Generally, loan demand is weak while liquidity is abundant. The prevailing low interest rates will merely help to ease the debt service burden of businesses and households but its effect to the depressed property market is limited.

As I have stated in the paragraph under “PRC development properties” in this report, your Group has increased its property development activities in Mainland China and the result of which is quite encouraging. While the local soft economic conditions still persist, your Directors believe that the Group’s turnover contribution from PRC properties will increase in the coming year.

I wish to express my sincere appreciation to my fellow directors for the guidance and all staff for their loyalty and dedication during this period of adverse market conditions.

James Sai-Wing Wong
Chairman

Hong Kong, 12th December, 2001