

Hong Kong's economy recorded a steady improvement in the first half of 2001. However, due to the influence of certain external factors, the economic downturn began in the fourth quarter. Property prices once again suffered from enormous pressure. Under such circumstances, providing quality real-estate and service was an essential element to outperform in the property market.

We are pleased that both the rental and sale of Soundwill's properties were not greatly influenced by the economic downside. Its flagship building, Soundwill Plaza, recorded a high occupancy rate last year. The Group will continue to support Soundwill Plaza because of its high leasing potential. In order to increase its competitiveness, the Group has introduced a series of "For the Customers" value-added services to assist tenants in the implementation of various promotional activities. These services have received an encouraging response from the tenants. Moreover, the Group has successfully sold out the office portion of 8 Russell Street and parts of the non-core properties during the year. This further consolidates the financial strength and reduces the bank borrowings and interest expense of the Group.

During the year, the Group laid emphasis on achieving cost control and cost effectiveness, as well as exploring new avenues of income generation. In view of the nearly complete refinancing negotiations with bankers, management expects a brighter business future for the Group.

With years of experience in the property market, the Group will continue with its effort in the property market and is confident of achieving "low cost and high returns" in its property investments. Apart from further developing the existing property projects, the Group has plans to expand its property management business too. Despite the absence of major developments in information technology around the world, the Group will continue to maintain its existing optical networking technology business but will not increase its investments in this field.

As a final note, I wish to thank all the Directors and staff for their effort, as well as the banks and shareholders for their support in the past financial year.

Foo Kam Chu, Grace

Chairman

Hong Kong, 16 April 2002