

Chairman's Statement

On behalf of the board of directors of the Company and its subsidiaries (the "Group"), I am pleased to present the annual report of the Group for the year ended 31 December 2001.

RESULTS

During the period under review, the turnover of the Group was approximately HK\$82,865,000, representing an increase of 61.9% over the previous year. Gross profit was approximately HK\$31,166,000, representing an increase of 5.2% over last year.

For the year ended 31 December 2001, the Group recorded a loss of HK\$3,818,000, compared with a net profit of HK\$11,176,000 in 2000. The reasons for such loss were mainly due to the decrease in gross profit margin from property sales as compared with the corresponding period of last year, revaluation deficit exceed revaluation reserve in relation to the PRC property investment as well as provisions for doubtful debts.

As at 31 December 2001, the net assets of the Group was approximately HK\$225,484,000 (2000: HK\$229,638,000), bank loans and other borrowings were approximately HK\$144,785,000 (2000: HK\$72,538,000), debt to equity ratio was approximately 64.2%.

In June 2001, the Company allotted and issued a total of 170,000,000 new shares of HK\$0.02 each at a price of HK\$0.16 per share. The proceeds was mainly used to acquire part of the interests of a travel agent in the PRC.

BUSINESS REVIEW

Despite a fierce competition within the local property market in the PRC, the Group was able to sustain a satisfactory growth in turnover through adjustment on selling price and marketing strategies. During the period under review, the Group's key development projects in Shenzhen namely Taoran Garden and Telford Luxurious Garden have made significant contributions to the Group.

PROSPECTS

With the robust growth of the PRC domestic economy, as well as the Group's experience in property development, it is anticipated that the relevant businesses will continue to achieve steady growth.

On the other hand, with social and economic development, the domestic demand on tourism and transport increase correspondingly. The Group has successfully acquired 26.5% share interest in Bengbu International Travel Service Company Limited as a prelude to develop other quality businesses. The Group will grasp every business opportunity and actively acquire or invest in more quality projects. With the Group's existing management and marketing experience, we are confident in securing more returns for the shareholders.

Chairman's Statement

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the five largest customers accounted for less than 8% of the turnover of the Group for the year.

Purchases from the five largest suppliers accounted for approximately 78% of the Group's total purchases for the year and purchases from the Group's largest supplier accounted for approximately 49% of the Group's total purchases for the year.

To the knowledge of the directors, none of the directors, their associates or any shareholder who to the knowledge of the directors owns more than 5% of the Company's share capital had any beneficial interest in the Group's five largest suppliers.

APPRECIATION

On behalf of the Board, I would like to extend our heartfelt gratitude to the Group's employees for their dedication and efforts as well as to our customers, suppliers, bankers and shareholders for their continued support.

Tsang Wai Lun, Wayland

Chairman

Hong Kong, 29 April 2002