

## OUTLOOK

As the global information technology markets remained sluggish and business growth was slower-than-expected in 2002, the Board expects the wireless technology investments and the technology-related market to remain uncertain and underperformed. As such, the Board is of the view that the divestment of the wireless technology business through the exercise of the Put Option will prevent the Company from making any further potential provision as a result of the uncertain technology-related market.

The Board considers that there is tremendous growth potential in the return from hotel operations in the PRC, in particular Shanghai. Following the PRC's entry into the World Trade Organization, the scheduled opening of Shanghai Universal Studios in 2006 and the successful bid for PRC's World Expo in Shanghai, the Board expects that the number of exhibitions, conventions, forums and international events to be held in Shanghai and number of business travelers and tourists will substantially increase, leading to a huge demand for high quality hotel accommodation and services.

The Board believes that the acquisition of Hotel Longbai represents a good opportunity for the Group to diversify itself in hotel investment and operation and to strengthen its position as one of the leading property investors and developers in Shanghai. In addition, the Board believes that Hotel Longbai will bring a recurring income to strengthen the profitability and cash flow of the Group.

Following PRC's accession to the World Trade Organisation and Shanghai's bid to host the International Fair in 2010, global capital may be invested in the PRC through various channels. Playing a pivotal role in the Chinese economy, multinational companies continue to relocate regional and national headquarters of their business to Shanghai. This is likely to stimulate an increase in demand for high-end residential and office buildings. Government policies (10th Five-year plan) are to maintain stable supply and demand in the property market in Shanghai. The Group will take advantage of favourable elements, such as housing mortgage policies which have raised the purchasing power of the ordinary people and an increasingly active market for second-hand housing, to develop its property business in Shanghai. To be achieved through the investment of high-end and luxurious housing, redevelopment of the old-city districts and construction of high-end 'smart' office buildings.

The strategy of the Company is to standardise development, internationalise operations and popularise its trademark to gradually consolidate its position in Shanghai and become one of the leading property developers in Shanghai. Furthermore, through continuous efforts and value creation, the Company endeavours to bring favourable returns to its shareholders.