

CHAIRMAN'S STATEMENT

RESULTS

Turnover of the Group for the year 2002 was HK\$137.6 million, compared to HK\$256.3 million for the year 2001, representing a decrease of 46.3%. Gross profit of the Group was HK\$65.6 million, compared to last year's HK\$93.2 million, a decrease of 29.6%. Profit attributable to shareholders amounted to HK\$27.5 million, compared to last year's HK\$41.2 million, a decrease of 33.2%. Earnings per share was 10.63 cents per share, a decrease of 45.8% over the previous year's figure.

The decline in the Group's turnover and profit was mainly caused by the drop of 47.6% of completion of our projects, in term of gross floor area ("GFA"), in comparison to the year of 2001. Besides, the pre-sale permit of Village Garden in Shanghai was granted in November 2002 which left only December for the sales campaigns for the year. It has resulted in an adverse effect on the Group's results for the year.

QINGDAO PROJECT

On 4th September, 2002, the Group took a big step in the real estate market in Qingdao by its wholly owned subsidiary of the Group, China Fair Land (Qingdao) Limited ("正輝青島"), entered into a joint venture contract with 中國青島廣廈房地產實業總公司 ("the Qingdao partner"), which is owned by Qingdao Land Administration Bureau 青島市國土局, to establish a joint venture company, Qingdao Zhenghuiguangsha Real Estate Development Co. Ltd. 青島正輝廣廈房地產開發有限公司 ("Qingdao JV") in Qingdao. The Qingdao JV will be engaged in redevelopment of villas in Xiaoyushan (小魚山) in Qingdao (the "Xiaoyushan Project"). The site area for the project is approximately 400,000 sq.m. and the site will be developed as a large-scale luxury residential and commercial composite development. A solid foundation has been set up by the Group for future development in Qingdao.

SUCCESSFUL LISTING ON THE MAIN BOARD

The Group successfully listed its share on The Hong Kong of Stock Exchange on 4th June, 2002, thereby strengthening its financing flexibility. Through the initial public offering upon the listing, the Group raised approximately HK\$62.6 million after deducting related expenses. The Group also completed its business rationalisation by reorganising its businesses in an efficient structure. Coupling the reorganisation, the Group appointed professionals and experts with extensive management and operating experience from the property market to the board of Directors and senior management to assist in business development and project implementation.

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OVERVIEW OF CHINA RESIDENTIAL PROPERTY MARKET

With steady economic growth in the People's Republic of China (the "PRC") over the past few years, it leads to substantial increase in income for citizens, especially in fast growing major cities. It provides a strong impetus in demand for ownership of quality residential houses. Such growth in residential property market has been further spurred by PRC government's housing reform and relaxation of mortgage terms and repayment periods. In addition, the entry into the WTO, a Vivendi Universal theme park planned to open in 2006, the hosting of Olympic Games in 2008 and Shanghai EXPO in 2010 will boost the PRC economy and are the accelerant of economic growth in the long run. The expected increase in business activities will bring promising growth in property market in cities such as Changchun, Ningbo, Qingdao and Shanghai.

PROSPECTS

Looking forward to 2003, the Group continues to place great emphases on land bank replenishment in order to build residential units for sale and anticipate appreciation in land value. In 2002, the Group has had a land bank of approximately 358,000 sq.m. Together with the site area of approximately 400,000 sq.m. in the Xiaoyushan Project, I expect this could be enough for the Group's development in the next several years. Simultaneously, the Group concentrates on developing middle to high end residential unit projects to capture the demand for housing in the PRC. In 2003, the Group accelerates the completion of our projects in order to increase sales income, cash flow and profits.

ACKNOWLEDGEMENTS

On behalf of the Group, I would like to take this opportunity to thank the Directors, our staff, partners, shareholders and all parties who have rendered their support and contribution to the Group.

So Pang Gen

Chairman and Managing Director

25th April, 2003