CHAIRMAN'S STATEMENT

THE YEAR ENDED 31 DECEMBER 2002

Nobody would disagree 2002 was a very difficult year for Hong Kong at large with unpromising economic outlook, severe business contraction, persistent deflationary pressure and high unemployment rate. Against this background of gloomy economic climate, the underlying core operating results of the Group as a whole were very pleasing. Throughout the year, the Group again remained very focused in its core rental business and concentrated its effort in consolidating and maintaining its market position in both Hong Kong and Shanghai.

This year, what was particularly noteworthy was the completion of a brand new prime residential development in Shanghai known as "Windsor Place". However, as the project was only completed by the end of 2002, the full financial impact of these 126 detached houses and townhouses of first class hotel quality will only be reflected in the year 2003. It is envisaged that additional annual rental of close to HK$65 million would be generated from this project alone.

Our top class service apartment chain in Shanghai, through the name of "Windsor Renaissance", has already established a very firm footing after 8 years of hard work and at present, a portfolio of over 450 service apartments and houses are under our management and the overall occupancy rate is always close to 90%. With China's formal accession to the WTO and the hosting of the World Expo 2010, Shanghai, as the financial hub of China, has received unprecedented opportunities. With the continuing opening up policy adopted by the Chinese Central Government, we strongly believe that the property market in Shanghai would flourish in the long run even though there may be some immediate control measures likely to be introduced by the government to cool down the prevailing property market sentiment. At present, we are actively searching for appropriate investment opportunities in Shanghai in order to enhance shareholders' return and value.

On the other hand, the Hong Kong property market, after a period of extensive consolidation with a sharp adjustment in value and a dramatic drop in the number of transactions, is still in doldrums and has still not recovered. Even though we have every confidence in the Hong Kong economy in the long term, in the meantime, we have no other alternative but to face the reality and bite the bullet as life in Hong Kong has to go on. Despite a poor sentiment in the Hong Kong property market, the Group can still maintain an occupancy rate of close to 85%. Even though the prevailing economic outlook in Hong Kong is not promising, we should adopt a positive attitude and are of strong belief that under the leadership of Mr. C.H. Tung, the Hong Kong Government will endeavour to revitalize the property market and the current depression in the Hong Kong economy may only prolong for another 3 years at most. It is our intention to start to look for opportunities in Hong Kong again when the timing is right.

The achievements of the past several years, which brought the Group to its current strong position, allow us to look forward with confidence to the future. The Board and management of the Group are dedicated to rewarding the shareholders who have supported the company by their investment and have decided to continue to upkeep the dividend policy by proposing a final dividend of 0.25 HK cents per share at the forthcoming annual general meeting.

Finally, I would like to thank our Board colleagues for their support and contribution in the past year. In addition, I would also acknowledge the important role played by all of our staff. Through their efforts and their belief in the philosophy and goals of the Group, Multifield has grown and prospered.

Lau Chi Yung, Kenneth
Chairman

Hong Kong
16 April 2003