

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 2002.

RESULTS

In the light of the keen competition of PRC property market, the Group has adopted an aggressive marketing and sales strategy in order to maintain the Group's leadership position in the region. The Group has achieved a good level of turnover of HK\$72.2 million which represents 87.1% of that of last year in which most of the development projects were completed and started to be sold. Most of sales of the year were attributable to Telford Garden of Shenzhen which represented 76.6% of sales for the year. In addition to maintaining a profitable gross margin of 35%, the Group has achieved profit from operations amounting to HK\$3.5 million despite the fact that we did not generate the similar project management fee of HK\$9.7 million as in last year.

The cash generated from operations amounted to HK\$37.9 million (2001: HK\$46.1 million) for the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to enforce the conservative financial policy during the year. As at 31 December, 2002, the Group recorded net current liabilities of HK\$38.4 million (2001: HK\$39.6 million), shareholders equity HK\$342.5 million (2001: HK\$252.0 million), total assets HK\$611.1 million (2001: HK\$574.4 million) and total bank loans and borrowings HK\$103.1 million (2001: HK\$144.8 million) with the gearing ratio (total liabilities to total assets) of 44% (2001: 56%). In addition, the Group had cash and bank balances of HK\$27.5 million (2001: HK\$3.0 million).

PROSPECTS

The PRC economy has undergone a fast robust growth during the past five years and it has been forecast that the growth will be continued in the years ahead. In view of this and the established leading position in carrying on property development in PRC, the Group is well positioned to capitalize the growth of the property market in achieving the growth of the Group. Currently, the Group is in the process of development of luxurious residential complex of Prince Dragon Garden with area of more than 45,000 square metres in Buji, Shenzhen which will bring promising returns to the Group following the current Telford Garden.

CHAIRMAN'S STATEMENT

BUSINESS DEVELOPMENT

During the year, the Group acquired 75% interest in Sino Richest Ltd. which holds 80% interest in a sino-foreign equity joint venture 重慶市溢德萬盛燃氣有限公司 in pursuing gas pipeline business in Chongqing and the neighbouring provinces. However, the joint venture has not been proceeded since the China party of the joint venture 重慶市煤焦化燃氣有限公司 failed to transfer the ownerships of their assets in performing their obligations of capital injection under the joint venture agreement. As such, the Group is proceeding to make the application for setting up of a wholly-foreign enterprise or a sino-foreign joint venture enterprise to pursue the gas pipeline business.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the five largest customers accounted for less than 5% of the turnover of the Group for the year.

Purchases from the five largest suppliers accounted for approximately 90% of the Group's total purchases for the year and purchases from the Group's largest supplier accounted for approximately 36% of the Group's total purchases for the year.

To the knowledge of the directors, none of the directors, their associates or any shareholders 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 wholehearted gratitude to the Group's employees for their dedication and efforts as well as to our customers, suppliers, bankers and shareholders for their continued valuable support.

By order of the Board

Tsang Wai Lun, Wayland

Chairman

Hong Kong, 28 April, 2002