

CHAIRMAN'S STATEMENT



In the last two years, the Group had been affected by the Asian Financial Crisis and tightening of corporate credit in Hong Kong. Although the Group itself did not and does not have liquidity problems, market sentiment had turned negative and the Group had to slow down its investment on purpose. However, in the year of 2000 the Hong Kong credit market has started to improve. With the Company's controlling shareholder, Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") completed its refinancing arrangement of HK\$4.9 billion in September 2000, the Group has walked out of the doldrums of the Asian Financial Crisis. The completion of Yue Xiu's refinancing will facilitate the future fund raising capability of the Group and consequently enhance its business development.

The Group's past strategy of business diversification and reducing investment in property market of Hong Kong has played an important role in reducing the impact of the Asian

Financial Crisis on the Group. Looking ahead the Group intends to expand business of property development in Guangzhou which will have great potential with the continuous economic development of China, particularly in Southern China. The Group's goal is to develop as a leading property developer in this region. In addition, management of existing operating businesses will be strengthened to deliver satisfactory returns to shareholders.

Over the last few years, the Chinese economy has been undergoing substantial structural changes and is developing a more efficient economic system. With the future accession to the World Trade Organization ("WTO"), the process of structural change will be speeded up and the Group's management has prepared to meet the emerging opportunities and challenges in 2001. Corporate practices will be adjusted to compete in a new business environment accordingly. Having endured the challenge of the Asian Financial Crisis, the Board of Directors is optimistic on the development of the Group. The Group's major businesses, being located in one of the most prosperous regions of China, are expected to prosper after China's accession to WTO.

Lastly, I would like to thank our shareholders, directors and staff members for their support, hard work and dedication in 2000.

Liu Jinxiang

Chairman

Hong Kong, 23rd April 2001