

CHAIRMAN'S STATEMENT



With the advent of China's entry in The World Trade Organisation and confirmation to host the 2008 Olympics in Beijing, China is opening up a new chapter in the international arena. China becomes a World recognised superpower in international trade, commerce, finance and social status equal to that of United States and Great Britain. The two big cities in China, Shanghai and Beijing will uphold these events and become international cities of the World with distinct significance. Hong Kong, will obviously treasure its two sister-cities and support them with its established financial and banking expertise to enhance its relationship on mutually beneficial grounds.

For the past two years, we have witnessed the further expansion of China's "Open-door" policies, in particular, the Central government encourages people to buy their own home in order to relieve spending on public housing. In this connection, the banking sector also opens up home financing for individuals both locals and foreigners buying their own homes. This chain reaction gives rise to an emergence of a new critical mass of middle-class individuals who have access to bank credits and have enjoyed a status symbol of personal wealth and purchasing power. This capitalistic improvement leads to increased demand and supply of new built property developments in most major cities in China. Shanghai and Beijing have been very bullish for the past 2/3 years.

Hong Kong, taking the benefit of interest rate cut for the past twelve months following the same with USA, home buyers are slowly coming out to look at the new-built market for bargain and cheaper bank financing. This attributes to increased activities in the residential sector in property development and thus enhance economic recovery from the already depressed industry. Hong Kong will be more bullish particularly in the property market sectors when China becomes officially a member of World Trade Organisation. Hong Kong with its history of established international laws in banking and finance will be acting as a back-up city for foreign companies setting up their branch office here to facilitate their activities with China. This is an advantage for Hong Kong to service China and its trading partners.

We are fortunate to be presence in both Shanghai and Hong Kong, with our property development business well in place. We are confidence with our prudent management in both cities to maintain our healthy growth in both profit and sound investment in the property market in which we are good at in the years to come.

Finally, I will take this opportunity to express my appreciation to all our directors and staff for their effort and contribution during the years and our shareholders continuing support and loyalty to our group.

Deacon Te Ken Chiu
Chairman

Hong Kong, 18th July, 2001