



**Ou Bingchang**  
*Chairman*

2002 was a year of asset and business adjustment for the Group.

In the year the Group completed acquisition of a controlling interest in Guangzhou City Construction and Development Holdings Limited ("Guangzhou Construction"), a leading property developer in Guangzhou Municipality and disposed the non-core cement, ready-mixed concrete and high technology businesses. In the future the Group's property investment and development business will concentrate in Guangzhou Municipality while the toll road business will serve to provide recurrent income to support the property business. Property business primarily in Hong Kong and Macau and a pulp factory in Fujian Province will be scaled down and terminated at appropriate time. The Group's attributable interest in newsprint business will also be reduced gradually through a proposed A-share listing of Guangzhou Paper Limited. As a result of the above business reshuffling, the Group's headcount was reduced and organization streamlined.

Upon completion of acquisition of Guangzhou Construction, the bulk of the Group's enlarged land bank is located in the urban area of Guangzhou Municipality and suburb Nansha District in the heart of the Pearl River Delta. The urban projects will offer immediate development potential while the development of Nansha District in the coming years will underpin medium term potentials. The Group's future market positioning is to concentrate primarily on the development of middle market residential properties in the urban area of Guangzhou Municipality to be supplemented by suburban projects. Average selling price will range between Rmb4,000 to Rmb6,000 per sq. meter. As a result of the People's Bank's prudent policy to avoid overheating, the other regional property markets in Eastern and Northern China may enter a period of consolidation in the next six to twelve months. The Guangzhou property market, however, has no signs of overheat. It has been developing steadily due to prudent local government land management policies and thus will not be adversely affected.

## Chairman's Statement

In 2002, Guangdong Province achieved GDP growth of 10.8 per cent. With its growing role as the World Factory, the Group believes that the economy of China, especially Southern China, will continue to remain robust. The Guangzhou property market may remain competitive but also have huge growth potential due to continuous economic development and an expanding population which amounts to over 10 million. As a leading property enterprise, the Group is optimistic on its future potential and performance.

Lastly, I would like to thank our shareholders, directors and staff members for their support, hard work and dedication in 2002.

**Ou Bingchang**

*Chairman*

Hong Kong, 16th April 2003