

Prospects

During 2000, property prices and rentals in major cities in Mainland China have generally halted their declining trend and became stable. In certain property markets in major cities, prices and rental levels have recorded noticeable increase. The aggregate sums which were invested in properties in Mainland China also recorded double digit growth last year. For citizens in major cities, average household income as well as consumer consumption also showed increases. These factors are anticipated to bring about positive effects leading to increased demand for quality development properties. Such favourable development in the marketplace fits in well with the "Prime City - Prime Site" property investment strategy adopted by the Group and will be of benefit both to the Group's completed projects as well as those projects presently under development.

In view of the anticipated continual economic growth of Mainland China and its entry to WTO, your Group is optimistic that the recent stabilisation trend occurring in the property markets in major cities in Mainland China will further continue. As for the Group, pre-sale of the residential units of the Heng Bao Garden project in Guangzhou was launched at the beginning of this month and was met with good market response. This development is scheduled to be completed in stages in 2001 and it is anticipated to bring in substantial cash proceeds from sales and better performance for the Group.

As for new business development, the Group and the U.S. Eastman Chemical Company formed a 50/50 joint venture under the name of Asia BizNet Company Limited earlier in the year to provide on-line process management e-solutions to chemical and chemical related industry participants in the Greater China region. In February 2001, the Group formed a joint venture with China National Non-Ferrous Industrial Trading Group Company ("CNNT"), a member of the China National Metals and Minerals Group ("China Minmetals Group"), to launch an electronic exchange for the trading of metals and metal-related products through China Metals Net.com. Apart from offering its services to the public at large, this web-based exchange will also exclusively undertake CNNT's trading transactions of non-ferrous metals thereby facilitating it to establish a significant position for online trading of non-ferrous metals in the Asian e-commerce marketplace within a relatively short time. In addition, the Group also reached an agreement with China National Metals and Minerals Import and Export Corporation of the China Minmetals Group to provide supply chain management solutions to foreign and local manufacturers, suppliers and distributors in Mainland China. For those overseas manufacturers and suppliers which intend to promote their products upon the entry of China into WTO, the Group also plans to provide certain domestic sales and promotion centres at low cost allowing such promotional activities to be conducted efficiently and effectively. In this connection, your Group intends to set up several product display and exhibition centres with conference facilities at the Group's developments located in major cities in Mainland China. It is anticipated that this will also lead to enhancement of the rental yield of the Group's investment properties that are employed for such purposes. On the technology business front, the Group will also, at a low development cost, offer business support services to support manufacturers, suppliers and distributors by providing web-based applications and solutions. In this respect, the Group will continue to identify new business opportunities and establish business alliances with partners of substantial standing to enhance the Group's development in new business areas.

It is anticipated that the Group's property projects will be gradually developed as property markets in Mainland China continue with its recent trend of stabilisation whereas property rental will become a significant recurrent income base of the Group. In addition, your Group will continue to diversify its business in new areas in a prudent manner with the aim to expand the sources of earnings for the Group.