

Chairman's Statement

Mr. Lee Ka Kit, Chairman and President



“ I am pleased to present to the Shareholders my report on the operations of the Group ”

Profit and Turnover

The Group's consolidated net profit after taxation and minority interests for the year ended 30th June, 2002 amounted to HK\$133 million, representing a decrease of 21% from that reported in the previous financial year. The turnover of your Group showed an increase of 20% over that of the previous financial year and amounted to HK\$578 million.

Dividends

Your Board recommends the payment of a final dividend of HK\$0.06 per share to shareholders whose names appear on the Register of Members of the Company on 18th December, 2002. The total distribution per share of HK\$0.12 for the full year, including the interim dividend of HK\$0.06 per share already paid, is same as the total distribution in the previous year. Warrants for the final dividend will be sent to shareholders on 19th December, 2002.

Business Review

PROPERTY MARKET

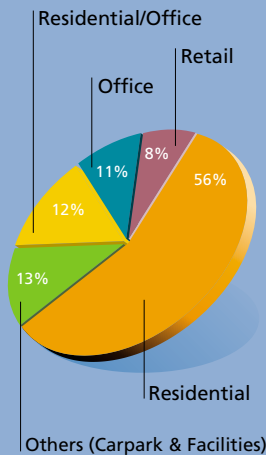
In the past financial year, the property markets in major cities in Mainland China made a full recovery under the favourable developments on China's accession to the World Trade Organisation and the successful application by Beijing City to host the Olympic Games in 2008. As these property markets attracted property purchasers from overseas, the lowering of housing mortgage rates since the beginning of 2002 further increased the domestic property sale activities thereby bringing about renewed enthusiasm to the overall property market in the Mainland China.

PROPERTY DEVELOPMENT

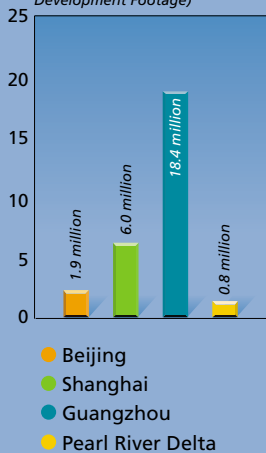
During the period under review, the main focus of the Group's property marketing efforts has been placed on the sale of residential units in Heng Bao Garden which is located on top of

Chairman's Statement (cont'd)

Usage of Land Bank of the Group



Distribution of Land Bank of the Group
(Not Counting Completed Development Footage)



Total land bank: 27.1 million
(Note: Attributable gross development area above shown in square feet)

the Changshou Road Station of the Metro Line in Guangzhou as well as the newly completed residential units in the Group's joint venture development projects located in Panyu in the Guangdong Province, namely, Lexi New City Phase VIII known as Fanghua Garden-Luotao South Zone Villa and Phase IX of Lexi New City known as Green Island House. The residential units of the Heng Bao Garden were well received by property purchasers and more than 500 units were sold during the financial year under review making the total accumulated number of residential units sold since initial sales launch in early 2001 to more than 85% of the number of completed units of this development. As for the sale of Phase VIII and Phase IX of the Lexi New City project in Panyu, these developments continued to record good sales results as in the past and 60% of the residential units were successfully sold soon after the initial sales launch. Further, major marketing efforts placed on the re-launch of the completed residential units in the Group's Skycity project in Shanghai for sale had also met with good response and recorded a notable increase in sales from purchasers both locally as well as from overseas.

PROPERTY RENTAL

As at the end of the financial year under review, the total attributable gross floor area of the Group's rental property portfolio amounted to 2.58 million sq.ft. The retail shopping podium of the Heng Bao Garden in Guangzhou became available to tenants as from the end of 2001 and leasing of Basement Level 1 and Level 1 for which your Group placed its major marketing efforts had made encouraging progress with an average 75% of the lettable space already let. Since all of the Group's rental properties are located in busy areas in major city centres with easy transportation access, the Group recorded steady rental income in the past financial year.

Prospects

In light of the economic growth in Mainland China, it is anticipated that its property market will on the whole experience a gradual and balanced development. As for those major cities which are currently attracting purchasers both locally and from overseas such as Beijing and Shanghai, there exists further potential for value appreciation. Your Group possesses plentiful development land bank in these cities and conditions gradually appear ripe for development of some of the sites. The Group will expedite the steps to develop these projects and will identify suitable joint venture business partners to assist in the development.

Following the end of the financial year under review, leasing of the retail shopping podium properties in Heng Bao Garden in Guangzhou continues to make good progress. It is anticipated that rental properties will provide a stable source of income to the Group. Further, sales proceeds will be generated from the current accelerated sales programme of the Group's existing completed property units, and these will all help to bring about future development of the Group's projects to take place at a faster pace.

Lee Ka Kit
Chairman

Hong Kong, 3rd October, 2002

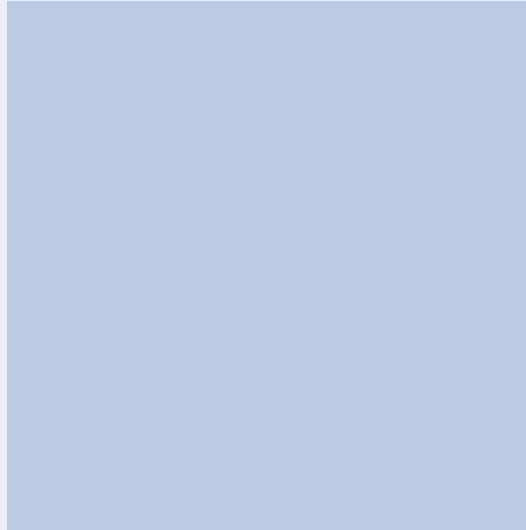
Property Development

Residential / Retail Complex



Heng Bao Garden, Guangzhou

- 100% owned by the Group
- Completed in June, 2001
- Consists of 7 residential towers built on a five-level shopping podium with carparking facilities
- Total G.F.A. of approximately 2,245,000 sq.ft. of which 950,000 sq.ft. shopping space and carpark are retained by the Group for rental purpose



- Situates right above the Changshou Road Station along the Guangzhou Metro Line One
- The residential portion is over 85% sold by now
- The shopping space on the first basement level and first level of the shopping podium of Heng Bao Plaza were actively promoted and recorded close to 75% in average occupancy