

CHAIRMAN'S STATEMENT



There are strong indications in the region that the recent period of economic recession has ended and that we can look forward to a period of recovery and increased confidence. Interest rates have stabilized and the property sector is strengthening as I predicted, particularly in Hong Kong, China, Malaysia and Australia where we operate.

Two years of economic downturn has brought us problems. It was painful not being able to deliver as much profit as we hoped to our shareholders, although we managed to emerge from the recession relatively unscathed, due largely to prudent management. Two years of recession has also given us opportunities. We were able to increase our land bank in Hong Kong at relatively low cost and we will be well positioned to take advantage when the Hong Kong property market rebounds.

Above all else, the events of the last two years have reinforced our commitment to some fundamental principles:

- We are a property company – the history of the Group has told us that it is in this area that we can do best.
- We have to be focussed – it was necessary to dispose of non-core assets and we are continuing to do it.
- Prudent financial management – we owe it to our shareholders to run a well-managed and profitable company.

The highlight of the year was the successful listing of the California Gardens project in NASDAQ. This has given us access to the strongest capital market in the world and with further economic reform and liberalization in the Mainland after its accession to the World Trade Organisation, we are well positioned to become an even bigger property participant in China.

Finally, I would like to take this opportunity to express my appreciation to all directors and colleagues for their effort and contribution during the year and I know every staff member will continue to support the Group to strive for further development of our business in the new millennium.

Deacon Te Ken Chiu
Chairman

Hong Kong, 23rd August, 2000