



## REVIEW OF OPERATIONS

### Property Developments in Hong Kong and China

#### *Causeway Bay*

The project site area is about 437 square metres. With a belief that the demand for hotels/service apartments will be greater in the near future, an application for changing the use of the development site to a hotel was submitted and recently approved by the relevant authority. Foundation work will commence soon.

#### *Sheung Shui*

The Group has a 55 percent interest in this project. The site area is about 9,000 square metres and a total residential floor area of 45,120 square metres will be developed. Land premium for the site is still under negotiation with the Government.

#### *Guangzhou*

In China, the Westin Plaza residential development in the Li Wan district of Guangzhou is making good progress. The sub-structural work was completed in early 2001 and the superstructure works have just commenced. Phase I will be available for sale and due for completion in the first quarter of 2002.



### Property investments in Hong Kong and China

Most of the expired leases of the Group's flagship property, the Dah Sing Financial Centre in Hong Kong, were successfully renewed or re-leased at satisfactory rental rates. The occupancy rate exceeded 95 percent throughout the year.

#### **Foundation – laying ceremony of Westin Plaza, PRC**



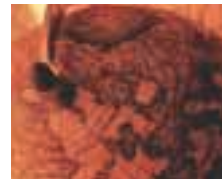
**18 Yaohan Road, Shanghai**

The Group acquired a 17,400 square metres warehouse and an adjacent site available for future development in Shanghai during the year. A lease for the warehouse to a multinational third party logistics company is under negotiation.

### Property investments in New Zealand and Australia

In New Zealand, non-core properties were disposed of and a number of properties suitable for redevelopment were acquired during the year. The property team achieved occupancy rate of 90 percent at year end date.

In Australia, the occupancy rate of the investment property portfolio, including the premium grade asset 363 George Street, Sydney, was at 95 percent at year end date. 363 George Street, the flagship of our Australian portfolio was completed during 2000 within time and cost budgets. A non-core property in Brisbane was disposed of and the proceeds were used to reduce bank borrowings.



### e-business

The Group made new investments in businesses engaged in e-commerce logistics, software development, e-procurement and e-commerce market-site development during the year 2000. Investments in e-business ventures represent approximately 1.4 percent of the Group's total assets at this stage.

### Garment business

The Group's garment business has benefited from the US's strong economic growth in the year 2000. However, the contribution in the coming year is expected to decline as a result of the recent slow down in the US economy.

### Financial resources and treasury policies

The Group adheres to prudent treasury policies. The decrease of the ratio of total long-term liabilities to total shareholders' fund from 1.26 at the end of 1999 to 1.06 at the end of 2000 was mainly attributable to significant declines of both the NZD and the AUD against the HKD during the year.

The Group has sufficient liquidity to satisfy its commitments and working capital requirements. The decrease of the current ratio from 1.70 at 31st December, 1999 to 1.34 at 31st December, 2000 was largely due to investments in associates and investment properties, and repayment of term loans during the year. Bank loans, mainly secured by the pledge of some of the Group's properties of HK\$6,988 million (1999: HK\$7,578 million) and bank deposits of HK\$824 million (1999: HK\$1,239 million), comprise term loans as well as revolving credit facilities. Long-term assets denominated in foreign currencies are generally financed by borrowings of a matching currency. The Group has HK\$5,027 million and HK\$4,019 million bank borrowings as at 31st December, 1999 and 2000. 55.1 percent (1999: 55.8 percent) of the bank borrowings are dominated in NZD or AUD for financing the long-term assets in NZD or AUD as at 31st December, 2000. Approximately 2 percent of the loan is dominated in CNY for assets in Great China. The remaining bank borrowings are in HKD or USD.

The Group's borrowings are principally on a floating rate basis. When appropriate and at times of interest rate is uncertain or volatile, hedging instruments including swaps and forwards are used to manage interest rate exposure.

### Staff

The Group had 257 employees at the end of 2000. Salaries are adjusted annually and fringe benefits such as tuition/training subsidies, provident fund and medical insurance are offered to most employees. Furthermore, share options are granted and bonuses are awarded to employees of the Group at the discretion of the directors.

### Lu Wing Chi

*Managing Director*

30th March, 2001