

For many investors around the world the Year 2000 was disappointing. The economy in the US slowed rapidly and the Nasdaq Composite Index declined over 50% from its high in March 2000. Many companies, both in the old and new economies, have been forced to cut staff and reduce expenditure due to weak demand and unfavourable stock market conditions.

The weak US economy and the bursting of the stock market bubble which had been driven by high technology companies also affected Hong Kong. The property market in Hong Kong remained soft and consumer confidence was low due to the uncertain outlook. As a result, last year proved to be a challenging year for the Group.

### OPERATING RESULTS

Turnover for the year ended 31 December 2000 was HK\$13.7 million (1999: HK\$3.5million), representing an increase of 291%. Provisions for revaluation of properties and other investments, together with administrative expenses, resulted in a loss from operations of HK\$165 million (1999: HK\$312 million). Finance costs amounted to HK\$43 million (1999: HK\$34 million), resulting in a loss for the year ended 31 December 2000 after tax of HK\$205.3 million (1999: HK\$346.5 million), or a loss of 0.905 cents per share (1999: 4.956 cents per share)

The Directors do not recommend the payment of any dividend for the year ended 31 December 2000 (1999: nil).

### BUSINESS REVIEW

The Group made significant progress in the development of its gas project in China. In Hunan Province, where it had, up to date, completed 7.8 km of its gas pipeline distribution system, where a high consumption rate is anticipated due to the relatively high concentration of industrial customers. The potential customer size is about 20,000 composed of residential, commercial and industrial users. The Group is in the process of installing connections to these customers and expects to complete the required installation within the next twelve months.

Furthermore, the Group began the development of a gas distribution system in Liling City in Hunan Province. It also signed partnership or joint venture agreements with local partners, including the provincial government, to develop gas distribution systems in six cities in the Shandong Province.

### Prospects

The Group plans to continue its strategy of divesting itself of its real estate properties and other low-yield assets. To raise funds for the development of its gas project, the Group may spin off a portion of that project when and if suitable opportunities arise.

## Chairman's Statement

Due to the recent easing of interest rates, the property market in Hong Kong is showing signs of recovery. I am optimistic about the Group's current strategies to increase shareholder value. Most importantly, I am grateful to the Group's bankers, auditors, management and staff for their support in a difficult year.

**David Wong Wai Chi**

*Chairman*

Hong Kong SAR, 25 April 2001

A large, light green, stylized logo consisting of the letters 'S', 'H', and 'K' in a bold, sans-serif font. The 'S' is on the left, the 'H' is in the middle, and the 'K' is on the right. The letters are interconnected and have a modern, geometric feel.