

# Chairman's Statement

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## MATERIAL ACQUISITIONS AND DISPOSALS

In March, 2000, the Group acquired approximately 23.58% of the existing issued share capital of China Land for an aggregate consideration of HK\$185,401,000. Prior to the acquisition, the Group, through two of its wholly owned subsidiaries, already owned an aggregate of approximately 34.24% of the then existing issued share capital of China Land. As a result, the equity interest of the Group in China Land exceeded 35% of the issued share capital of the latter. The Group now holds approximately 74.98% interest in China Land. According to Rule 26.2 of the Hong Kong Codes on Takeovers and Mergers and Share Repurchases, the Group announced an unconditional cash offer (the "General Offer") to acquire all the issued shares in China Land.

In November 2000, the Company through Optima Media Holding Limited ("Optima"), which was owned as to 65% by the Company and as to 35% by Star East Holdings Limited ("Star East"), entered into a sale and purchase agreement with Sing Pao Newspaper and Publication Limited to acquire Sing Pao Newspaper.

In November 2000, the Group entered into an agreement to acquire a 49% interest in Tung Fong Hung Investment Limited ("TFH Investment") for a consideration of HK\$44,100,000. TFH Investment holds interests in Chinese medicine, food supplements, health products, pharmaceutical products and Internet businesses.

In November 2000, Gold Brilliant Limited ("Gold Brilliant"), which is owned as to 65% by the Company and as to 35% by Star East, entered into a conditional sale and purchase agreement with Simultronics Limited, Win Allied Holdings Inc. and Mr. Chan Boon Ho, Peter, pursuant to which Gold Brilliant would acquire 604,822,656 shares in Huey Tai International Limited (to be named as Sing Pao Media Group Limited) ("Huey Tai"), representing approximately 38.65% of the entire issued share capital of Huey Tai. Gold Brilliant was required under the Takeovers Code to make mandatory conditional cash offers for all Huey Tai shares not already owned by or agreed to be acquired by Gold Brilliant or parties acting in concert with it and all the outstanding Huey Tai share options. The Huey Tai offers were declared unconditional on 8th February, 2001. The Group now owns approximately 74.99% of the issued share capital of Huey Tai.

At the same time, the Group and Star East also entered into a conditional agreement with Huey Tai, pursuant to which Huey Tai would acquire all of the issued and outstanding shares of Optima together with all the issued and outstanding shares of two other wholly-owned subsidiaries of the Company, which are engaged in the magazine and media businesses, respectively, to the Huey Tai group.

In December 2000, the Group disposed all of its interests in China Development Corporation Limited ("CDC"). The Group held no interest in CDC at 31st December, 2000.

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During the year, the Group also disposed of a number of shares in Pearl Oriental Cyberforce Limited and Allan International Holdings Limited. The Group ceased to be substantial shareholders of the said two listed companies.

## CHANGE OF COMPANY NAME

On 7th July, 2000, the name of the Company was changed from China Strategic Holdings Limited to China Internet Global Alliance Limited. Subsequently, the name of the Company was changed back to China Strategic Holdings Limited on 15th December, 2000 following the change of substantial shareholders and the board of directors of the Company in October 2000. The new board of directors had reviewed the business of the Company and believed that the original name of "China Strategic Holdings Limited" would better reflect the existing and future business nature of the Group.

## CHANGE OF SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

As announced on 29th September, 2000, Mr. Oei Hong Leong and his associates entered into various agreements dated 26th September, 2000 and 28th September, 2000 with Powervote Technology Limited ("Powervote") and Great Decision Limited ("Great Decision"), respectively, in connection with the disposal of their entire stake in the Company. Powervote and Great Decision are each a wholly-owned subsidiary of Paul Y. - ITC Construction Holdings Limited ("Paul Y.") and of Hanny Holdings Limited ("Hanny"), respectively. Both Paul Y. and Hanny are listed on The Stock Exchange of Hong Kong Limited.

Each of Paul Y. and Hanny now holds approximately 17.45% interest in the Company.

After the change of substantial shareholders, Mr. Lau Ko Yuen, Tom, Ms. Chau Mei Wah, Rosanna, Mr. Chan Kwok Hung, Mr. Yap, Allan and I were appointed as executive directors of the Company on 11th October, 2000.

Mr. Lui Siu Tsuen, Richard was also appointed as an executive director of the Company on 19th February, 2001 and Ms. Ma Wai Man, Catherine redesignated as a non-executive director of the Company on 28th February, 2001.

Ms. Choy Hok Man, Constance was appointed as an independent non-executive director of the Company with effect from 23rd April, 2001.

Mr. Oei Hong Leong resigned as the chairman and a director of the Company with effect from 23rd April, 2001 and I was appointed as the chairman of the Company with effect from 23rd April, 2001.

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## PROSPECTS

During the year, the Group maintained a strategy of balancing its investment portfolio. In our core businesses, the Group disposed of certain under-performing assets while further focusing on strengthening investments with a strong potential for future growth. The Group believes that certain acquisitions made during the year in traditional business sectors of the economy will assist to balance its other investments in the new economy, thus creating a more diversified and healthier portfolio of assets.

The participation of new shareholders and management to the Company is expected to provide additional benefits to the Group going forward. Paul Y.'s real estate and construction expertise will assist the Company in the management of its property trading and development and toll-road project investments. Hanny's experience in managing its sales and distribution network as well as its high-technology portfolio will also contribute to the further building of the Group's core and new businesses.

The anticipated entry of China into the WTO is expected to open the door to significant opportunities for many businesses. The PRC government has budgeted for an annual growth of 7% in Gross National Product in its 10th Five Year Plan. The Company will have a competitive advantage over other businesses given our solidly established presence in China. With the strength of our extensive network and our experience in a diversified range of businesses, the Company is well-positioned to embark on capturing further opportunities that abound us.

## APPRECIATION

The board of directors would like to extend our deepest thanks and gratitude to Mr. Oei Hong Leong ("Mr. Oei"), who has resigned as the chairman and a director of the Company on 23rd April, 2001, for his endeavors and contributions in the past ten years since 1991. Mr. Oei has successfully redeveloped the Group, a domestic catering business a decade ago, into a unique investment holding enterprise which engages in the investment of infrastructure, property and manufacturing businesses in the People's Republic of China.

On behalf of my fellow directors, I would like to take this opportunity to express our sincere appreciation to the shareholders and the creditors of the Company for their on-going support and patience during this revitalization period for the Group as well as the past and the present directors, and our loyal staff for their commitment and dedication to the Group throughout the financial year under review.

**Dr. Chan Kwok Keung, Charles**  
*Chairman*

Hong Kong  
23rd April, 2001