

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION AND RESULTS

The Group recorded a consolidated value of transaction HK\$13,666 Million (1999: HK\$9,824 Million), representing an increase of 39%.

During the year Mansion House has disposed its holding of Hong Kong Exchanges and Clearing Ltd shares for HK\$31,904,958 as announced on 15 July, 2000.

Property held for development increased by HK\$23,921,413 or 32% because 3 blocks of Phase 5 of Wanhua Garden Project is under construction, anticipated completion in June 2001.

Compared with last year, operating margins moved downwards in the year under review due to competitive environment, both brokerage commission income and securities margin loan interest are reducing.

	2000	1999
Value of Transactions		
HK Stock	13,319,646,533	9,489,128,759
Foreign Stock	177,301,608	114,385,370
FX Turnover	168,929,322	220,704,400
Total Value of Transactions	<u>13,665,877,463</u>	<u>9,824,218,529</u>
Turnover		
Brokerage and commission income	32,441,663	24,241,962
Dividend income from investment securities	65,961	360,452
Interest income	12,584,484	16,183,118
Management and handling fees received	674,764	648,795
Consultancy fee income	–	2,414,030
Net realised profit on securities trading	27,970,723	1,073,647
Gross proceeds from sales of properties	16,184,692	119,603,491
	<u>89,922,287</u>	<u>164,525,495</u>

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Balance Sheet

Non-current Assets	29,794,725	74,183,720
Current Assets	313,597,099	424,966,954
Current Liabilities	(279,117,182)	(397,410,439)
Non Current Liabilities	(4,540,592)	(1,509,324)
Minority Interest	-	(685,337)
Net Assets	59,734,050	99,545,574
Capital and Reserves		
Share Capital	74,633,896	63,171,896
Reserves	(14,899,846)	36,373,678
	59,734,050	99,545,574
No. of Staff	77	75

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to Group results by principal activity and geographical area of operations for the year ended 31st December, 2000 is as follows:

	Turnover HK\$	Contribution to Group results HK\$
By activity:		
Securities	59,828,456	4,604,222
Share margin financing	11,981,687	(2,956,247)
Futures	649,891	2,611,009
Consultancy, advisory, fund management and others	1,277,561	224,068
Sales of properties	16,184,692	4,683,109
	89,922,287	9,166,161
Less: Other expenses		(97,951,651)
		(88,785,490)
By geographical area:		
Hong Kong SAR	73,737,595	4,483,052
The People's Republic of China (excluding Hong Kong SAR)	16,184,692	4,683,109
	89,922,287	9,166,161
Less: Other expenses		(97,951,651)
		(88,785,490)

FINANCIAL POSITION

As at 31st December, 2000 bank and other borrowings for the Group was HK\$243,167,537 while cash and cash equivalents balance was HK\$94,072,147. Investment in securities amounted to HK\$1,276,934. The gearing ratio (as defined as the total of net bank borrowings, finance leases and hire purchase as a percentage of the total of equity interests) as at 31st December, 2000 was approximately 125%.