

In Kuala Lumpur, the Lanson Place Ambassador Row serviced residence held its position in a very competitive market with an occupancy rate of about 54%. Our luxury residential apartments at Kondominium #8 Ampang Hilir, also managed by Lanson Place, had an occupancy rate of 84% for the year.

We are cautiously optimistic that there will be further improvement in the serviced apartments business if the regional economy continues to strengthen.

TECHNOLOGY INVESTMENTS

SUNDAY Communications Limited

SUNDAY Communications Limited, ("SUNDAY") an innovative developer and provider of wireless communications and Internet related services in Hong Kong, showed significant improvements in its operating results due to a combination of strong revenue growth, tight financial controls and efficient operations.



POTENTIAL

The company recorded a turnover of HK\$1,450 million in 2000, a 41% increase over the HK\$1,025 million in 1999. The EBITDA loss for 2000 was reduced by 77% to HK\$119 million compared with HK\$521 million the year before. The increase in turnover was attributable mainly to increases in revenues from mobile services and the sale of mobile phones and accessories.

Whilst 2000 was a difficult year for the telecommunications sector, SUNDAY aggressively expanded its distribution network and broadened its use of different distribution channels to extend its coverage and target new market segments. The company doubled its number of shop to 24 and increased both the number of dealers and other distribution channels such as chain stores.

The number of subscribers has increased by over 40% to 410,000 by the end of the year and SUNDAY will breakeven on EBITDA within the first half of 2001. SUNDAY also achieved a relatively stable ARPU (Average Revenue Per User) of HK\$272 amidst intense competition and it is believed this outperformed all of its competitors for the second consecutive year.

SUNDAY's shares were listed on The Stock Exchange of Hong Kong Limited and the NASDAQ in the U.S. on 16th March, 2000 and 15th March, 2000, respectively. The global offering was significantly over-subscribed and raised new share capital of HK\$2.6 billion. SUNDAY had cash reserves and available credit facility totalling HK\$1.7 billion at year-end to finance its continued growth during 2001. After the global offering, the Group's holdings of SUNDAY amounted to about 11.5% of the issued share capital.

Chivers Communications plc

Chivers Communications plc ("Chivers") publishes large print and unabridged audio books. It's 77% owned subsidiary, Didio Communications Limited ("Didio"), launched an Internet site in January 2001 to provide audio book publishers and e-tailers with a digital warehouse and distribution facilities enabling downloading of digital audio books.

Chivers also holds a 33% stake in Oneword Radio Limited ("Oneword") which is licensed to operate a national digital radio station to broadcast books, plays and comedy in the U.K. Currently, Oneword is broadcasting 18 hours daily.

Chivers' core print and audio book business recorded a profit before interest and tax of HK\$9.0 million in 2000, compared with HK\$10.7 million in 1999. After absorbing the start-up costs of Oneword and Didio, Chivers recorded a loss attributable to the Group of HK\$2.9 million, compared with an attributable profit of HK\$2.6 million in 1999.

Management remains confident of Didio's business plan but, because of the slowdown in technology, we will be identifying ways to control expenditures.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's shareholders' funds were HK\$1,217.3 million as at 31st December, 2000 as compared to HK\$1,278.5 million at the end of 1999. The decrease was mainly due to the loss incurred during the year.

At 2000 year-end, the Group had a total bank borrowing of HK\$896.6 million (1999: HK\$977.0 million).

The decrease in bank borrowings was due mainly to the steady cash flow generated from our garment manufacturing operation and improvement in debtors turnover. Majority (around 71%) of the Group's bank borrowings was repayable in periods beyond 1 year with HK\$52.6 million repayable between 1 to 2 years, HK\$491.2 million repayable between 2 to 5 years and HK\$93.2 million repayable after 5 years. The remaining 29% (i.e. HK\$259.6 million) was repayable within one year, the majority of which has been repaid in March 2001 as a result of the HK\$184 million recouped from the refinancing of The Waterfront project and other cash receipts.

Capital expenditures in the amount of HK\$30 million have been budgeted for our planned new plant in Madagascar.

FOREIGN CURRENCIES

The Group continues to do most of its business in US\$ and HK\$. Payment to factories are also in US\$ or HK\$. For transactions in other foreign currency, we have a policy to hedge most of such transactions. In addition, majority of our assets is in Hong Kong. Thus, our exposure to exchange rate fluctuations is minimal.

EMPLOYEES

The Group had a total number of staff and workers of more than 6,500 at the year-end of 2000.

On 1st December, 2000, the Group set up a new defined contribution scheme, the Mandatory Provident Fund ("MPF") Scheme, to provide retirement benefits for all its employees in Hong Kong. In addition to the MPF Scheme, another defined contribution top-up scheme

is set up for qualifying employees of certain subsidiaries in the Group. The Group also operates a funded defined benefit pension scheme for certain of its overseas employees.

Employees, including directors, of the Group are eligible under the Company's share option scheme which the share options are generally exercisable in stages within a period of one to five years from the date of grant.

SEGMENTAL INFORMATION

The Group's segmental information is analysed as follows:

For the year ended 31st December (HK\$'m)	Turnover		Profit from Operations	
	2000	1999	2000	1999
Geographical region				
North America	841.5	765.8	47.9	35.0
United Kingdom	411.9	525.9	(33.6)	20.9
Other European countries	215.0	227.3	5.6	10.3
Hong Kong	142.2	135.3	(17.5)	17.7
Other areas	58.0	64.8	6.6	10.5
	1,668.6	1,719.1	9.0	94.4
Activity				
Garment manufacturing	1,061.2	970.1	77.9	67.1
Garment trading	192.2	323.8	(38.3)	(0.6)
Branded products distribution	287.7	300.5	(0.3)	18.3
Property rental and management	83.7	84.9	22.5	25.0
Investing activities	43.8	39.8	(13.8)	(15.4)
Less: Provision for impairment in value of associates holding property development projects	-	-	(39.0)	-
	1,668.6	1,719.1	9.0	94.4

The Group's garment manufacturing operation continued to achieve growth in its profitability through its strategy of exploring more offshore manufacturing opportunities. Our sales continued to focus on the North America region, where growth in turnover and profit from operations were achieved. However, severe margin pressure on our U.K. trading and retailing businesses had eroded the turnover and profit from operations for the year. In addition, in view of the market's uncertain outlook, a provision of HK\$39 million was made in respect of Hong Kong property

development projects which contributed to the drop in profit from operations.