



CHAIRMAN'S STATEMENT

DIVIDEND

The Directors do not recommend payment of a dividend for the year (1999: Nil).

BUSINESS REVIEW

During the past year, the economy of Hong Kong became more stable. The drop of the property market had obviously decelerated, and the overall operating performance of the Group had also improved gradually. The Group's turnover in 2000 was HK\$35,609,000, an increase of 42% over last year. Operating loss was HK\$14,128,000 (including a properties revaluation deficit of HK\$4,805,000 arising from devaluation of properties), which decreased significantly by 77% over the previous year.

Property

The income of the Group generated from the rental property in Hong Kong improved steadily, which amounted to HK\$4,048,000 for the year, an increase of 7% over the same period last year. The occupancy rate of the Austin Tower, Tsimshatsui maintained at over 95%. In response to the current development in the property market of Hong Kong, the Group decided to hold Wah Ying Building at 197 Queen's Road West as an investment property instead of a property held for sale. This decision will increase the recurrent income of the Group, and thus further improve the results of the Group.

As the real estate market in the PRC remained stagnant, prices of which still remained low. The Board of Directors decided to withhold the disposal of the properties in the PRC until demand for real estate in the PRC improve as a result of the admission of the PRC to the WTO. At present, the book balance of the properties held for sale by the Group in Shantou amounted to HK\$82,940,000, whereas the book balance of the properties held for sale and land bank in Huizhou amounted to HK\$93,720,000.

Hotel

As a result of improved sales and operating strategies, Guilin Plaza Hotel achieved a more satisfactory results during the year. Average occupancy rate for the year was 78%, and turnover improved drastically by 19% to HK\$21,466,000, and contributed a total of HK\$2,454,000 to the operating income of the Group.

In order to consolidate the operating income of the Guilin Plaza Hotel, the hotel is currently undergoing a major renovation project. The Group intends to apply to the relevant authorities in Guilin for a reclassification of the rating of the hotel from three stars to four stars upon the completion of the renovation. The Board expects that the number of customers and room rates of the Guilin Plaza Hotel will further increase, and will contribute in a greater extent to the Group.



CHAIRMAN'S STATEMENT (CONTINUED)

Trading

During mid-2000, the Group expanded and commenced its trading business so as to achieve diversification and addition of income source. This business has been growing steadily and developing smoothly, and will contribute more profit in the year to come.

CAPITAL AND FINANCING

For the year ended 31st December, 2000, the Group has a total bank loan of HK\$42,250,000 and total assets of HK\$468,403,000. The ratio of long term bank loan to total assets was 9%.

On 28th April, 2000, the Group entered into an agreement with Lu Biru, an independent third party, for the issue of new shares. Pursuant to the agreement, the Group issued 96,000,000 new shares of HK\$0.10 each of the Company at HK\$0.25 per share to Lu Biru, raising HK\$24,000,000 (before expenses) as the working capital of the Group.

PROSPECTS

Following the admission of the PRC into the WTO, it will further stimulate the economies of the PRC and Hong Kong. As a result, the Group's property, hotel and trading businesses will be positively benefited. The management believes that the Group will be benefited from the recovery of the economy, and will gradually resume its profitability.

I wish to take this opportunity to express my utmost gratitude to the fellow Directors and the whole staff for their dedicated services and unceasing contributions to the Group.

By Order of the Board

Leung Siu Fai

Chairman

Hong Kong, 20th April, 2001