



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Property Investment

The Group's core business in property investment and development has been adversely affected by the downtrend of Hong Kong property market. The Group encountered restriction on letting out its properties imposed by creditor banks. Nevertheless, the Group has disposed of certain properties during the year to reduce debts. Upon the default of the Group on certain covenants of its property mortgage loans, certain investment properties of the Group have either been put under receivership or ordered for vacant possession by creditor banks during the year.

### Property Development

The joint venture development of 12 villas at Pik Sha Wan, Sai Kung, New Territories has been put on sales last year. Up to the date of this report, all 12 villas have been sold. Proceeds from sales would be applied to settle the construction bank loans, and any further proceeds attributable to the Group would be used to reduce the Group's debts.

### Hotel Operation

The hotel business of Xiamen Plaza Hotel is under good operation. The hotel management was able to achieve breakeven in its operation and maintain a satisfactory level of operating cash flow. Revenue from hotel operation represented 75% of the Group's turnover for the year.