

## **VICE-CHAIRMAN'S STATEMENT**

### **BUSINESS REVIEW AND PROSPECTS**

For the year ended 31 December 2000, Fu Hui Holdings Limited (the "Company") and its subsidiaries (Collectively as the "Group") recorded consolidated loss attributable to shareholders of approximately HK\$20,936,000. The loss of the Group for the year has dropped by 78% as compared with the loss of HK\$97,169,000 in 1999. The loss for this year was mainly attributable to the finance costs of HK\$10,891,000. The capital deficiency of the Group as at 31 December 2000 is approximately HK\$106,008,000.

The total outstanding borrowing of the Group as at 31 December 2000 is approximately HK\$79,777,000. All the Group's banking facilities are frozen and the Group's bankers and other lender have demanded immediate payment of amounts due to them. The directors have been in the process of negotiations with the Group's bankers and other lender in restructuring the total outstanding borrowing.

As mentioned in 1999's annual report, the Group had negotiated with the relevant parties for the acquisition of a power plant in Fujian Province (the "Power Plant") and issue of rights shares (the "Rights Issue") for the purpose of, inter alia, funding the acquisition of the Power Plant. Despite a long period of negotiation on the terms and conditions of the acquisition of the Power Plant (the "Acquisition") between the parties involved, the vendors of the Power Plant had been approached by an interested party to dispose of part of its interest in the Power Plant. As a result, the Acquisition and Rights Issue will not proceed. The Heads of Agreement in relation to the Acquisition lapsed accordingly.

In view of continuous loss making and extreme competition, the Group sold its interest in a computer accessories company during the year for a cash consideration of HK\$300,000.

In relation to the winding up order by the High Court of Hong Kong on 21 July 1999 against a wholly-owned subsidiary of the Company, Famous (HK) Development Limited ("Famous"), the winding up process is still being proceeded with. The Group has not been notified of the anticipated completion date of dissolution of Famous.

The Group is currently engaged in negotiation with potential investors, the Group's bankers and other lender for placement of new shares of the Company (the "Potential Placement") and on the terms of the debts restructuring arrangement of the outstanding borrowing of the Group (the "Debts Restructuring Arrangement"). The directors are of the opinion that the proceeds from the Potential Placement can satisfy the demands from the Group's bankers and other lender. The directors expect that the overall liquidity and the operation of the Group will be improved following the completion of the Debts Restructuring Arrangement and the Potential Placement. As of the current date, no formal agreement in relation to the Potential Placement and Debts Restructuring Arrangement have been concluded.

### **DIVIDENDS**

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2000.

**Sun Ming**  
*Vice-Chairman*

Hong Kong, 20 April 2001