

# MANAGEMENT

## Discussion and Analysis

### REVIEW OF ANNUAL RESULTS

Turnover for the year was approximately HK\$69.7 million as compared to approximately HK\$59.7 million in the previous year. The turnover was mainly derived from hotel operation of approximately of HK\$50.0 million, sales of properties held for resale of approximately HK\$12.5 million and rental income of approximately HK\$7.2 million.

Operating loss for the year was approximately HK\$582.8 million including provision for impairment and revaluation losses on properties of approximately HK\$570.0 million and provision for advances to contractors of approximately HK\$106.2 million. The operating loss for the year excluding such provisions and revaluation losses was approximately HK\$20.7 million.

### NET ASSETS VALUE

As at 31st December, 2000, the net assets of the Group amounted to approximately HK\$939.4 million (1999: HK\$1,504.4 million), equivalent to HK\$0.82 per share (1999: HK\$1.44 per share). The decrease in net asset value per share was principally due to the placing of 89,000,000 new ordinary shares in the capital of the Company during the year, and the downward adjustments of the values of assets owned by the Group as follows:

	2000 HK\$ million	1999 HK\$ million
Construction in progress	272.2	128.2
Properties under/held for development	155.7	—
Properties under construction	53.2	81.5
Investment properties	42.5	21.5
Properties held for sale	26.4	1.3
Hotel property	20.0	25.0

### LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Company had completed the placing of 89,000,000 new ordinary shares and received net proceeds of approximately HK\$17.0 million. The Group had successfully disposed of its entire interests in the 6th floor of Shenzhen Development Centre and five development sites in Guilin, the PRC. Sales proceeds of approximately RMB13.4 million and RMB24.4 million were received in 2000 and 2001 respectively.

The Group had obtained a bank loan to finance the renovation program of Plaza Canton Hotel and the program was completed in late 2000.

The Group had obtained loans from three subsidiaries of China Strategic Holdings Limited, the Company's controlling shareholder to finance the Group's acquisition of new property investments.

The construction of Shenzhen Highway is financed by a 14-year bank loan in Renminbi. The loan repayment will start upon commencement of operation of Shenzhen Highway.

The Group will arrange project financings to finance the construction of Jiangnan Centre and Lang De Dong projects. If necessary, the Board of the Company may also consider other sources of finance including possible joint ventures, strategic alliances and the spin-off of certain of the Group's assets and the raising of funds on overseas capital markets.