

CHAIRMAN'S STATEMENT

PROFIT FOR THE YEAR

The Group's profit attributable to shareholders for the year ended 31st December 2000 was HK\$85.5 million as compared to that of HK\$50.4 million for 1999. Earnings per share was HK 29.7 cents (1999: HK 17.5 cents).

DIVIDEND

Your Directors have resolved to recommend a final dividend of HK 8 cents (1999: HK 7 cents) per ordinary share.

BUSINESS REVIEW

During the period, a gain of HK\$46.6 million on disposal of property in the United States of America and a 29% increase in rental revenue from Montgomery Plaza in San Francisco were significant contributors to the Group's profit. The good economy in the USA last year benefited our new leases and renewals at higher tariff for the years ahead.

In Hong Kong, we attained nearly full occupancy on the leasing of all our property except on office space. However, stiff competition in rental prices particularly on warehouses and industrial buildings, which continued from 1999, adversely affected our rental income by 10% in 2000. Such a situation will persist in 2001. In the light of a gradual increase in the rental of luxurious residential properties, most of these units were upgraded in quality during 2000 for better future returns.

Overall, total recurrent rental income for the Group was HK\$181 million in 2000 and HK\$182 million in 1999.

CASHFLOW

The Group generated cash inflow of approximately HK\$143.2 million from operating activities. The cash available was applied mainly to pay interest expenses of HK\$31.5 million, dividends of HK\$63.3 million, profits tax of HK\$8.0 million and purchase of fixed assets and investment securities of HK\$6.2 million and HK\$19.0 million respectively.

PROSPECTS AND REVIEW

The well-being or otherwise of the USA and China, along with other major countries will affect Hong Kong's economy and recovery. The USA is undergoing a period of consolidation by immediate lowering of its interest rates and on a huge budget of proposed long term tax cuts. Hopefully, a soft landing in the economy of the USA is therefore aspired not to seriously affect global economic order.

The accession of China to WTO which is expected to be concluded at the end of 2001, would bring mixed effects to Hong Kong. Optimistically, Hong Kong would be able to reap the tangible benefits evolving from the entry and take a step forward into a new dimension for economic recovery and future prosperity.

Meanwhile, the property market has stabilised to some degree on recent policy measures taken by the Government of the HKSAR. Although lowering of interest rate is a relief but an uninspired economy continues to affect our rental income in 2001.

Barring any unforeseen circumstances, the Group would endeavour to generate reasonable earnings for the Group in the coming year.

I wish to thank my fellow directors for their valuable guidance and to all staff members for their dedication and hard work.

William Ma Ching Wai
Chairman

Hong Kong, 30th March 2001