

## GROUP RESULTS

The unaudited group profit attributable to shareholders for the six months ended 31st December, 2000 amounted to HK\$159.9 million, an increase of HK\$90.2 million or 129% as compared with HK\$69.7 million for the corresponding period of last financial year.

Group turnover for the period was HK\$960.5 million, an increase of 30.6%.

Group operating profit before finance costs increased by 21.3% to HK\$374.6 million from HK\$308.7 million of last corresponding period.

## INTERIM DIVIDEND AND CLOSE OF REGISTER

The Board of Directors has resolved to pay an interim dividend of HK5 cents (1999 - HK5 cents) per share. The dividend will be paid on or about 10th May, 2001 to those shareholders registered as at the close of business on 12th April, 2001. The register of members of the Company will be closed from 9th April, 2001 to 12th April, 2001, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Central Registration Hong Kong Limited at Shop 1712-16, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 6th April, 2001.

## BUSINESS REVIEW

### Infrastructure

The Group continued to record remarkable results in its China investment in the past six months. Daily average traffic flow of all the highways, in which the Group has invested, amounted to 339,000 vehicles in total from July to December 2000, a growth of 17.4% over the last corresponding period.

Guangzhou-Shenzhen Superhighway, the backbone of the transport routes of the populous Pearl River Delta region, benefited from the strong economic growth in the region. Daily average traffic flow reached 107,000 vehicles during the review period, representing an increase of 17.3% over that of last year; toll revenue also increased by 15.3%.

Shunde Roads and Shunde 105 Road form a vital highway network serving the western side of the Pearl River Delta and linking up the Shunde Municipality with the neighboring populous areas. Daily average traffic flow of Shunde Roads, despite a decrease last year, grew by 7% to 102,000 vehicles, whereas Shunde 105 Road continued to record a substantial growth of 26% to reach 94,000 vehicles. In order to rationalize our investments, the Group transferred 25% interest in the joint venture company of the Shunde Roads project to the PRC partner at a consideration of HK\$662 million. The entire transaction was completed in December 2000. The Group still owns 25% interest.

Guangzhou ESW Ring Road, a major part of the expressway surrounding the downtown of Guangzhou, was completed one year ahead of schedule and is now in full operation. In the last six months, traffic volume improved with daily average traffic flow reaching 36,000 vehicles.

Guangzhou-Zhuhai West Superhighway, a 58km highway starting from Hainan interchange of the Guangzhou ESW Ring Road, passing through Guangzhou, Nanhai and Shunde and ending at the National Route 105 Highway in Zhongshan, will be developed in three phases. The first phase, running from the Hainan Interchange to the Bigui section of Shunde Roads, is estimated to cost RMB1.2 billion, largely funded by RMB loans. The Group will have 50% interest in the development. The construction is expected to commence as soon as all the approvals are obtained from the relevant PRC authorities.

### Property

The rental market for office space generally remained active in the second half of 2000. Against a low supply of new office space, occupancies stayed at high level. Under such market situation, Hopewell Centre achieved high occupancy rate of 95%. However, due to the availability of other commercial buildings, overall rental rate remained at a competitive level. The leasing situation at Hongkong International Trade and Exhibition Centre also improved, reaching an average occupancy rate of 62% in the last six months.

A conditional agreement has been entered with a PRC partner for the disposal of the Group's interest in Huanggang Service Area in Shenzhen. The transaction is expected to be concluded when the terms are finalized and are approved by the relevant government authorities.

### Hospitality

In 2000, the number of visitor arrivals to Hong Kong continued to increase. Panda Hotel, benefiting positively from the continued upward trend of the tourism industry, registered an improvement in occupancy rate from 67% as of June, 2000 to an average of 78% in the last six months. Comparing with the last corresponding period, room revenue increased by 25% and overall operating profit improved to HK\$8.3 million.

China Hotel in Guangzhou maintained a leading market share with an average occupancy rate of 65%.

### Construction

In the review period, the Division reported a small loss of HK\$1.2 million although the Hong Kong construction projects have been contributing to the Group. Given the proven track record in previous contracts, the Group has successfully been awarded new contracts on five government schools.

Our Slip-climbform building method, an innovative and environmental friendly system, has been introduced to the construction industry and proven to be successful in a government project, the Shatin Government office block. The construction industry expressed positive response towards the method which is now currently being applied elsewhere.

### Others

The Group has recently performed a critical review of its strategy on resources allocation and utilisation with a view to direct low-yielding assets to finance projects generating steady and attractive cash flows to the Group, particularly the infrastructure projects in the PRC, in order to capture the abundant opportunities expected from China's entry into the World Trade Organisation. In line with this strategy, the Group has reassessed the prospects and disposition of its investment in Grand Hotel Excelsior in Malta, and taking account of its geographical location, considers it appropriate to make a provision to write down its carrying value on a realisation basis.

The Thai Government concluded its feasibility study for a revised Bangkok Elevated Road and Train System, and has been making progress towards its implementation. The Group will continue to find a solution to settle its dispute with the Thai Government.

Negotiation with the Indonesian state-owned electricity company, PT. PLN (Persero) on an amicable resolution for the Tanjung Jati B Power Station is still in progress.