

Interim Report 2000 / 2001

Business Review

In the first half of the current financial year, gross rental income of the Group amounted to HK\$184.4 million which represented a decrease of 3.8% from that recorded in the corresponding period in the previous financial year. The major investment properties of the Group recorded an occupancy level of 98%. The strategic investments of the Group also showed a satisfactory performance during the period under review.

The Group further developed its information technology businesses during the period under review, which included the successful listing of Henderson Cyber Limited on the Growth Enterprise Market ("GEM") in Hong Kong in July 2000, raising funds of approximately HK\$900 million. During the same period, the Group also invested a sum of HK\$120 million to become a strategic shareholder of iLink.net Holdings Limited and now holds a 8.9% interest in this company after its listing on GEM on 9th March, 2001.

The Newton Hotel Hong Kong and the Newton Hotel Kowloon operated by the Group recorded an average occupancy rate of 93% as well as an increase in room tariff during the period under review. The retailing business of the Group, operating under its Citistore outlets, also recorded a notable increase in profit during the period. The sixth Citistore outlet at Tseung Kwan O commenced business in December 2000.

ASSOCIATED COMPANIES

The Hong Kong and China Gas Company Limited recorded satisfactory results for the year 2000, with an increase of 8.6% in profit. At the end of 2000, the number of customers reached 1,329,000. During the period, a wholly-owned subsidiary, Towngas International Company Limited, was established to spearhead the development of natural gas business in the Mainland China. In addition, this group, jointly with Henderson Land Development Company Limited group with each owning a 50% interest in the joint venture, successfully bid in mid-December last year for the Sai Wan Ho Inland Lot No. 8955 site of 130,000 sq.ft. in site area at a consideration of HK\$2,430 million. The site will be developed into a high class residential redevelopment providing approximately 1.3 million sq.ft. of residential floor area. It is expected that this redevelopment project will be completed by the end of 2003.

Hong Kong Ferry (Holdings) Company Limited reported a 4.5% increase in profit in the financial year ended 31st December, 2000. The redevelopment project at No. 201 Tai Kok Tsui Road is now under construction. The residential units of the first phase are scheduled to be launched for presale in mid 2001.

Miramar Hotel and Investment Company Limited reported an increase of 7.7% in the unaudited consolidated profit attributable to shareholders for the six months ended 30th September, 2000 as compared with that recorded in the corresponding period in the previous financial year. Alongside with the gradual stabilisation of the Hong Kong economy during the period, the occupancy rate of Hotel Miramar increased to 89% and a steady growth of the overall business of this group was sustained.

HENDERSON CYBER LIMITED

Following the listing of Henderson Cyber Limited on GEM in July 2000, the Group held a 66.67% interest in this company and the iCare shopping portal came into operation in August 2000. As at the end of last year, this website attracted an average of approximately 55,000 visits per day and its users grew at a satisfactory rate to over 80,000. Leasing of the data centre at Well Tech Centre operated by Henderson Data Centre also recorded gradual increase. Eastar had already launched its Fixed Telecommunications Network Services business in mid-March of this year. As the high technology and information industries are dynamic and fast changing, this group, while actively implementing its strategies, would be flexible and versatile in order to respond to such changes.