

Although in the year 2000 the Hong Kong Special Administrative Region ("Hong Kong") economy has shown some signs of recovery, the general business outlook for the property market has remained uncertain and there has been a lack of confidence which has affected the volume of sales in both the residential and business sectors.

The Group's performance, like many groups which have major interests in property, have been adversely affected by the above factors. Another feature which had negative consequences was the requirement of Accounting Standards, whereby provisions had to be made against the carrying values of the Group's properties (see below). I am pleased, however, to report that the Group's financial services operations continued to provide strong contributions to results for the year.

## FINANCIAL RESULTS

As mentioned above, for the year ended 31st December, 2000, the profit attributable to shareholders was affected by deficit and provisions for impairment losses primarily relating to Hong Kong properties held by Allied Properties (H.K.) Limited ("Allied Properties") and subsidiaries amounting to HK\$560.5 million at the Group level. Accounting Standards dictated that the provisions for such losses, which are non-cash, had to be charged to the Income Statement and as a consequence, there was a loss attributable to shareholders of HK\$119.2 million for the year, compared to a profit of HK\$237.1 million for the previous year.

If the deficit and impairment losses had not arisen, the Group's results for the year 2000 would have shown healthy growth with profit attributable to shareholders increasing to HK\$252.7 million.

Should property prices improve in future, consideration will be given as to whether it is appropriate to write back any of the provisions.

## DIVIDEND

The Directors do not recommend the payment of a final dividend (1999: Nil). Accordingly, there will be no closure of the Register of Members of the Company.

However, it should also be noted that the Company took advantage of the discount at which the Company's shares have been trading relative to the net asset value by embarking on a share repurchase programme, thereby increasing the net asset value per share for the benefit of all shareholders. To-date, 88.9 million shares have been cancelled.

The Annual General Meeting will be held on 1st June, 2001.

## FUTURE PROSPECTS

The Review of Operations by the Chief Executive which follows this statement covers in detail the Group's outlook for the period ahead. I confirm that the Board of Directors is confident that having made the appropriate provisions, the Group is well placed to continue its growth in its operating businesses, and to exploit suitable business opportunities as and when they arise.

## APPRECIATION

I would like to thank my fellow Directors and the staff for their diligence and dedication. I would also like to thank shareholders for their unwavering support during the past year.



**Sir Gordon Macwhinnie**

*Chairman*

Hong Kong, 11th April, 2001