

## **Business Review and Prospects**

For the first half of 2001, the Group achieved a profit of HK\$35.4 million. Profit for the same period in 2000 was HK\$71.8 million including a gain of HK\$46 million on disposal of property in USA. A gain on disposal of property in Hong Kong included in the first half year 2001 profit was HK\$6.2 million whereas that of 2000 was HK\$1.1 million.

In USA, higher rates of rental renewed during 1999 and 2000 contributed an increase of HK\$5.9 million or 23% over the corresponding period last year. Occupancy is over 90%. The property market has softened but remains steady.

In Hong Kong, although nearly full occupancy was attained in all sectors of our property except on office building, the continuing economic slowdown affected the market prices and reduced our recurrent rental income by HK\$3.4 million or 5.2% as compared to the same period last year. Re-development of No. 1 Barker Road at the Peak will commence shortly following completion of lease modification in the second half of 2001.

Overall, the Group's total recurrent rental income was HK\$93.2 million in the first half of 2001 as against HK\$90.7 million in 2000. However, the effects of world uncertainty and difficult local market condition might continue to affect our recurrent income.

The continuing downturn particularly on technology and communication sectors in USA and Europe impairs the global economies, and Hong Kong is not impervious to the effects.

To move forward, Hong Kong needs to sharpen its competitive edge at home and abroad in order to break into its major overseas markets especially with USA and China where their performances substantially influence our economic prospects.

The recent measures announced by The Government of the Hong Kong Special Administrative Region as stimulus to promote tourism augurs well to improve the domestic economy.

The Group will look for good investment opportunities in China where the market is encouraging while at the same time the Group will endeavour to maintain stable income for the year under review.