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## CHIEF EXECUTIVE OFFICER'S STATEMENT

### **Interim Results**

The Board of Directors of Singapore Hong Kong Properties Investment Limited (the "Company") is pleased to announce the unaudited interim financial results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2001.

### ***Corporate Results***

Turnover for the six months ended 30th June, 2001 was HK\$5,716,000 as compared to HK\$6,374,000 in the corresponding period of 2000, a decrease of 10%. Loss attributable to the shareholders was HK\$31,215,000, a decrease of 61%.

### ***Financial Resources and Liquidity***

#### *Borrowings and Charge on Group Assets*

The Group's total borrowings amount to approximately HK\$266.3 million as at 30th June, 2001 (31st December, 2000: HK\$263.1 million).

Interest rate were in line with the best lending rate either at prime or based on the Hong Kong Inter-bank Offer Rate.

#### *Convertible Debentures*

There were no movements in the convertible debentures of the Company in the current interim reporting period. At 31st December, 2000, 120% of the face value of the debentures were due and payable immediately. At 30th June, 2001, a debenture warrant of USD480,000 (31st December, 2000: USD480,000) was issued to the debenture holders. The principal terms of the debentures were set out in the note 24 (II) of the Group's annual report for the year ended 31st December, 2000.

#### *Gearing Ratio*

The gearing ratio (total bank and other borrowings to shareholders' equity) is increased from 104% to 120% during the period.

### *Current Ratio*

The current ratio is 0.63. Taking into consideration of the projected proceeds derived from the assets realisation programme, the directors are of the opinion that sufficient working capital are available to fulfil the reducing financial obligations when they fall due and to meet the funding requirement of the Group.

### **Interim Dividend**

The Board has resolved not to declare an interim dividend in respect of the six months ended 30th June, 2001 (six months ended 30th June, 2000: Nil).

### **Review of Operations, Outlook and Strategy**

#### *Business Review*

During the first six months of 2001, the world economy slowed down rapidly. The stock markets in many parts of the world were soft and were near their lowest levels of the last few years.

The global stock market meltdown had adversely affected Hong Kong. The property market in Hong Kong remained weak and consumer confidence was low due to the uncertain future outlook. As a result, the first six months of 2001 was a challenging period for the Group. Due to the unfavourable market conditions, the Group reported a loss of HK\$11,856,000 from operations for the period ended 30th June, 2001. During the period, the Group successfully sold its two property holding companies and raised HK\$6,930,000 to reduce debt load of the Group. These efforts, together with the interest rate cuts, will result in lower interest expenses.

#### *Employees and Remuneration Policies*

The number of employees as at 30th June, 2001 was approximately 800. Employees are remunerated according to nature of the job and market conditions.

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## *Corporate Strategy and Outlook*

Due to the difficult business atmosphere, the Group's focus is to divest its low-yield properties to raise capital for paying down its debt.

The Group was also very aggressive in cutting its expenses, by reducing its payroll and management compensations.

The Group plans to continue its strategy of divesting itself of its real estate properties and other low-yield assets.

The aggressive interest rate cuts this year will have a positive effect on the property market and I am optimistic about the Group's current strategies to increase shareholder value. I also owe a lot of gratitude to the Group's bankers, auditors, management and staff for their support in such a difficult year.

On behalf of the Board  
**Paul Liu Ngai Wing**  
*Chief Executive Officer*

Hong Kong SAR, 27th September, 2001