

## Overview

Turnover decreased by 22.6% to \$1,242.6 million primarily due to the decrease in property sales as only 17 residential units of Garden Terrace were sold during the period compared to 35 units for the corresponding period last year.

Finance costs decreased by 25% to \$116.5 million as interest rates on bank borrowings dropped during the period, coupled with an increase in interest capitalised to projects under development.

Net profit was \$633.9 million, a decrease of 23.7% from the previous period's figure.

## Property Development

The Harbourside, our Airport Railway Kowloon Station Package Four Development project, is scheduled for sale either in late 2002 or early 2003.

Construction of the Hing Wah Street West and Hoi Fai Road projects is both progressing well and the former should be available for sale in the second half of 2002.

## Property Leasing

During the period under review, rental turnover generated by our commercial, office, residential and industrial properties increased by 8.1% to \$936.8 million. Profit before taxation from our leasing operations increased by 5.6% to \$717.1 million. The increase in rental turnover and profit is due to additional contributions from Shanghai projects.

### *Hong Kong*

Our residential project at Stubbs Road, The Summit received its occupation permit in January 2002. This 70-storey residential tower comprises 52 luxury duplex units and 2 double duplex units and leasing activity will commence in the first quarter of 2002.

### *Shanghai*

By the end of December, the 99,200 sq.m. retail complex of The Grand Gateway, the largest modern shopping mall in Shanghai, was fully leased.

Plaza 66, our newly completed project in Shanghai, had its Grand Opening in July 2001. The 50,100 sq.m. mall is nearly fully leased and the ground level features one of the biggest collections of international name brands in the city, including Chanel, Cartier and Louis Vuitton and is attracting high customer traffic. Its 66-storey office tower is fully leased and is occupied mostly by major multinational companies.

### **Finance**

The Group's consolidated net debt at 31 December 2001, being bank borrowings less cash and bank deposits, amounted to \$6,307 million compared to net debt of \$5,227.6 million at 30 June 2001. The increase was mainly due to capital expenditures on the Group's property development projects.

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