

The Group was profitable during 2001 and the results were very satisfactory bearing in mind the difficult economic circumstances experienced throughout the year in the Hong Kong Special Administrative Region ("Hong Kong"), and in spite of the fact that the profit attributable to shareholders of HK\$103.4 million was after charging, in the accounts of our subsidiary, Allied Properties (H.K.) Limited ("Allied Properties"), impairment losses and revaluation deficits of HK\$332.5 million, which are required by accounting standards and referred to below.

## FINANCIAL RESULTS

For the year ended 31st December, 2001, the profit attributable to shareholders was approximately HK\$103.4 million, compared to a loss of approximately HK\$119.2 million for 2000, after taking to account provision for impairment losses and revaluation deficits, which are non-cash in nature, of HK\$332.5 million (2000: HK\$560.5 million) relating to Hong Kong properties held by Allied Properties and its subsidiaries.

If the impairment losses and revaluation deficits of HK\$332.5 million had not arisen in 2001, the Group's results for the year would have been even stronger with profit attributable to shareholders at HK\$328.7 million.

## DIVIDEND

The Directors do not recommend the payment of a final dividend (2000: Nil) and accordingly, there will be no closure of the Register of Members of the Company.

However, in the above connection, it should be noted that the Company took advantage of the Company's relatively low share prices as well as the share prices of Allied Properties' shares (compared to their respective net asset values), and repurchased a total of approximately 43.8 million shares in 2001. During the year, the Group's shareholding in Allied Properties also increased from 61.43% to 67.74%.

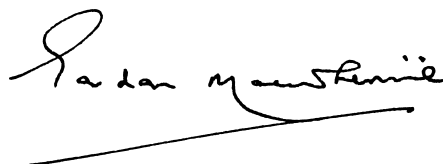
The Annual General Meeting will be held on 3rd June, 2002.

## FUTURE PROSPECTS

The Review of Operations by the Chief Executive which follows this statement covers the Group's outlook for the future.

## APPRECIATION

I would like to congratulate the executives and staff on what has been achieved in 2001, and also thank my fellow Directors for their support during the year.



**Sir Gordon Macwhinnie**

*Chairman*

Hong Kong, 11th April, 2002