

BUSINESS REVIEW

For the first half of 2001, the Board was particularly delighted with the performance of the core Shanghai service apartment operation whereas rental income from the Hong Kong property portfolio remained stable with an overall occupancy rate of close to 90% despite a very sluggish climate prevailing in the Hong Kong property market.

Hong Kong

Due to the negative impacts of slackening economic growth in the United States and the continuous downturn of the local economy, the overall property market in Hong Kong has shown signs of sluggishness during the first half of 2001.

Against such setback in market sentiment, the Hong Kong property portfolio, mainly comprise Multifield Building at North Point, Multifield Plaza at Tsimshatsui and Multifield Centre at Mongkok, continued to perform well with a monthly rental of over HK\$3 million. As the Hong Kong market as a whole has yet to recover, the Group has continued to adopt a very selective and cautious investment strategy regarding property investment to enable the Group to maintain its niche and strength in the market. The business focus of the Group has been strictly adhered to and regular review and evaluation of its property portfolio has been carried out in order to restructure its property portfolio mix by disposing of those units at different buildings, and consolidating its interests in the entire project for long-term investment purposes as and when opportunities arise.

Shanghai

Over the years, the Group has already stood out to become one of the most renowned “5 stars” operators and owners of service apartments in Shanghai with a portfolio of over 400 service apartments and houses under its management. The Group’s Shanghai service apartment chain, operating under the name of “Windsor Renaissance”, has already established a firm footing in Shanghai and has so far received overwhelming success with an overall occupancy rate of 90%. The rental return for the past few years was strong and the Board expects this trend to continue, especially after the successful accession of China to the WTO.

Meanwhile, the Group will continue to strengthen various aspects of its management. Apart from boosting the motivation of its staff to better take advantage of any opportunities in the horizon, the Group will also strive to enhance the quality of its services and to innovate new services to its customers.