

# **Business and Financial Review**

## **(I) GROUP RESULTS**

The unaudited Group profit attributable to Shareholders for the six months ended 30 September 2001 amounted to HK\$77.9 million, compared to HK\$116.8 million achieved in the same period last year. Earnings per share were 6.8 cents.

## **(II) INTERIM DIVIDEND**

The Board has declared an interim dividend in respect of the half-year period ended 30 September 2001 of 3.0 cents (2000 – 3.0 cents) per share, payable on Thursday, 24 January 2002 to Shareholders on record as at 11 January 2002.

## **(III) BUSINESS REVIEW & PROSPECTS**

Much more active sales for primary residential units recorded recently are indicative signs of interest rate cuts taking effect after a total of more than 4% drop in the average mortgage rate this year. Following the “911” tragedy in the United States, most western countries have come closer together to work on possible solutions or precautionary actions in preventing any potential world-wide recessionary slump, and it has also prompted central banks to relax their monetary policy further. Given that the long-term fundamentals of Hong Kong have not changed, with China in WTO we shall benefit from the market with the highest growth potential in the coming decade and economic activities here will pick up at some stage.

### **Property Development**

During the period under review, the Group continued its sales of various property projects, including mainly The Primrose, The Astrid, Forest Hill and My Loft.

Sorrento, the MTRC Kowloon Station Package Two development, is equally owned by a five-member consortium comprising the Group, New Asia Realty, Wheelock and two Wharf group’s companies. The initial batch out of the total 1,272 units under Phase I has just been launched with extremely favourable response. Construction works have been progressing according to schedule. Completion of Phase I is expected by the end of 2002.

The residential development on Castle Peak Road known as Palm Cove will have a total of 228,000 square feet in GFA providing 260 units. Superstructure works are in progress and pre-sale is targeted to take place in the first half of 2002.

The King’s Park development is owned by a five-member consortium comprising the Group, New World Development, Sino Land, Chinese Estates and Manhattan Garments. This residential site located in Homantin will be developed into eight towers consisting of 700 units with a total GFA of 904,200 square feet. Demolition works have completed and the tendering for foundation works is now in progress.

## **Outlook**

A combination of the downward trend of global interest rates, together with the local banking deregulation process, Hong Kong interest rates are at an all time low. Most property end-users would find it much more affordable to buy rather than to rent, and investors would attempt to look for better alternative investments than bank deposits at extreme low yield. With its sizeable landbank, mainly represented by its 20 per cent interest in each of Sorrento and the King's Park development, the Group is well-placed to take advantage of the gradual recovery of the economy once more positive factors have returned to restore the confidence of consumers and investors.