

CHAIRMAN STATEMENT

I am pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31st July, 2001.

The profit attributable to shareholders for the six months ended 31st July, 2001 increased by approximately 26% to HK\$19,746,000 compared with HK\$15,587,000 for the corresponding six months ended 31st July, 2000.

Earnings per share for the period were HK29 cents, an increase of approximately 26% over earnings per share for the corresponding period in 2000 of HK23 cents.

The directors have declared the payment of an interim dividend of HK10 cents (2000: HK8 cents) per share to shareholders on record as at 16th November, 2001. The interim dividend will be payable on 12th December, 2001.

REVIEW OF OPERATION

The principal activities of the Group continue to be investment holding, property investment, property development and provision of property agency services. Substantially all the activities of the Group are based in Hong Kong and more than 90% of the Group’s turnover and profit from operations were derived from lease of properties in Hong Kong.

Since the leasing market was still soft and the economic climate has not yet improved, the demand in commercial and residential leasing began to go down after U.S. ‘911’ calamity. The turnover from the Group’s long term property portfolio increased by approximately 2% owing to the increase of occupancy of Jubilee Centre Phase I and Phase II.

For the first half year ended 31st July, 2001 the Group reported a net profit after taxation and minority interests of HK\$20 million. The overall increase in net profit was mainly due to the reduction of interest expenses on bank loans and bank overdrafts. Another reason was due to increase of occupancy of Jubilee Centre Phase I and Phase II. In Hong Kong, the Group’s rental income in respect of Jubilee Centre Phase I and Phase II increased moderately while rental from other investment properties in Hong Kong suffered a slight decrease. New leases have to be negotiated at prevailing low rentals. With the existing leases coming due for renewal, the Group has to offer a reduction of rental and more rent free period to retain the existing tenants.

In view of the possibility that plot ratio and height restriction may be eased in Kowloon Tong area in the next two or three years, the directors have decided to continue to delay the commencement of the Oxford Road, Kowloon Tong project, even though the airport has already moved to Chek Lap Kok, so as to generate most benefit for the shareholders.

The Group's major Guam investment property – Aspac Industrial Park Phase I suffered a slight decline of 3% rental income owing to the protracted economic downturn in Guam. As economic conditions in Guam and Japan are still not favourable, the development of Lot No. 5148-3 and 5148-4, Tamuning, Guam will continue to be postponed.

No material acquisitions or disposals of subsidiaries and associates were transacted during the period.

The Group has a total of 23 (2000: 32) staff. Staff costs incurred during the period amounted to approximately HK\$1,733,000 (2000: HK\$2,456,000).

FINANCE ACTIVITIES

Shareholders' funds at 31st July, 2001 amounted to HK\$1,091 million (31st January, 2001: HK\$1,091 million). At 31st July, 2001, total borrowings of the Group were HK\$158 million (31st January, 2001: HK\$167 million) which bear interest at floating rate and are substantially repayable in Hong Kong dollars. The bank loans to the extent of HK\$33 million (31st January, 2001: HK\$29 million) were repayable within one year. Accordingly, the Group's gearing ratio at 31st July, 2001 is 14.4% (31st January, 2001: 15.3%). The Group's available undrawn bank facilities at 31st July, 2001 amounted to HK\$63 million (31st January, 2001: HK\$54 million).

At 31st July, 2001, properties of the Group with an aggregate book value of approximately HK\$903 million (31st January, 2001: HK\$903 million) were mortgaged or charged to banks for credit facilities granted to the Group.

At 31st July, 2001, the Company had issued guarantees for banking facilities granted to certain subsidiaries to secure the banking facilities granted to these subsidiaries to the extent of HK\$221 million (31st January, 2001: HK\$221 million) of which approximately HK\$158 million (31st January, 2001: HK\$167 million) was utilized.

PROSPECTS

The Board of Directors expects that the economy of Guam will be adversely affected after the U.S. '911' calamity. The leasing market of Hong Kong is still very soft and the economic situation has not yet improved. The commercial building market rental will be expected further to go down. The Board of Directors is more conservative about the performance of the second half year as U.S. '911' event cast shadow over Hong Kong economy.

Lee Teh Yee, William

Chairman

Hong Kong, 22nd October, 2001