

INTERIM DIVIDEND

The Directors declare the payment of an interim dividend of 13 cents per share in respect of the financial year ending 31 March 2002 to shareholders listed on the Register of Members on 31 December 2001. Dividend warrants will be despatched by mail to shareholders on or about 8 January 2002.

CLOSING OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 27 December 2001 to 31 December 2001, both dates inclusive. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Registrar of the Company, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:00 p.m. on Monday, 24 December 2001.

REVIEW OF OPERATIONS AND PROSPECTS

The unaudited profit attributable to shareholders for the six months ended 30 September 2001 was HK\$80,499,000, an increase of 6.6% over the same period of the previous year.

Business Overview

The overall performance of the Group for the period under review achieved steady growth. Property division performed satisfactorily and hotel operations recorded modest growth. The business of food and beverage division dropped slightly while the operating loss of travel operations has been further reduced.

Property

Miramar Shopping Centre and Miramar Tower continued to contribute a stable rental income, achieving a satisfactory level in average occupancy rate of 95%. Rental income of Hotel Miramar Shopping Arcade attained a slight increase with an average occupancy rate of 95%. All units at No.6 Knutsford Terrace were fully leased.

Owing to the excessive market supply and the uplift of the policy on segregation of domestic and foreign residential property market in Shanghai, the selling price of the few remaining residential units of Shang-Mira Garden was only able to increase slightly. The sale of these units was quite satisfactory. The leasing status of shopping arcade and offices of Shang-Mira Garden also achieved satisfactory improvement.

With respect to the land situated in Placer County, California, USA, a plot of 13 acres of commercial use land and a plot of 48 acres of residential land were sold during the period. Several other preliminary sales and purchase agreements were concluded as well. Satisfactory due diligence studies were carried out and small non-refundable deposits were made by these buyers. However, with a couple of these transactions, which were scheduled to close at the end of this year, the buyers had requested extension for the completions. This may have been due to the uncertainty in the market created by the terrorist attack in the US. The Group is still in negotiation with these parties to assess whether such extensions should be granted.

Hotel Business

During the period, some guest floors of Hotel Miramar underwent refurbishment work. Although it reduced the number of saleable rooms and in turn affected a slight drop in turnover, average occupancy rate on saleable rooms still reached a level of 85%. Over the last year, the Hotel had been focusing on expanding the US and European markets. However, with the slowing global economy and the terrorist attack in US, the arrival of these overseas tourists dropped substantially. Hotel Miramar has since shifted its primary focus to develop other markets. Sales force in Shanghai and Beijing were substantially increased after the attack. In spite of the general slowdown in the Hong Kong economy, the turnover of the Hotel's food and beverage business achieved a growth of 8% when compared to the same period last year. The growth was primarily from the banquet and conference segments.

For the hotel operations in the PRC, Nan Hai Hotel was successful in broadening the commercial clientele, thereby achieving increases in room rates. Operating profit were also improved. Haitao Hotel in Shekou was also successful in adjusting its operating strategies to explore the commercial market segment. As a result, it recorded a substantial growth in both occupancy and operating profits. At the same time, the Miramar Serviced Apartment in Shanghai also achieved an increase in occupancy rate and the overall business performance recorded a healthy growth.

As to the Group's management business of other non-equity hotels, there has been a steady growth. Throughout the period, the Group's hotel sales offices in Shanghai and Beijing were able to implement proactive sales activities to grow the customer base in China.

Food & Beverage Operations

The operating environment for food and beverage industry in the territory continued to be challenging. With the weakening domestic consumption confidence, performance of the Group's food and beverage operations in Hong Kong were less satisfactory. However, results in the PRC registered significant improvement due to improved operation and market focus.

Travel Operations

Turnover for the Group's travel division dropped modestly, yet with better cost control, the operating loss was reduced when compared to the same period last year. The focus will be to enhance products and services for the South East Asian and China markets with continuing operating efficiency.

Chairman

Dr Ho Tim, due to seniority in age, resigned as Chairman of the Company on 8 August 2001, and was re-appointed as Honorary Chairman. The Board wishes to express its gratitude to Dr Ho Tim for his valuable contribution and leadership to the Group during his tenure of more than 40 years. Dr Lee Shau Kee was appointed as the Chairman of the Board with effect from the same date.

Prospects

It is anticipated that the overall Hong Kong economy will continue to be challenging. Operating environment for the property and retail sectors will still be under pressure. The Group is committed to react positively to changing market conditions and take responsive actions. The Board is confident that barring any unforeseen circumstances, the Group's businesses will achieve steady growth in the second half of the year.