

INTERIM DIVIDENDS

The Board has resolved to pay an interim dividend of HK\$0.10 per share in respect of the year ending 30th June, 2003. The Board has also resolved to pay a special dividend of HK\$0.40 per share in respect of the year ending 30th June, 2003. The aggregate dividend of HK\$0.50 per share will be paid to shareholders whose names appear in the Company's register of members at the close of business on 26th March, 2003.

Dividend warrants will be posted to shareholders on or about 10th April, 2003.

CLOSURE OF REGISTER

The register of members will be closed from 25th March, 2003 to 26th March, 2003 (both days inclusive) during which period no share transfer will be effected.

REVIEW OF OPERATIONS

The unaudited profit attributable to shareholders for the six months ended 31st December, 2002 was HK\$81.75 million, a decrease of 55% over the same period of the previous year. The decrease in profit was mainly attributable to the decrease in profit from sales of properties by the Group's jointly controlled entity.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARIZED BELOW: -

Shau Kei Wan Inland Lot No. 843, Aldrich Bay (Les Saisons)

The site, in which the Company has a 20% interest, Swire Properties Limited has a 50% interest and Sun Hung Kai Properties Limited has a 30% interest, was acquired at a public tender in 1998. The development comprises 864 residential units with 216 car parking spaces. As at February 2003, approximately 85.1% of the residential units and 59.3% of the car parking spaces had been sold.

The Remaining Portion of Kowloon Inland Lot No. 1300 (No. 3, Jordan Road, Kowloon)

In February 2001, the Group purchased the property with a site area of approximately 2,906 sq. ft. The site will be developed into a 26-storey building comprising serviced apartments and retail accommodation with a total gross floor area of approximately 29,880 sq. ft. The foundation work has been completed in November 2002. The contract for the superstructure was awarded in February 2003 and the development is scheduled to be completed by the middle of 2004. In view of the favourable location of the site and the growing demand for serviced apartments, the development upon completion is expected to generate steady rental income for the Group.

Inland Lot 88, No. 391 Chai Wan Road, Chai Wan

The property, which is wholly-owned by the Company, has a site area of approximately 102,420 sq. ft. and is at present used as a bus depot. In May 2001, the site was rezoned and designated as a Comprehensive Development Area. In February 2002, the Town Planning Board approved, subject to a number of planning conditions, the Company's application under Section 16 of the Town Planning Ordinance for permission to redevelop the site into a residential and commercial complex with a maximum gross floor area of 86,268 sq. m. (928,588 sq. ft.). According to the master plan approved by the Town Planning Board, the development will have four residential towers comprising 1,316 units over a retail podium and Public Transport Terminus. The Company will in due course negotiate the necessary modifications to the Government Lease, and the premium for such modifications, in order to enable the proposed development to proceed. Your Board has given formal, in principle, approval for the redevelopment of the site by means of a 50:50 joint venture.

UK Properties

In December 2002, the Group, through one of its wholly owned subsidiaries, purchased a freehold property known as Scorpio House in London SW3 as a long term investment. The property is located in London's most affluent area in the Royal Borough of Kensington and Chelsea. The five storey air-conditioned building with a basement has about 19,578 sq. ft. of lettable office spaces and 10 ground floor car parking spaces. The property, which was substantially refurbished in 2000, has been leased to a single tenant for a term of 15 years without break from June 2000 on a full repair and insuring lease subject to upward-only rent reviews every 5 years.

Albany House and Thanet House in London continue to perform well and were fully let throughout the period.

Future Outlook

With uncertainty in the world economy continuing and with current downturn in the Hong Kong property market showing no sign of recovery, rental income from the Group's investment properties in Hong Kong is expected to be affected adversely in the near term. However, the Group's acquisition of high grade office buildings in the centre of London coupled with long leases to tenants with great covenant strength should continue to provide steady income for the Group in the coming years.

The Group intends to forge ahead with the development of its own land in Hong Kong and to prudently pursue investment opportunities promising attractive returns.