

OVERVIEW

A decline in property sales resulted in Group turnover decreasing by 13.6% to HK\$1,074 million for the six months through to 31 December 2002. Only five residential units at Garden Terrace were sold during the period, compared to 17 units for the corresponding period the previous year. Rental income earned from Plaza 66, the Group's investment property in Shanghai, has mitigated the decrease in overall rental income.

Finance costs increased by 18.8% to HK\$138.4 million as a result of the reduction in interest capitalization during the period, following the completion of The Summit.

Net profit attributable to ordinary shareholders decreased 13.8% to HK\$546.6 million.

Your board has declared an interim dividend of 11 cents per ordinary share payable on 25 April 2003 to ordinary shareholders of record on 17 April 2003.

PROPERTY DEVELOPMENT

Projects under development, including The HarbourSide above the Airport Railway Kowloon Station, Hing Wah Street West, Hoi Fai Road and Hau Man Street projects, are progressing on schedule.

PROPERTY LEASING

Despite rental income from Hong Kong decreased as compared to the last period, total rental income continued to benefit from the contribution of Plaza 66 and The Grand Gateway – the Group's two Shanghai projects.

Hong Kong

Nearly half of the 54 units at The Summit – a prime development that comprises 52 luxury duplex units and 2 double duplex units – have been let since its launch in June last year.

Following the acquisition by the Group in October 2002, Grand Tower Hotel has undergone renovation for conversion into an office and commercial complex and is expected to be completed in the second half of 2003. Grand Plaza Hotel has changed its operation to service apartment.

Shanghai

By the end of December, The Grand Gateway which, of 101,900 sq.m. is now the largest modern shopping mall in Shanghai, was fully leased.

The 52,000 sq.m. mall of Plaza 66, our tallest and most prestigious project in Puxi, Shanghai, was fully leased. The ground level features one of the biggest collections of international fashion labels in the city and is attracting high customer traffic. Its 66-storey 78,000 sq. m. office tower I is fully leased and is occupied mostly by major multinational companies. Construction of the 81,000 sq.m. office tower II will soon begin.

FINANCE

The Group's consolidated net bank borrowings (after deducting cash and bank deposits) totaled HK\$5,726 million compared to HK\$3,226 million at 30 June 2002. The increase is mainly due to capital expenditure of the Group's property projects and the acquisition of Grand Hotel Holdings Limited in October 2002.