
Chairman's Statement

GROUP RESULTS AND DIVIDENDS

The Board of Directors announces that the audited consolidated profit of the Group for the year ended 30th June, 2003 amounted to HK\$110.81 million, compared with HK\$114.35 million, for the previous year. This reduction in profit was mainly due to the decrease in the sales of properties by the Group's jointly controlled entities and the decrease in interest rates on the Group's bank deposits, although the reduction has been offset by the increase in rental income from investment properties and other income.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Wednesday, 26th November, 2003 the payment of a final dividend of HK\$0.10 per share. The Directors will also recommend to the shareholders the payment of a special dividend of HK\$1.10 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$0.40 per share, and a second interim dividend of HK\$0.30 per share payable on 13th October, 2003, will make a total dividend for the year of HK\$2.00 per share, compared with HK\$19.60 per share for the previous year.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS

SHAU KEI WAN INLAND LOT NO. 843, ALDRICH BAY (LES SAISONS)

The development, 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, comprises 864 residential units with 216 car parking spaces. As at October 2003, approximately 92.7% of the residential units and 66.7% 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 is being 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 development is scheduled to be completed by the middle of 2004. In view of the favourable location of the site next to Jordan MTR station, the unobstructed view of all the units and the growing demand for serviced apartments, the development upon completion is expected to generate steady rental income for the Group.

INLAND LOT 7105, KAM HONG STREET, NORTH POINT

The property, which is wholly-owned by the Company, has a site area of approximately 17,870 sq. ft. The Government Lease under which the site is held was granted for the construction of housing for the staff and employees of the Company. Your Company is negotiating the necessary modification to the Government Lease, and the premium for such modification, in order to enable the site to be redeveloped into a commercial and residential complex of approximately 181,664 sq. ft.

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 928,588 sq. ft. In view of the expectation that the local property market should recover in the not too distant future, your Company will in due course negotiate the necessary modification to the Government Lease, and the premium for such modification, 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

Albany House and Thanet House, the Group's commercial properties in Central London, continue to perform well and were fully let throughout the period. Scorpio House, the Group's recently acquired freehold commercial property located in London's most affluent area in the Royal Borough of Kensington and Chelsea, is also fully let.

Chairman's Statement (Continued)

OUTLOOK

With weakness in the Hong Kong property market continuing in the second half of 2003, rental income from the Group's investment properties in Hong Kong is expected to be adversely affected in the near term. However, the Board is confident that the Group's acquisition of high grade office buildings in central London with long leases and good covenants should provide steady income for the Group even in the event of a downturn in the commercial property market in London. The Group will continue to plan cautiously for the development of its own land in Hong Kong. The Group remains in a strong financial position and will prudently seek investment opportunities both locally and overseas.

NGAN Kit-ling
Chairman

Hong Kong, 10th October, 2003