

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, 2004. The Board has also resolved to pay a special dividend of HK\$0.40 per share in respect of the year ending 30th June, 2004. 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 16th April, 2004.

Dividend warrants will be posted to shareholders on or about 17th May, 2004.

CLOSURE OF REGISTER

The register of members will be closed from 15th April, 2004 to 16th April, 2004 (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, 2003 was HK\$84.23 million, an increase of 9% over the restated profit of the same period of the previous year. The increase in profit was mainly attributable to the increase in rental income and increase in profit from sales of properties by the Group's jointly controlled entity which was partly offset by a fall in finance income due to declining interest rates.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARIZED BELOW: -

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 February 2004, over 99% of the residential units and approximately 72.7% of the car parking spaces had been sold.

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

The property with a site area of approximately 2,906 sq. ft. 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 and the unobstructed view of all the units, 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 with car parking spaces. Demolition of the existing building on the site has just commenced.

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. In light of the recovery of the local property market, your Company intends to 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, and Scorpio House in London's most affluent area in the Royal Borough of Kensington and Chelsea, continue to perform well and were fully let throughout the period under review.

Outlook

With signs of recovery in the Hong Kong property market, rental income from the Group's investment properties in Hong Kong should increase in future. However, the increase might be offset by the loss of rental income received by the Company's bus depot on Inland Lot 88 in Chai Wan when the site is being redeveloped into a residential and commercial complex. Notwithstanding this, the Board is confident that the Group's high grade commercial buildings in the heart of London with long leases and good covenants should provide steady income for the Group.

The Group will continue to plan cautiously for the redevelopment of its own land in Hong Kong. The Group remains in a strong financial position to seize any investment opportunity that may present itself both locally and overseas.

DIRECTORS' INTEREST IN SHARES

As at 31st December, 2003, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the