

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

SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

	Ordinary shares of HK\$2 each		
	Personal Interests	Family Interests	Other interests
NGAN Kit-ling	4,848,345	–	33,468 (Note)
NGAN Kit-keung	6,941,013	1,250	33,468 (Note)
Dr. Henry NGAN	7,173,125	250	33,468 (Note)
LIU Lit-mo	62,250	–	–
Fritz HELMREICH	50,000	–	–
Anthony Grahame STOTT	600	–	–

Note : The 33,468 shares in the Company are included in the estate of the late Madam WONG Yick-mui.

Save as disclosed above, as at 31st December, 2003, none of the directors or chief executive of the Company or any of their spouses or children under 18 years of age had held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The Company has been notified of the following interests in the Company's issued shares at 31st December, 2003, amounting to 5% or more of the shares in issue:

Substantial shareholders	Ordinary shares held	Percentage of total issued shares
NGAN Kit-ling	4,881,813(<i>note</i>)	10.71%
NGAN Kit-keung	6,975,731(<i>note</i>)	15.30%
Dr. Henry NGAN	7,206,843(<i>note</i>)	15.81%
CHAN Kwan Shat & WONG Wai Gin	5,553,200	12.18%
Other persons		
CHEE Ying Cheung & CHING Yung Yu	4,474,600	9.81%

Note : There is a duplication of 33,468 shares which are included in the estate of the late Madam WONG Yick-mui.