

Interim Dividend

The Board declares an interim dividend of HK\$0.50 per share (2003: HK\$0.70 per share) for the year ending 30 September 2004. The register of members will be closed from 12 July to 14 July 2004, both days inclusive, during which period no transfer of shares will be registered. Dividend warrants will be posted to shareholders by 19 July 2004.

Chairman's Business Review

The Group's investment properties, Melbourne Plaza at 33 Queen's Road Central and Kimley Commercial Building at 142-146 Queen's Road Central, continued to generate steady rental income. 75% of the shops and offices at Melbourne Plaza were let during the period while rental remained at comparable level as that of last year. The occupancy rate of 75% is considered satisfactory in view of the stiff competition in Central's rental market. Stable return can be expected for the whole year.

Through a range of economic revival measures initiated by the Mainland Government, signs of recovery and new investment opportunities have already emerged in Hong Kong. The Group will continue to maintain its stable rental income from property investment.

Management Discussion and Analysis

GROUP RESULTS

The Group's unlisted investment represents property development and golf club operation in Foshan, China. The controlling shareholder of the said investment, BT Development Holdings Limited (formerly known as Wing Shan Enterprises (Holdings) Limited) has gone into creditors' voluntary winding up. In the circumstances, the Board has decided to make a HK\$10 million provision for advances to the said investment in the current period.

Net profit for the six months ended 31 March 2004 amounted to HK\$7.8 million (2003: HK\$19.5 million, as restated). Turnover for the period amounted to HK\$35.7 million, representing a decrease of 2% as compared to last period.

SIGNIFICANT INVESTMENTS

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 75% and 66% let.

LIQUIDITY AND FINANCIAL RESOURCES

Basically, the Group's working capital requirement was financed by its rental income. As at 31 March 2004, the Group had cash and bank balances totalling HK\$32.0 million. During the period, the Group does not need any borrowings or overdraft facilities.

EMPLOYEES AND REMUNERATION POLICIES

The Group employs a total of 18 employees. The Group recognises the importance of the strength of its human resources for its success. Pay rates of employees are maintained at competitive levels and promotion and salary increments are assessed on a performance related basis.

Disclosure of Interests

At 31 March 2004, the interests or short positions of the Directors and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning 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:-

	Number of shares held		Approximate percentage of shareholding
	Personal interests	Corporate interests	
Directors			
Dato' Dr. Cheng Yu Tung (note a)	–	–	–
Mr. Chung Ming Fai	12,000,500	1,000 (note b)	48.00%
Mr. Chung Yin Shu, Frederick	1,875	–	0.01%
Chief Executive			
Mr. Ho Tak Him	1,000	–	–

Notes:

- (a) Dato' Dr. Cheng Yu Tung is a shareholder of Chow Tai Fook Enterprises Limited, which, together with its associated companies, has a beneficial interest in 6,762,750 shares of the Company.
- (b) Mr. Chung Ming Fai controls more than one-third of the voting power of Fu Hop Investment Company Limited which held 1,000 shares in the Company.

Save for the interests in shares referred to above, no other person is recorded in the register kept pursuant to Section 336 of the SFO as having an interest in 5% or more of the issued share capital of the Company as at 31 March 2004.

Purchase, Sale or Redemption of Shares

Neither the Company nor its subsidiary company has purchased, sold or redeemed any of the Company's shares during the six months ended 31 March 2004.

Audit Committee

The Audit Committee engaged the auditors to assist the Committee in its review of the interim financial report. The auditors conducted their review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the HKSA. The review consisted of management enquiries and analytical procedures, but excluded audit procedures. On 7 June 2004, the Committee met with the management and the auditors to review the unaudited interim report and consider the significant accounting policies, and to discuss with the management the Group's internal control system.

Code of Best Practice

During the financial period, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company.

Dato' Dr. Cheng Yu Tung
Chairman

Hong Kong, 14 June 2004