

GROUP RESULTS AND DIVIDENDS

The Board of Directors announces that the audited consolidated profit of the Group for the year ended 30th June, 2004 amounted to HK\$240.63 million, compared with HK\$101.12 million (restated), for the previous year. This increase in profit reflects a substantial write-back of revaluation deficit as a consequence of the revaluation of the Group's investment properties as at 30th June, 2004, although the increase has been partially offset by a lower finance income.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Friday, 26th November 2004 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\$1.80 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, will make a total dividend for the year of HK\$2.70 per share, compared with HK\$2.00 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 2004, all the residential units and car parking spaces have 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 48 furnished apartments and retail accommodation with a total gross floor area of approximately 29,880 sq. ft. The building work has been substantially completed and leasing of the retail units and furnished apartment units is progressing.

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 employees of the Company. Your Company is currently at an advanced stage of negotiation with Government on the modification to the Government Lease, including the premium for such modification, in order to enable the site to be redeveloped into a commercial and residential complex with car parking space. Demolition of the existing building on the site has been completed. The General Building Plans for the redevelopment have recently been submitted to Government.

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. 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 continuing recovery of the local property market, your Company has initiated discussions with Government to negotiate the necessary modification to the Government Lease, including the premium for such modification, in order to enable the proposed development to proceed. Following the recent completion of a tenancy on the property, the Company is endeavouring to maximise short term returns from the property before redevelopment starts. Your Board has given formal, in principle, approval for the redevelopment of the site by means of a 50:50 joint venture.

UK PROPERTIES

The Group's commercial properties in London, namely Albany House, Thanet House and Scorpio House, continue to perform well and were fully let throughout the period under review.

Chairman's Statement (Continued)

OUTLOOK

With the property market in Hong Kong showing signs of recovery, the group is proceeding with its plans for the development of its own land in Hong Kong. The demolition of the former staff quarters building in Kam Hong Street, North Point has been completed and the General Building Plans for this property have been submitted.

The extremely low interest rates environment in Hong Kong and in many other markets worldwide during the past year has changed. The future trend of interest rates is clearly on the rise. This should result in an increase in the interest income of the company which had been in continuous decline for several of the past years.

The Group had in the past been highly successful in its commercial property investments in the heart of London. With its strong financial position, the Group intends to continue to seize any property investment opportunities overseas.

NGAN Kit-ling
Chairman

Hong Kong, 8th October, 2004