

GROUP RESULT AND DIVIDENDS

The Board of Directors announces that the audited consolidated profit of the Group for the year ended 30th June, 2005 amounted to HK\$196.43 million, compared with HK\$240.63 million for the previous year. The decrease in profit reflects the lower rental income from Chai Wan bus depot pending its future re-development, a reduction in write back of revaluation deficit of investment properties and a reduction of sales of properties of jointly controlled entities, partially offset by higher interest income.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Friday, 9th December, 2005 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\$1.00 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$0.50 per share, and a second interim dividend of HK\$0.30 per share payable on 4th October 2005, will make a total dividend for the year of HK\$2.00 per share, compared with HK\$2.70 per share for the previous year.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS

THE REMAINING PORTION OF KOWLOON INLAND LOT NO.1300 (NO. 3, JORDAN ROAD, KOWLOON)

The site of approximately 2,906 sq.ft has been 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 has been completed and the apartments have substantially been furnished. Leasing of the retail units and furnished apartment units is continuing.

INLAND LOT 7105, KAM HONG STREET, NORTH POINT

The property, which is wholly-owned by the Company, has a site area of approximately 1,660 sq.metres (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. By a basic terms offer letter dated 14th July 2005, Government has offered to grant the Lease Modification subject to payment by the Company of a land premium of HK\$568.30 million. The Lease Modification will permit the Company to construct on the site a building with a total gross floor area not exceeding 16,866.60 square metres (of which the respective gross floor area for non-industrial use and for private residential use shall not exceed 800 sq.metres and 16,066.60 square metres respectively), together with carparking spaces to be provided at a certain specified rate. The basic terms offer was accepted by the Company on 9th August 2005 and 10% of the land premium was paid as a deposit. The balance of the land premium was paid on 10th October 2005. Payment of the land premium has been funded by the Company from its own internal resources. It is expected that formal documents for effecting the Lease Modification will be executed in October 2005. Subject to the obtaining of Shareholders' approval pursuant to section 155A of the Companies Ordinance at the Extraordinary Meeting to be held on 19th October 2005 and the Lease Modification, the Company proposes to transfer the site to a wholly-owned subsidiary of the Company (CMB Sub) at a consideration of HK\$840 million, which was determined with reference to the valuation of the site as at 14th September 2005 prepared by an independent professional valuer. After completion of the Intra-Group transfer, CMB Sub proposes to develop the site by appointing a wholly-owned subsidiary of Swire Pacific Limited (the Developer) to design and build the development on the site and to market and sell the units on behalf of CMB Sub on the terms of the Heads of Agreement. Details of the Intra-Group transfer, the Heads of Agreement and the fees payable to the Developer are contained in a circular which has been dispatched to Shareholders of the Company on 28th September 2005.

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. Planning approval was extended in January 2005 for a further three years subject to the same conditions. Your Company has initiated discussion with Government to modify the Government Lease to enable the redevelopment to proceed.

Chairman's Statement (Continued)

U.K. PROPERTIES

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

FUTURE OUTLOOK

The Group's long term strategy to develop, where and whenever feasible, its own land in Hong Kong received a welcome boost when, after prolonged negotiations with the Government, the Company accepted a Lease Modification for the site of its former staff quarters in Kam Hong Street, North Point subject to the payment of a land premium. The Company has recently paid the premium out of its own internal resources and proposes to transfer the site to a wholly-owned subsidiary for redevelopment into a residential and commercial complex. Since the residential market in Hong Kong is expected to continue to perform well, the sale of this project in due course should have a positive impact on the Group's profits. The Group remains in a strong financial position and will continue to seek investment opportunities, both locally and overseas.

NGAN Kit-ling
Chairman

Hong Kong, 14th October, 2005