

OVERVIEW

Turnover increased 14.6% to HK\$1,851 million for the six months ended 31 December 2002. The increase mainly comes from the sales of 68 units at New Haven and 5 units at Garden Terrace. Our two Shanghai properties, Plaza 66 and The Grand Gateway, have mitigated the decrease in rentals in Hong Kong.

Finance costs remained at a similar level to that of the last period.

Net profit attributable to shareholders decreased 1.7% to HK\$295.4 million.

Your Board has declared an interim dividend of 12 cents per share payable on 25 April 2003 to shareholders of record on 17 April 2003.

PROPERTY DEVELOPMENT

The occupation permit for New Haven was issued in December 2002 and over 400 units, or 60% of the development, has been sold.

Projects under development, including The HarbourSide above the Airport Railway Kowloon Station, Hing Wah Street West, Hoi Fai Road and Hau Man Street projects, are progressing on schedule.

PROPERTY LEASING

Despite rental income from Hong Kong decreased as compared to the last period, total rental income continued to benefit from the contribution of Plaza 66 and The Grand Gateway – the Group's two Shanghai projects.

Hong Kong

Nearly half of the 54 units at The Summit – a prime development that comprises 52 luxury duplex units and 2 double duplex units – have been let since its launch in June last year.

Grand Tower Hotel has undergone renovation for conversion into an office and commercial complex and is expected to be completed in the second half of 2003. Grand Plaza Hotel has changed its operation to service apartment.

Shanghai

By the end of December, the 101,900 sq.m. retail complex of The Grand Gateway, the largest modern shopping mall in Shanghai, was fully leased. The 32,300 sq.m. residential tower I was almost fully leased. Construction of additional four towers – residential tower II, office tower I and II, and service apartments – has commenced.

The 52,000 sq.m. mall at Plaza 66, our tallest and most prestigious project in Puxi, Shanghai, was fully leased. The ground level features one of the biggest collections of international fashion labels in the city and is attracting high customer traffic. Its 66-storey 78,000 sq.m. office tower I is fully leased and is occupied mostly by major multinational companies. Construction of the 81,000 sq.m. office tower II will begin soon.

FINANCE

The Group's consolidated net bank borrowings (after deducting cash and bank deposits) totaled HK\$7,535 million compared to HK\$5,800 million at 30 June 2002. The increase is mainly due to capital expenditure of the Group's property projects.