

I am pleased to present to you a very encouraging set of results for 2003. Although there were difficulties caused by Severe Acute Respiratory Syndrome ("SARS") in the first half, the economy of the Hong Kong Special Administrative Region ("Hong Kong") rebounded particularly during the last quarter of the year, along with the local property and financial markets. Accordingly, impairment losses and revaluation deficits in relation to the year end valuation of the Hong Kong properties of Allied Properties (H.K.) Limited ("Allied Properties") and its subsidiaries were much reduced compared to the year before.

At the same time, the Group's financial services operations also provided increased profitable contributions to the results for the year.

FINANCIAL RESULTS

For the year ended 31st December, 2003, the Group reported a profit attributable to shareholders for the year of HK\$486.5 million, a turnaround of HK\$656.1 million as compared to the corresponding loss of HK\$169.6 million in 2002.

DIVIDEND

The Directors do not recommend the payment of a final dividend (2002: Nil). It should however be noted that the Company recently completed a general offer to repurchase 750,000,000 shares, details of which are shown in the "Financial Review" later in this annual report. The share repurchase has increased the net asset value per share for the remaining shareholders and will have a pronounced effect on the earnings per share in 2004 and subsequent years.

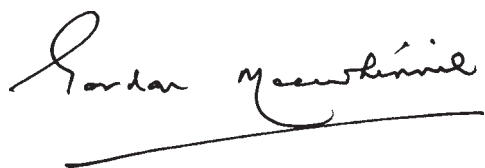
The Annual General Meeting will be held on 7th June, 2004, and there will be no closure of the Register of Members of the Company as no final dividend is being paid.

FUTURE PROSPECTS

The Review of Operations by the Chief Executive, which follows this statement includes the Group's outlook for the future.

APPRECIATION

I would like to thank my fellow Directors and the staff for their diligence, dedication and support in the past year, which has been most commendable.



Sir Gordon Macwhinnie

Chairman

Hong Kong, 15th April, 2004