



Management Discussion and Analysis

Interim Results

The Group's unaudited profit attributable to shareholders for the six months ended 30th September, 2001 amounted to HK\$37.2 million as compared with HK\$41.8 million for the same period in 2000.

Property Development

Construction of Talega Business Park in California will begin shortly.

In view of the current resurgence of interest in residential properties, your Group is marketing the small number of remaining units in Nerine Cove and Parkview Court.

Hotel

Sheraton-Hong Kong Hotel, in which your Group has a 35% interest, has performed better than expected. Even though there was a drop in arrivals from the U.S. after the September 11 terrorist attacks, there was growth from Asian countries.

High-Tech Investments

Your Group has made new commitments to invest US\$4 million in U.S. venture capital funds which will invest over the next four to five years mainly in communication technologies and biotechnologies.

Prospects

Hong Kong is currently experiencing economic difficulties, with negative growth and deflation. It is not expected that there would be improvements at least until the second half of next year.

Your Group with its strong financial position will take advantage of the opportunities presented during the current economic downturn over the next twelve months.