BUSINESS REVIEW

Property Investments and Developments

Hong Kong

Occupancy of the Group's largest single investment asset by value, the Dah Sing Financial Centre, was at 93% at the end of July 2002. This level is similar to if not better than similar grade properties in the Wanchai vicinity. Rents collected were slightly lower compared with last year and should Hongkong's present economic recession continue into 2003, we should expect lease renewals at lower effective rates.

We have postponed commencement of works at our Leighton Road, Causeway Bay site as market demand and returns under alternative use assumptions were uncertain. Recently, however we have observed brighter long-term prospects for a hotel/service apartment type of product.

The land premium for the mass market residential project in Sheung Shui, N.T. has been settled and we are scheduled to start construction during the 4th quarter of 2002.

Fortunately, lower financing costs during 2002 to-date compared with last year has helped the group offset a decline in rentals. However, lower interest rates alone may not be sufficient to stimulate end-user demand for property especially in the residential sector.

China

The Group has sold more than 95% of total units in the Westmin Plaza Phase I residential development in Guangzhou. Completion is expected at the end of August 2002 which will be ahead of schedule and within budget. We have now mobilized our resources for Phase II which will comprise 500 units of residential accommodation and 23,000 sqm of commercial space.

In Chengdu, the 50% owned New Century Plaza office and commercial complex is set for completion in the 1st quarter of 2003. One half of the office floor area 25,000sqm has been pre-sold. We are actively seeking buyers for the whole or portion of Overseas Exchange Square, our other major commercial/office development in Chengdu, which we have a 97% interest.

New Zealand

The properties that now remain in our portfolio are located principally in Auckland and were 96% let at the period end. Our New Zealand investments are held by 54.8% owned and listed Trans Tasman Properties Limited ("TTP") which is now financially well-positioned after completing its non-core property disposal programme in June 2002. Gearing is now down to 46% which is significantly below banking limits. After period end TTP acquired a prime 35 hectare site adjacent to the Auckland International Airport zoned for warehouse/industrial use. TTP intends to move quickly to complete site infrastructure and sub-divide the land by mid-2003 and actively promote the property for sale to end users and investors.

TTP announced a net deficit of NZ$8.3 million from its New Zealand operations for the period under review (compared with a net surplus of NZ$1.0 million in 2001) including an abnormal charge of NZ$10.6 million relating to loss on disposal of properties principally in Wellington. TTP had in earlier periods written down the value of these properties resulting in a smaller current period loss.