Australia

Our property interests in Australia are held through Australian Growth Properties Limited ("AGP"), a listed 50% subsidiary of TTP. During the first half of 2002, overall net rental income declined compared with the corresponding period in 2001 due to property sales last year. However, net rents increased from anchor Sydney properties at 345 and 363 George Street. The George Street properties showed better returns through the expiry of lease incentives and the successful refurbishment of the 345 George Street retail area.

Overall occupancy of the Australian portfolio stood at 91% at the end of June 2002.

AGP is conservatively geared at 33% and is actively exploring development or financing opportunities in the major Australian business centres. AGP announced a net operating profit of A$6.5 million for the six months period ended 30th June, 2002 compared with A$6.2 million for the 2001 period and its board has recommended payment of an interim dividend of 2 Australian cents per share.

Garment Trading

The Group has for many years benefited through its Hong Kong based garment manufacturing and export operations, including quota entitlements. The profit contribution from this division decreased compared with the same period in 2001 due to uncertainties surrounding the U.S. economic recovery.

E-businesses

Our 50% owned associate, New Zealand based Professional Services Brokers Limited's ("the PSB Group") result for the period was significantly affected by the start-up costs of its technology services subsidiary, SupplyNet Limited ("SupplyNet"). The PSB Group has now successfully integrated its long established public sector procurement service with full I.T./internet based trading platform capability. It is well placed to boost revenues from its two principal divisions, GSB SupplyCorp and SupplyNet handling both Government and private sector clients in New Zealand and eventually in Australia.

Our 35% owned associate, Hong Kong based e-Commerce Logistics Limited ("eCL") continued to make progress during the period in a very competitive environment. eCL's Taiwan warehouse and e-logistics operations produced good results. In China, eCL, in joint venture with the Roly International Group, commenced its warehouse management activities in Shanghai earlier this year and plans to expand into six other cities by the end of 2002.

FINANCIAL REVIEW

Financial Resources and Liquidity

The Group had HK$606 million cash and unutilized facilities of HK$1,577 million at 30th June, 2002 to meet its commitments and working capital. The increase of the current ratio from 1.30 at 31st December, 2001 to 1.62 at 30th June, 2002 was mainly due to the repayment of loans related to properties disposed in New Zealand.

At 30th June, 2002, shareholders' funds of the Group amounted to HK$2,662 million representing a slight increase of 1% from the end of 31st December, 2001. The increase is mainly attributable to exchange translation gain for the net assets of subsidiaries in New Zealand and Australia. As mentioned earlier, the substantial loss reported for the period did not have a significant impact on the shareholders' fund as most of these losses had been dealt with in the reserves at or before 31st December, 2001.

Banks borrowings of TTP and AGP are denominated in NZ$ and A$ respectively. At 30th June, 2002, these subsidiaries had drawn down bank loans of HK$1,522 million (NZ$401 million) secured mainly by properties valued at HK$3,060 million (NZ$806 million).

In Hong Kong and China, properties valued at HK$2,356 million and fixed deposits of HK$289 million were pledged for banking facilities extended to certain subsidiaries. At 30th June, 2002, borrowings of HK$1,173 million had been drawn down.

Refinancing
In New Zealand, TTP concluded negotiations for a new HK$972 million (NZ$256 million) 3.5 years term facility to fund the New Zealand property portfolio.

The renewal of major credit facilities on a medium and long term basis since the second half of 2001 provides the Group with capacity and flexibility to undertake development and investment opportunities consistent with its strategy to remain a long-term investor in property.

Treasury policies
The Group adheres to prudent treasury policies. The ratio of non-current liabilities to shareholders' fund plus minority interests was 0.61 at 30th June, 2002 (31st December, 2001: 0.67). The decrease is mainly attributable to reduction of non-current liabilities resulting from the sale of 10 investment properties in New Zealand.

The Group's borrowings are principally on a floating rate basis. However, when requested by lenders under banking arrangements or at times when interest rates are volatile, hedging instruments including swaps and forwards are used to manage interest rate exposure.

Capital movements
During the period, the Company has not issued any additional shares or any type of capital instruments.

AGP made bonus issues of 3,594,832 shares on 15th March, 2002 to the holders of ordinary shares to compensate them for any benefit that would otherwise have accrued to TTP as holder of dividend deferred ordinary shares resulting from the on-market share buy-backs in 2000 and 2001.

Borrowings
As at 30th June, 2002, maturities of the Group's outstanding borrowings were as follow:

	HK$m
Within 1 year	516
1 -2 years	60
2 - 5 years	1,400
Over 5 years	1,009
Total	2,985