

It is the Group's strategy to make further investment in the Beijing property sector. The Company is confident with the Beijing property market and expect to benefit from the increasing customer preference towards quality property products.

## REVIEW OF EXISTING PORTFOLIO

### **Beijing Pacific Palace Real Estate Development Co. Ltd. ("Pacific Town Project")**

The Pacific Town Project received its planning approval on 2 July 2003 within 15 days after submission to the Beijing Municipal City Planning Committee. This process normally takes 3-6 months to complete. This illustrated the advantage of the management team with its knowledge and network in the Beijing property development sector. After obtaining the planning approval, the Pacific Town Project will make preparation for resettlement and clearance of the site area. Construction work will start immediately after the site clearance.

The site plan was prepared by Langdon Wilson Architects, one of the leading architects in the United States, together with Sunlight Architects & Engineers Co., Ltd. in Beijing. The site has a total gross area of 430,750 sq. metres and above ground gross floor area of 323,250 sq. metres. The Phase I of the Pacific Town Project comprises 80,000 sq. metres of around 400 high rise residential apartment units. All apartment units will be decorated with luxury standard and over 80% of which with river view.

The apartments are to be priced at an average sale price of Rmb8,800 per sq. metre. The sale of Phase I is expected to begin after the Chinese New Year in 2004.

### **Skyworth Digital Holdings limited ("Skyworth")**

From April to June 2003, despite the outbreak of SARS has dampened the consumer sector, Skyworth's TV sales rose 10% to 1,316,000 units as compared to the same period in 2002. China TV sales volume surged by 30%; whereas overseas TV sales volume dropped by 22%. The overseas market has started to pick up quickly from June as the Middle East war ended.

Skyworth is among the first to focus on high-end products. As China is becoming more affluent, together with its proposed launch of digital TV broadcasting, the demand of high-end consumer products is expected to increase significantly. The sales of high-end TV such as Progressive Scan TV, Projection TV and Plasma TV are on the rise, the relatively high gross profit margin from these products contributes to the growth of the profit.

In May 2003, the United States International Trade Commission alleged an anti-dumping case lodged against Chinese and Malaysian TV manufacturers. Although the major overseas markets of Skyworth are in Europe and Asia, which account for 64% in its overseas market value, Skyworth will still aim to participate in the North American market.

The Group received an interim dividend payment of HKD 0.21 million in January 2003 and a final dividend payment of HKD1.9 million from Skyworth in September 2003.

(HKD'm)	Year ended	Year ended
	31 Mar 03	31 Mar 02
Turnover	<b>8,002</b>	5,605
Pre-tax Profit	<b>323</b>	77
Post-tax Profit	<b>214</b>	62

	Apr to Jun 03	
	(units)	YOY%
TV sales (China)	<b>948,000</b>	+30
TV sales (overseas)	<b>368,000</b>	-22
Total TV sales volume	<b>1,316,000</b>	+10
AV sales (China)	<b>94,000</b>	+84
AV sales (overseas)	<b>229,000</b>	-19
Total AV sales volume	<b>323,000</b>	-3

### Beijing Far East Instrument Co., Ltd. (“Far East”)

In the first half year of 2003, the sale revenue of Far East increased by 16% to Rmb52.71 million. Profit after tax of the first half year was Rmb3.28 million as compared with Rmb4.15 million of that of last period. In this period, the management of Far East puts much effort in improving the quality of its assets. A bad debt provision Rmb0.7 million was made this period, which led to the decrease of profit as compared with that of last period.

In March 2003, the Board of Far East has resolved to enter into environmental protection business. Far East will join hand with an environmental protection engineering company in Shi Jia Zhuang to venture into the new business. Far East will pay Rmb4.5 million for 45% shareholding in the engineering company, and business will start in the second half year of 2003.

In March 2002, ING Beijing entered into a conditional agreement to sell 9% of its 35% equity interest in Far East to Beijing Capital Group. Beijing Capital Group has also entered into a conditional agreement to acquire a further 16% equity interest in Far East from its holding company, Beijing Far East Instrument Company.

After the introduction of Beijing Capital Group as a strategic partner of Far East, Beijing Capital Group has successfully helped Far East to obtain a grant from the Development Planning Commission of Beijing Municipality to promote its business. Besides, Beijing Capital Group has provided new business channels to Far East to explore new businesses. The cooperation has started to provide some new income streams to Far East in the first half year of 2003. In order to enhance the cooperation result, Far East will start more projects with Beijing Capital Group in the coming months.

(RMB'm)	Jan-June 03	Jan-June 02
Revenue	<b>52.71</b>	45.28
Pre-tax Profit	<b>3.44</b>	4.29
Post-tax Profit	<b>3.28</b>	4.15