

Investment Portfolio

The fair value of the portfolio as at 31st December 2003 was as follows:

Investee Companies	Date of Investment	Valuation at 31 Dec 2003
Far East	Jul 1994	HKD47.77 million
Skyworth	Jun 1999	HKD44.50 million
CPDH	April 2002	HKD78.00 million
TYG Zone F	Oct 2003	HKD35.00 million

CHINA PROPERTY DEVELOPMENT (HOLDINGS) LIMITED ("CPDH")

China Property Development (Holdings) Limited ("CPDH") is established in February 2002 by ING Beijing. CPDH has undergone share placement in October 2002 to a strategic investor and reducing ING Beijing's equity stake in CPDH to 30%. Subsequently, CPDH acquired an 80% interest in a residential development project, the Pacific Town Project.

THE PACIFIC TOWN PROJECT

The Pacific Town Project is a high-end residential development project with mixed villas and apartments design. The project is located in the up-market Lido area at the northeastern corner of Beijing outside the Fourth Ring Road. The area is popular with foreigners. Three major hotels and a number of international schools are situated at such area.

River Ba runs along the southern side of the site.

The Beijing International Airport, CBD and Yansa Business District are all within 10 minutes drive by car.



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The Pacific Town Project covers a site area of 129,800 square meters. The project plans to build 240,000 square meters residential space with mixed high-rise apartments and villas. The plan will create different classes of property products to target different customer sectors.

The Pacific Town Project has paid the full amount of its land premium for the phase I project and has up to the end of the year to pay off the land premium for the remaining site. The recently announced regulations regarding the transfer of land in Beijing

which require all land transactions to be effected through either auction, competitive tendering or public notice, does not affect the ownership of the Pacific Town Project.

The project obtained its Planning Approval on 2 July 2003. Construction works will start in May 2004 immediately after site clearance. The sale of the phase 1 project is expected to commence in June/July 2004. Average selling price per square meter of the apartments and villas are expected to be not less than Rmb9,500 and Rmb18,000 respectively.



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TAIYANGGONG ZONE F PROJECT ("TYG ZONE F")

In year 2002, the government of Chaoyang District announced its plan to invest RMB7 billion to develop the Taiyanggong new district. The district is planned as a high quality residential community with comprehensive facilities to be completed in 2005. The total land area amount to 3 million square meters, among which 1.58 million square meters will be constructed as a green belt along the 4th Ring Road and 776,500 square meters will be for residential housing development. The district will be divided into seven zones, from zone A to zone G. Taiyanggong Park Phase I has been built with a total area of 100,000 square meters. In proximity to the park is an 18-hole golf course. River Ba runs across the district, adding to the natural landscape of the urban location.

The TYG Zone F Project, also known as Sun Star City, is a 413,000 square meters residential development project targeting the middle sector. It locates between northeast Third and Fourth Ring Road in Beijing. It is only 2 km from Yansa Business District, 5 km from the Central Business District, and 10 km from Beijing International Airport.



The Project is targeting the middle market with property units from 80 square meters to 150 square meters in size. The pre-sale launched in August 2003 received excellent result. More than 70% of the units has been sold out within the first four months. The phase I apartments were priced at an average price of Rmb6,500 per square meter for a bare unit without fittings.

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The project company is actively preparing to start work for the phase II project. Construction Land Permit for phase II has been granted and pre-sale of phase II is expected to start in August 2004.

BEIJING FAR EAST INSTRUMENT CO., LTD. ("FAR EAST")

In 2003, the sale revenue of Far East increased by 11% and reached Rmb107 million. The profit for the year was Rmb4 million.

In 2003, the production of measuring equipment increased by 47% to Rmb91 million. Far East has also been selected by Rosemount Inc. ("Rosemount") as the global supplier of assembly components. Rosemount is a leading instrument manufacturer in the United States and is a subsidiary of the Emerson Group.

Far East has successfully developed intelligent building control system using its industrial control technology. The new system helped Far East to win the Lotus Plaza project which involves the supply and design of building control system for a 100,000 square meters grade A office development project in Beijing.

Far East has also entered the environmental protection sector. Far East joined hand with an environmental protection engineering company in Shi Jia Zhuang to venture into the environmental protection business. Far East paid Rmb4.5 million for a 45% shareholding in the engineering company. Since established in May, the joint venture has obtained several provincial water treatment projects near Shi Jia Zhuang.

RMB'm	03	02	YDY
Revenue	107.89	96.73	+11.5%
Pre-tax Profit	5.343	3.122	+71.1%
Post-tax Profit	4.752	2.755	+72.5%