

OUTLOOK

Brokerage and Financial Services

SCB will streamline its operations and reduce overheads to face the threat of the abolition of the minimum commission rate in April 2002. The existing trading platform will be revamped and emphasis will be put on the online trading of securities. Opportunities for e-business trading for our existing products and other business possibilities in this area will be investigated further. The personal loan business will continue to expand its branch networks and types of loan.

Trading and Manufacturing

There has been a seasonal surge in customer orders since the commencement of the second half of the current year for both Wah Shing Toys and Wah Shing Electronic. However, increased uncertainties in economic conditions worldwide have also direct impact on the business. To cope with a change in business trend, with shortened order-to-delivery times, the managements of both Wah Shing Toys and Wah Shing Electronics are closely monitoring and smoothing their productions to secure their competitiveness.

Nority, to sustain its growth in business after its enhanced productivity drive and the manufacturing of different varieties of shoes, will persist in the strengthening of cost control, streamlining of its staff and operating procedures.

Information and Technology

With the economic growth and business opportunities in China, the prospects for the IT joint ventures are promising. The fruits of the investment are apparent. More interaction between the joint ventures will encourage the sharing of clients, staff, research and development ideas and business strategies. The Hong Kong sales team will seek business from government tenders and ERP contracts in the commercial sector. Given the support of IT professionals from our PRC joint ventures, it is intended to establish SCIT's own brand of IT solutions.

Property Development and Investment

The newly completed development project, "The Centrium", at Central should benefit from the recent announcement of the Hong Kong SAR Government to pump HK\$18 billion into the tourist industry over the next five years to revive the local economy in the long run. "The Centrium" is ideally located in the area which is proposed to be turning into a new cultural and historical district around Lan Kwai Fong in Central.

Travel and Related Services

Subsequent to the end of the current period, Fourseas duly approved and completed the Financial Restructuring Proposal by 3 September 2001. SCIT has received HK\$70 million from Fourseas as repayment of shareholder loan at the completion of Fourseas financial restructuring. According to the Financial Restructuring Proposal, Fourseas' travel business will become a joint venture between SCIT and its new substantial shareholder, and SCIT will acquire all the existing properties of Fourseas.

Media and Publications

In September 2001, Jessica Publications Limited, which published "Jessica" magazine and "Lisa" magazine, has been separated from the Group and its shares have been distributed to the shareholders of the Company.

Editorial content of all the magazines will be enriched to capture more readers and increase market share. Improvement of its website is being made. Effort is being made in the promotion of the magazines to other Chinese speaking areas including China and Southeast Asia. It is expected that advertising and circulation income will improve.

Other Investments in the PRC

By the end of 2001 our plantation of lychee trees will have 500,000 trees in total. Work on marketing plans has been started. A sales team specialising in the marketing and promotion of lychees will be established to cater for the sales of a massive quantity of crops in the coming years. Success in this business will enhance the stable cash income and extend the earnings base of the Group.

The production lines of the enlarged Shenyang pharmaceutical joint venture are expected to be completed in October 2001. Some of the newly developed medicines have obtained the relevant licences and will be launched in late 2001 and 2002. The joint venture in Tianjin has started the research work on a new generation of a successful medicine for fever and flu, "Elixirs" to extend product life. The next generation is expected to be launched in the market in 2003.

Overview

The recent terrorist attacks in America further intensified economic uncertainties globally; many business sectors may not be immune to its adverse impact. We have positioned ourselves to face the challenges and competition ahead and will explore other business opportunities with prudence.