

## OUTLOOK

Currently, Wah Shing is experiencing a surge in orders from its customers. However, the short delivery time accompanying these orders is exerting extensive pressure on its production capacities. The management will closely monitor the situation to secure smooth operation of its production and to ensure timely delivery of its products. In addition, it will endeavour to maintain its competitive edge through strengthening its R&D, streamlining its operation processes and tightening its financial control.

WSE will enter into the peak season in the second half. Its operating results are expected to be better than last year.

Nority will continue to implement its pre-determined business strategy and also explore other business opportunities.

The prospects of the various joint ventures in China held by SCIT are promising as we see indications that they are entering a phase of rapid growth. The newly established office in Guangzhou will help to intensify the IT businesses coverage of Southern China. SCIT offices are being urged to solicit IT businesses from other cities in the surrounding areas. SCIT plans to facilitate more interaction between our joint venture companies so as to encourage the sharing of client bases and staff as well as research and development ideas and business strategies. The Hong Kong sales team is being strengthened by bringing in its Chinese IT experts which will accelerate the process of establishing SCIT as a brand of IT solutions.

Given the financial support from the Hong Kong SAR government to develop the tourism industry over the next five years and its move to promote the development of the adjacent area in Lan Kwai Fong and Hollywood Road in Central where The Centrium is located, the future return from this property project is believed to be promising.

Subsequent to the end of current period, the Financial Restructuring Proposal of Fourseas was completed on 3 September 2001. In effect, SCIT acquired all existing properties of Fourseas and the travel business of Fourseas became a joint venture between its new substantial shareholder and SCIT. SCIT has received HK\$70 million as repayment from Fourseas.

The recent terrorist attacks in the US and the tense international situation further intensified economic uncertainties globally. The Group's manufacturing business may be adversely affected in the forthcoming period.