

OUTLOOK

IT and related businesses

With the enormous potential for economic growth in China, we maintain the view that the IT industry is one which will, relative to other booming businesses, expand the fastest in the coming few years. We are very optimistic on the prospects of our joint ventures. The customer base for most joint ventures is beginning to look promising, and the beneficial impacts from our initial investment are already apparent.

We will make use of our newly established office in Guangzhou to intensify our coverage of Southern China as well as direct our existing offices to identify IT businesses from other cities in the surrounding areas. We plan to facilitate more interaction between our joint venture companies, so as to encourage the sharing of client base, staff, research and development ideas and business strategies.

Our Hong Kong sales team is working on government tenders and ERP contracts for retail chains. With the support from our imported Chinese IT experts, we intend to speed up the process of establishing the Company as a brand of IT solutions.

Development and investment properties

The slowdown of the global economy is expected to have a prolonged impact on the economy of Hong Kong. Given the present stagnating property market, the Group and the joint venture partner, Sino Land Company Limited, have decided the newly completed Grade A commercial/office building at Central, The Centrium should be for lease instead of sale. The recent announcement by the Hong Kong SAR Government to pump HK\$18 billion into the tourist industry over the next five years to revive the economy will also benefit our property project in the long run. One of the main projects includes turning the area around Lan Kwai Fong and Hollywood Road in Central, into a cultural and historical district, and enhancing its reputation for dining and leisure activities, and this is exactly where The Centrium is located. We are positive of the longer-term returns from this property project.

Travel and related services

Subsequent to the reporting date, the Fourseas' Financial Restructuring Proposal was approved on 29 August 2001 and duly completed on 3 September 2001 (the "Completion Date"). The Financial Restructuring Proposal of Fourseas comprises capital reorganisation, disposal agreement, management agreement and joint venture deeds, which will give rise to an introduction of a new substantial shareholder for Fourseas. Essentially, the Group will acquire all the existing properties of Fourseas, and Fourseas' travel business will become a joint venture between its new substantial shareholder and the Group. The Group will be retained as the sole manager of Fourseas' travel business. The Group has received HK\$70 million as repayment of shareholder loan from Fourseas on the Completion Date, and the cash receipt has been used to reduce the Group's indebtedness to its holding companies.