

PROSPECTS

With global economic slowdown exacerbated by the September event in the United States, it is difficult to predict performances for the ensuing year. From latest economic data released in the past months, it is expected that synchronized recession are around corners.

On the contrary, the PRC, which has maintained an average GDP growth of 7% for the past few years, is expected to continue with such growth rate in the coming years. The entry to the WTO and Beijing's successful bid for the 2008 Olympic Games will stimulate the growth of a wide range of industries, attract new foreign investments and enhance further economic reforms and real economic growth.

Encompassing such backdrop, the strong economic fundamentals in the PRC should further propel its domestic housing demand and will underpin the demand for quality residential properties in the private sector. With the portfolio of about 40 million sq.ft. of land banks located mainly in Guangzhou, Dongguan, and Huiyang in the PRC, the Group, which produces quality housing, is well positioned to capitalise on the flourishing property market in the PRC in the coming years.

The Group's manufacturing investments are principally engaged in the manufacturing and sale of watches and watch components as well as commercial printing, magazine printing, book printing and packaging printing. The globalisation trend is bringing forth both opportunities and threats. To counteract in this new era, the Group continued to enhance our competitiveness by effective cost control, strong emphasis on value-added services to customers, broaden its customers base and product mix. In addition, the Group will also actively look for acquisition opportunities that will strengthen our manufacturing operations, in particular those that have suitable development prospects for the PRC domestic market.