

PROSPECTS

The Group carried out an asset disposal program during the period to dispose of non-core investment and development properties to reduce borrowings and generate cash flow for the Group. As a result, bank borrowings have been reduced from HK\$136,323,000 as at 31 March 2002 to HK\$65,798,000 as at 30 September 2002. The net cash inflow of about HK\$16,000,000 was used to fund working capital requirements of the Group.

The Group has identified the Panyu Times Place, property investment, for disposal. The Group has been negotiating with an independent third party to sell its interest in the Panyu Times Place. No agreement has been entered into for the sale at the date of this report.

Following the completion of the Sale and Purchase Agreement between ABN AMRO and WGH on 11 December 2002, the Board is pleased to welcome the board representatives nominated by WGH to join the Board at a suitable time convenient to both companies. The ultimate holding company of WGH is China Chengtong Holdings Company ("Chengtong"), established in the PRC in 1992, which is a state-owned pillar enterprise in China with substantial asset base and business operations. The core business of Chengtong and its operations in PRC includes modern logistics, metal distribution, project investment and e-commerce and information services. Its modern logistics division covers materials storage, transportation and distribution network in the PRC in about 65 logistics centers covering 20 cities. Its e-commerce and information services operate under the name of www.china1metal.com which covers the trading and distribution of ferrous, non-ferrous and precious metals in the PRC on an online basis. The modern logistics will help to strengthen the Group's logistics and distribution division and the e-commerce and information services will help to reactivate the Group's e-commerce division.

With the successful change in major controlling shareholder of the Company, the Board is confident that the Group should be able to benefit from the healthy and strong financial strength and expertise of Chengtong.

GEARING RATIO

At 30 September 2002, the Group's gearing ratio calculated on the basis of total bank loans, trust receipt loans and other loans of approximately HK\$151,639,000 (31 March 2002: HK\$209,522,000) and total assets of approximately HK\$454,006,000 (31 March 2002: HK\$555,663,000) was 0.33 (31 March 2002: 0.38).