

## **BUSINESS REVIEW**

### **Trading and Distribution Business**

The Group has terminated all non-profitable distribution business and the Group has selectively commenced on trading business that fit to our long-term strategy.

### **Property Investment**

The investment properties of the Group have generated an aggregate gross rental income of approximately HK\$2 million during the period. On 29 November 2003, the Group has entered into an agreement with an independent third party (the 'disposal agreement') to dispose of the group's interest in Winner Building, Shatin, Hong Kong for a consideration of HK\$63,000,000. The Directors believed that the terms of the disposal agreement are fair and reasonable and it can generate an immediate cash contribution to reduce the liabilities of the Group and provide additional working capital to the Group.

### **Strategic Investment**

The Company's subsidiary, Suzhou Nanda Cement Company Limited ("Suzhou Nanda") has been continued to benefit from an increase in demand and price of cement in Jiang-su area and has operated at full capacity during the period. Based on the unaudited accounts of Suzhou Nanda for the six months ended 30 September 2003, the turnover of Suzhou Nanda was approximately HK\$50.7 million and the net profit was approximately HK\$6.2 million. The profit margin has improved significantly due to an increased cement sales price and improvement in production efficiency. The management of Suzhou Nanda has already implemented a technical enhancement program to further enhance production efficiency and capacity. The board believed that demand of cement in the Mainland China will continue to be strong in 2004 and the board is actively exploring strategic investment opportunities to enlarge our cement production capacity, both by internal expansion and acquisitions, in order to capitalize on our sales network, customer base and a growing demand of cement in the Mainland China.