

**PROSPECT**

The Group will continue to focus on the core business and dispose of non-core investments and properties to further improve our financial strength. Meanwhile, strict financial discipline and cost control will continue to be imposed on all business units of the Group.

The Group is also excited by the business potential and growth in the Mainland China, and believed that the Group will benefit from the prospering cement as well as commodity sector. The Group is also leveraging the extensive network and business connections of our ultimate controlling shareholder, China Chengtong Holding Company, to identify potential business projects and strategic investment opportunities that can expand and deliver synergy to our commodity trading, logistics and cement manufacturing business.

The Group will use its best endeavor to enhance the return on the Group's different business units and the board is confident that the Group's business and financial performance will start to produce favorable result in the near future.

**PLEDGE OF ASSETS**

At 30 September, 2003, the Group's investment properties, plant and machinery and interest in associates with aggregate carrying value of approximately HK\$66,928,000, HK\$18,474,000 and HK\$15,000,000 and property under development at a cost of HK\$10,614,000, respectively, have been pledged as collateral for the Group's borrowings and banking facilities.

**GEARING RATIO**

At 30 September 2003, the Group's gearing ratio calculated on the basis of total bank loans, trust receipt loans, loan from intermediate controlling shareholder and other loans of approximately HK\$167,832,000 (31 March 2003: HK\$168,900,000) and total assets of approximately HK\$558,329,000 (31 March 2003: HK\$548,111,000) was 0.30 (31 March 2003: 0.31).