

Chairman's Statement



Dr CHOW Yei Ching

For the year ended 31st March, 2003, the Group continued to operate under an extremely tough environment due to the continued slowdown in the local property market. In spite of a significant decrease in turnover, the Group recorded an operating profit of HK\$18 million (2002: HK\$6.5 million). Profit attributable to shareholders was HK\$7.4 million (2002: HK\$6.7 million) and earnings per share was HK2.98 cents (2002: HK2.7 cents).

As of 31st March, 2003, the outstanding value of contracts of the Group on hand continued to decline as activities in the local property market further depressed regardless of HKSAR Government's contingent measures to stabilise the situation. Value of building construction and civil engineering contracts on hand for the Group amounted to approximately HK\$38 million and HK\$202 million respectively.

Dividend

The Board of Directors does not recommend the payment of any final dividend for the year (2002: Nil). As no interim dividend was paid during the year (2002: Nil), no dividend will be paid for the entire year (2002: Nil).

Management Discussion and Analysis

Construction Projects

Subsequent to the year end, the Group was awarded the contract to build the International Wetland Park in Tin Shui Wai, New Territories. The project included all the associated building service installations, drainage works, utility connection and pavement works of the Park. The Park will offer facility for Hong Kong citizens to observe the wetlands and natural scenery around Mai Po Marshes Nature Reserve and Hau Hoi Wan. It will be an important ecological tourist attraction spot in Hong Kong embodying conservation, education and recreation in one place.

The contract for the construction of Lam Tin Primary School at Kwun Tong was progressed on schedule during the year.

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International Wetland Park in
Tin Shui Wai, New Territories



Primary School at Lam Tin

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Construction of
Seawalls and
Reclamation at
Tseung Kwan O
Port
Development at
Area 137, Stage 2



Jordan Road
Reclamation Phase III
and Remaining
Engineering Works

Civil Engineering Projects

During the year, the civil engineering contracts of the Group on hand were the Construction of Seawalls and Reclamation at Tseung Kwan O Port Development at Area 137, Stage 2 and Jordan Road Reclamation Phase III and Remaining Engineering Works.

Other Business

The performance of our investment in supply of concrete business namely Yue Xiu Concrete Company Limited was steady during the year under review.

Prospects

The nine-point measures implemented by the government in stabilising local property market last year have only little positive effect. Property prices remain weak, having fallen to another 7.6% quarter-on-quarter in the first quarter of 2003. The stock of over supply will only be digested by the market gradually in the next few years. Against the rising unemployment, weak property market and the outbreak of Severe Acute Respiratory Syndrome in March 2003, homebuyer and investor confidence is undermined. Local property market is expected to remain stagnant with property prices continuing to drift lower. However, the market will benefit from the historic low interest rate and much improved affordability.

The government's policy to reduce the supply of public housing has significantly reduced business opportunities for the Group. Coupled with the absence of large infrastructure projects, the outlook for building construction and civil engineering works remain gloomy in the foreseeable future. In order to tackle these difficult market conditions, the Group will actively look for opportunities in various medium-size non-residential projects such as institutions, communal and government facilities.

Looking forward, the Group will continue to adhere to its stringent cost control measures and enhance efficiency in project management so as to enhance the value to its shareholders.

Appreciation

2003 has been a difficult year for Hong Kong, during which the Group has been confronted with many challenges in both economic and social aspects. On behalf of the Board, I would like to take this opportunity to truly thank all staff for their concerted effort which enabled the Group to move through these rough and difficult times smoothly.

CHOW Yei Ching

Chairman

Hong Kong, 16th July, 2003