

# Chief Executive Officer's Report

## 行政總裁報告

I am pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2006, together with the comparative figures for the corresponding period in 2005. The consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30 September 2006, and the consolidated balance sheet of the Group as at 30 September 2006, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 18 to 29 of this report. This interim report has been reviewed by the Company's audit committee and external auditors.

### Review of Financial Performance and Positions

For the six-month period under review, the Group's consolidated turnover was approximately HK\$1,571 million, a 8% increase from that of the last corresponding period.

Gross profit of approximately HK\$82 million was achieved as compared with a corresponding gross profit of approximately HK\$98 million for last period. Share of results of associates was approximately HK\$33 million which comprised mainly of the appreciation in the value of the Group's 25% interest in Paul Y. Centre. Net profit attributable to equity holders of the Company for the period was approximately HK\$54 million versus approximately HK\$46 million of the last corresponding period. Basic and diluted earnings per share were 9.3 HK cents.

When compared with the Group's financial positions as at last year end, total assets remained at similar level of approximately HK\$1,969 million. Current assets were at approximately HK\$1,772 million, representing 1.3 times of current liabilities. The equity attributable to equity holders of the Company stood at approximately HK\$396 million.

Net cash flow used in operating activities was about HK\$109 million and inflow was approximately HK\$21 million in respect of investing and financing activities, resulting in a net decrease in cash of about HK\$88 million for the period.

### Review of Operations

With expanded business capabilities and new income streams in higher value-added services, the Group is enhancing its revenue structure with a complementary emphasis on recurring fee-based income.

In addition, the synergies between the Group's operations in Management Contracting, Project Management and Facilities Management are enriching operational capabilities – simultaneously providing better total value to clients in the form of improved efficiency; lower costs and seamless integration between the phases of design, construction and facilities management.

With a reputation for its professionalism, the Group is now continuing to explore markets beyond Hong Kong – leveraging its proven experience and expertise in markets like Mainland China, Macau and overseas.

本人欣然向各位報告本公司及其附屬公司（「本集團」）於截至二零零六年九月三十日止六個月內錄得之中期業績報告以及二零零五年同期之比較數字。本集團截至二零零六年九月三十日止六個月之綜合收益表、綜合現金流動表及綜合權益變動表，以及本集團於二零零六年九月三十日之綜合資產負債表均未經審核及屬簡明性質，並只附載部份說明性之附註，載於本報告第18頁至第29頁。本公司之審核委員會及外聘核數師已審閱本中期報告。

### 財務表現及狀況回顧

於回顧六個月期間，本集團之綜合營業額約為1,571,000,000港元，較去年同期增加8%。

毛利約為82,000,000港元，相比之下，去年同期之毛利則約為98,000,000港元。攤佔聯營公司業績約為33,000,000港元，主要包括本集團於保華企業中心之25%權益價值上升之貢獻。本期間之本公司之股權持有人應佔純利約為54,000,000港元，至於去年同期則約為46,000,000港元。每股基本及攤薄盈利為9.3港仙。

與本集團去年年結時之財政狀況相比，本集團之總資產保持在相若水平即約1,969,000,000港元。流動資產約為1,772,000,000港元，相當於流動負債之1.3倍。本公司股權持有人應佔權益則約為396,000,000港元。

用於經營業務之現金淨額約為109,000,000港元，而有關投資及融資活動之現金流入淨額約為21,000,000港元，故本期間之現金水平錄得約88,000,000港元之淨減少。

### 業務回顧

隨著業務範圍擴闊，同時憑高增值服務開拓新的收入來源，以加強本集團的收入結構，並趨向以着重循環性收費性質的收入來源。

此外，承建管理、項目管理及設施管理三個業務範疇帶來協同效應，有助本集團加強其營運能力，同時在高效率、低成本，以及理順設計、建築、設施管理等服務，為客戶帶來更可觀的整體價值。

本集團一向以其專業精神享有良好信譽，現正憑此優勢繼續發掘香港以外市場，以期在內地、澳門及海外市場充分發揮其經驗與專長。

Management Contracting remained the major contributor with a strong turnover at HK\$1,558 million, growing by 8% compared with HK\$1,447 million in 2005. Its operating profit amounted to HK\$31 million (2005: HK\$52 million).

During the six months under review, this division secured new construction contracts with an aggregate value of approximately HK\$117 million. At this period end, value of contracts on hand is approximately HK\$8,535 million and the value of work remaining is approximately HK\$4,614 million. Subsequent to the period end, this division has secured further contracts of approximately HK\$4,131 million.

Having secured a number of contracts around Mainland China and Hong Kong, the Project Management and Facilities Management business attained a combined turnover of HK\$15 million (2005: HK\$8 million) with an operating profit of HK\$2 million (2005: HK\$6 million) for the six months ended 30 September 2006. The business has developed sustainable momentum, and is expected to be a strong contributor to the Group.

### Liquidity and Capital Resources

The Group continues to adopt prudent funding and treasury policies in its operations, maintaining a variety of credit facilities to meet requirements for working capital. At the end of the period under review, the Group had total borrowings of HK\$282 million, of which approximately HK\$130 million are repayable within one year; and cash balances of approximately HK\$266 million.

As at 30 September 2006, all of the Group's borrowings bear interest at floating rates and are denominated in either Hong Kong Dollars or Renminbi. Calculated based on total borrowings of approximately HK\$282 million and equity attributable to equity holders of around HK\$396 million, the Group's gearing ratio stands at 0.7.

### Employees

The Group employed a total of about 1,220 full time employees, including the Directors of the Group, as at 30 September 2006. The Group remunerates its employees based on market practice and performance of the Group and the individuals. Remuneration packages comprise salary, a performance-based bonus and other benefits including provident funds and medical coverage. Three share incentive schemes (namely, share option scheme, share award scheme and share financing plan) were adopted for the purpose of providing incentive or reward to eligible employees.

### Pledge of Assets

As at 30 September 2006, bank deposits of the Group with an aggregate amount of approximately HK\$49 million were pledged to banks to secure the general banking facilities granted to the Group.

承建管理仍是本集團收入的主要來源，總營業額高達1,558,000,000港元，較二零零五年同期之1,447,000,000港元增加8%。此業務的經營溢利達31,000,000港元(二零零五年：52,000,000港元)。

於回顧六個月期間，承建管理部門取得之新建築工程合約總值約117,000,000港元。於本期間結束時，擁有的合約總值約8,535,000,000港元，而餘下工程的價值則約為4,614,000,000港元。另在本期間結束後，本部門再取得總值約4,131,000,000港元之新工程合約。

在取得內地及香港多份合約後，本集團項目管理及設施管理業務之合共營業額，在截至二零零六年九月三十日止六個月內，達15,000,000港元(二零零五年：8,000,000港元)，經營溢利2,000,000港元(二零零五年：6,000,000港元)。此兩項業務已漸見持續發展趨勢，預料可成為本集團未來的重要收入來源。

### 流動資金與資本來源

本集團繼續就其整體業務營運採納審慎之資金及財務政策，備有多項信貸安排提供其所需之營運資金。於本期間結束時，本集團借款共約282,000,000港元，其中約130,000,000港元須於一年內償還；現金結餘約為266,000,000港元。

於二零零六年九月三十日，本集團全部借款均按浮動息率計息，並以港元或人民幣為單位。本集團之資本負債比率為0.7，該項比率乃根據本集團之總借款282,000,000港元及股權持有人應佔權益396,000,000港元計算。

### 僱員

於二零零六年九月三十日，本集團共聘用約1,220名全職僱員(包括本集團董事)。本集團根據市場慣例，及本集團與僱員之表現，訂定僱員薪酬。薪金包括薪金、按表現發放之花紅，以及公積金及醫療福利等其他福利。本集團備有三項股份鼓勵計劃(即購股權計劃、股份獎勵計劃及股份融資計劃)，為合資格僱員提供鼓勵或獎賞。

### 資產抵押

於二零零六年九月三十日，本集團合共約49,000,000港元之銀行存款已抵押予銀行，作為授予本集團之一般信貸融資之擔保。

### Contingent Liabilities

As at the period end, the Group has contingent liabilities in respect of guarantee given to a bank for banking facilities granted to an associate of approximately HK\$9 million.

In addition, a subsidiary of the Company is a defendant in a lawsuit brought during 2002 claiming approximately HK\$1.7 million relating to the outstanding sum of the contract works done by a sub-contractor, Swee Kheng & Aster Marble Company Limited ("Swee Kheng"). The subsidiary filed a defence and counterclaim claiming payment from Swee Kheng of a sum of approximately HK\$0.2 million. The subsidiary has contested the claim vigorously and no provision has been made in the condensed consolidated financial statements.

### Commitments

As at the period end, the Group has expenditure contracted but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment of approximately HK\$10 million.

### Securities in Issue

As at 30 September 2006, there were 581,958,779 shares in issue and outstanding share options over a total of 19,100,000 shares with subscription prices of HK\$0.70 (as to options over 1,500,000 shares), HK\$0.85 (as to options over 1,500,000 shares), HK\$0.90 (as to options over 6,600,000 shares) and HK\$1.00 (as to options over 9,500,000 shares) per share.

During the period, share options over 8,000,000 shares were granted, and share options over 1,400,000 shares were lapsed.

### Interim Dividend

The board of directors of the Company ("Board") has resolved to pay an interim dividend of 3.5 HK cents per share for the six months ended 30 September 2006 (2005: 3.0 HK cents) to shareholders whose names appear on the Company's register of members as at the close of business on 10 January 2007. The interim dividend is expected to be paid to shareholders by post on or around 6 February 2007.

The Board has also proposed that the interim dividend should be satisfied by way of a scrip dividend of shares, with an option to elect cash in respect of part or all of such dividend. The market value of the shares to be issued under the scrip dividend proposal will be fixed by reference to the average of the closing prices of the Company's shares for the three consecutive trading days ending on 10 January 2007 less a discount of five percent of such average price or the par value of shares, whichever is higher. The proposed scrip dividend is conditional upon The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the new shares to be issued. A circular giving full details of the scrip dividend proposal and a form of election will be sent to shareholders.

### 或然負債

本期間結束時，本集團之或然負債為授予聯營公司之銀行信貸向銀行提供之擔保，涉及款額約9,000,000港元。

此外，本公司之一家附屬公司於二零零二年內提出之一宗訴訟中為被告人，牽涉承包商瑞慶寶盈雲石有限公司（「瑞慶」）申索承造合約工程之逾期款項約1,700,000港元。該附屬公司已提出抗辯，並向瑞慶提出反索償約200,000港元。該附屬公司對該宗索償提出強烈爭議，簡明綜合財務報表內並無就此作出任何撥備。

### 承擔

本期間結束時，本集團就收購若干物業、機械及設備之已訂約但未於簡明綜合財務報表內撥備之開支約為10,000,000港元。

### 已發行證券

於二零零六年九月三十日，已發行股份共581,958,779股及可認購共19,100,000股股份之未行使購股權，行售價為0.70港元（就可認購1,500,000股股份之購股權而言）、0.85港元（就可認購1,500,000股股份之購股權而言）、0.90港元（就可認購6,600,000股股份之購股權而言）及1.00港元（就可認購9,500,000股股份之購股權而言）。

於本期間，已授出可認購8,000,000股股份之購股權，另可認購1,400,000股股份之購股權已失效。

### 中期股息

本公司董事局（「董事局」）議決向二零零七年一月十日辦公時間結束時名列本公司股東名冊之股東派付截至二零零六年九月三十日止六個月中期股息每股3.5港仙（二零零五年：3.0港仙）。預期中期股息將於約二零零七年二月六日以郵寄方式派付予股東。

此外，董事局並建議透過以股代息方式派付中期股息，惟股東可選擇收取現金以代替部份或全部有關股息。根據以股代息建議將予發行之股份之市值，將參考本公司股份於截至二零零七年一月十日止連續三個交易日之平均收市價減該平均價5%之折讓或股份面值（以較高者為準）計算。以股代息建議須待香港聯合交易所有限公司批准將予發行之新股份上市及買賣後方可作實。載有以股代息建議全部詳情之通函，將連同選擇表格一併寄予各股東。

### Close of Register of Members

The Company's register of members will be closed from 8 January 2007 to 10 January 2007 both dates inclusive, during which period no share transfer shall be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration by no later than 4:00 p.m. on 5 January 2007.

### Purchase, Sale or Redemption of the Company's Listed Securities

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### Outlook

With a 60-year reputation for professionalism and expertise in the construction industry, the Group is expanding into fee-based income streams by leveraging its experience in overall Project Management and ongoing Facilities Management – building business and shareholder value through integrated engineering solutions.

Hong Kong's economic recovery is paving the way for a number of major public projects, such as the Hong Kong–Zhuhai–Macao Bridge, the Wanchai/North Point Bypass, redevelopment of the Kai Tak Airport site, expansion of the MTR network and development of the Tamar Site in Admiralty – all of which offer exciting business potential. In addition, decreasing unemployment and rising consumer confidence are feeding Hong Kong's traditional appetite for real estate, boosting market demand in the private property sector.

Looking beyond its home market, the Group is applying its reputation, experience and expertise in expanding its business in Mainland China, Macau and overseas. Following a prudent strategy for growth in the Mainland, we are concentrating on first tier cities – which offer more developed industry regulation and better risk profiles for safe and sustainable growth.

Mainland China and Macau offer particularly interesting opportunities for the Project Management and Facilities Management businesses, leveraging the Group's solid experience to capture high-end demand for professional engineering services.

### Mok Yat Fan, Edmond

*Executive Director & Chief Executive Officer*

Hong Kong, 14 December 2006

### 暫停辦理股東登記手續

本公司將於二零零七年一月八日至二零零七年一月十日止(首尾兩日包括在內)之期間暫停辦理股東登記手續，於該段期間將不會登記任何股份之轉讓。如欲獲發擬派之中期股息，所有股份過戶文件連同有關股票，最遲須於二零零七年一月五日下午四時正前交回本公司之香港股份過戶登記處標準證券登記有限公司以供登記，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

### 購買、出售或贖回本公司上市證券

於本期間內，本公司或其任何附屬公司概無購買、出售或贖回本公司之上市證券。

### 展望

憑藉於建築行業六十年來所累積的專業經驗，本集團正發揮在整體項目管理及持續設施管理方面的經驗，增加收費性質的收入來源——我們透過綜合工程方案，不斷提升業務與股東價值。

香港經濟復甦造就多項大型公共建設，例如港珠澳大橋、灣仔北角繞道、啟德機場場地重建、地鐵網絡擴展、金鐘添馬艦政府總部發展等，均為業界帶來難能可貴的機遇。此外，失業率持續下降，加上市民消費信心回升，均刺激港人對物業的傳統需求，因而帶旺私人物業市場。

本集團除放眼於本地市場，正積極利用其信譽、經驗與專長，大力拓展中國內地、澳門及海外業務。經歷審慎發展策略階段之後，本集團正重點開拓內地一線城市的市場，皆因一線城市無論在行業規範或風險管理方面，均有利於穩健而可持續之發展。

而內地與澳門兩地，尤其為項目管理與設施管理業務，帶來可觀的商機。本集團憑藉這兩方面業務的豐富經驗，定能在兩地專業工程服務的高檔市場大有可為。

### 莫一帆

*執行董事兼行政總裁*

香港，二零零六年十二月十四日