

FINANCIAL REVIEW

Liquidity

As of 30 September 2003, the Group had bank balances and cash in hand, excluding fixed deposits of approximately HK\$27,474,000 pledged in favour of banks to secure the Group's banking facilities, amounting to approximately HK\$45,973,000, an increase of 66.7% from HK\$27,578,000 as of 31 March 2003. Current ratio, measured as total current assets divided by total current liabilities, was 1.51 as of 30 September 2003 (31 March 2003: 1.36).

Financial Resources

The Group generated net cash inflows of HK\$53,500,000 from its operating activities during the period. As a result, the Group has placed less reliance on short-term bank loans to finance its working capital requirement and there has been a considerable decrease in the bank borrowings to HK\$15,614,000 as of 30 September 2003 from HK\$44,126,000 as of 31 March 2003. In addition, the gearing ratio, measured on the basis of total bank borrowings as a percentage of total shareholders' equity, decreased to 11.4% as of 30 September 2003 (31 March 2003: 36.3%). The Group's borrowings are principally on a floating rate basis and denominated in Hong Kong dollars.

Total banking facilities, comprising primarily bank overdrafts and other term loans, amounted to HK\$134,000,000 as of 30 September 2003, of which approximately HK\$118,386,000 was unutilised.

PROSPECTS

Subsequent to 30 September 2003, the Group secured several new substantial contracts with a total contract value of approximately HK\$332 million, which comprise the following:

- Construction of An Ambulance Depot with Ambulance Command and Fire Safety Command Headquarters at Anchor Street, Mong Kok
- Extension of Oi Kwan Road Baptist Church at 36 Oi Kwan Road, Wanchai
- Construction and Extension to 3 Nos. Existing Aided Schools under School Improvement Programme Final Phase
- Construction of a Primary School and Secondary School in Area 38A, Shatin

Though there have been signs of recovery in the property market in Hong Kong during these few months, the construction industry remains stagnant. Therefore, the management will continue the tight cost control measures while putting more efforts in securing more contracts of different natures in order to keep up the Group's competitive strength and maintain its profitability.