

## RESULTS

During the financial year 2003/2004, the Group recorded a net loss from ordinary activities attributable to shareholders of HK\$2,862,000 with loss of HK1.00 cent per share compared with a net profit from ordinary activities attributable to shareholders for the year 2002/2003 of HK\$4,255,000 (restated) with earnings of HK1.48 cents per share.

## DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2004 (2003: Nil).

## BUSINESS REVIEW

Despite the difficult market conditions, the Group has recorded a turnover of HK\$522 million which represents a 37% growth compared with the turnover recorded in the corresponding period of last year.

The Group has continued to experience fierce competition from other companies in tendering for construction projects in both the private and public sectors. In view of the aggressive cut-throat bidding situations in the construction market and the increasingly demanding expectations of customers and other participating professionals concerning the quality of final products, the Group continues to adopt a prudent approach when tendering for new projects. The contracts secured in the second half of the financial year include a school improvement contract for Kei San Secondary School, a CLP sub-station at Wai Yip Street, two ride installation contracts for the Hong Kong Disneyland, a demolition contract at San Shek Wan, Lantau, a site formation and foundation works for an Ambulance Depot and FSD Offices at Kwai Chung and several electrical and mechanical works contracts. Together with contracts secured earlier, the total value of contracts on hand was about HK\$400 million.

In the second half of the financial year, the Group has satisfactorily completed a number of projects including the maintenance depot and office development for Citybus Limited in Chai Wan, a CLP sub-station at Mai Po, the foundation contract for the Pentecostal Holiness Church – Wing Kwong College, the slope improvement works at Braemar Hill Mansions and the foundation works for a commercial development at Queen's Road Central.

Through a jointly-controlled entity, the Group has undertaken a 130,000 m<sup>3</sup>/day wastewater treatment TOT/BOT (Transfer-Operate-Transfer/Build-Operate-Transfer) contract in Zhuhai, the PRC. The contract has been progressing smoothly. Furthermore, the corresponding EPC (Engineering-Procurement-Construction) Contract has progressed to the construction phase with completion to be expected in early 2005.

The Group, in setting up an associate with other professional contractors, has recently secured a HK\$30,000,000 landscaping maintenance contract in Hong Kong Disneyland. As at the date of the announcement, this associate has successfully secured three landscaping contracts in Hong Kong Disneyland with a total value of approximately HK\$50,000,000.

## PROSPECTS

Looking ahead, it is anticipated that the private sector will continue to be sluggish in the foreseeable future and accordingly the Group will concentrate on securing public and institutional works.

## **PROSPECTS** *(continued)*

The difficult market conditions in the local construction industry have caused the Group to take a fresh look at its core business in Hong Kong. The Group will continue to enforce cost control measures including closing down of the non-core business subsidiaries and gradually scaling down some of the core businesses which cannot contribute profits to the Group so as to maintain its cost-effectiveness. Consolidation of the Group's operations in Hong Kong will continue for the foreseeable future.

The Group will continue to explore new business opportunities. In China, the Group will focus mainly on environmental, industrial related projects and landscaping markets. In Hong Kong, the Group will prudently look for new business opportunities in the property development market.

## **EMPLOYEES**

During the year under review, the Group employed approximately 160 staff, excluding workers under exclusive subcontracting arrangements.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

An Audit Committee has been established for the purpose of reviewing and providing supervision to the financial reporting process and internal control of the Group in order to comply with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Code of Best Practice"). The Committee comprises two independent non-executive directors.

In the opinion of the directors, the Group complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the year covered by the annual report, except that the non-executive director and the independent non-executive directors are not appointed for specific terms as required by paragraph 7 of the Code of Best Practice, but are subject to retirement by rotation in accordance with the Company's bye-laws.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2004, the Group's outstanding borrowings amounted to HK\$14,826,000, comprising bank loans and other bank borrowings repayable within one year. The Group's banking facilities were supported by legal charges of the Group's leasehold land and buildings of HK\$1,900,000 (2003: HK\$1,780,000) and an investment property of HK\$1,500,000 (2003: HK\$1,420,000), pledged deposits of HK\$37,375,000 (2003: HK\$22,324,000) of the Group, and corporate guarantees from the Company and certain subsidiaries of the Company.

Apart from the above, at 31 March 2003, the Group's banking facilities were also secured by a legal charges over the Group's short term investments of HK\$15,895,000.

The Group's gearing ratio as at 31 March 2004 was 0.06 (2003: 0.04), calculated based on the Group's total debts, including finance lease liabilities, of HK\$14,826,000 (2003: HK\$8,724,000) over the Group's total assets of HK\$262,456,000 (2003: HK\$240,797,000).

### **LIQUIDITY AND FINANCIAL RESOURCES** *(continued)*

The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks in its business.

### **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

On behalf of the Board

Ng Tat Leung, George  
*Deputy Chairman and Managing Director*

Hong Kong SAR, 26 July 2004