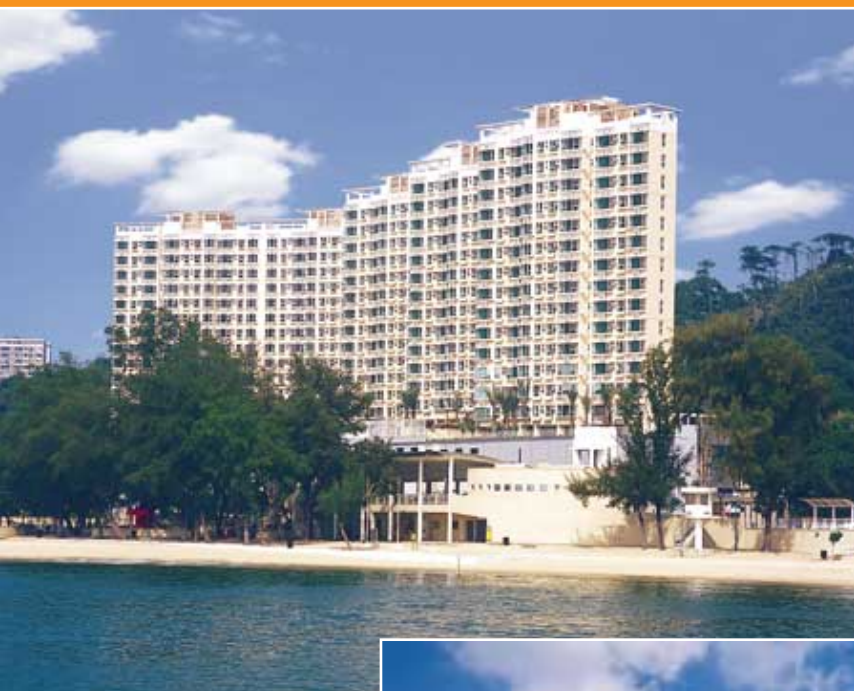


# Building Projects



Palm Cove at TMTL 386, Tuen Mun



PPS at Tin Shui Wai

During the reporting year, the second largest landscape contract under the Hong Kong Disneyland Resort Project – Site Development was awarded by Walt Disney Imagineering Hong Kong to the Group. Unprecedented in the contract portfolio of our Group, this landscape contract includes the plantation of 8,700 trees and 430,000 shrubs and installation of an advanced proprietary irrigation system. Works commenced in December 2002 and was progressing well. In addition, the Group was awarded a contract by the Drainage Services Department: the Investigation of Sewers & Drains Affecting the Safety of Slopes Features in the Catalogue of Slopes, Phase 2.

On electrical and mechanical (“E&M”) works, the Group’s in-house E&M teams provided supports and E&M installation services to the building teams for satisfactory and smooth running of the Group’s building projects.

The Group’s security business arm, City Security Company Limited, continued to perform satisfactorily in its normal core operations in providing security services to construction sites and other premises.

During the reporting year, the Group was presented with an award under the “Considerate Contractors Site Award Scheme 2002” organized by The Environment, Transport and Works Bureau. This award recognized our outstanding standard of safety, law abiding, good site management, environmental consciousness and considerateness. Besides, the Group also received two construction site safety performance awards and four meritorious awards by the “Hong Kong Occupational Safety & Health Council”, and one “Meritorious Award in the Building Sites (Public Sector) Category” by the Labour Department. At time of reporting, the Group received the Silver Award of Hong Kong Occupational Safety & Health Award 2003 under the Category “Safety Management System Award – Construction”.

### Outlook and Prospects

The atypical pneumonia outbreak in Hong Kong had adversely affected the Hong Kong economy. Despite the recent removal of Hong Kong from the World Health Organization’s list of affected areas, it will take some time for the economy to recover. Nevertheless, for the construction sector, according to the Financial Secretary’s budget speech in March, an average of about HK\$29 billion annually for infrastructure works has already been earmarked over the next 5 years, similar to that for the past few years. Moreover, the Government has started to adopt the private finance initiatives by introducing a list of recreational and cultural facilities projects worth about HK\$2.5 billion for private sector participation on a trial basis, and will consider extending the scheme to cover projects under the purview of other bureaux if successful.

On railway construction, budget had been approved for the South Island Link. Moreover, KCRC had already awarded several design contracts for the Sha Tin to Central Line, and to prepare preliminary designs for the Kowloon Southern Link. Tendering for construction is expected to begin later this year or early 2004. As for Hung Hom Station, the KCRC had already earmarked budget for future expansion and for its future use as cross-platform interchanges. In addition, the first phase of a rail extension named the West Island Link, between Sheung Wan and the Belchers estate, will be pursued by the MTRC. Having successfully completed several projects in the railway sector, the Group is keen to pursue the upcoming projects from KCRC and MTRC.