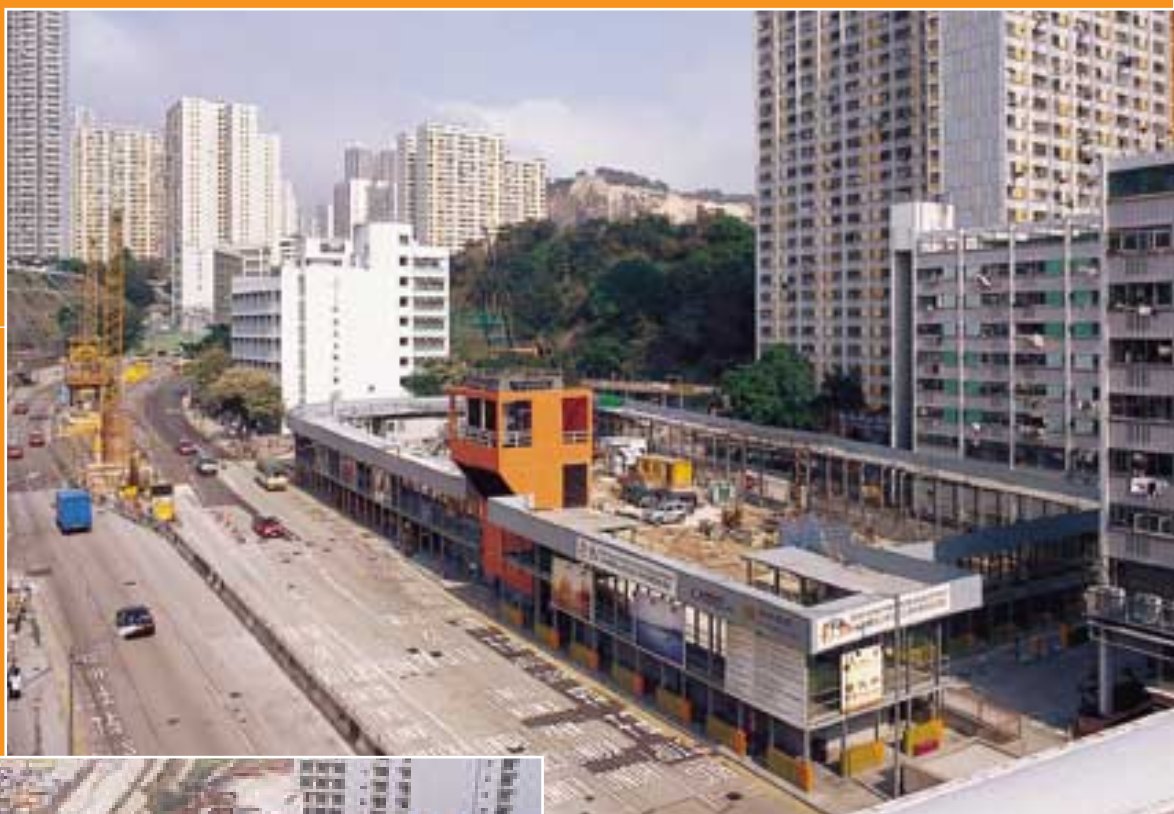


Building Projects

Choi Hung Park and Ride Development



Construction of three schools at Fat Tseung Street, Sham Shui Po



Vianni Cove at Tin Shui Wai Town Lot 27, Yuen Long



Regarding highway projects, prequalification submissions have been completed for the Stonecutters Bridge and are under way for a new boundary bridge alongside the existing one between Lok Ma Chau and Huanggang control points. On building construction in the public sector, Government projects on the pipeline include the construction of two new boundary crossing facilities, one at Shenzhen Western Corridor and the other at Huanggang, the residential training complex at Tuen Mun, etc. Furthermore, the Government will continue with school improvement works, building of teaching blocks for educational institutions, hospital improvement works, redevelopment works of medical centre and hospital staff quarters. For the private sector, tendering process on school improvement and building works for charities, residential development etc. had been started. On waterworks projects, prequalification on initial packages of the Replacement and Rehabilitation of Water Mains by the Water Suppliers Department had been completed. Moreover, tendering has started on Stage 1 Phase 1 – Mains on Hong Kong and Lantau Islands at time of reporting. With the good performance and track records in various civil engineering and building projects, the Group is keen to pursue these upcoming projects from both the public and private sectors.

For the coming year, various packages on the development of the Hong Kong Disneyland will be available for tendering. The Group's recent participation in the Disneyland works including the public construction work to provide fresh water supply facilities for the future theme park, and the landscape contract with Disney should increase our potential to benefit from such packages.

The Group has continued its diversification strategy and has extended its business into other business fields. The acquisition of an estate management company to serve the PSPS development "Grandeur Terrace" has further strengthened the Group's portfolio, paving the way for the Group's diversification in the property management sector. In the property development sector, apart from involvement in the Choi Hung Park and Ride Development in Hong Kong SAR, the Group is prudently extending its business into property development in Mainland China.

In the past, our Group had sustained through the economic downturn in Hong Kong. Our well diversified capabilities and improved productivity will certainly allow us to weather through these difficult times in the whole economy.

Acknowledgment

I am deeply grateful to the Board, its Management and all our staff for their commitment to our vision and their hard work. I would also like to thank our shareholders, financiers and business partners for their continued strong supports.

Pang Kam Chun
Chairman

Hong Kong, 17 July 2003