



BUSINESS REVIEW

Despite of the difficult market conditions, the Group has recorded a turnover of HK\$199,393,000 which represents a 2% growth compared with the turnover recorded in the corresponding period of last year.

During the period under review, the Group has been able to maintain profitability and has recorded an operating profit of HK\$8.3 million as compared with a profit of HK\$17.4 million as restated and recorded in the corresponding period of last year. This is mainly attributable to the profits generated from various projects.

The Group has continued to experience fierce competition from other companies in tendering for construction projects both in the private and public sectors. Aggressive cut-throat bidding levels are still the routine in the construction market. In view of 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 first half of the financial year include a highrise residential development at Wan Chai Road, school improvement works for Heep Woh College, site formation and foundation works at Ping Shan, Yuen Long, foundation contracts for the Pentecostal Holiness Church – Wing Kwong College, a CLP Sub-Station at Mai Po and several electrical and mechanical contracts. The total value of contracts secured during the period was about HK\$197 million.

During the period under review, the Group has satisfactorily completed a foundation contract at Sai Yeung Choi Street, two schools in the School Improvement Programme projects, a residential development at Wharf Road, a renovation and structural alteration contract for the Kowloon Shangri-La Hotel, a commercial development at Fu Hing Street, a fitting out contract for a shopping center in Tsuen Wan and several electrical and mechanical projects.

Following the award of the EPC (Engineering-Procurement-Construction) Contract for the sewage treatment facilities in Zhuhai through a jointly-controlled entity, the Group has substantially completed the design phase and has actively commenced the construction phase of the project.

Following the implementation of cost control measures, the Group has been able to maintain its cost-effectiveness which is evidenced by the reduction in the administrative expenses while still maintaining the same level of turnover with reasonable profit margins under the difficult prevailing market conditions.