

CLOSE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 5th January, 2004, on which no share transfer shall be effected. In order to qualify for the interim and special dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration by no later than 4:00 p.m. on 2nd January, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial performance and positions

For the six months period under review, the Group's consolidated turnover decreased by 16% to approximately HK\$1,674 million when compared with last corresponding period. It is mainly due to the continuing downturn in the Hong Kong construction sector.

Due to the drop in revenue, the intensified competition in the construction market in Hong Kong and declining tender prices of construction projects, the Group's gross profit declined by 38% to some HK\$29 million. As a result of the persistent effort in implementing cost saving measures, the loss from operations was narrowed down to HK\$34 million as compared with HK\$43 million for same period last year. Due to the reduced amount of bank borrowing after the disposal of the Group's hotel property in December 2002 and lower interest rates, there were savings in finance costs by HK\$10 million to some HK\$6 million for the period. A net investment income of HK\$17 million has been recorded which represented mainly interest income. Certain investment properties at 30th September, 2003 were revalued by the directors by reference to the valuations made by an independent professional valuer. Accordingly, deficits arising on revaluation of about HK\$16 million were recorded during the period.

Share of results of associates and jointly controlled entities registered a profit of about HK\$119 million, showing an increase of over 56% as compared with same period last year which was mainly attributable to the encouraging performance of Downer. Taxation of some HK\$47 million represented mainly the overseas tax in respect of dividend received from and share of income tax of Downer. Profit for the period was HK\$30 million and basic earnings per share was 2.8 cents.

暫停辦理股東登記手續

本公司將於二零零四年一月五日暫停辦理股東登記手續，於該日將不會登記任何股份之轉讓。如欲獲派中期股息及特別股息，所有股份過戶文件連同有關股票，最遲須於二零零四年一月二日下午四時前交回本公司之香港股份過戶登記處秘書商業服務有限公司以供登記，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

管理層討論及分析

財務表現及狀況

於回顧六個月期內，本集團之綜合營業額降至約1,674,000,000港元，與去年同期比較，減幅為16%，主因是香港建築業持續衰退。

由於收入倒退，香港建築工程業內之競爭加劇，加上建築工程項目之投標價格下降，本集團之毛利下跌38%至約29,000,000港元。全賴本集團致力實施削減成本措施，業務虧損縮減至34,000,000港元，而去年同期則錄得虧損43,000,000港元。銀行借款金額隨本集團在二零零二年十二月出售酒店物業下降，加上受惠於低息環境，本期間所減省之融資成本達10,000,000港元，約為6,000,000港元。本公司亦錄得淨投資收入17,000,000港元，主要是利息收入。董事亦參考專業獨立估值師之估值，對若干投資物業於二零零三年九月三十日之價值進行重估。因此，本期間錄得重估虧損約16,000,000港元。

攤佔聯營公司及共同控制機構業績錄得溢利約119,000,000港元，較去年同期增加逾56%，此增長乃主要來自Downer之表現理想。稅項約47,000,000港元主要因收取Downer派發之股息招致海外稅項及攤佔其所得稅款而產生。期間溢利為30,000,000港元，而每股基本盈利則為港幣2.8仙。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial performance and positions (continued)

When compared with the Group's financial positions as at last year end, total assets increased by 5% to some HK\$5,094 million and net current assets increased by 11% to some HK\$579 million. Current assets were at 1.4 times of current liabilities, showing an improvement from 1.3 as at last year end. Net debts to equity ratio maintained at 0.2 times. Due to the appreciation of Australian dollars, exchange reserve increased by some HK\$50 million in relation to the Group's interest in Downer. Coupled with the net profit of HK\$30 million, issue of shares for HK\$4 million upon conversion of the warrants and offset by a dividend of HK\$11 million for this period, shareholders' funds increased by 3% to HK\$2,732 million.

Net cash inflow from operations was about HK\$16 million and outflow of HK\$39 million in respect of investing and financing activities, resulting in a net decrease in cash of about HK\$23 million for the period.

OPERATIONS

Contracting and construction materials

During the period, the Group secured new contracts with an aggregate value of approximately HK\$1,799 million, of which some HK\$938 million and some HK\$861 million came from public sector and private sector respectively. The new contracts comprised some HK\$555 million of building construction contracts, some HK\$938 million of civil engineering contracts and some HK\$306 million of specialist works.

Contracts on hand at this period end increased by 14% to approximately HK\$11,792 million while value of work remaining also increased by 7% to approximately HK\$5,263 million when compared with last financial year end. Profile of contracts on hand at the end of this period is as follows:

Building construction	樓宇建築工程
Civil engineering	土木工程
Specialist works	專項工程

管理層討論及分析 (續)

財務表現及狀況 (續)

與本集團上年度結束時之財政狀況相比，本集團之總資產增加5%至約5,094,000,000港元，流動資產淨值亦增加11%至約579,000,000港元。流動資產相當於流動負債之1.4倍，更勝上年度結束時之1.3倍。資產負債淨額比率保持在0.2倍。因本集團於Downer之權益乃以澳元計算，而期內澳元升值，導致匯兌儲備增加約50,000,000港元，計入純利30,000,000港元、因認股權證換股而發行4,000,000港元之股份並以本期間11,000,000港元之股息抵銷，股東資金增加3%至2,732,000,000港元。

經營業務之現金流入淨額約為16,000,000港元，而投資及融資之現金流出淨額則為39,000,000港元，導致本期間之現金淨額減少約23,000,000港元。

業務

合約工程及建築材料

期內，本集團取得之新工程合約總值約1,799,000,000港元，其中約938,000,000港元來自公營機構，約861,000,000港元來自私營機構。新工程合約中約555,000,000港元為樓宇建築工程合約、約938,000,000港元為土木工程合約，以及約306,000,000為專項工程合約。

於本期間結束時，持有工程合約價值及尚餘之工程價值相較上一個財政年度結束時分別上升14%至約11,792,000,000港元及7%至約5,263,000,000港元。於本期間結束時持有之工程合約如下：

		Value of contracts on hand as at 30/9/2003 二 零 零 三 年 九 月 三 十 日 持有工程合約價值 HK\$'million 百萬港元	Value of work remaining as at 30/9/2003 二 零 零 三 年 九 月 三 十 日 餘下工程價值 HK\$'million 百萬港元
Building construction	樓宇建築工程	8,603	3,665
Civil engineering	土木工程	2,021	1,077
Specialist works	專項工程	1,168	521
		11,792	5,263

OPERATIONS (continued)

Contracting and construction materials (continued)

Subsequent to the period end, the Group secured further new contracts with an aggregate attributable value of approximately HK\$1,349 million including two hotel development construction contracts of some HK\$1,168 million.

Construction sector output in Hong Kong has been declining for a few years due to reducing capital expenditure by both public and private sectors. This had led to severe competition and eroded the Group's gross margin. Consequently all construction and engineering divisions as well as the construction material division experienced losses in operation. As the Group's work-on-hand is now on an uptrend, gross margin is expected to improve.

Property

Total value of the property portfolio, excluding those self-used properties, amounted to some HK\$536 million as at the period end, equivalent to 11% of the total assets of the Group. Included in the property portfolio are Paul Y. Centre, the Group's headquarter in Kwun Tong, In-Zone, a shopping arcade in Wanchai and certain investment properties in the PRC. During the period, certain investment properties in the PRC were disposed of at approximately their carrying value for some HK\$22 million.

Although the overall rental rates of the investment properties had been reduced, occupancy rate was maintained at the satisfactory level in which both Paul Y. Centre and In-Zone remained at an occupancy rate at around 92% and 72% respectively at the period end.

Subsequent to the period end, the Group has entered into a sale and purchase agreement with an independent third party to dispose of certain investment properties in the PRC in aggregate for some HK\$28 million before expense and tax.

業務 (續)

合約工程及建築材料 (續)

期結日後，本集團新取合約應佔總值約1,349,000,000港元，包括兩項酒店發展項目建築合約價值約1,168,000,000港元。

由於公私營界別皆減縮資本開支，本港建築業過去幾年直走下坡，導致競爭激烈及使到本集團毛利率受損。因此，本集團之所有建築工程分部均在呈虧經營，建材部門亦未能倖免。鑒於集團手頭工程數量增加，預期毛利率將可改善。

物業

於本期間結束時，若撇除自用物業，物業組合之總值約536,000,000港元，相當於本集團總資產11%。本集團之投資物業組合包括本集團位於觀塘之總部保華企業中心、位於灣仔之購物商場國泰新域及位於中國之若干投資物業。本集團於期內以相當於有關物業賬面值之作價約22,000,000港元出售國內若干投資物業。

儘管期內投資物業之整體租金有所下調，幸而佔用率依然維持在令人滿意之水平，本期間結束時，保華企業中心與國泰新域之佔用率分別維持在約92%及72%左右。

於本期間結束後，本集團與獨立第三者訂立一項買賣協議，以合共約28,000,000港元之代價(未扣除相關開支及稅項)出售國內若干投資物業。