

# Chairman's Statement

With the gradual recovery of economy both in Hong Kong and in the Region, the Group is focusing its efforts in revitalizing its business and operation.

## SCHEME OF ARRANGEMENT

The Schemes of Arrangement of the Company and its 24 subsidiaries under Section 166 of the Companies Ordinance (collectively "Scheme") became effective on 28 April 2000. The legal basis of the Scheme has been further confirmed by the judgement of the Court of Final Appeal on 3 December 2001.

The Company is working intensively with its professional advisors with a view to conclude and implement (if possible) proposals for amicable settlement of various issues under the Scheme as disclosed in the Annual Report 2003.

## RESULTS OF THE YEAR

As the local and regional market have not yet been fully recovered and in particular the local marine engineering market is severely affected by environmental protection laws, operation results were unavoidably impacted. For the year ended 31 July 2004, the Group recorded a net loss of HK\$16.5 million and on operating loss of HK\$7.1 million.

## PROSPECTS

With a fleet comprising various engineering vessels free from disposal and foreclosure pressure, the Group is exploring all opportunities in the region and especially in Mainland China to improve its core business and at the same time to seek for possible diversification. Taking advantages of its strong base in marine engineering, the group is also actively pursuing new business opportunities in general engineering work for example infrastructure development involving reclamation and general civil engineering.

**Leung Yu Oi Ling, Irene**

*Chairman*

Hong Kong

25 November 2004