

CHAIRMAN'S STATEMENT

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BUSINESS REVIEW

The Group's turnover for this year was approximately HK\$734 million (2003: HK\$644 million), an increase of 14% over last year. The net profit for the year was approximately HK\$1.8 million (2003: net loss of HK\$14.7 million), which included a gain on dissolution of discontinued operations of approximately HK\$4.1 million, less provision for amounts due from former subsidiaries of approximately HK\$2.2 million and unrealised losses on long term investments of approximately HK\$8.9 million (2003: HK\$8.4 million).

The significant slow down in housing development in both public and private sectors continued due to limited availability of building services projects. As a result, the Group continued to face fierce competition amongst eligible contractors. As at 31 March 2004, the Group had uncompleted contracts on hand of approximately HK\$698 million while those of the prior year were approximately HK\$869 million.

BUSINESS PROSPECT

Local economy improved during the fiscal year under review. Annual growth has been revised to 6% in recent months and deflation was reduced to 0.1%. Unemployment rate also declined from last year's 8.6% to the current level of 7%. However, there remains chronic shortage of new projects to provide sufficient work for the workforce in the building industry. As a result, the Group continued to suffer from keen competition. Tender prices were awarded at little or no profit margin incommensurate with the commercial risks involved.

With the initiative from the Central Government to provide greater involvement of Hong Kong companies in the infrastructure development of Pan Pearl River Delta, it is hoped that there will be new opportunities for business in the Greater China in coming years. Despite this adverse market conditions, your directors remain optimistic of improved performance in the coming year.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank Mr. Li X Sinclair and Mr. Ou Ka Chi, who resigned from the Board during the year, for their valuable contribution to the Group during the relevant period of their services. At the same time, I would like to welcome Mr. Ho Hin Kwan, Edmund, Mr. Au Yu Fai, Patrick and Mr. Yu Hon To, David as new members of the Board.

Finally, I would like to express my appreciation to my fellow directors and all members of staff for their dedication and contribution during this period of adverse market conditions.

Wong Sai Wing, James
Chairman

Hong Kong
15 July 2004