

## Group Business and Focus

Founded in 1939, the Group engages primarily in construction and related work mainly in Hong Kong, Macau and the PRC, in both the private and public sectors. Being one of the few full-service construction firms in Hong Kong, the Group undertakes a wide range of construction services such as (a) building construction, including design and build; (b) construction and project management; (c) civil engineering work; (d) electrical and mechanical installation; and (e) renovation and fitting-out work.

The Board intends to continue to focus on the Group's core businesses – construction and construction related value-added, fee based businesses – areas in which the Group has significant competitive advantages and goodwill given its emphasis on “Quality & Service” to its clients and performance track record over the last sixty six years.

The Board knows that the Group's operational strategy of focusing on value-added work and then structuring contractual terms more creatively, maximises benefits to the Group and its clients. The Group remains focused on serving a selective group of institutional clients, both private and public, who value quality in the builder, as well as in the finished product, and are prepared to pay a premium for such quality.

The Group's full-serviced integration and range of core competences permit it to compete for a very broad spectrum of projects. Though this often involves higher costs associated with highly experienced personnel, it is usually countered by our flexibility in targeting cyclical opportunities, market niches and undertaking more complex projects or where quality and timely completion are absolute prerequisites.

A certain proportion of the Group's operations have been structured in joint ventures. In such joint ventures, the Group may grow its core businesses by partnering with companies with complementary areas of expertise and quickly expand into new construction or construction-related fields, whilst minimising risks and avoiding costly outlays or learning curves. Whilst having minority stakes in joint ventures, as associate activities, the Group cannot account for its share of either turnover or outstanding contracts, the underlying economic benefits are no less.