

## RESULTS FOR THE INTERIM PERIOD

The Group recorded an unaudited consolidated profit attributable to shareholders of the Company for the six months ended 30 September 2006 ("this period") of approximately HK\$19,142,000, decreased by 49% from HK\$37,728,000 (as restated) for the previous corresponding period.

During this period, the Group did not recognise any change in the fair values of its investment properties, whereas a gain of approximately HK\$25,427,000 was recognised for the previous corresponding period. If excluding the gain on fair value changes of investment properties, the Group's net profit for this period increased by 56% from the previous corresponding period.

Turnover for this period was approximately HK\$623,884,000 (2005 restated: HK\$614,107,000), which consists of: (i) contract revenue of approximately HK\$615,110,000, increased by 0.9% from HK\$609,355,000 for the previous corresponding period, and (ii) property gross rental income of approximately HK\$8,774,000, increased by 85% from HK\$4,752,000 (as restated) for the previous corresponding period.

Gross profit margin for the construction, maintenance and engineering segments increased to 6.9% for this period from 5.7% for the previous corresponding period.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2006 (2005: Nil).

## REVIEW OF OPERATIONS

### **Construction, Maintenance, Civil Engineering and Other Contract Works**

As of 30 September 2006, the total and outstanding values of the Group's substantial contracts on hand were approximately HK\$3,273 million and HK\$2,693 million respectively. These contracts will be completed in around two to three years' time.

### *Able Engineering Company Limited ("Able Engineering")*

During this period, Able Engineering completed the following significant contracts:

- Construction of Second Primary School & Second Secondary School in Area 104, and a primary school at Junction of Tin Shing Road and Tin Pak Road, Tin Shui Wai
- Conversion Works of Kom Tong Hall into Dr Sun Yat Sen Museum at Castle Road, Central Mid-levels, Hong Kong
- Fitting Out Works for International Christian Quality Music Secondary and Primary Schools

## REVIEW OF OPERATIONS (Continued)

In addition, during this period, Able Engineering was awarded a number of significant contracts in the private sector, which include the following with an aggregate contract value of approximately HK\$1,200 million:

- Carcass work for the residential development at TKOTL No. 70, Area 86, Site F, Tsung Kwan O, which comprises 5 blocks of 52 to 56-storey residential towers with a total number of 2,096 flat units sitting on a 5-storey podium
- Main contract for the construction of a residential development at TCTL No. 4, Tung Chung Station Development Package 2, Phase 4, which comprises 6 blocks of 18-storey residential towers with a total number of 533 flat units
- Interior fitting-out work for the residential development at Lot No. 2081 in D.D. 109, Kam Tin, Yuen Long, which comprises 244 three-storey houses.

### *Excel Engineering Company Limited (“Excel Engineering”)*

During this period, Excel Engineering completed the major contract for the renovation works to swimming pool and changing rooms at Jat Min Chuen, Shatin.

In addition, during this period, Excel Engineering was awarded the significant contract for the Replacement and Rehabilitation of Water Mains Stage 1 Phase 2 – Mains on Hong Kong Islands with a contract value of HK\$223 million.

### **Property Investment**

During this period, the Group noted an impressive growth in rental income from its investment properties and recorded a gross rental income of HK\$7,084,000, representing a 124% increase from HK\$3,168,000 for the previous corresponding period.

### **Property Development**

Our application to the Lands Tribunal for an order under the Land (Compulsory Sales for Redevelopment) Ordinance to sell all the undivided shares in the lots at Nos. 125 and 127 Tung Choi Street, Mongkok is still in progress. Pending the results of the legal proceedings, during this period, we continued to lease out the shops on Ground Floor of Nos. 123 and 125 on a short-term basis and recognised a gross rental income of HK\$1,690,000 (2005 restated: HK\$1,584,000).

Whilst we have decided not to proceed with the lease modification of the site at No. 9 Belfran Road, Kowloon, the redevelopment plan is still under review.

The site investigation work for the project at Tai Po Town Lot No. 180 was completed and the planning and design work is at the final stage. Construction work will commence once the building plan is finalised and approved by the Buildings Department.