

REPORT OF THE DIRECTORS

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The directors present their report together with the audited financial statements of the Company and the Group for the period from 1 July 2000 to 30 September 2001.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management, financial and technical services to the Group companies. The principal activities of subsidiaries and associates are set out in notes 12 and 13 to the financial statements, respectively.

SEGMENTAL INFORMATION

Turnover represents an appropriate proportion of contract revenue of construction contracts; the value of services rendered; the rental income from equipment/marine vessels leasing; the net invoiced value of goods sold, after allowance for returns and trade discounts; and securities trading during the period.

The analysis of the Group's turnover and operating loss before finance costs by principal activities and geographical locations are as follows:

	Group turnover		Operating loss before finance costs	
	Period from 1 July 2000 to 30 September 2001 HK\$'000	Year ended 30 June 2000 HK\$'000	Period from 1 July 2000 to 30 September 2001 HK\$'000	Year ended 30 June 2000 HK\$'000
Construction, equipment rental and services income	423,833	632,088	(15,376)	(45,728)
Trading income	11,598	2,339	(5,172)	(7,732)
Internet business	333	—	(71,169)	—
Investment holding	6,063	—	(225,914)	(118,669)
	<u>441,827</u>	<u>634,427</u>	<u>(317,631)</u>	<u>(172,129)</u>
Geographical location of operations:				
Singapore	433,184	627,237	(63,000)	(93,278)
Malaysia	—	2,467	(3,116)	610
Mynamar	2,101	4,593	(7,807)	(6,017)
Hong Kong	6,396	—	(243,737)	(73,464)
Others	146	130	29	20
	<u>441,827</u>	<u>634,427</u>	<u>(317,631)</u>	<u>(172,129)</u>

RESULTS

The state of affairs of the Company and the Group at 30 September 2001 and the results of the Group for the fifteen months then ended 30 September 2001 are set out in the financial statements on pages 21 to 57.

FIVE YEAR FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 58. This summary is not part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Company and the Group during the period are set out in note 11 to the financial statements.

SUBSIDIARY COMPANIES

Particulars of the Company's subsidiary companies are set out in note 12 to the financial statements.

ASSOCIATED COMPANIES

Particulars of the Company's and the Group's interests in its associated companies are set out in note 13 to the financial statements.

BORROWINGS

Details of borrowings of the Company and the Group at the balance sheet date are set out in notes 21, 23 and 24 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the Company's share capital during the period, together with reasons therefor and details of the Company's share option scheme, are set out in note 26 to the financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the period are set out in note 28 to the financial statements.

DISTRIBUTABLE RESERVES

At 30 September 2001, the Company had no reserves available for cash distribution and/or distribution in specie. However, the Company's share premium account and capital redemption reserve may be distributed in the form of fully paid bonus shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CHARITABLE CONTRIBUTIONS

During the fifteen months ended 30 September 2001, no charitable contributions (2000: HK\$46,139) were made by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

During the period, the five largest customers of the Group accounted for 84.5% of the Group's total turnover of which the largest customer accounted for approximately 45.1% and the five largest suppliers of the Group accounted for 43.8% of the Group's total purchases, of which the largest supplier accounted for approximately 19%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

The directors of the Company during the period and up to the date of this report were:

Executive Directors:

Cheung Yu Shum, Jenkin	(appointed on 3 January 2001)
Lam Kwan Sing	(appointed on 29 October 2001)
Dong Bo	(appointed on 3 January 2001 and resigned on 29 October 2001)
Tong Chin Shing	(resigned on 3 January 2001)

Non-Executive Directors:

Lien Kait Long	(appointed on 31 May 2000)
Lui Siu Tsuen, Richard	(appointed as executive director on 12 October 2000 and redesignated on 5 January 2001)
Ma Wai Man, Catherine	(retired on 28 December 2000)

Independent Non-Executive Directors:

Shum Ka Hei	(appointed on 3 January 2001)
Cheung Man Yau	(appointed on 3 January 2001)
Feng Chuan Chia	(retired on 28 December 2000)

In accordance with the Company's articles of association, Mr. Cheung Yu Shum, Jenkin, Mr. Lam Kwan Sing, Mr. Shum Ka Hei, Mr. Cheung Man Yau, who were appointed during the period from the last annual meeting to the date of this report, will retire at the forthcoming annual general meeting. All the retiring directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 12 to 13 of the Annual Report.

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the directors' remuneration and of the five highest paid individuals in the Group are set out in note 6 to the financial statements.

DIRECTOR'S SERVICE CONTRACTS

No director has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

There was no director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries and associates was a party during the period.

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2001, none of the Company's directors or their associates had any personal, family, corporate or other interests in any shares of the Company or any of its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance").

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the period, were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Further details of the Company's share option scheme are set out in note 26 to the financial statements.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2001, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	No. of Ordinary Shares of HK\$0.40 each	Percentage of Issued Shares
Cyber Best Trading Limited	451,870,692	30.3%
Lin Che Chu	451,870,692 <i>(Note)</i>	30.3%

Note: Mr. Lin Che Chu is deemed to be interested in the 451,870,692 shares of the Company through his interest in Cyber Best Trading Limited which is a company wholly and beneficially owned by him.

According to the register of interests kept by the Company under Section 16(1) of the SDI Ordinance and so far as was known to the Directors, other than the interests disclosed herein, there was no other person (other than a director or chief executive of the Company) who, as at 30 September 2001 was, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital.

Save as disclosed to above, no other person had registered an interest in the share capital of the Company that was required to be recorded pursuant to Sections 16(1) of the SDI Ordinance.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 32 to the financial statements.

CODE OF BEST PRACTICE

Throughout the accounting period, the Company has in compliance with the Code of Best Practice as set out in the Appendix 14 of the Listing Rules except that the non-executive Directors and the independent non-executive Directors are not appointed for a specific term as they are subject to retirement by rotation at the Annual General Meeting in accordance with the Company's articles of association.

AUDITORS

John K.H. Lo & Co. retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Cheung Yu Shum, Jenkin

Chairman & Executive Director

Hong Kong

6 February 2002