

The directors present their annual report and the audited financial statements for the year ended 31st March, 2002.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is engaged in the provision of travel related services including sales of airline tickets, the operation of a restaurant and the provision of transportation related services including direct shipment, transshipment, drayage of cargo and charter hiring of vessels.

CHANGE IN SUBSTANTIAL SHAREHOLDER

On 1st February, 2002, the Company entered into a subscription agreement (the "Subscription Agreement") with Unichina Enterprises Limited ("Unichina"). Unichina is an independent third party at the date of entering into the Subscription Agreement and is owned as to 90% by Mr. Wong Kwong Miu ("Mr. Wong"), who was subsequently appointed as the Company's director on 20th March, 2002. Pursuant to the Subscription Agreement, Unichina subscribed for 1,100,000,000 new ordinary shares of HK\$0.01 each in the Company at HK\$0.025 per share. On the same date, Unichina with Mr. Wong as Unichina's guarantor entered into a sale and purchase agreement (the "S & P Agreement") with Dragon Point Enterprises Limited ("Dragon Point") with Mr. Yeung Ka On ("Mr. Yeung") as Dragon Point's guarantor. Dragon Point is a company wholly-owned by Mr. Yeung. Pursuant to the S & P Agreement, Dragon Point disposed of its entire holding of 438,883,214 existing ordinary shares of HK\$0.01 each in the Company to Unichina at HK\$0.025 per share.

Both the Subscription Agreement and the S & P Agreement were completed on 18th March, 2002. Accordingly, there were changes in the substantial shareholders of the Company, and the details as at 31st March, 2002 are disclosed under the paragraph headed "Substantial shareholders".

In June 2002, the Group entered into agreement with two independent third parties, Madam Fu Bo and Madam Lai Sze Wai, Joyce for the acquisition of 51% of the issued share capital of Value Brilliant Investments Limited for a total consideration for HK\$106,500,000, which is to be satisfied partially by the issue of 1,225,000,000 Company's shares at a price of HK\$0.037 each and partially by the issue of bonds with an aggregate principal amount of HK\$61,175,000.

RESULTS

The results of the Group for the year ended 31st March, 2002 are set out in the consolidated income statement on page 18.

Directors' Report

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 61.

SHARE CAPITAL AND WARRANTS

Details of the movements in share capital and warrants of the Company during the year are set out in notes 22 and 23 to the financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in note 25 to the financial statements.

INVESTMENT PROPERTIES

The investment properties of the Group were revalued at 31st March, 2002 and the resulting deficit of approximately HK\$588,000 has been charged to the consolidated income statement.

Details of the movements in investment properties of the Group during the year are set out in note 13 to the financial statements.

A summary of the properties held for investment purposes by the Group at 31st March, 2002 is set out on page 62.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group disposed of certain of its tug boats, barges and vessels with an aggregate net book value of approximately HK\$7,692,000.

All the Group's remaining tug boats, barges and vessels were revalued at 31st March, 2002. This resulted in a deficit of approximately HK\$26,730,000, in which approximately HK\$1,065,000 has been charged to the Group's asset revaluation reserve and approximately HK\$25,665,000 has been charged to the consolidated income statement.

During the year, impairment loss of approximately HK\$28,975,000 against certain property, plant and equipment of the Group arisen and was charged to the consolidated income statement.

Details of these and other movements in property, plant and equipment of the Group and the Company during the year are set out in note 14 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Wong Kwong Miu (<i>Chairman</i>)	(appointed on 20th March, 2002)
Wong Kwong Lung, Terence	(appointed on 20th March, 2002)
Wong Siu Chow, Johnny	(appointed on 20th March, 2002)
Lam Tak Shing	
Keung Mei Wah, Jennifer	(resigned on 16th May, 2001)
Chan Wing Ming, William	(resigned on 11th April, 2002)

Independent non-executive directors:

Lam Yin Ming, Lawrence	(appointed on 20th March, 2002)
Qiu Yi Yong	(appointed on 20th March, 2002)
Ho Kwok Wah, George	(resigned on 11th April, 2002)
Chung Lai Fong	(resigned on 11th April, 2002)

In accordance with the Company's Bye-laws, Messrs. Wong Kwong Lung, Terence, Wong Siu Chow, Johnny, Lam Yin Ming, Lawrence and Qiu Yi Yong retire and, being eligible, offer themselves for re-election and Messrs. Wong Kwong Miu and Lam Tak Shing remain in office.

The term of office of each of the non-executive directors is the period up to their retirement as required by the Company's Bye-laws.

None of the director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SECURITIES

As at 31st March, 2002 the interests of a director in the shares of the Company, as recorded in the register maintained by the Company pursuant to Section 29 of Hong Kong's Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Number of ordinary shares held as corporate interest
Mr. Wong	1,538,883,214 (note)

Note: Dynamic Sunrise Limited, a company wholly-owned by Mr. Wong, has a 90% interest in Unichina, which in turn beneficially owns 1,538,883,214 shares in the Company.

Directors' Report

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

Save as disclosed above, none of the directors, nor any of their associates had any interest as at 31st March, 2002 in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

SHARE OPTIONS

a. The existing share option scheme adopted on 30th September, 1997

The Company's share option scheme adopted on 30th September, 1997 was originally due to expire on 29th September, 2007 (the "Existing Scheme"). As a result of certain changes to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the directors proposed for and the shareholders in a special general meeting on 14th January, 2002 approved the early termination of the Existing Scheme and the adoption of a new share option scheme (the "New Scheme"). Details of the New Scheme are set out in the section headed "New Scheme" below.

Under the terms of the Existing Scheme which was set up for the primary purpose of recognising the significant contribution of and providing incentives to executive directors or full-time employees or executives of the Company or any subsidiary of the Company (collectively referred to as the "Eligible Persons"), the board of directors of the Company may for a notional consideration grant options to Eligible Persons to subscribe for shares in the Company at a price not less than 80% of the average of the closing prices of the Company's shares quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the five trading days immediately preceding the date of grant of the options or the nominal value of the Company's shares, whichever is higher. Options granted under the Existing Scheme must be taken up no later than 30 days after the date of grant and are deemed to be accepted by the Eligible Persons when the duplicate offer document is signed by the Eligible Persons together with the payment of HK\$1 per option (the "Acceptance Conditions"). Options granted and accepted in accordance with the Acceptance Conditions may be exercised at any time from the date when the Acceptance Conditions are complied with by the Eligible Persons ("Date of Acceptance") to the tenth anniversary of the Date of Acceptance.

At 31st March, 2002, the number of shares in respect of which options had been granted under the Existing Scheme was 170,183,438, representing 5.9% of the shares of the Company in issue at that date. The maximum number of shares in respect of which options may be granted under the Existing Scheme cannot exceed 10% of the shares of the Company in issue from time to time (excluding the aggregate number of shares which have been duly allotted and issued pursuant to the Existing Scheme). The maximum number of shares in respect of which options may be granted to any Eligible Persons is not permitted to exceed 25% of the maximum aggregate number of shares of the Company for the time being issued and issuable under the Existing Scheme.

SHARE OPTIONS *(continued)*

a. *The existing share option scheme adopted on 30th September, 1997 (continued)*

Details of the movements in the Company's share options granted to the directors of the Company and employees of the Group under the Existing Scheme during the year are as follows:

<i>Directors</i>	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options		
				Outstanding at 1.4.2001	Lapsed during the year	Outstanding at 31.3.2002
Lam Tak Shing	29th February, 2000	29th February, 2000 – 28th February, 2010	0.163	29,030,676	–	29,030,676
	27th April, 2000	27th April, 2000 – 26th April, 2010	0.122	5,000,000	–	5,000,000
Keung Mei Wah, Jennifer (former director)	10th August, 2000	10th August, 2000 – 9th August, 2010	0.107	15,000,000	15,000,000	–
	4th November, 2000	4th November, 2000 – 3rd November, 2010	0.100	5,000,000	5,000,000	–
<i>Employees</i>	29th February, 2000	29th February, 2000 – 28th February, 2010	0.163	322,084	311,042	11,042
	27th April, 2000	27th April, 2000 – 26th April, 2010	0.122	9,000,000	–	9,000,000
	4th November, 2000	4th November, 2000 – 3rd November, 2010	0.100	20,200,000	1,000,000	19,200,000
				83,552,760	21,311,042	62,241,718

Upon the adoption of the New Scheme, no further options can be granted under the Existing Scheme. Except for this, in all other respects the provisions of the Existing Scheme shall remain in full force and effect and the outstanding options previously granted under the Existing Scheme shall remain valid and exercisable in accordance with the provisions of the Existing Scheme.

No options granted were cancelled and no option was granted under the Existing Scheme during the year.

SHARE OPTIONS *(continued)*

b. The new share option scheme adopted on 14th January, 2002

Pursuant to an ordinary resolution passed on 14th January, 2002, the Company's New Scheme was adopted for the purposes of the recognition of the significant contribution of and for the provision of incentives to any directors, employees (whether full-time or part-time), consultants, customers, suppliers, agents, partners or advisors of or contractors to the Group or affiliates ("New Eligible Persons") and will expire on 13th January, 2012. Under the terms of the New Scheme, the board of directors of the Company may for a notional consideration of HK\$1 grant options to the New Eligible Persons to subscribe for shares in the Company at a price no less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the (date of offer of the option); and (iii) the nominal value of the Company's shares. Option granted under the New Scheme must be taken up within 21 business days from the date on which the offer is made by returning a written acceptance of the offer signed by the New Eligible Persons together with the payment of HK\$1 per option (the "Acceptance Conditions"). Options granted and accepted may be exercised at any time for 10 years commencing on the date on which an option is accepted in accordance with the Acceptance Conditions under the New Scheme (the "Option Period"). Option granted under the New Scheme will be exercisable in the Option Period notwithstanding that the scheme period of the New Scheme may have expired. The New Scheme does not prescribe any minimum period for which an option must be held before it can be exercised and has not specified that the exercise of an option is subject to any performance target.

The maximum number of shares which may be granted under the New Scheme cannot exceed 10% (the "Limit") of the issued share capital of the Company at the date of adoption of the New Scheme, excluding any options lapsed in accordance with the terms of the New Scheme and any other share option schemes. On 14th January, 2002, the date of adoption of the New Scheme, the Company's shares in issue was 1,768,217,701 shares of HK\$0.01 each and accordingly the Limit upon which the maximum number of shares may be granted under the New Scheme cannot exceed 176,821,770 shares. However, the Company may seek approval by its shareholders in general meeting to renew the Limit from time to time. Option will not be granted to any New Eligible Persons if the exercise in full of all options, including any unexercised options and shares already issued under all previous option granted, would in the 12-month period up to and including the date of such further grant enable that relevant New Eligible Person to have shares exceeding 1% of the issued shares of the Company for the time being unless separate approval by the shareholders in general meeting is obtained.

No option were granted by the Company under the New Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above under the paragraph headed "Share options", at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate. Similarly, none of the spouses or children under the age of 18 of the directors had any rights to subscribe for securities of the Company or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2002, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed under the heading "Directors' interest in securities", the Company has not been notified of any other interests representing 10% or more of the nominal value of the issued share capital of the Company as at 31st March, 2002.

DIRECTORS' INTERESTS IN CONTRACTS

There were no contract of significance to which the Company, or its holding company or any of its fellow subsidiary or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, both the aggregate sales attributable to the Group's five largest customers and the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total sales and purchases respectively.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31st March, 2002 with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Directors' Report

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 35 to the financial statements.

AUDITORS

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

WONG KWONG LUNG, TERENCE

Director

Hong Kong, 25th July, 2002