

The directors present their annual report and the audited financial statements for the year ended March 31, 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries, associates and jointly controlled entities are set out in note 37 to the financial statements.

RESULTS

The results of the Group for the year ended March 31, 2001 are set out in the consolidated income statement on page 24 of the annual report and in the accompanying notes to the financial statements.

The directors do not recommend the payment of a dividend for the year.

RESERVES

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

The Company's reserves available for distribution represent the share premium, capital redemption reserve and accumulated losses with an aggregate amount of approximately HK\$103,610,000 as at March 31, 2001.

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 65 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 9 to the financial statements.

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of movements during the year in the share capital, warrants and share options of the Company are set out in notes 22, 23 and 24 to the financial statements, respectively.

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Fung Wing Mou, Bernard (*Chairman*) (appointed as chairman on October 3, 2000)
Poon Kon Chun, John
Tjondro Canice
Hui Hong Lok
Lei Heong Man

Non-executive director:

Ho Kee Kung (re-designated as non-executive director on October 3, 2000)

Independent non-executive directors:

Kwan Tit On, Daniel
Wong Wai Kwong, David

In accordance with Article 99 of the Company's Articles of Association, Messrs. Ho Kee Kung and Hui Hong Lok retire by rotation and, being eligible, offer themselves for re-election.

The term of office of each of the non-executive director and the independent non-executive directors is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

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

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

As at March 31, 2001, the interests of the directors of the Company and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") and in the warrants of the Company were as follows:

Name of director	Number of ordinary shares of the Company held		Amount of warrants HK\$
	Personal interests	Other interests	
Fung Wing Mou, Bernard	4,500,000	(Note)	198,000
Poon Kon Chun, John	5,078,000	—	223,432
Tjondro Canice	1,500,000	—	66,000
Hui Hong Lok	20,000	—	880
Ho Kee Kung	7,000,000	—	308,000

Note: 198,185,303 shares are owned by Turbo Act International Limited, a company in which Mr. Fung Wing Mou, Bernard has a beneficial interest.

Save as disclosed above, and other than certain nominee shares in subsidiaries held by directors in trust for the Group, as at March 31, 2001, none of the directors of the Company had any interests in any securities of the Company or any of its associated corporations within the meaning of the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the Company's share option scheme, certain directors of the Company have personal interests in share options to subscribe for shares in the Company. The movements during the year in the share options granted to these directors were as follows:

Name of director	Date of grant	Exercise price HK\$	Number of shares under options		
			Outstanding at April 1, 2000	Granted during the year	Outstanding at March 31, 2001
Fung Wing Mou, Bernard	January 5, 2001	0.128	—	500,000	500,000
Poon Kon Chun, John	January 5, 2001	0.128	—	500,000	500,000
Tjondro Canice	January 5, 2001	0.128	—	500,000	500,000
Hui Hong Lok	January 5, 2001	0.128	—	500,000	500,000
Lei Heong Man	January 5, 2001	0.128	—	500,000	500,000

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES – *Continued*

The outstanding share options can be exercised at any time during the period from January 5, 2001 to July 4, 2002.

Save as disclosed above, 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 and none of the directors or their spouses or children under the age of eighteen, had any rights to subscribe for securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of certain directors, Mr. Tam Man Chi was also deemed to be indirectly interested in 10% or more in the issued share capital of the Company as at March 31, 2001 through his controlling interest in Turbo Act International Limited as recorded in the register of substantial shareholders' interests required to be kept by the Company under Section 16(1) of the SDI Ordinance.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

During the year, the Group paid professional fees in aggregate of approximately HK\$574,000 to International Taxation Advisory Services Limited in connection with the provision of taxation and corporate advisory services to the Group. Mr. Wong Wai Kwong, David, an independent non-executive director of the Company, is a director of International Taxation Advisory Services Limited.

Save as disclosed above, no contracts of significance to which the Company or any of its 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, the largest customer and the five largest customers of the Group accounted for approximately 54% and 98% of the total turnover of the Group, respectively, and the largest supplier and the five largest suppliers of the Group accounted for approximately 54% and 70% of the total purchases of the Group, respectively.

At no time during the year did a director, an associate of a director or a shareholder of the Company, who to the knowledge of the directors owns more than 5% of the Company's share capital, have an interest in any of the five largest customers or suppliers of the Group.

MAJOR TRADE DEBTORS

Included in trade and other receivables as at March 31, 2001 were amounts due from The Government of the Hong Kong Special Administrative Region and Hong Kong Housing Authority of approximately HK\$221 million and HK\$69 million, respectively, in connection with contract work carried out during the normal course of construction business. The amounts were unsecured, interest-free and repayable in accordance with the terms of the construction contracts.

RETIREMENT BENEFITS SCHEMES

Information on the Company's retirement benefits schemes is set out in notes 3 and 32 to the financial statements.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

In the opinion of the directors, the Company had complied throughout the year ended March 31, 2001 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

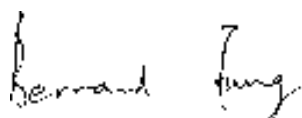
POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 38 to the financial statements.

AUDITORS

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

On behalf of the Board



Fung Wing Mou, Bernard
Chairman

Hong Kong, July 20, 2001