

Directors' Report



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

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 41 to the financial statements.

RESULTS

The results of the Group for the year ended March 31, 2002 are set out in the consolidated income statement on page 22.

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 27 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\$78,914,000 as at March 31, 2002.

INVESTMENT PROPERTIES

The Group's investment properties were revalued at March 31, 2002 at approximately HK\$13,000,000. The revaluation resulted in a deficit amounting to approximately HK\$2,000,000, of which approximately HK\$31,000 has been charged to the investment properties revaluation reserve to the extent of the surplus previously credited and approximately HK\$1,969,000 was charged to the income statement.

Details of these movements during the year in the investment properties of the Group are set out in note 9 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group disposed of all of its grab dredgers with a net book value of approximately HK\$11,674,000.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 10 to the financial statements.

SHARE CAPITAL AND WARRANTS

Details of movements during the year in the share capital and warrants of the Company are set out in notes 24 and 25 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*)

Chin Wai Keung, Richard (*appointed on July 23, 2002*)

Poon Kon Chun, John

Hui Hong Lok

Lei Heong Man

Tjondro Canice (*resigned on October 6, 2001*)

Non-executive director:

Ho Kee Kung

Independent non-executive directors:

Kwan Tit On, Daniel

Wong Wai Kwong, David

In accordance with Article 91 of the Company's Articles of Association, Mr. Chin Wai Keung, Richard retires and, being eligible, offers himself for re-election.

In accordance with Article 99 of the Company's Articles of Association, Messrs. Lei Heong Man and Wong Wai Kwong, David retire by rotation and, being eligible, offer themselves for re-election.

On April 23, 1999, Mr. Lei Heong Man entered into a service contract with the Company for a fixed term of three years commencing from May 24, 1999. On March 28, 2002, Mr. Lei Heong Man entered into another service contract with the Company for a fixed term of two years commencing from May 24, 2002.

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.

Save as disclosed above, 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 SECURITIES

As at March 31, 2002, 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") were as follows:

Name of director	Number of ordinary shares of the Company held	
	Personal interests	Other interests
Fung Wing Mou, Bernard	4,500,000	(Note)
Poon Kon Chun, John	5,078,000	—
Hui Hong Lok	20,000	—
Ho Kee Kung	7,000,000	—

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.

Directors' Report (Continued)

DIRECTORS' INTERESTS IN SECURITIES (continued)

Save as disclosed above, and other than certain nominee shares in subsidiaries held by directors in trust for the Group, as at March 31, 2002, 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.

SHARE OPTIONS

In accordance with the Company's share option scheme (the "Scheme") which was adopted on December 10, 1992, the board of directors of the Company may grant options to any director or employee of the Company and its subsidiaries to subscribe for shares in the Company at a price determined by the board of directors being the higher of 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the five trading days immediately preceding the date of the grant of the options and the nominal value of the shares subject to a maximum of 10% of the issued share capital of the Company from time to time. The primary purpose of the Scheme is to provide incentives to the directors and employees.

No employee or director shall be granted an option which, if exercised in full, would result in such employee or director becoming entitled to subscribe for more than 25% of the aggregate number of shares for the time being issued and issuable under the Scheme.

The Scheme shall be valid and effective for a period of 10 years commencing on December 10, 1992 ("Scheme Period"), after which period no further options will be issued.

Options granted must be taken up within 21 days of the date of grant. No consideration was payable on the grant of an option. Options may be exercised at any time within a period as specified by the directors, which shall not be more than ten years from the date on which an option is granted and notwithstanding that the Scheme Period may have expired.

As at March 31, 2002, the outstanding number of shares in respect of which options had been granted under the Scheme was 2,000,000, representing 0.4% of the shares of the Company in issue at that date.

The following table discloses movements in the Company's share options during the year:

Name of director	Date of grant	Exercise price HK\$	Number of shares under options		
			Outstanding at April 1, 2001	Cancelled during the year	Outstanding at March 31, 2002
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
Hui Hong Lok	January 5, 2001	0.128	500,000	—	500,000
Lei Heong Man	January 5, 2001	0.128	500,000	—	500,000
Tjondro Canice	January 5, 2001	0.128	500,000	(500,000)	—
Total			2,500,000	(500,000)	2,000,000

SHARE OPTIONS (continued)

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

On September 1, 2001, amendments to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "New Rules") on share option schemes came into effect. If the Company wishes to continue to grant options under the Scheme on or after September 1, 2001, it must also comply with the new requirements set out in the New Rules. However, all options granted prior to the coming into effect of the said amendments will remain in full force and effect.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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 right to subscribe for securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

Save as the interests disclosed above in respect of certain directors, MCA Bright Limited was also deemed to be indirectly interested in 10% or more in the issued share capital of the Company as at March 31, 2002 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.

CONNECTED TRANSACTIONS

- (1) At March 31, 2002, an advance made by the Group to AssetsB2B.com Limited which is a 68.33% owned subsidiary of the Group, was outstanding in the aggregate amount of HK\$4,304,000. The advance was used to finance the working capitals of AssetsB2B.com Limited. The advance is unsecured, repayable within one year and bears interest at the rate of Hong Kong prime rate plus 1%.
- (2) During the year, the Group paid professional fees in aggregate of approximately HK\$465,000 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.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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.

Directors' Report (Continued)

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest customer and the five largest customers of the Group accounted for approximately 52% and 97% of the total turnover of the Group, respectively, and the largest supplier and the five largest suppliers of the Group accounted for approximately 20% and 56% 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, 2002 were amounts due from The Government of the Hong Kong Special Administrative Region and Hong Kong Housing Authority of approximately HK\$171 million and HK\$72 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.

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

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

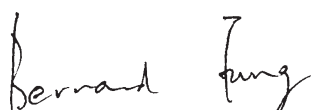
POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 42 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

July 23, 2002