

The directors present their annual report and the audited financial statements for the year ended March 31, 2003.

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 44 to the financial statements.

RESULTS

The results of the Group for the year ended March 31, 2003 are set out in the consolidated income statement on page 28.

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 the consolidated statement of changes in equity on page 32 and in note 31 to the financial statements, respectively.

The Company's reserves available for distribution represent the share premium, capital redemption reserve and accumulated losses with an aggregate amount of approximately HK\$50,132,000 as at March 31, 2003.

Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends may be paid out of the profits or the share premium account or any accounts or reserves which are not prohibited from being distributed to the members under the Companies Law (Revised) of the Cayman Islands.

INVESTMENT PROPERTIES

The Group's investment properties were revalued at March 31, 2003 at approximately HK\$12,000,000. The revaluation resulted in a deficit amounting to approximately HK\$1,000,000 which has been charged to the income statement.

Details of the Group's investment properties are set out in note 10 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

DIRECTORS' REPORT

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 to the financial statements.

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

DIRECTORS

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)

Hui Hong Lok

Lei Heong Man

Poon Kon Chun, John (retired on December 1, 2002)

Non-executive director:

Ho Kee Kung

Independent non-executive directors:

Kwan Tit On, Daniel

Leung Chi Ching, Frederick (appointed on May 2, 2003)

Wong Wai Kwong, David (resigned on May 2, 2003)

In accordance with Article 91 of the Company's Articles of Association, Mr. Leung Chi Ching, Frederick retires and, being eligible, offers himself for re-election.

In accordance with Article 99 of the Company's Articles of Association, Messrs. Ho Kee Kung and Kwan Tit On, Daniel shall retire by rotation but do not offer themselves for re-election. Messrs. Ho Kee Kung and Kwan Tit On, Daniel will retire after the close of the forthcoming annual general meeting of the Company.

In accordance with Article 100 of the Company's Articles of Association, resolutions will be submitted to the annual general meeting to appoint Messrs. Shum Man Ching and Lau Sai Chung as independent non-executive directors to fill up the offices vacated by Messrs. Ho Kee Kung and Kwan Tai On, Daniel.

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 SECURITIES

At March 31, 2003, the interests of the directors of the Company and their associates in the share capital of the Company and its associated corporations, within the meaning of the then prevailing Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

(a) Interests in the Company

Name of director	Number of ordinary shares of the Company held	
	Personal interests	Other interests
Fung Wing Mou, Bernard	4,500,000	(Note)
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.

(b) Interests in an associated corporation

At March 31, 2003, Mr. Chin Wai Keung, Richard is deemed to have corporate interests in ACons Technology Limited, an indirect 40% owned associate of the Group, by virtue of the 50% issued share capital held by him in Goldgrace Industrial Limited which directly owns 600,000 shares, representing 60% shareholding, in the issued share capital of ACons Technology Limited.

Save as disclosed above, and other than certain nominee shares in subsidiaries held by directors in trust for the Group, as at March 31, 2003, 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.

The Scheme expired during the year after a period of 10 years commencing on December 10, 1992 ("Scheme Period").

DIRECTORS' REPORT

SHARE OPTIONS (continued)

No employee or director should have been 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.

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 should not be more than ten years from the date on which an option is granted and notwithstanding that the Scheme Period may have expired.

The share options granted on January 5, 2001 could have been exercised at any time during the period from January 5, 2001 to July 4, 2002. All options lapsed during the year.

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. Any grant of options under the Scheme on or after September 1, 2001 must also comply with the new requirements set out in the New Rules.

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, 2002	Lapsed during the year	Outstanding at March 31, 2003
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)	—
Total			2,000,000	(2,000,000)	—

Other than the directors of the Company, no options have been granted under the Scheme to other employees of the Group since its adoption.

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, the register of substantial shareholders maintained by the Company pursuant to Section 16 (1) of the SDI Ordinance disclosed no person having an interest of 10% or more in the issued share capital of the Company as at March 31, 2003.

CONNECTED TRANSACTIONS

- (a) During the year, the Group paid professional fees in aggregate of approximately HK\$286,000 and HK\$89,000 to International Taxation Advisory Services Limited and Corporate Advisory Services Limited, respectively, in connection with the provision of taxation and corporate advisory services to the Group. Mr. Wong Wai Kwong, David, a former independent non-executive director of the Company, is a director of International Taxation Advisory Services Limited and Corporate Advisory Services Limited.
- (b) On December 28, 2002, the Group has contracted with ACons Technology Limited for the provision of tendering system services to the Group. Services fees paid to ACons Technology Limited during the year amounted to HK\$600,000. Mr. Chin Wai Keung, Richard has an indirect controlling interest in ACons Technology Limited.
- (c) During the year, the Group purchased an electronic tendering software from ACons Technology Limited at a consideration of HK\$300,000.

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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest customer and the five largest customers of the Group accounted for approximately 70% and 96% of the total turnover of the Group, respectively, and the largest supplier and the five largest suppliers of the Group accounted for approximately 29% and 48% 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.

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MAJOR TRADE DEBTORS

Included in trade and other receivables at March 31, 2003 were amounts due from The Government of the Hong Kong Special Administrative Region and Hong Kong Housing Authority of approximately HK\$316 million and HK\$92 million, respectively, in connection with contract work carried out during the normal course of construction business. The amounts were unsecured, interest-free and were 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, 2003 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 EVENT

Details of a significant event occurring after the balance sheet date are set out in note 45 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 26, 2003