

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2004.

CHANGE OF DOMICILE AND ADOPTION OF NEW MEMORANDUM AND BYE-LAWS

Pursuant to a special resolution passed on 20 January 2004, the Company changed the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda (the "Change of Domicile").

In addition, the Company conditionally adopted the Memorandum of Continuance and the Bye-Laws on 20 January 2004 in substitution for the original Memorandum of Association and the Articles of Association respectively (the "Adoption of Memorandum of Continuance and the Bye-Laws").

Both the Change of Domicile and the Adoption of Memorandum of Continuance and the Bye-Laws became effective on 11 February 2004.

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 31 March 2004 are set out in the consolidated income statement on page 22.

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

RESERVES

Details of movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 26 and in note 30 to the financial statements, respectively.

The Company's reserves available for distribution represent contributed surplus, capital redemption reserve and accumulated losses with an aggregate amount of approximately HK\$2,497,000 as at 31 March 2004.

INVESTMENT PROPERTIES

The Group's investment properties were revalued at 31 March 2004 at approximately HK\$12,000,000.

Details of the Group's investment properties are set out in note 11 to the financial statements.

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PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of the 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 who held office during the year and up to the date of this report were:

Executive directors

Fung Wing Mou, Bernard (*Chairman*)

Chin Wai Keung, Richard (*Deputy Chairman*)

Hui Hong Lok

(resigned on 25 October 2003)

Lei Heong Man

(resigned on 25 October 2003)

Leung Chi Ching, Frederick

(appointed as independent non-executive director on 2 May 2003 and subsequently redesignated as executive director on 3 March 2004)

Non-executive director

Ho Kee Kung

(retired on 25 August 2003)

Independent non-executive directors

Wong Wai Kwong, David

(resigned on 2 May 2003)

Kwan Tit On, Daniel

(retired on 25 August 2003)

Shum Man Ching

(appointed on 25 August 2003)

Lau Sai Chung

(appointed on 25 August 2003)

Wong Ying Sheung

(appointed on 26 April 2004)

In accordance with Bye-Law 99 of the Company's Bye-Laws, Messrs. Chin Wai Keung, Richard and Leung Chi Ching, Frederick shall retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Bye-Law 102 (A) of the Company's Bye-Laws, Messrs. Lau Sai Chung and Shum Man Ching shall retire and, being eligible, offer themselves for re-election.

In accordance with Bye-Law 102 (B) of the Company's Bye-Laws, Mr. Wong Ying Sheung shall retire and, being eligible, offers himself for re-election.

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DIRECTORS (continued)

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

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 OR SHORT POSITIONS IN SECURITIES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2004, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Shares of the Company

| Name of Director | Number of ordinary shares of the Company held | | | Total interests |
|------------------------|--|---------------------|-------------------------|----------------------------|
| | Personal interests | Family interests | Other interests | |
| Fung Wing Mou, Bernard | 4,500,000 | – | 198,185,303 (Note 1) | 202,685,303(L) (Note 2) |

Notes:

1. 198,185,303 shares are owned by Turbo Act International Limited, a company in which Mr. Fung Wing Mou, Bernard has beneficial interests.
2. The letter "(L)" denotes a long position in the shares of the Company.

As at 31 March 2004, save as disclosed above and other than certain nominee shares in subsidiaries held by the directors in trust for the Company, none of the directors or chief executive of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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SUBSTANTIAL SHAREHOLDERS

As at 31 March 2004, the following shareholders had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

| Name of Shareholder | Number of ordinary shares held | Number and description of equity derivatives | Number of underlying shares | Percentage of issued share capital of the Company |
|---------------------------------|--------------------------------|--|-----------------------------|---|
| Turbo Act International Limited | 198,185,303 | – | – | 25.67% |
| Mok Yu Hon | 110,000,000 | – | – | 14.25% |

Save as disclosed above, as at 31 March 2004, the directors of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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.

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 92% 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 13% and 32% 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 31 March 2004 were amounts due from The Government of the Hong Kong Special Administrative Region and Hong Kong Housing Authority of approximately HK\$399 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 were repayable in accordance with the terms of the construction contracts.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws, 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 31 March 2004 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

AUDIT COMMITTEE

The audit committee of the Group was established in accordance with the requirements of the Code of Best Practice and with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants.

The audit committee comprises three independent non-executive directors and meets twice a year to review and discuss with management and external auditors over the financial reporting process, the interim and annual financial reports, the accounting principles and policies adopted and the internal control systems of the Group.

POST BALANCE SHEET EVENT

Details of a significant event occurring after the balance sheet date are set out in note 43 to the financial statements.

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AUDITORS

Deloitte Touche Tohmatsu resigned as auditors on 13 November 2003 and RSM Nelson Wheeler were appointed as auditors to fill the casual vacancy on 14 November 2003. A resolution will be submitted to the annual general meeting to re-appoint RSM Nelson Wheeler as auditors of the Company.

On behalf of the Board



Chin Wai Keung, Richard
Director and Deputy Chairman

23 July 2004