



## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

### 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 39 to the financial statements.

### RESULTS

The results of the Group for the year ended 31 March 2005 are set out in the consolidated income statement on page 21.

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 25 and in note 27 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\$2,159,000 as at 31 March 2005.

### INVESTMENT PROPERTIES

The Group's investment properties were revalued at 31 March 2005 at approximately HK\$17,000,000.

Details of the Group's investment properties are set out in note 9 to the financial statements.

### 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 10 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 26 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 are:

### Executive directors

Pun Yat ( <i>Deputy Chairman</i> )	(appointed on 30 November 2004)
Chin Wai Kay, Geordie	(appointed on 19 January 2005)
Cheng Ping Kong, James	(appointed on 19 January 2005)
Chin Wai Keung, Richard	(resigned on 30 November 2004)

### Non-executive directors

Fung Wing Mou, Bernard	(re-designated as Non-executive Chairman on 19 January 2005; retired from the office of Non-executive Chairman on 19 July 2005 and resigned as director on 19 July 2005)
Leung Chi Ching, Frederick	(re-designated as Non-executive director on 1 May 2005)

### Independent non-executive directors

Lau Sai Chung	
Wong Ying Sheung	(appointed on 26 April 2004)
Mo Wai Bun	(appointed on 19 January 2005)
Shum Man Ching	(resigned on 8 October 2004)

In accordance with Bye-Law 99 of the Company's Bye-Laws, Mr. Lau Sai Chung shall retire by rotation and, being eligible, offers himself for re-election.

In accordance with Bye-Law 102(B) of the Company's Bye-Laws, Messrs. Pun Yat, Chin Wai Kay, Geordie, Cheng Ping Kong, James and Mo Wai Bun shall retire and, being eligible, offer themselves for re-election.

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' REPORT

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SECURITIES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2005, 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 corporation (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			
	Personal interests	Family interests	Other interests	Total interests
Fung Wing Mou, Bernard	1,350,000 (Note 3)	—	59,455,590 (Note 1)	60,805,590 (L) (Note 2)

### Notes:

1. 59,455,590 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.
3. Subsequent to the year-end, Mr. Fung Wing Mou, Bernard had disposed of his personal interests of 1,350,000 shares in the Company to Well Peace Limited, a company wholly owned by Mr. Lam Chin Wang, on 13 June 2005.

As at 31 March 2005, save as disclosed above and other 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 portions 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.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2005, 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	59,455,590 (Note 1)	—	—	18.88%
Wisdom Top International Limited	23,142,857	—	—	7.35%

*Note:*

- Subsequent to the year-end, Turbo Act International Limited had disposed of its entire interest of 59,455,590 shares in the Company to Well Peace Limited, a company wholly owned by Mr. Lam Chin Wang, on 13 June 2005.

Save as disclosed above, as at 31 March 2005, 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.



## DIRECTORS' REPORT

### CONNECTED TRANSACTION

During the year ended 31 March 2005, the Company provided consultancy services to China Energy and Environmental Protection Group Limited ("CEEP") and an amount of HK\$8.4 million was due from CEEP as at the year-end. CEEP is a company beneficially owned by Mr. Lam Chin Wang. As Mr. Lam has become a substantial shareholder of the Company on 13 June 2005, the above transaction constitutes a connected transaction of the Company under the Listing Rules. The Company will make an announcement in compliance with the Listing Rules as soon as possible.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest customer and the five largest customers of the Group accounted for approximately 70% and 99% of the total turnover of the Group, respectively, and the largest supplier and the five largest suppliers of the Group accounted for approximately 12% and 37% 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 at 31 March 2005 were amounts due from the Government of the Hong Kong Special Administrative Region and Hong Kong Housing Authority of approximately HK\$254 million and HK\$119 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 2005 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that the Independent Non-executive Directors of the Company are not appointed for a specific term but subject to retirement by rotation in accordance with the Company's Bye-Laws.

The Code of Best Practice has been replaced by a new Code on Corporate Governance Practices (the "new Code") which is effective for accounting periods commencing on or after 1 January 2005. The Company is taking appropriate actions to comply with the new Code.

### 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 Institute of Certified Public 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 40 to the financial statements.

### AUDITORS

The financial statements for the two financial years ended 31 March 2003 and 2002 were audited by Deloitte Touche Tohmatsu. The financial statements for the two financial years ended 31 March 2005 and 2004 were audited by RSM Nelson Wheeler.

A resolution to re-appoint the retiring auditors, RSM Nelson Wheeler, will be put at the forthcoming annual general meeting.

On behalf of the Board



**Chin Wai Kay, Geordie**  
*Executive Director*

21 July 2005