



# Report of the Directors

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The directors submit their report together with the audited accounts for the year ended 31st March 2001.

## **Principal activities**

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 11 to the accounts. An analysis of the Group's turnover by principal markets is set out in note 2 to the accounts.

## **Results and appropriations**

The results for the year are set out in the consolidated profit and loss account on page 14.

The directors do not recommend the payment of a dividend.

## **Reserves**

Movements in the reserves of the Group and the Company during the year are set out in note 18 to the accounts.

## **Fixed assets**

Details of the movements in fixed assets of the Group and the Company are set out in note 10 to the accounts.

## **Principal properties**

Details of the principal properties held for investment purpose are set out on page 36.

## **Share capital, warrants and options**

Details of the movements in share capital and share options of the Company are set out in note 17 to the accounts.

## **Distributable reserves**

At 31st March 2001, the Company has no reserve available for distribution.

## **Five year financial summary**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3.

## **Purchase, sale and redemption of shares**

The Company had 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.



## Report of the Directors *(continued)*

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### **Directors**

The directors during the year were:

#### *Executive directors:*

Ms. Ma Shuk Kam  
Mr. Kwan Ming Kau, Cary  
Mr. Cheng Kai Sum  
Mr. Liu Yu Mo (appointed on 29th December 2000)  
Mr. Sy Ching Tang, Timothy (resigned on 29th December 2000)

#### *Independent non-executive directors:*

Mr. Chung Siu Wah  
Ms. Lin Wai Yi, Deca

In accordance with Bye-laws 86(2) and 87(2) of the Company's Bye-laws, Messrs. Liu Yu Mo and Cheng Kai Sum shall retire. Mr. Liu Yu Mo has offered for re-election but Mr. Cheng Kai Sum has decided not to offer for re-election.

### **Biographical details of directors and senior management**

#### **Chairperson**

Ms. Ma Shuk Kam, aged 47, was elected the Chairperson of the Board on 29th December 2000 after the resignation of the previous Chairman on the same day. Ms. Ma has been an executive director of the Company since January 2000 after World Possession Assets Limited became a substantial shareholder of the Company. Ms. Ma is a veteran property investor with portfolio diversifying into Hong Kong and the People's Republic of China. Ms. Ma is responsible for the overall business development of the Group.

#### **Executive Directors**

Mr. Kwan Ming Kau, Cary, aged 49, has many years of experience in hotel management and restaurant operation prior to joining the Company in January 2000. Mr. Kwan is a citizen of the United States of America and has been investing in the property market in the United States of America in the past. Mr. Kwan provides strategic opinions as to the restaurant operation of the Group.

Mr. Cheng Kai Sum, aged 41, is responsible for the corporate development and financial planning. Mr. Cheng received a Bachelor of Social Sciences degree from the University of Hong Kong in 1982. Prior to joining the Company, Mr. Cheng develops a successful career in the financial services in Hong Kong, serving in senior capacities in different international investment houses in Hong Kong. His expertise has been in assets management and investment banking services. Mr. Cheng was appointed as a director of Opal Technologies, Inc. ("Opal") in April 2000 after the Group made a US\$10 million investment into Opal by way of a convertible note.

Mr. Liu Yu Mo, aged 42, first joined the Group in 1997, initially serving as the Deputy General Manager and Financial Controller of Golden Island (Management) Limited, a subsidiary of the Company. Mr. Liu was appointed as a director of the Company on 29th December 2000. Mr. Liu has over 17 years of experience in auditing and accounting. He is a certified practising accountant (Aust.) and a fellow member of the Hong Kong Society of Accountants.



## Report of the Directors *(continued)*

### Biographical details of directors and senior management *(continued)*

#### Independent non-executive Directors

Mr. Chung Siu Wah, aged 44, has been a solicitor practising in Hong Kong since 1989 and is a partner of Messrs. Tony Kan and Company, Solicitors and Notaries.

Ms. Lin Wai Yi, Deca, aged 37, obtained Bachelor and Master degrees in Chinese Law from the Beijing University in 1992 and 1996 respectively. Ms. Lin has been a solicitor practising in Hong Kong since 1994 and in England and Wales since 1996. Ms. Lin runs her own solicitors firm, Messrs. Deca Lin & Partners, since October 1998.

#### Senior management

Mr. Wong Hung Ting, aged 52, is a General Manager of Golden Island Catering Group Company Limited. He has over 34 years of experience in the catering field and has been with the Group for 20 years. Mr. Wong is in charge of the day-to-day operation of the Group's restaurant at Star House, Tsimshatsui, Kowloon.

Mr. Ng Muk Hing, aged 55, is the Chief chef of Golden Island Catering Group Company Limited. He has over 34 years of experience in catering and has been with the Group for 22 years.

Mr. Chan Muk Hing, aged 54, is the General Manager of Golden Island Bird's Nest Chiu Chau Restaurant (Shantou) Limited (Jieyang Branch). He has been with the Group since 1983.

#### Directors' service contracts

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

#### Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company, its holding company, its subsidiaries or its fellow 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' interests in equity or debt securities

At 31st March 2001, the beneficial interests of the directors and chief executive in the shares and options of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

##### (a) Ordinary shares HK\$0.05 each in the Company

Name	Types of Interest	Number of shares in the Company
Mr. Kwan Ming Kau, Cary	Corporate <i>(Note)</i>	450,000,000
Ms. Ma Shuk Kam	Corporate <i>(Note)</i>	450,000,000

*Note:* These shares were held by World Possession Assets Limited. Each of Mr. Kwan Ming Kau, Cary and Ms. Ma Shuk Kam beneficially own 150,000,000 shares of the Company.



## Report of the Directors *(continued)*

### Directors' interests in equity or debt securities *(continued)*

Save as disclosed above, and other than certain nominee shares in subsidiaries held by a director in trust for the Group as at 31st March 2001, none of the directors and chief executives of the Company (including their spouse and children under 18 years of age) had any interests in the equity or debt securities of the Company and its associated corporation (within the meaning of the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under section 31 or Part I of the Schedule to the SDI Ordinance) or which were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

### (b) Share options in the Company

Name	Options granted on 26th April 2000	Options granted on 29th December 2000	Outstanding options as at 31st March 2001
Mr Kwan Ming Kau, Cary	10,000,000	5,000,000	15,000,000
Ms Ma Shuk Kam and her spouse	20,000,000	5,000,000	25,000,000
Mr Cheng Kai Sum	10,000,000	5,000,000	15,000,000
Mr Liu Yu Mo	2,000,000	2,000,000	4,000,000
	<u>42,000,000</u>	<u>17,000,000</u>	<u>59,000,000</u>

Details of share options granted during the year are set out in note 17 to the accounts. No options were waived or exercised up to the date of this report.

Save as disclosed above, at no time during the year was the Company, its holding company, its subsidiaries, or its fellow subsidiaries a party to any arrangement to enable the directors or chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares in, debentures of, the Company or any other body corporate.

### Substantial shareholder

As at 31st March 2001, according to the register of interests required to be kept by the Company under section 16(1) of the SDI Ordinance, the shareholder who was interested in 10 percent or more of the issued share capital of the Company was as follows:

Name	Number of shares
World Possession Assets Limited	450,000,000

### Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.



## Report of the Directors *(continued)*

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### Major customers and suppliers

During the year, the Group sold less than 30% of its goods to its 5 largest customers.

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

Purchases	
– the largest supplier	22%
– the five largest suppliers combined	42%

None of the directors, their associates or any shareholder which to the knowledge of the directors owns more than 5% of the Company's share capital had any interest in the major suppliers or customers noted above.

### Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

### Compliance with the Code of Best Practice of the Listing Rules

In the opinion of the directors, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited throughout the year ended 31st March 2001 except that the non-executive directors were not appointed for a specific term. However, they are subjected to retirement by rotation in annual general meetings of the Company in accordance with the Company's Bye-laws.

### Audit Committee

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the company's auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness of the external audit and of internal controls and risk evaluation. The Committee comprises two independent non-executive directors namely Mr. Chung Siu Wah and Ms. Lin Wai Yi, Deca. Two meetings were held during the current financial year.

### Auditors

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Ma Shuk Kam**  
*Chairperson*

Hong Kong, 19th July 2001