



Report of the Directors

The directors submit their report together with the audited accounts for the year ended 31st March 2003.

Principal activities and geographic analysis of operations

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 performance for the year by business and geographical segments is set out in note 3 to the accounts.

Results and appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 13.

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 40.

Share capital

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

Distributable reserves

At 31st March 2003, the Company has no reserve available for distribution.

Pre-emptive rights

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

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 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.



Report of the Directors *(continued)*

Share options

Pursuant to the Company's previous share option scheme (the "Old Scheme"), which became effective on 2nd January 1991, the directors of the Company might at their discretion grant options to directors and employees of the Company and its subsidiaries to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

The Old Scheme expired on 1st January 2001. The options granted under the Old Scheme outstanding are exercisable subject to the terms of the Old Scheme.

At 31st March 2003, particulars of outstanding share options granted under the Old Scheme are as follows:

Name	Date of grant	Exercise price HK\$	Balance outstanding as at 1st April 2002 and 31st March 2003	Exercisable period
Director – Mr. Kwan Ming Kau, Cary (<i>Note</i>)	26th April 2000	0.58	10,000,000	1st August 2000 to 31st July 2005
	29th December 2000	0.26	5,000,000	29th December 2000 to 31st July 2005
Director – Ms. Ma Shuk Kam	26th April 2000	0.58	10,000,000	1st August 2000 to 31st July 2005
	29th December 2000	0.26	5,000,000	29th December 2000 to 31st July 2005
Director – Mr. Liu Yu Mo	26th April 2000	0.58	2,000,000	1st August 2000 to 31st July 2005
	29th December 2000	0.26	2,000,000	29th December 2000 to 31st July 2005
Continuous contract employees	26th April 2000	0.58	2,500,000	1st August 2000 to 31st July 2005
	29th December 2000	0.26	1,956,000	29th December 2000 to 31st July 2005
			38,456,000	

No option to subscribe for shares of the Company were granted, exercised or lapsed during the year.

Note: Subsequent to the balance sheet date, Mr. Kwan Ming Kau, Cary, resigned as a director of the Company. Accordingly, options to subscribe for 15,000,000 shares were lapsed upon the director's resignation of office.

On 30th August 2002, the Company has adopted a new share option scheme (the "New Scheme"), pursuant to which the Company may grant options without initial payment to (i) any director, employee or consultant of the Group or a company in which the Group holds an equity interest or a subsidiary of such company ("Affiliate"); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Group or an



Report of the Directors *(continued)*

Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Group or an Affiliate; or (iv) any customer, supplier or adviser whose service to the Group or business with the Group contributes or is expected to contribute to the business or operation of the Group as may be determined by the directors from time to time to subscribe for shares of the Company. The subscription price of the shares under the New Scheme will be the highest of (i) the nominal value of the shares; (ii) the closing price per share as stated in daily quotation sheets of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of grant; and (iii) the average closing price per share as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant and such price may be adjusted from time to time pursuant to the New Scheme. No share options under the New Scheme were granted since its adoption.

Directors

The directors during the year and up to the date of this report were:

Executive directors:

Ms. Ma Shuk Kam
Mr. Liu Yu Mo
Mr. Chung Siu Wah
Mr. Yeung Chi Hang (appointed on 1st May 2002)
Mr. Kwan Ming Kau, Cary (resigned on 28th April 2003)

Independent non-executive directors:

Ms. Lin Wai Yi, Deca
Mr. Cheung Chi Wah

In accordance with Bye-law 87(2) of the Company’s Bye-laws, Ms. Lin Wai Yi, Deca, shall retire by rotation and, being eligible, offer themselves for re-election.

Biographical details of directors and senior management

Chairperson

Ms. Ma Shuk Kam, aged 49, was elected the Chairperson of the Board on 29th December 2000. Ms. Ma is a veteran property investor with diversified portfolio 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. Liu Yu Mo, aged 44, was appointed as a director of the Company on 29th December 2000. Mr. Liu has over 18 years of experience in auditing and accounting. Mr. Liu obtained a master degree in business administration in 2002. Mr. Liu is a certified practising accountant (Aust.) and a fellow member of the Hong Kong Society of Accountants.

Mr. Chung Siu Wah, aged 46, was appointed as an executive director of the Company on 28th November 2001 and ceased to be a member of the Audit Committee of the Company on the same date. He has been a solicitor practising in Hong Kong since 1989 and is a partner of Messrs. Tony Kan and Company, Solicitors and Notaries.

Mr. Yeung Chi Hang, aged 24, first joined the Group as Assistant General Manager of Golden Island (Management) Limited, a subsidiary of the Company, in 2001. Mr. Yeung was appointed as a director of the Company on 1st May 2002. Mr. Yeung worked in property investment and wedding services companies in Hong Kong prior to joining the Company. He is the son of Ms. Ma Shuk Kam.



Report of the Directors *(continued)*

Independent non-executive Directors

Mr. Cheung Chi Wah, aged 35, has been a solicitor practising in Hong Kong since 1997 and became a partner of Messrs. Tony Kan and Company, Solicitors and Notaries in July 2001.

Ms. Lin Wai Yi, Deca, aged 39, obtained Bachelor, Master and Doctorate degrees in Chinese Law from the Beijing University in 1992, 1996 and 2002 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 54, is the General Manager of Golden Island Catering Group Company Limited. He has over 35 years of experience in the catering field and has been with the Group for more than 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 57, is the Chief chef of Golden Island Catering Group Company Limited. He has over 35 years of experience in catering and has been with the Group for more than 20 years.

Directors' service contracts

None of the directors 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 subsidiaries or its holding company 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 2003, the 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:

Name	Types of Interest	Number of ordinary shares of HK\$0.05 each in the Company
Ms. Ma Shuk Kam	Corporate <i>(Note)</i>	450,000,000
Mr. Kwan Ming Kau, Cary	Corporate <i>(Note)</i>	450,000,000
Mr. Liu Yu Mo	Personal	24,000

Share options were granted to directors under the Company's previous share option scheme, details of which are set out under the heading "Share options" above.

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 2003, none of the directors and chief executive 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



Report of the Directors *(continued)*

(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.

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

Note: These shares were held by World Possession Assets Limited in which each of Ms. Ma Shuk Kam and Mr. Kwan Ming Kau, Cary has 33 1/3% interest.

Substantial shareholder

At 31st March 2003, 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 follow:

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.

Major customers and suppliers

During the year, the Group's 5 largest customers accounted for less than 30% of its total turnover.

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

Purchases	
– the largest supplier	21%
– the five largest suppliers combined	54%

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 an interest in the major suppliers or customers noted above.

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 Appendix 14 of the Listing Rules of the Stock Exchange throughout the year except that the independent 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 Bye-laws of the Company.



Report of the Directors *(continued)*

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 both of the external audit and of internal controls and risk evaluation.

The Committee currently comprises two independent non-executive directors namely Mr. Cheung Chi 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, 15th July 2003