

The directors submit their report together with the audited accounts for the year ended 31st March 2004.

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 segment is set out in note 2 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 15.

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 19 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 48.

Share capital

Details of the share capital of the Company are set out in note 18 to the accounts.

Distributable reserves

At 31st March 2004, 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.

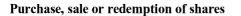
Five year financial summary

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.

Retirement benefit schemes

Details of the retirement benefit schemes are set out in notes 1 (m) and 20 to the accounts.





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.

Share options

Pursuant to the Company's 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.

During the year, particulars and movement of the outstanding share options granted under the Old Scheme are as follows:

Name	E Date of grant	xercise price <i>HK\$</i>	Balance outstanding as at 1st April 2003	Lapsed during the year	Balance outstanding as at 31st March 2004	Exercisable period
Director – Mr. Kwan Ming Kau, Cary	26th April 2000	0.58	10,000,000	(10,000,000)	_	1st August 2000 to 28th April 2003 (Note 1)
	29th December 2000	0.26	5,000,000	(5,000,000)	_	29th December 2000 to 28th April 2003 (<i>Note 1</i>)
Director – Ms. Ma Shuk Kam	26th April 2000	0.58	10,000,000	(10,000,000)	_	1st August 2000 to 28th October 2003 <i>(Note 2)</i>
	29th December 2000	0.26	5,000,000	(5,000,000)	_	29th December 2000 to 28th October 2003 (<i>Note 2</i>)
Director – Mr. Liu Yu Mo	26th April 2000	0.58	2,000,000	(2,000,000)	-	1st August 2000 to 28th October 2003 <i>(Note 2)</i>
	29th December 2000	0.26	2,000,000	(2,000,000)	-	29th December 2000 to 28th October 2003 (<i>Note 2</i>)
Continuous contract employees	26th April 2000	0.58	2,500,000	(2,500,000)	-	1st August 2000 to 28th October 2003 <i>(Note 2)</i>
	29th December 2000	0.26	1,956,000	(1,956,000)	-	29th December 2000 to 28th October 2003
			38,456,000	(38,456,000)		(Note 2)



Notes:

- 1. These options held by Mr. Kwan Ming Kau, Cary were originally exercisable until 31st July 2005. All of them lapsed on 28th April 2003 upon his resignation as a director of the Company on that date.
- 2. These options were originally exercisable until 31st July 2005. Due to the takeover of control of the Company by World Possession Assets Limited in April 2003, the latest date for the exercise of these options was brought forward to 28th October 2003 pursuant to the terms of the Old Scheme. All of these options lapsed on 29th October 2003 pursuant to the terms of the Old Scheme.

On 30th August 2002, the Company 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 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 per share 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 for the five business days immediately preceding the date of grant, subject to adjustment pursuant to the terms of the New Scheme. No option under the New Scheme has been granted since its adoption.

Directors

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

Executive directors:

Mr. Yeung Chi Hang Ms. Ma Shuk Kam Mr. Liu Yu Mo Mr. Chung Siu Wah Mr. Kwan Ming Kau, Cary (appointed as Chairman on 26th April 2004)

(resigned on 28th April 2003)

Independent non-executive directors:

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

In accordance with Bye-laws 86(2) and 87(2) of the Company's Bye-laws, Ms. Ma Shuk Kam shall retire by rotation and, being eligible, offer herself for re-election.

Biographical details of directors and senior management

Chairman

Mr. Yeung Chi Hang, aged 25, 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 and the chairman of the Board on 1st May 2002 and 26th April 2004 respectively. Mr. Yeung worked in property investment and wedding services companies in Hong Kong prior to joining the Group. He is the son of Ms. Ma Shuk Kam. Mr. Yeung is responsible for the overall business development of the Group.



Executive Directors

Ms. Ma Shuk Kam, aged 50, joined the Group in January, 2000 and was the Chairperson of the Board from 29th December, 2000 to 25th April, 2004. Ms. Ma is a veteran property investor with diversified portfolio in Hong Kong and the People's Republic of China. She is the mother of Mr. Yeung Chi Hang (the Chairman of the Company) and Ms. Yeung Kit Yu, Kitty (a member of the senior management of the Company) and the sister of Ms. Ma Shok Hung (a member of the senior management of the Company).

Mr. Liu Yu Mo, aged 45, was appointed as a director of the Company on 29th December 2000. He has over 18 years of experience in management, auditing and accounting. Mr. Liu obtained a master of business administration degree in 2002, and is a certified practising accountant (Aust.) and a fellow member of the Hong Kong Society of Accountants.

Mr. Chung Siu Wah, aged 47, was appointed as a director of the Company on 28th November 2001. He has been a solicitor practising in Hong Kong since 1989 and is a consultant of Messrs. Tony Kan and Company, Solicitors and Notaries.

Independent non-executive Directors

Mr. Cheung Chi Wah, aged 37, 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 40, 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 55, 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.

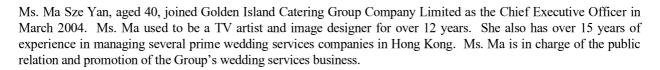
Mr. Ng Muk Hing, aged 58, is the Chief chef of Golden Island Catering Group Company Limited. He has over 35 years of experience in catering and has been with the Group for more than 20 years.

Ms. Yeung Kit Yu, Kitty, aged 23, joined Golden Island (Management) Limited as Assistant General Manager in September 2003. Ms. Yeung obtained a Bachelor degree in Arts from the University of British Columbia in May 2002. She is the daughter of Ms. Ma Shuk Kam.

Ms. Ma Shok Hung, aged 47, joined Golden Island Catering Group Company Limited as the Chief Executive Officer in March 2004. She was appointed the General Manager of Wonderful Arts Wedding Services in March 2001. Since March 2003, she held the position of Chief Executive Officer supervising the operation of both Wonderful Arts Wedding Services and Cite Du Louvre. Ms. Ma is presently in charge of the daily operation of the Group's wedding services business. She is the sister of Ms. Ma Shuk Kam.

Mr. Leung King Ching, aged 42, joined Golden Island Catering Group Company Limited as the Chief Executive Officer in March 2004. Mr. Leung has been engaged in the top management team of several prime wedding services companies in Hong Kong for over 15 years. He is in charge of the marketing of the Group's wedding services business.





Mr. Chik To Pan, aged 25, joined Golden Island Catering Group Company Limited as the Chief Executive Officer in March 2004. He worked in restaurant and wedding service companies in Hong Kong before joining the Group. He is in charge of the business development of the Group's wedding service business.

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

Save as provided in paragraph (b)(i) of the section headed "Connected transactions" below, 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

As at 31st March 2004, the interests of the directors and chief executive of the Company in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name	Number of shares	Nature of interest	Percentage of shareholding
Ma Shuk Kam	587,322,207	Corporate (Note)	53.59
Yeung Chi Hang	587,322,207	Corporate (Note)	53.59
Liu Yu Mo	24,000	Personal	0.002

Note: These shares are owned by World Possession Assets Limited ("World Possession"), which is beneficially owned by Ms. Ma Shuk Kam, Mr. Yeung Chi Hang and Ms. Yeung Kit Yu, Kitty in equal shares.

Save as disclosed herein, as at 31st March 2004, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 for Securities Transactions by Directors of Listed Companies.

Substantial shareholders

As at 31st March 2004, the following substantial shareholders (other than a director or chief executive of the Company) had interests in the share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:



Name	Number of shares	Nature of interest	shareholding
World Possession	587,322,207	Beneficial owner	53.59
Yeung Kit Yu, Kitty	587,322,207	Corporate (Note)	53.59

Percentage of

Note: These shares are held by World Possession.

Save as disclosed herein, as at 31st March 2004, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

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 	20%
 the five largest suppliers combined 	50%

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.

Connected transactions

- (a) Significant related party transactions entered into by the Group during the year ended 31st March 2004, which do not constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules"), are disclosed in note 23 to the accounts.
- (b) Other related party transactions, which also constitute connected transactions/continuing connected transactions under the Listing Rules are as follows:
 - (i) On 20th January 2004, Golden Island Catering Group Company Limited ("Golden Island Catering"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Golden Winner Holdings Limited ("Golden Winner"), a wholly owned subsidiary of Wealth Track Asia Limited, a company which Mr. Yeung Chi Hang ("Mr. Yeung"), the Chairman, and his associate, had 50% interest, to purchase the business of provision of wedding services under the trade names of "Cite Du Louvre" and "Wonderful Arts Wedding Services" in Hong Kong (the "Business") for a cash consideration of HK\$24,000,000 (the "Agreement"). The acquisition enables the Group to diversify its business portfolio and venture into the leisure servicing industry in Hong Kong.

On completion of the acquisition of the Business, Golden Winner assigned two tenancy agreements (the "Related Tenancy Agreements") in respect of the premises at 135 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong ("Property 1") and Workshop Space B on 2nd Floor, Fung Wah Factory Building, 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong ("Property 2") to Golden Island Catering with effect from 6th March 2004. The landlords of Property 1 and Property 2 are West Global Investments Limited and Source Expand Development Limited respectively, both associates of Ms. Ma Shuk Kam and Mr. Yeung, directors of the Company. Major terms of the Related Tenancy Agreements are as follows:





- Term: 2 years from 1st December 2003 to 30th November 2005, subject to the tenant's right to (i) terminate the tenancy after 12 months by giving 2 months' notice in writing to the landlord; and (ii) renew for a further term of one year at the prevailing market rent
- Rent: HK\$180,000 per month, exclusive of rates, management fees and government rent

Property 2

- Term: 2 years from 1st January 2004 to 31st December 2005
- Rent: HK\$6,000 per month, exclusive of rates, management fees and government rent
- (ii) Management fees income of HK\$1,117,145 were charged at 1.5% on revenue of Golden Winner, which were derived from the Business. About HK\$964,234 of these management fees were charged prior to 20th January 2004, the date of the Agreement, with the balance of HK\$152,911 being charged up to 5th March 2004, the date of completion of the Agreement.

The independent non-executive directors of the Company have reviewed the continuing connected transactions under the Related Tenancy Agreements pursuant to Rule 14A.37 of the Listing Rules and confirmed that the transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms; and
- (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the continuing connected transactions under the Related Tenancy Agreements pursuant to Rule 14A.38 of the Listing Rules and advised the board of directors of the Company in writing (with a copy provided to the Stock Exchange) that the transactions:

- (a) have received the approval of the board of directors of the Company;
- (b) have been entered into in accordance with the relevant agreements governing the transactions; and
- (c) have not exceed the caps disclosed in previous announcement.

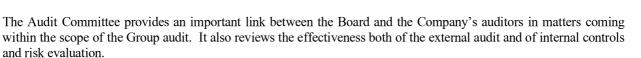
Compliance with the Code of Best Practice of the Listing Rules

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 throughout the year 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 Bye-laws of the Company.

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 Committee currently comprises two independent non-executive directors namely Mr. Cheung Chi Wai 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 would not seek reappointment as auditors of the Company at the forthcoming annual general meeting of the Company ("AGM"). The Board proposed to appoint BDO McCabe Lo & Co. as auditors of the Company at the AGM.

On behalf of the Board Yeung Chi Hang Chairman

Hong Kong, 20th July 2004