

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 47 and 48 to the financial statements, respectively.

RESULTS AND DIVIDEND

The results of the Group and appropriations of the Company for the year ended 31st March, 2005 are set out in the consolidated income statement on page 27 and note 12 to the financial statements, respectively. An interim dividend of HK\$0.33 per share (before share subdivision) was paid to the shareholders during the year. The directors propose a final dividend of HK\$0.068 per share.

INVESTMENT PROPERTIES

During the year, the Group acquired investment properties at a cost of approximately HK\$743 million.

At 31st March, 2005, the Group revalued all of its investment properties on an open market value basis. Out of the surplus arising on the revaluation amounting to approximately HK\$607 million, approximately HK\$352 million has been credited to the consolidated income statement and the remaining balance of approximately HK\$255 million has been credited to the investment property revaluation reserve.

Details of changes in the investment properties of the Group are set out in note 14 to the financial statements.

A summary of investment properties of the Group at 31st March, 2005 is set out on pages 91 to 95.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$15 million.

Details of changes in the property, plant and equipment of the Group are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of changes in share capital of the Company are set out in note 35 to the financial statements.

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RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out on page 31 and in note 37 to the financial statements respectively.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Non-executive director:

Luk Siu Man, Semon (*Chairperson*) (redesignated from executive director to non-executive director on 19th July, 2005)

Executive directors:

Wong Chi Fai (*Managing Director*)
Fan Man Seung, Vanessa (*Managing Director*)
Yeung Lik Shing, Michael
Mok Fung Lin, Ivy
Chan Pak Lam, Tom

Independent non-executive directors:

Law Ka Ming, Michael
Chan Man Hon, Eric
Liu Hing Hung (appointed on 23rd September, 2004)

The term of office of each director, including the independent non-executive directors, is the period up to his/her retirement by rotation in accordance with the Bye-laws of the Company.

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Liu Hing Hung would retire at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

In accordance with Bye-laws 87(2) and 87(3) of the Company's Bye-laws, Mr. Yeung Lik Shing, Michael and Ms. Fan Man Seung, Vanessa would retire by rotation at the forthcoming annual general meeting. Ms. Fan Man Seung, Vanessa, being eligible, offers herself for re-election; whereas Mr. Yeung Lik Shing, Michael wishes to retire and not to offer himself for re-election.

None of the directors has a service contract with the Company or any of its subsidiaries 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 AND SHORT POSITIONS IN SECURITIES

As at 31st March, 2005, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register pursuant to Section 352 of the SFO; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in shares of the Company

Name of director	Nature of interests	Number of ordinary shares held	Percentage holding
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") (Note)	Family	780,069,411	69.48%

Note: 650,174,750 shares, representing 57.91% of the shares of the Company, were registered in the name of Charron Holdings Limited ("Charron") and 129,894,661 shares, representing 11.57% of the shares of the Company, were registered in the name of Pleasure Road Profits Limited ("Pleasure Road"). The entire issued share capital of Charron and Pleasure Road were indirectly held by The A&A Unit Trust and The A&S Unit Trust respectively, both under The Albert Yeung Discretionary Trust ("Trust"), a discretionary trust set up by Mr. Yeung Sau Shing, Albert ("Mr. Albert Yeung"). Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the total of 780,069,411 shares held by Charron and Pleasure Road. By virtue of the aforesaid interests of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and director of the Company) was also deemed to be interested in the above 780,069,411 shares.

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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES (continued)

(b) Long position in shares in associated corporations

Name of associated corporation	Nature of interest	Number of ordinary share(s) held	Percentage holding
Charron (<i>Note 1</i>)	Family	1	100%
Jumbo Wealth Limited ("Jumbo Wealth") (<i>Note 1</i>)	Family	1	100%
Surplus Way Profits Limited ("Surplus Way") (<i>Note 2</i>)	Family	1	100%
Emperor Entertainment Group Limited ("EEG") (<i>Note 2</i>)	Family	203,020,000	78.08%
Emperor Entertainment Hotel Limited ("EEH") (<i>Note 3</i>)	Family	310,137,600	33.39%

Notes:

- Charron was the registered owner of 650,174,750 shares, representing 57.91% of the total issued share capital of the Company. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of Charron and Jumbo Wealth. By virtue of the aforesaid interests of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and director of the Company) was also deemed to be interested in the share capital of Charron and Jumbo Wealth respectively.
- EEG is a company with its shares listed in Hong Kong; 78.08% of the shares of EEG were registered in the name of Surplus Way. The entire issued share capital of Surplus Way was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust. By virtue of the interests of The A&A Unit Trust in Charron and Surplus Way, both Surplus Way and EEG were associated corporations of the Company. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of Surplus Way and EEG respectively. By virtue of the aforesaid interests of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and director of the Company) was also deemed to be interested in the share capital of Surplus Way and EEG respectively.

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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES (continued)

3. EEH is a company with its shares listed in Hong Kong; 33.39% of the shares of EEH were registered in the name of Worthy Strong Investment Limited ("Worthy Strong"). The entire issued share capital of Worthy Strong was indirectly held by the Company. By virtue of the interests of the Company in EEH, EEH was an associated corporation of the Company. Charron was the registered owner of 650,174,750 shares, representing 57.91% of the total issued share capital of the Company and Pleasure Road was the registered owner of 129,894,661 shares, representing 11.57% of the total issued share capital of the Company. The entire issued share capital of Charron and Pleasure Road were indirectly held by The A&A Unit Trust and The A&S Unit Trust respectively, both under the Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 310,137,600 shares in the share capital of EEH. By virtue of the aforesaid interests of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and director of the Company) was also deemed to be interested in the 310,137,600 shares in the share capital of EEH.

Save as disclosed above, as at 31st March, 2005, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register pursuant to Section 352 of the SFO; or (c) pursuant to the Model Code of the Listing Rules, to be notified to the Company and the Stock Exchange.

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INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

At 31st March, 2005, so far as is known to any director or chief executive of the Company, the following persons (other than a director or chief executive of the Company) had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Long position in shares of the Company

Name of shareholder	Capacity/Nature of interests	Number of ordinary shares held	Percentage holding
Pleasure Road (Note 1)	Beneficial owner	129,894,661	11.57%
Cash-In Profits Limited ("Cash-In") (Note 1)	Interest in a controlled corporation	129,894,661	11.57%
Gain Wealth Investments Limited ("Gain Wealth") (Note 1)	Interest in a controlled corporation	129,894,661	11.57%
Perpetual Wealth Investments Limited ("Perpetual Wealth") (Note 1)	Trustee	129,894,661	11.57%
Charron (Note 2)	Beneficial owner	650,174,750	57.91%
Jumbo Wealth (Note 2)	Trustee	650,174,750	57.91%
GZ Trust Corporation ("GZ Trust") (Notes 1 and 2)	Trustee	780,069,411	69.48%
Mr. Albert Yeung (Notes 1 and 2)	Founder of the Trust	780,069,411	69.48%

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

(continued)

Notes:

1. The shares were registered in the name of Pleasure Road. The entire issued share capital of Pleasure Road was held by Cash-In which in turn was held by Gain Wealth. The entire issued share capital of Gain Wealth was held by Perpetual Wealth on trust for The A&S Unit Trust, a unit trust under the Trust, the trustee of which was GZ Trust. GZ Trust was deemed to be interested in the 129,894,661 shares held by Pleasure Road as trustee of the Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 129,894,661 shares held by Pleasure Road.
2. The shares were registered in the name of Charron. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust, the trustee of which was GZ Trust. GZ Trust was deemed to be interested in the 650,174,750 shares held by Charron as trustee of the Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 650,174,750 shares held by Charron.

The above 780,069,411 shares, including 129,894,661 shares held by Pleasure Road and 650,174,750 shares held by Charron, were the same shares as those set out under paragraph (a) of the section of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

Save as disclosed above, as at 31st March, 2005, so far as is known to the directors or chief executives of the Company, no other person (not being a director or chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange, under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

SHARE OPTION SCHEME AND DIRECTORS' AND EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Particulars of the Company's share option scheme are set out in note 36 to the financial statements.

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 any director or chief executive of the Company or their spouse or 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.

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DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31st March, 2005, the interests of directors or their respective associates in the business which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group ("Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

Name	Name of Company	Nature of interests	Competing business
Semon Luk, Director and her associate	Certain subsidiaries of the Trust of which Albert Yeung, associate of Semon Luk, was the founder	Substantial shareholder	Property development and investment
Fan Man Seung, Vanessa, Director	Bacchus International Limited and its subsidiaries	Director and substantial shareholder	Property investment
Yeung Lik Shing, Michael, Director	Always Income Limited	Director and substantial shareholder	Property investment
	Crown New Investment Limited	Director and substantial shareholder	Property investment
	Grand Fair Limited	Director and substantial shareholder	Property investment
	Kindyield International Investment Limited	Substantial shareholder	Property investment
	Manfund Investment Limited	Director and substantial shareholder	Property investment

Save as disclosed above, as at 31st March, 2005, none of the directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

During the year, the Group had the following transactions with directors or companies in which certain directors have beneficial interests:

The Group leased certain properties, on normal commercial terms, to Strong Time Investments Limited ("Strong Time"). Strong Time is a signing agent of Emperor International Exchange (Hong Kong) Company Limited, in which Ms. Semon Luk was 100% interested as at 31st March, 2005. The rental income received for the year amounted to approximately HK\$3,739,000.

The Group leased certain properties and provided advertising, back office and professional services to EEG. EEG is an investment holding company with its operating subsidiaries principally engaged in the entertainment business, in which Ms. Semon Luk has 78.08% deemed interest. Total rental and service income received for the year amounted to approximately HK\$2,230,000.

During the year, the Group leased certain properties to Beauty Royal Limited, a wholly-owned subsidiary of Emperor Watch & Jewellery (Holdings) Company Limited which is owned as to 72% by Diamond Palace Limited, a Company under a discretionary trust set up by Mr. Albert Yeung, a deemed substantial shareholder of the Company. The aggregate rental income received for the year, on normal commercial terms, was approximately HK\$2,413,000.

Save as disclosed above, there was 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$3,609,000.

DIRECTORS' REPORT

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

During the year, the aggregate amount of purchases and services received attributable to the Group's five largest suppliers represented approximately 59% of the Group's total purchases and services received and the largest supplier accounted for approximately 20% of the purchases and services received for the year.

None of the directors, their associates, or any shareholders which, to the knowledge of the directors, owning more than 5% of the Company's issued share capital, had a beneficial interest in the share capital of any of the above major suppliers of the Group.

CORPORATE GOVERNANCE

The Company had complied throughout the year 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 were not appointed for specific terms as set out in Appendix 14 of the Listing Rules, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

The board practices and procedures were replaced by the Code on Corporate Governance Practices which came into effect on 1st January, 2005. Appropriate actions are being taken by the Company in complying with the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code as its own code of conduct regarding directors' securities trading. Having made specific enquiry to all the directors of the Company, all the directors confirmed that they have complied with the required standard of dealings as set out in the Model Code.

BOARD PRACTICES

The Company had received an annual confirmation of independence from each of the independent non-executive directors of the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all the independent non-executive directors meet the independence guidelines and are independent in accordance with the terms of the guidelines.

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AUDIT COMMITTEE

The Company established an audit committee with written terms of reference comprising the three independent non-executive directors of the Company, namely Mr. Chan Man Hon, Eric (Chairman of the audit committee), Mr. Law Ka Ming, Michael and Mr. Liu Hing Hung. The principal duties of the audit committee included the review and supervision of the Group's financial reporting system, internal control procedures, the Group's financial information and relationship with the auditors of the Company.

The audit committee held two meetings during the year. The audit committee also reviewed and commented on the Company's draft annual and interim financial reports and met with the external auditors.

REMUNERATION COMMITTEE

The Company established a remuneration committee, comprising a majority of independent non-executive directors, with written terms of reference. The remuneration committee comprised Mr. Wong Chi Fai (Chairman of the remuneration committee), Mr. Law Ka Ming, Michael and Mr. Liu Hing Hung.

The principal responsibilities of the remuneration committee included making recommendations to the board of directors on the Company's policy and structure for all remuneration of directors and senior management and reviewing the specific remuneration packages of all executive directors and senior management.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company maintained the prescribed public float under the Listing Rules.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Luk Siu Man, Semon

Chairperson

Hong Kong

19th July, 2005