



Directors' Report

The directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 21 to the financial statements.

An analysis of the Group's performance for the year by business and geographical segments are set out in note 6 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2006 are set out in the consolidated income statement on page 20.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2006.

FIXED ASSETS

Details of movements in fixed assets of the Group and the Company during the year are set out in notes 17 and 18 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 31 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 33 to the financial statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 March 2006 are set out in note 33 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and there is 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 4(o) and 34 to the financial statements.



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SHARE OPTION SCHEME

On 30 August 2002, the Company adopted a share option scheme (the "Scheme") as detailed in note 32 to the financial statements.

On 13 December 2005, the Company granted options under the Scheme to the directors detailed in the sub-section headed "Directors' interests in equity or debt securities" below.

DIRECTORS AND SENIOR MANAGEMENT

The directors during the year and up to date of this report are as follows:

Yeung Chi Hang (*Chairman*)
Ma Shuk Kam
Liu Yu Mo (*Chief Executive Officer*)
Chung Siu Wah
Yeung Kit Yu, Kitty
Au Edmond Wah
Chik To Pan
Chan Lai Mei
Lee Wai Loun
Lee Yuk Sang, Angus

In accordance with Bye-law 87(2) of the Company's Bye-laws, Messrs. Yeung Chi Hang, Ma Shuk Kam, Liu Yu Mo and Chung Siu Wah shall retire by rotation. Being eligible, these directors have offered themselves for re-election.

Biographical details of directors and senior management

Chairman

Mr. Yeung Chi Hang ("Mr. Yeung"), aged 27, joined the Group in 2001. He was appointed as a director of the Company and the Chairman of the Board on 1 May 2002 and 26 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 Madam Ma Shuk Kam and the brother of Ms. Yeung Kit Yu, Kitty, both executive directors of the Company. Mr. Yeung is responsible for the overall business development of the Group.

Executive Directors

Madam Ma Shuk Kam ("Madam Ma"), aged 52, joined the Group in January, 2000 and was the Chairperson of the Board from 29 December, 2000 to 25 April, 2004. Madam 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 and Ms. Yeung Kit Yu, Kitty (an executive director of the Company).

Mr. Liu Yu Mo, aged 47, was appointed as a director and the Chief Executive Officer of the Company on 29 December 2000 and 8 March 2005 respectively. Mr. Liu has over 18 years of experience in management, auditing and accounting. He is a certified practising accountant (Aust.) and a fellow member of the Hong Kong Institute of Certified Public Accountants, and holds a master of business administration degree.



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Mr. Chung Siu Wah, aged 49, was appointed as a director of the Company on 28 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.

Ms. Yeung Kit Yu, Kitty (“Ms. Yeung”), aged 25, obtained a bachelor’s degree of Arts in Asian Studies from the University of British Columbia, Canada. Ms. Yeung is also an Assistant General Manager of Golden Island (Management) Limited (“GI Management”), a wholly owned subsidiary of the Company. She is the daughter of Madam Ma and the sister of Mr. Yeung.

Mr. Au Edmond Wah, aged 52, has been holding senior management positions in various companies in Hong Kong, China, Canada, Singapore and Macau for the past 26 years. He graduated from Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of both the Association of Chartered Certified Accountants and The Certified General Accountants Association of Canada. Mr. Au had been a director of various major subsidiaries of the Company from January 2000 to November 2000. He was appointed as an executive director of the Company on 10 September 2004.

Mr. Chik To Pan, aged 27, is in charge of business development of the Group’s wedding services business. He is also the General Manager of GI Management. Before joining the Group in March 2004, he worked in restaurant and wedding services companies in Hong Kong.

Independent non-executive Directors

Ms. Chan Lai Mei, aged 42, is a director of One One CPA Limited (Certified Public Accountants (Practising)). She has over 17 years of experience in auditing, accounting, corporate governance, financial management and corporate finance activities. Ms. Chan graduated from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). She is a fellow member of Association of Chartered Certified Accountants and a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants, Macau Society of Certified Practising Accountants and Taxation Institute of Hong Kong.

Mr. Lee Wai Loun, aged 71, is a managing director of Manlex International Co. Ltd., a trading company. He has over 22 years of experience in sales and management in trading and distribution of electronic components, integrated circuits and computer peripherals.

Mr. Lee Yuk Sang, Angus, aged 28, graduated from Kwantlen University College, Vancouver, Canada. Mr. Lee is a director of Everwin International Ind. Ltd. (a trading company) and Sun Mei Ngai Plastic Co. Ltd. (a manufacturing company). He has over 5 years of experience in sales, marketing, project and factory management and providing consulting services in trading of Christmas decoration goods and manufacturing of plastic goods.

The Company has received confirmations of independence from each of the independent non-executive directors in accordance with Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and considers them to be independent.

Senior management

Mr. Wong Hung Ting, aged 57, is a General Manager of Golden Island Catering Group Company Limited (“GI Catering”), a wholly owned subsidiary of the Company. He has over 37 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 60, is the Chief Chef of GI Catering. He has over 36 years of experience in catering and has been with the Group for more than 20 years.



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Ms. Lam Siu Pou, Betty, aged 43, joined GI Catering as a Chief Executive Officer in August 2005. She supervises the wedding services operations of both "Wonderful Arts Wedding Services" and "Cite Du Louvre". She has over 15 years' experience in sales, management and training in retail and hotel businesses.

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' interest in contracts

Save as disclosed in 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 31 March 2006, the interests of the directors and chief executives of the Company in the share capital of the Company (other than the options mentioned below) 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 of Hong Kong Limited (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	1,423,550,686	Corporate <i>(Note)</i>	54.12
Yeung Chi Hang	1,423,550,686	Corporate <i>(Note)</i>	54.12
Yeung Kit Yu, Kitty	1,423,550,686	Corporate <i>(Note)</i>	54.12
Liu Yu Mo	48,000	Personal	0.002

Note: These shares are owned by World Possession Assets Limited ("World Possession"), which is beneficially owned by Madam Ma, Mr. Yeung and Ms. Yeung in equal shares.

On 13 December 2005, options to subscribe for a total of 70,000,000 shares of HK\$0.05 each of the Company were granted under the Scheme to executive directors of the Company at the exercise price of HK\$0.2254 per share. The options may be exercised from the date of grant to 30 August 2012. No option was exercised during the year. Details of the options granted under the Scheme and which remained outstanding as at 31 March 2006 are as follows:

Name of director	No. of shares under outstanding options at 31/3/2006
Yeung Chi Hang	22,000,000
Ma Shuk Kam	22,000,000
Liu Yu Mo	1,000,000
Chung Siu Wah	1,000,000
Yeung Kit Yu, Kitty	22,000,000
Au Edmond Wah	1,000,000
Chik To Pan	1,000,000



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Save as disclosed herein, as at 31 March 2006, none of the directors or chief executives 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 SHAREHOLDER

At 31 March 2006, the following substantial shareholder (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	Percentage of shareholding
World Possession	1,423,550,686	Beneficial owner	54.12

Save as disclosed herein, as at 31 March 2006, 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 five largest customers accounted for less than 30% of its total turnover.

During the year, the Group's five largest suppliers accounted for less than 30% of its total purchases.

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

The Group entered into the following connected transactions not exempt under Rule 14A.31 of the Listing Rules during the year ended 31 March 2006:

- (a) on 11 May 2005, the Company and World Possession (a substantial shareholder of the Company owned by Madam Ma, Mr. Yeung and Ms. Yeung in equal shares) entered into a subscription agreement whereby World Possession agreed to subscribe for 219,176,800 shares of the Company at HK\$0.60 per share pursuant to a top-up placing to enable the Company to raise net proceeds of about HK\$128.4 million;
- (b) on 3 and 6 June 2005, the Company's wholly owned subsidiary, Worldaim Enterprises Limited ("Worldaim"), subscribed for a total of 51 shares in Wellprecise Limited ("Wellprecise"), representing 51% equity interest in Wellprecise, for a total consideration of HK\$51. On 18 June 2005, Worldaim entered into a shareholders

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agreement with Mr. Yuen Tak Yau, Daniel ("Mr. Yuen") and Nation Group Limited ("NGL") in respect of a joint venture relating to Wellprecise pursuant to which Worldaim advanced an interest free-loan of HK\$2,039,949 to Wellprecise, and Mr. Yuen and NGL made similar advances in proportion to their shareholdings in Wellprecise. NGL is wholly owned by Mr. Poon Tak Yip, a director and substantial shareholder of Reli-a-bo Entertainment Limited, a 60% owned subsidiary of the Company. Wellprecise is engaged in the operation of a Japanese restaurant;

- (c) on 12 July 2005, the Company's wholly owned subsidiary, Winkler Profits Limited ("Winkler"), subscribed for 51 shares in Witty Ventures Limited ("Witty"), representing 51% equity interest in Witty, for a total consideration of HK\$51. On the same date, Winkler entered into a shareholders agreement with Mr. Yuen in respect of a joint venture relating to Witty pursuant to which Winkler advanced an interest-free loan of HK\$8.16 million and Mr. Yuen advanced HK\$7.84 million to Witty. Mr. Yuen is a director and substantial shareholder of Wellprecise. Witty is engaged in the watch retail business; and
- (d) on 16 August 2005, Widelead Group Limited ("Widelead"), a wholly owned subsidiary of the Company, entered into an agreement with Wealth Access Holdings Limited ("Wealth Access") and Sunling Resources Limited (a wholly owned subsidiary of Wealth Access) (together the "Vendors") pursuant to which Widelead acquired (i) from the Vendors 95% of the equity capital of Waldorf Holding Limited ("Waldorf") for a total consideration of MOP191,442,400, and (ii) from Wealth Access the rights and benefits of interest-free loans in the total sum of MOP90,557,600 advanced by Wealth Access to Waldorf for a total consideration of MOP90,557,600. Waldorf and its subsidiaries own and operate Waldo Hotel in Macau (the "Hotel"). Mr. Yeung owns 50% interest in Wealth Access.

The Group entered into the following continuing connected transactions not exempt under Rule14A.33 of the Listing Rules during the year ended 31 March 2006:

- (a) the following tenancy agreements were entered into between associates of Mr. Yeung, Madam Ma and Mr. Cheng Kwee ("Mr. Cheng"), a director of various subsidiaries of the Company, as landlords and GI Catering as tenant:

1. *Tenancy agreement dated 18 November 2005 relating to No. 135, Waterloo Road, Kowloon, Hong Kong*

Landlord	Term	Monthly rental
West Global Investments Limited (an associate of Mr. Yeung, Madam Ma and Mr. Cheng)	1 December 2005 to 30 November 2006	HK\$180,000 (exclusive of rates, management fees and government rent which are payable to independent third parties)

2. *Tenancy agreement dated 18 November 2005 relating to Workshop Space B on the 2nd Floor, Fung Wah Factorial Building, Nos.646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong*

Landlord	Term	Monthly rental
Source Expand Development Limited (an associate of Mr. Yeung and Madam Ma)	1 January, 2006 to 31 December, 2007	HK\$9,000 (exclusive of rates, management fees and government rent which are payable to independent third parties)



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3. *Tenancy agreement dated 13 January 2005 relating to Unit 2811 on the 28th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong*

Landlord	Term	Monthly rental
High Brand Limited (an associate of Madam Ma and Mr. Cheng)	1 February 2005 to 30 June 2006	HK\$51,100 (exclusive of rates, management fees and government rent which are payable to independent third parties)

- (b) Waldo Hotel Limited (“Waldo Hotel”), a wholly owned subsidiary of Waldorf, and Waldo Entertainment Limited (“Waldo Entertainment”), a wholly owned subsidiary of Wealth Access, entered into a memorandum dated 25 August 2005 (as amended on 29 August 2005) (the “Memorandum”) pursuant to which Waldo Hotel agrees to provide services and/or facilities to a casino operated by Galaxy Casino, S.A. and located in the Hotel (the “Casino”) and its customers (including extra staff members to support such services for Waldo Entertainment), namely, (i) serving food and beverage and provision of cleaning services in the Casino; (ii) provision of storage, ticketing and transportation services for the customers of the Casino; and (iii) provision of additional or upgrade security services at non-casino areas of the Hotel. Waldo Hotel further agrees to provide hotel accommodation service and food and beverage service to Waldo Entertainment.

Pursuant to the Memorandum, Waldo Hotel shall:

- (i) be reimbursed by Waldo Entertainment all costs/expenses incurred in the employment of the extra staff members for provision of the related services;
- (ii) be reimbursed by Waldo Entertainment the cost for all sundries consumed or used by customers of the Casino;
- (iii) charge Waldo Entertainment for providing hotel accommodation service and food and beverage service to Waldo Entertainment at prevailing prices offered by Waldo Hotel to independent regular customers and on normal commercial terms; and
- (iv) be responsible for all capital expenses and maintenance of such equipment for provision of the related services in the Casino.

The Memorandum is for a term from 25 August 2005 to 31 March 2008.

The annual caps in respect of the reimbursement/payment by Waldo Entertainment to Waldo Hotel for the related services for each of three years ending 31 March 2006, 2007 and 2008 are HK\$10 million, HK\$24 million and HK\$26.2 million respectively.

The services contemplated under the Memorandum enable Waldo Hotel to secure, at no extra fixed cost or salary cost, additional source of income through provision of food and beverages in the Casino.

The independent non-executive directors of the Company have reviewed the continuing connected transactions and confirm that the transactions have been entered into:

1. in the ordinary and usual course of business of the Group;