

Directors' Report

The Directors present their report and audited financial statements of the Company and the Group for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of its subsidiaries during the year are set out in note 4 to the financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 13 to the financial statements.

RESULTS AND DIVIDENDS

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 dividends in respect of the year.

SUMMARY FINANCIAL INFORMATION

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 76.

FIXED ASSETS

Details of the movements of the fixed assets of the Group during the year are set out in note 14 to the financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2006 are set out in note 15 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the Company's share capital during the year and details of the Company's share option scheme are set out in notes 25 and 26 to the financial statements respectively.

RESERVES

Details of the movements in the reserves of the Group and the Company are set out in note 25 to the financial statements.

Directors' Report

DIRECTORS

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

Executive directors

Mr. Chan King Ming	
Mr. Cheung Nam Chung, Brian	(appointed on 18 July 2006)
Mr. Siu Ting Cheong, Robert	(appointed on 18 July 2006)
Mr. Chan Chi Yuen	(appointed on 24 August 2005)
Mr. Lam Cheok Va, Francis	(appointed on 24 August 2005)
Ms. Li Wing Sze	(appointed on 18 July 2006)
Mr. Chan Chi Wan	(appointed on 8 June 2006)
Mr. Chen Zhiquan	(appointed on 8 June 2006)
Mr. Lee Keung Shing	(appointed on 8 June 2006)
Mr. Wong Kin Kwok	(appointed on 8 June 2006)
Ms. Ng Wai Fong, Wendy	(retired on 24 August 2005)
Ms. Leung Kwai Hing	(retired on 24 August 2005)
Ms. Kam Shuk Ling	(retired on 24 August 2005)
Mr. Lam Yiu Man, Lewis	(retired on 24 August 2005)
Ms. Ching Mei Yee	(retired on 24 August 2005)

Independent non-executive directors

Mr. Chan Chiu Hung, Alex	(appointed on 17 October 2005)
Mr. Lee Tsz Hong	(appointed on 13 July 2006)
Mr. Ng Wai Hung, Raymond	
Mr. Cham Yiu Keung	(appointed on 24 August 2005 and resigned on 13 July 2006)
Mr. Wong Chi Keung	(retired on 24 August 2005)
Mr. Yuen Xiaoxin	(retired on 24 August 2005)

Mr. Cheung Nam Chung, Brian, Mr. Siu Ting Cheong, Robert, Ms. Li Wing Sze, Mr. Chen Zhiquan, Mr. Lee Keung Shing, Mr. Chan Chiu Hung, Alex and Mr. Lee Tsz Hong will retire and, being eligible, offer themselves for re-election, while Mr. Chan Chi Wan and Mr. Wong Kin Kwok will retire but not offer themselves for re-election, at the forth coming annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. CHAN King Ming, aged 59, is the chairman of the Board. He has more than 30 years of experiences in the fields of hotel and gaming. Mr. Chan's substantial experiences in the management of hotel and casino were considered essential to assist the Company with the management of its investment in Macau. Mr. Chan is principally responsible for formulating the overall business strategy, strategic planning and business development of the Group.

Directors' Report

Mr. Cheung Nam Chung, Brian, aged 62, holds a diploma in Business Administration from The Chinese University of Hong Kong and a Master of Business Administration degree from the University of East Asia, Macau. Mr. Cheung held senior executive positions in a number of local and foreign banks and served as General Manager in a listed property development/construction & finance consortium in the late 70's. He was Executive Vice President of SBS Financial Corporation in Toronto, Canada during the period from 1989 to 1994 focusing on project finance and fund management. From early 1995, Mr. Cheung joined Liu Chong Hing Bank as Senior Manager until July 2006. An active figure in the social circle, Mr. Cheung has been Director and Advisor of Yan Chai Hospital, President of Peninsula Loins Club and Zone Chairman of Lions International District 303, etc.

Mr. Siu Ting Cheong, Robert, aged 50, holds a bachelor degree in Chemical Engineering/Life Science from Queen's University, Canada and a Master degree in Business Administration from Asian Institute of Management. After serving in the Bank of Philippines Islands, previously named as Ayala Finance, in the early 80's in the syndication loans department, Mr. Siu has been joining with GSL Investments Group (Canada) since 1988 as Managing Director for GSL Asia's operation based in Hong Kong with branch offices in Singapore, Malaysia, Taiwan, Beijing and Shanghai. Over the past 20 years, Mr. Siu's experiences cover the areas of investments in Sino-foreign joint venture projects in property, hotel, natural resource and manufacturing industry, as well as corporate restructuring, corporate finance, fund raising and public listing in Canada, the U.S. and Hong Kong.

Mr. CHAN Chi Yuen, aged 40, holds a bachelor degree with honours in Business Administration and is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Mr. Chan is a practising certified public accountant and holds directorship in various listed companies in Hong Kong. He has extensive experience in accounting, taxation, financial management, corporate finance and corporate governance.

Mr. LAM Cheok Va, Francis, aged 48, has been a member of Yunnan Province Committee of the Chinese People's Political Consultative Conference, a director of the Charity Funds of the Readers of Macao Daily Journal, a member of Macau Basic Law Promotion Association, Honorary President of Macau Air Cargo Forwarders Association and Honorary President of Macau International Youth Awards Association. Mr. Lam was Vice President and Commissioner of Youth Affairs of Macau Scout Association, President of Lions Club of Macau Peninsula, Zone X Chairman of International Lions Club District 303, a director and Chairman of Compliance Committee of Saipan Garment Manufacturers Association and a director of Saipan Chinese Association. Mr. Lam has over 25 years of business experience and has been engaged in the gaming and hotel industries during the past 12 years.

Ms. Li Wing Sze, aged 27, has over 7 years of experience in technologies and administrative management.

Mr. CHAN Chi Wan, aged 40, has over 20 years of experience in manufacturing, import and export trading and investment business.

Mr. CHEN Zhiquan, aged 32, is currently engaged in the business of hospitality, and holds interest in a hotel in the People's Republic of China.

Mr. LEE Keung Shing, aged 58, has over 10 years of experience in sales and marketing.

Mr. WONG Kin Kwok, aged 42, has over 20 years of experience in food and beverages business.

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Independent Non-Executive Directors

Mr. CHAN Chiu Hung, Alex, aged 40, holds a bachelor degree in Business Administration, major in Finance. He has been working with several listed and multinational companies for over 12 years. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is currently an independent non-executive director of Vitop Bioenergy Holdings Limited and Kong Sun Holdings Limited whose shares are listed on The Stock Exchange of Hong Kong Limited. Mr. Chan is the chairman of the audit committee and a member of the remuneration committee of the Company.

Mr. LEE Tsz Hong, aged 34, had operated printing business for over 10 years. He is now engaged in the beauty and healthcare businesses. Mr. Lee is also a member of the audit committee and remuneration committee of the Company.

Mr. NG Wai Hung, Raymond, aged 37, had been the general manager of a manufacturing and trading company in Hong Kong. He holds a bachelor degree in Mathematics and Statistics from the University of Western Ontario, Canada. He has more than 10 years of experiences in financial, information technology, and industrial sectors in Canada and Hong Kong. Mr. Ng is also a member of the audit committee of the Company.

Company Secretary

Mr. LO Wing Ming, Kevin, aged 37, is the company secretary and qualified accountant of the Company, and oversees the legal, corporate and compliance matters of the Group. Mr. Lo holds a bachelor degree in Accountancy from the University of Wisconsin-Madison, USA, and had worked in a large international accounting firm in Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia.

DIRECTORS' SERVICE CONTRACTS

No Director who is proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable within one year without payment of compensation, other than statutory obligations.

Directors' Report

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed below, as at 31 March 2006, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (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 (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (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.

Name of Director	Number of shares held	Percentage of the issued share capital
Mr. Chan Chiu Hung, Alex	200,000	0.004%

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate and neither the Directors nor any of their spouses or children under 18 years of age, had any right to subscribe for shares or debt securities of the Company, or had exercised any such rights during the year under review.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a significant beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the year.

SUBSTANTIAL SHAREHOLDER

As at 31 March 2006, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 42.1% (2005: 49.1%) of the total sales for the year and sales to the largest customer included therein accounted for approximately 16.5% (2005: 20.7%).

Purchases from the Group's five largest suppliers accounted for approximately 26.7% (2005: 31.3%) of the total purchases for the year and purchases from the largest supplier included therein accounted for approximately 8.5% (2005: 10.5%).

None of the Directors, any of their associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

Directors' Report

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group and the employer's costs charged to the consolidated income statement for the year are set out in note 10 to the financial statements.

RELATED PARTY TRANSACTIONS

Details of significant related party transactions of the Group are set out in note 32 to the financial statements.

CONVERTIBLE NOTES AND PROMISSORY NOTE

Details of the convertible notes issued by the Company and the exercise of the conversion rights under the notes during the year are set out in note 23 to the financial statements. Details of the issue of promissory note during the year is set out in note 24 to the financial statements.

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

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

PRE-EMPTIVE RIGHTS

There are no provision 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficiency of public float of the Company's securities as required under the Listing Rules.

AUDITORS

CCIF CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of CCIF CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan King Ming
Chairman

Hong Kong, 28 July 2006