

Report of the Directors

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The directors present their report and the audited financial statements of the Company and of the Group for the year ended 30 April 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group consist of investment holding, the management of a holiday resort, a theme park and an amusement park, and the provision of port facilities and ticketing services in Zhuhai, the People's Republic of China excluding Hong Kong and Macau (the "PRC"). The principal activities of the principal subsidiaries are set out in note 17 to the financial statements.

These were no significant changes in the nature of the Company's and of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 30 April 2006 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 39 to 111.

The directors recommend the payment of a final and a special dividend of HK2 cents and HK3 cents per ordinary share, respectively, in respect of the year to the shareholders on the register of members on 27 October 2006. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheets.

CHANGE IN FINANCIAL YEAR END

The board of directors of the Company had passed a resolution on 24 August 2006 to change the financial year end date of the Company from 30 April to 31 December so that the Company's financial year end date will become co-terminus with that of its major operating subsidiaries in Mainland China. Following the change, the forthcoming interim results of the Company will cover the six-month period ending 31 October 2006 and will be announced within three months after the end of that period in accordance with the Rules Governing the Listing of the Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited. The forthcoming annual results of the Company will cover the eight-month period commencing from 1 May 2006 and ending on 31 December 2006 and will be announced no later than four months after the date upon which the new financial period ended, in accordance with the Listing Rules.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 112. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group during the year are set out in note 12 to the financial statements.

RIGHTS TO USE PORT FACILITIES

Details of movements in the rights to use port facilities of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Movements in the Company's share capital, share options and warrants are set out in notes 33 and 34 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the Bermuda Companies Act 1981 which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 35(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 30 April 2006, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to HK\$64,715,000, of which HK\$42,109,000 has been proposed as final and special dividends for the year. In addition, the Company's contributed surplus, amounting to HK\$628,440,000 as at 30 April 2006, is distributable under certain circumstances. The Company's share premium account with a balance of HK\$378,515,000 as at 30 April 2006 is distributable in the form of fully-paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentages of sales and purchases attributable to the Group's major customers and suppliers were as follows:

- (i) The aggregate amount of revenue generated from the Group's five largest customers accounted for less than 30% of the Group's total revenue for the year; and
- (ii) The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

None of the directors of the Company or any of their associates or any 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 five largest suppliers during the year.

DIRECTORS

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

Executive directors:

Mr. Zhu Lifu
Mr. Gu Zengcai
Mr. Huang Xin (appointed on 21 July 2006)
Mr. Jin Tao
Mr. Yu Huaguo
Mr. Chen Yonglin
Mr. Wu Hanqiu
Mr. Yu Jinyao (retired on 28 October 2005)
Mr. Chen Yuanhe (retired on 28 October 2005)

Non-executive directors:

Mr. Liang Han
Mr. Hui Chiu Chung*
Mr. Chu Yu Lin, David*
Mr. Albert Ho*

* *Independent non-executive directors*

DIRECTORS *(continued)*

The directors of the Company, including executive directors, non-executive director and independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's bye-laws.

In accordance with clauses 111(A) and 115 of the Company's bye-laws, Mr. Zhu Lifu, Mr. Huang Xin, Mr. Yu Huaguo, Mr. Wu Hanqiu, Mr. Liang Han and Mr. Hui Chiu Chung will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers that all of the independent non-executive directors are independent.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to the directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 April 2006, the interests and short positions of the directors of the Company in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of 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 Issuers (the "Model Code"), were as follows:

Long positions in share options of the Company:

	Number of share options directly and beneficially owned
Mr. Zhu Lifu	6,700,000
Mr. Gu Zengcai	5,450,000
Mr. Jin Tao	5,900,000
Mr. Yu Huaguo	6,460,000
Mr. Chen Yonglin	5,900,000
Mr. Wu Hanqiu	5,900,000
Mr. Liang Han	2,700,000
Mr. Hui Chiu Chung	2,700,000
Mr. Chu Yu Lin, David	2,700,000
	44,410,000

Further details of the directors' interests in the share options of the Company are set out in note 34 to the financial statements.

Save as disclosed above, as at 30 April 2006, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares and underlying shares of the Company or its associated corporations" above and in the share option scheme disclosures in note 34 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 April 2006, the following interests of 5% or more of the issued ordinary shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

	Number of ordinary shares directly and beneficially held	Percentage of the Company's issued ordinary shares
Zhuhai Jiuzhou Port Group Corporation	235,200,000	28.25
Pioneer Investment Ventures Limited*	337,000,000	40.48

* In accordance with Part XV of the SFO, Zhu Kuan Group Company Limited and Zhu Kuan Company of the Zhuhai SEZ were deemed to be interested in the 337,000,000 shares of the Company held by Pioneer Investment Ventures Limited because:

- Zhu Kuan Group Company Limited (in liquidation) is the immediate holding company of Pioneer Investment Ventures Limited (in provisional liquidation); and
- Zhu Kuan Company of the Zhuhai SEZ is the immediate holding company of Zhu Kuan Group Company Limited.

The 337 million shares (representing approximately 40.48% issued ordinary shares in the Company) held by Pioneer Investment Ventures Limited have been pledged to Longway Services Group Limited, a wholly-owned subsidiary of Zhuhai Jiuzhou Port Group Corporation (see also note 2.1 to the financial statements for details).

Save as disclosed above, as at 30 April 2006, no person, other than the directors of the Company whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares of the Company or its associated incorporations" above, had registered an interest or short position in the shares or underlying shares of the Company as recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Group entered into certain connected and continuing connected transactions as defined under the Listing Rules, as detailed in note 40 to the financial statements. In the opinion of the Company's board of directors, including the independent non-executive directors, these connected transactions were:

- (a) conducted in the ordinary and usual course of business of the Group;
- (b) conducted in accordance with the terms of the relevant agreements;

CONNECTED TRANSACTIONS *(continued)*

- (c) conducted on normal commercial terms and on an arm's length basis;
- (d) conducted on terms no less favourable than those available to/from independent third parties; and
- (e) fair and reasonable so far as the shareholders of the Company are concerned.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 42 to the financial statements.

CODE ON CORPORATE GOVERNANCE PRACTICES

Principles of corporate governance practices adopted by the Company and the compliance on the Code on Corporate Governance Practices are set out in the Corporate Governance Report on pages 26 to 36.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Zhu Lifu

Chairman

Hong Kong
24 August 2006