

The directors present their annual report and the audited financial statements for the year ended 30th April, 2003.

Principal activities

The Company is an investment holding company. The principal activities and other details of the principal subsidiaries are set out in note 34 to the financial statements.

Results

The results of the Group for the year ended 30th April, 2003 are set out in the consolidated income statement on page 14.

Investment properties

The Group's investment properties at 30th April, 2003 were revalued by an independent firm of professional valuers on an open market value basis. Details of the movements in the investment properties of the Group during the year are set out in note 11 to the financial statements.

Property, plant and equipment

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

Share capital

Details of movements in the share capital of the Company during the year are set out in note 24 to the financial statements.

Distributable reserves

At 30th April, 2003, the Company had no retained profits available for distribution. In accordance with The Companies Act 1981 of Bermuda (as amended), the Company's contributed surplus in the amount of approximately HK\$44,942,000 at the balance sheet date may be distributed to shareholders in certain circumstances. In addition, the Company's share premium account with a balance of approximately HK\$168,330,000 may be distributed in the form of fully paid bonus shares.

Directors and directors' service contracts

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

Executive Directors

Mr. Lo Wai Shing, Felix

Mr. Lau Kevin

Ms. Leung Wai Kuen, Cerene

Mr. Yeung Kwok Biu, Johnson (appointed on 24th June, 2002)

Mr. Wong Man Yat, Raymond (resigned on 31st July, 2002)

Directors and directors' service contracts (continued)

Independent Non-Executive Directors

Mr. Chu Chin Fan

Mr. Yeong Yun Hong, Gary

In accordance with Clauses 86(2) and 87(1) of the Company's Bye-Laws, Ms. Leung Wai Kuen, Cerene retire and, being eligible, offer herself for re-election.

Mr. Chu Chin Fan and Mr. Yeong Yun Hong, Gary, independent non-executive directors, have separately entered into service agreements with the Company for an initial term of one year commencing 27th September, 2002 which can be terminated by either party giving not less than one calendar month prior notice in writing to the other party.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' interests in securities

At 30th April, 2003, the directors who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under Part XV of the Securities and Futures Ordinance ("SFO Ordinance"), whether directly or indirectly, were as follows:

Name of director	Share options granted but not exercised	Short positions in the shares	Number of issued shares	Total number of ordinary shares of the Company held	Total percentage of shareholding
Mr. Lo Wai Shing, Felix	-	-	908,440,000 (L)	908,440,000	31.3%
Mr. Lau Kevin	12,800,000	-	-	-	-

Note: The 908,440,000 shares are held by HK Sky Entertainment Holdings Limited as to 860,900,000 shares and Sunstar Technology Limited as to 47,540,000 shares. Mr. Lo Wai Shing, Felix holds 100% and 54% beneficial interests in these two companies respectively.

The letter "L" represents the director's interests in the shares.

Save as disclosed above, at 30th April, 2003, none of the directors, chief executives, nor their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the Part XV of the SFO Ordinance, and none of the directors or chief executives, nor their spouses or their children under the age of 18, had any rights to subscribe for the securities of the Company or had exercised any such rights during the year.

Share options

Details of the Company's share option scheme are set out in note 25 to the financial statements.

The following table discloses movements in the Company's share options during the year:

	Outstanding at 1.5.2002	Exercised during the year <i>(Note a)</i>	Lapsed during the year <i>(Note b)</i>	Outstanding at 30.4.2003	Date of grant	Exercisable period	Exercise price per share <i>HK\$</i>
(a) Director							
Mr. Lau Kevin	12,800,000	-	-	12,800,000	24.6.2000	24.6.2000 to 9.11.2008	0.090
	<u>12,800,000</u>	<u>-</u>	<u>-</u>	<u>12,800,000</u>			
(b) Employees							
In aggregate	3,900,000	-	(3,900,000)	-	3.9.1999	3.9.1999 to 9.11.2008	0.107
	400,000	-	(200,000)	200,000	14.2.2000	14.2.2000 to 9.11.2008	0.180
	600,000	(500,000)	-	100,000	29.6.2000	29.6.2000 to 9.11.2008	0.090
	1,360,000	-	(160,000)	1,200,000	3.7.2000	3.7.2000 to 9.11.2008	0.090
	2,680,000	(600,000)	(1,280,000)	800,000	5.7.2000	5.7.2000 to 9.11.2008	0.090
	<u>8,940,000</u>	<u>(1,100,000)</u>	<u>(5,540,000)</u>	<u>2,300,000</u>			
	<u>21,740,000</u>	<u>(1,100,000)</u>	<u>(5,540,000)</u>	<u>15,100,000</u>			

Notes:

(a) The weighted average closing price of the Company's shares on the trade day immediately before the date on which the options were exercised was HK\$0.295.

(b) The share options previously granted to certain employees lapsed upon their resignation.

Other than disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial shareholders

Other than as disclosed under section "Directors' interests in securities", as at 30th April, 2003, the register of substantial shareholders maintained by the Company in the Part XV of the SFO Ordinance showed the following persons had an interest of 5% or more in the Company's issued share capital:

Name of shareholder	Number of ordinary shares of the Company held	Percentage of shareholding
Well Focus Investments Limited	200,990,000 (L)	6.92%
Mr. Yip Wai Chau	176,240,000 (L)	6.07%

Note: The letter "L" represents the shareholder's interests in the shares.

Other than as disclosed above, the Company has not been notified of any other interests representing 5% or more of the Company's issued share capital as at 30th April, 2003.

Directors' interests in contracts of significance

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.

Major customers and suppliers

During the year, the largest and the five largest customers of the Group accounted for approximately 16% and 57% of the Group's turnover respectively. The five largest suppliers accounted for less than 30% of the purchase of the Group.

None of the directors, their associates or any shareholders of the Company which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers of the Group.

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.

Directors' interest in competing business

During the year, none of the directors had any interests in competing business of the Company which was required to be disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Corporate governance

The Company has complied throughout the year ended 30th April, 2003 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

An audit committee has been established by the Company to review and supervise the Company's financial reporting process and internal controls. The current members of the Audit Committee are the two independent non-executive directors, Mr. Chu Chin Fan and Mr. Yeong Yun Hong, Gary.

Auditors

During the year, Messrs. Ernst & Young, who acted as auditors of the Company for the past two years, resigned and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company. During the year ended 30th April, 2000, PricewaterhouseCoopers were the auditors of the Company.

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

ON BEHALF OF THE BOARD

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Lo Wai Shing, Felix
Chairman

Hong Kong
29th August, 2003