

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30th April, 2005.

Principal activities

The Company is an investment holding company. The principal activities and other details of its principal subsidiaries are set out in note 35 to the financial statements.

Results and dividends

The results of the Group for the year ended 30th April, 2005 are set out in the consolidated income statement on page 13.

The Directors do not recommend the payment of a final dividend for the year ended 30th April, 2005 (2004: Nil).

Investment property

The Group's investment property at 30th April, 2005 was revalued by an independent firm of professional valuers on an open market value basis. Details of the investment property of the Group are set out in note 12 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 13 to the financial statements.

Share capital

Details of movements in the share capital of the Company during the year are set out in note 25 to the financial statements.

Distributable reserves

At 30th April, 2005, the Company had no retained profits available for distribution.

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

Independent Non-Executive Directors

Mr. Chu Chin Fan

Mr. Yeong Yun Hong, Gary

Ms. Yan Po Kwan

(appointed on 27th September, 2004)

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Directors and directors' service contracts (continued)

In accordance with Clauses 87(1) and 87(2) of the Company's Bye-laws, Mr. Chu Chin Fan shall retire at the conclusion of the forthcoming annual general meeting, and being eligible, offers himself for re-election.

In accordance with Clause 86(2) of the Company's Bye-laws, Ms. Yan Po Kwan shall retire at the conclusion of the forthcoming annual general meeting, and being eligible, offers herself for re-election.

Mr. Chu Chin Fan, Mr. Yeong Yun Hong, Gary and Ms. Yan Po Kwan, independent non-executive directors, have separately entered into service agreements with the Company for an initial term of one year commencing September, 2004, 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, 2005, the directors who had interests or short positions in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, 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 (the "Model Code"), were as follows:

Name of director	Capacity	Number of issued shares	Total percentage of shareholding	Share options granted but not exercised
Mr. Lo Wai Shing, Felix	Held by controlled corporation (Note)	835,500,000 (L)	18.6%	-
Mr. Lau Kevin	Beneficial owner	-	-	12,800,000

Note: The 835,500,000 shares are held by HK Sky Entertainment Holdings Limited, a company wholly-owned by Mr. Lo Wai Shing, Felix.

The letter "L" denotes the Director's interests in the shares.

Save as disclosed above, at 30th April, 2005, none of the directors, chief executives, nor their associates, had any interests in any securities of the Company or any of its associated corporations.

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Share options

Details of the Company's share option scheme are set out in note 26 to the financial statements.

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

	Outstanding at 1.5.2004	Lapsed during the year (Note)	Outstanding at 30.4.2005	Date of grant	Exercisable period	Exercise price per share HK\$
(a) Director						
Mr. Lau Kevin	12,800,000	-	12,800,000	24.6.2000	24.6.2000 to 9.11.2008	0.09
(b) Employees						
In aggregate	200,000	(100,000)	100,000	14.2.2000	14.2.2000 to 9.11.2008	0.18
	100,000	(100,000)	-	29.6.2000	29.6.2000 to 9.11.2008	0.09
	1,200,000	-	1,200,000	3.7.2000	3.7.2000 to 9.11.2008	0.09
	580,000	(60,000)	520,000	5.7.2000	5.7.2000 to 9.11.2008	0.09
	2,080,000	(260,000)	1,820,000			
	14,880,000	(260,000)	14,620,000			

Note: The share options previously granted to certain employees lapsed upon their resignation.

Subsequent to the balance sheet date, the Company has completed a share consolidation and rights issue. Every 20 issued and unissued shares are consolidated into 1 new share and the outstanding options were decreased accordingly. The exercise prices of the share options have been changed from HK\$0.09 to HK\$1.35 and from HK\$0.18 to HK\$2.7.

Details of the share consolidation and rights issue are set out in note 34 to the financial statements.

Arrangements to purchase shares or debentures

Other than the option holding disclosed under "Share options", 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.

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Substantial shareholders

Other than as disclosed under section "Directors' interests in securities", the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance discloses no person as having a notifiable interest or short positions in the issued share capital of the Company as at 30th April, 2005.

Major customers and suppliers

During the year, the largest and the five largest customers of the Group accounted for approximately 68% and 86% of the Group's turnover respectively. The five largest suppliers of the Group accounted for less than 30% of the purchases 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 five largest customers or suppliers 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 (the "Listing Rules").

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.

Model code for securities transactions by directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

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Corporate governance

The Company has complied throughout the year ended 30th April, 2005 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, which was in force prior to 1st January, 2005 and remains applicable for accounting period commencing before 1st January, 2005.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

An audit committee is established by the Company to review and supervise the Group's financial reporting process and internal controls. The current members of the Audit Committee are the three independent non-executive directors, Mr. Chu Chin Fan, Mr. Yeong Yun Hong, Gary and Ms. Yan Po Kwan. The audited financial results for the year ended 30th April, 2005 had been reviewed by the Audit Committee.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the year ended 30th April, 2005.

Other matters

During the year, the Group breached certain covenants of a bank facility agreement. On discovery of the breach, the directors commenced a negotiation of the terms with the lender. Subsequent to the balance sheet date, the banking facility had been terminated and loan facility granted by an independent third party is currently used to finance the Group's working capital requirement.

Post balance sheet events

Details of significant events occurring after the balance sheet date are set out in note 34 to the financial statements.

Auditors

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

Lo Wai Shing, Felix

Chairman

Hong Kong, 25th August, 2005