

Directors' Report

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

Principal activities

The Company is an investment holding company. The principal activities and other details of its principal subsidiaries are set out in note 19 to the financial statements.

Results and dividends

The results of the Group for the year ended 30 April 2006 are set out in the consolidated income statement on page 21.

The directors do not recommend the payment of a final dividend for the year ended 30 April 2006 (2005:NIL)

Investment property

During the year ended 30 April 2006, the investment property of the Group was disposed at a consideration of HK\$700,000.

Details of the investment property of the Group are set out in note 16 to the financial statement.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

Share capital

Details of movements in the share capital of the Company during the year are set out in note 27 to the financial statements.

Distributable reserves

At 30 April 2006, 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

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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, Ms. Yan Po Kwan and Mr. Chu Chin Fan retires, being eligible, offers themselves for re-election.

Mr. Chu Chin Fan, Mr. Yeong Yun Hong, Gary and Ms. Yan Po Kwan, independent non-executive directors, have entered into service agreements with the Company, 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 30 April 2006, 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)	4,177,500(L)	7.51%	-
Mr. Lau Kevin	Beneficial owner	-	-	102,400

Note: The 4,177,500 shares are held by HK Sky Entertainment Holdings Limited (which is the person other than substantial shareholder holding 7.51% interest in the Company), 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 30 April 2006, 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

The following table discloses details of the Company's share options held by employees (including directors) and movements in such holdings during the year:

Date of grant	Outstanding at 1/5/2005	Lapsed up to 31/1/06	Outstanding after adjustment at *31/1/06	Lapsed up to 28/2/06	Outstanding after adjustment at **28/2/06	Lapsed up to 31/3/06	Outstanding after adjustment at ***31/3/06	Lapsed up to 30/4/06	Outstanding at 30/4/06	Exercise price per share after adjustment on *13/2/06 HK\$	Exercise price per share after adjustment on **28/3/06 HK\$	Exercisable period
(a) An executive Director:												
Mr. Lau Kevin												
24/6/2000	12,800,000	-	640,000	-	64,000	-	102,400	-	102,400	13.5	8.4	24/6/2000 to 9/11/2008
(b) Employees in aggregate												
18/2/2000	100,000	-	5,000	-	500	-	800	-	800	27	16.9	18/2/2000 to 9/11/2008
29/6/2000	-	-	-	-	-	-	-	-	-	-	-	29/6/2000 to 9/11/2008
3/7/2000	1,200,000	(15,000)	45,000	-	4,500	-	7,200	-	7,200	13.5	8.4	3/7/2000 to 9/11/2008
5/7/2000	520,000	(2,000)	24,000	-	2,400	-	3,840	-	3,840	13.5	8.4	5/7/2000 to 9/11/2008
	1,820,000	(17,000)	74,000	-	7,400	-	11,840	-	11,840			
	14,620,000	(17,000)	714,000	-	71,400	-	114,240	-	114,240			

Note:

* The number of share options has been reduced due to the share consolidation approved on 17 May 2005 for every 20 issued ordinary shares be consolidated into 1 new share and the outstanding options were decreased accordingly.

** The number of share options has been reduced due to the share consolidation approved on 13 February 2006 for every 10 issued and unissued ordinary shares be consolidated into 1 new share and the outstanding options were decreased accordingly.

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Share options (continued)

Note: (continued)

*** The number of share options has been adjusted on 28 March 2006 due to the open offer of convertible bonds become unconditional.

After the share consolidation effective on 13 February 2006, the exercise price at HK\$1.35 has been adjusted to HK\$13.5 and the exercise price at HK\$2.7 has been adjusted to HK\$27 respectively.

The exercise price of the share option has been adjusted on 28 March 2006 due to the open offer of convertible bonds become unconditional.

No option was granted under the New Scheme during the year.

Details of the share consolidation and rights issue are set out in note 27 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.

Substantial shareholders

Other than as disclosed under section "Directors' interests in securities", as at 30 April 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance ("SFO") shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Name of shareholder	Capacity	Number of ordinary share of the Company held	Percentage of shareholding	On assumption of full conversion of convertible bonds into ordinary shares	Percentage of shareholding
Mr. Lo Kit Sing, Steven (Note 1)	Interested of Corporation controlled by him	18,919,502(L)	34.04	112,728,775(L)	202.82
Fine Asset Ltd. (Note 1)	Beneficial owner	18,919,502(L)	34.04	112,728,775(L)	202.82

Note:

- Mr. Lo Kit Sing, Steven is the elder brother of Mr. Lo Wai Shing, Felix, an executive Director of the Company. Fine Asset Ltd. is 100% beneficially held by Mr. Lo Kit Sing, Steven and accordingly Mr. Lo Kit Sing, Steven is deemed to be interested for the above shares under SFO.

The letter "L" denotes the interests in the shares.

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Substantial shareholders (continued)

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 April 2006.

Major customers and suppliers

During the year, the largest and the five largest customers of the Group accounted for approximately 25% and 55% of the Group's turnover respectively. The five largest suppliers of the Group accounted for less than 28% 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.

Directors' and senior management's biographies

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 7 to 8 of the Annual Report.

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 30 April 2006 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

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 30 April 2006 had been reviewed by the Audit Committee.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the year ended 30 April 2006.

Other matters

Subsequent to the balance sheet date, the Group had been granted a banking facility in addition to the loan facility granted by a substantial shareholder to finance the Group's working capital requirement.

Auditors

The financial statements for the year ended 30 April 2005 were audited by Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu resigned as the auditors of the Company during the year. Messrs. CCIF CPA Limited was then appointed as auditors to fill the casual vacancy. A resolution will be submitted to the annual general meeting to re-appoint Messrs. CCIF CPA Limited as auditors of the Company.

On behalf of the Board

Lo Wai Shing, Felix

Chairman

Hong Kong, 18 August 2006