



Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2004 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 14 to 47.

The directors do not recommend the payment of any dividend in respect of the year.

FIVE YEAR FINANCIAL SUMMARY

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 reclassified as appropriate, is set out on page 48. This summary does not form part of the audited financial statements.

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the fixed assets and investment properties of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in note 21 to the financial statements.

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 its 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 the Group during the year are set out in note 22 to the financial statements and in the consolidated statement of changes in equity, respectively.



DISTRIBUTABLE RESERVES

At 31 March 2004, the Company had no reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended). However, the Company's share premium account, in the amount of HK\$37,934,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the five largest customers of the Group accounted for less than 30% of the Group's total sales for the year. Purchases from the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases for the year.

DIRECTORS

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

Executive directors:

Chan Shu Kit

Kung Wing Yiu

Chan Leung Huen

Ng Wai

(Resigned on 7 August 2003)

Independent non-executive directors:

Kung Fan Cheong

Chan Ka Ling, Edmond

In accordance with the Company's bye-laws, all directors will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The independent non-executive directors are not appointed for specific terms and are subject to retirement and re-election at each annual general meeting of the Company in accordance with the Company's bye-laws.

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.



Report of the Directors (continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2004, the interests of the directors in the share capital 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 Companies, were as follows:

(1) Long positions in ordinary shares of the Company

Name of director	Number of shares held, capacity and nature of interest		Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation		
Chan Shu Kit	–	114,240,000 (note 1)	114,240,000	31.70%
Kung Wing Yiu	7,802,000	–	7,802,000	2.16%
Chan Leung Huen	1,350,000	5,530,000 (note 2)	6,880,000	1.90%

(2) Long positions in shares of associated corporations

(a) *Long Yuet Investment Limited, the Company's subsidiary*

Name of director	Capacity and nature of interest	Type of shares held	Number of shares held	Percentage of shareholding in respective class of shares
Chan Shu Kit	Directly beneficially owned	Non-voting deferred	5,000	50%
Chan Shu Kit (note 3)	Corporate	Ordinary	100	100%
Kung Wing Yiu	Directly beneficially owned	Non-voting deferred	5,000	50%

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES** (Continued)**(2) Long positions in shares of associated corporations** (Continued)

(b) *Conyick Investments Limited, the Company's subsidiary*

Name of director	Capacity and nature of interest	Type of shares held	Number of shares held	Percentage of shareholding in respective class of shares
Chan Shu Kit	Directly beneficially owned	Non-voting deferred	400,000	66.66%
Chan Shu Kit (note 3)	Corporate	Ordinary	100	100%
Kung Wing Yiu	Directly beneficially owned	Non-voting deferred	50,000	8.33%

Notes:

1. These shares are held through Hoylake Holdings Limited, a company wholly-owned by Chan Shu Kit.
2. These shares are held through Loong Yip Shing Investment Company Limited, a company wholly-owned by Chan Leung Huen and his family.
3. The interests of Chan Shu Kit are held via a chain of controlled corporations, namely Hoylake Holdings Limited, the Company, Tack Hsin (BVI) Holdings Limited, Tack Hsin Properties Limited and Rainbow Star Holding Group Limited.

In addition to the above, a director has non-beneficial personal equity interest in a subsidiary held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31 March 2004, none of the directors and chief executive and their associates 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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.



Report of the Directors (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2004, the following interests and short positions of 5% or more of the issued share capital 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 in ordinary shares of the Company:

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Hoylake Holdings Limited (note 1)	Directly beneficially owned	114,240,000	31.70%
TH2 Holding LLC (note 2)	Directly beneficially owned	17,544,000	4.86%

Notes:

1. This interest has also been disclosed as an interest of Chan Shu Kit under the section "Directors' interests and short positions in shares" above.
2. Prior to the placing of 60,000,000 new shares by the Company in July 2003, the shares held by TH2 Holding LLC represented 5.80% of the shares of the Company in issue then.

Save as disclosed above, as at 31 March 2004, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 26 to the financial statements, none of the directors or their associates had a material interest, either directly or indirectly, 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.





BIOGRAPHICAL DETAILS OF THE DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Chan Shu Kit	55	Chairman	21	Mr. Chan is a co-founder of the Group and has over 32 years' experience in the catering business. He is responsible for the overall corporate strategy of the Group.
Kung Wing Yiu	52	Deputy chairman	18	Mr. Kung is responsible for business development and restaurant site selection. He has over 27 years' business experience. He joined the Group in 1986.
Chan Leung Huen	70	Executive director	18	Mr. Chan is in charge of the central purchasing department of the Group. He joined the Group in 1986 and has over 35 years' experience in the catering business.
Kung Fan Cheong	49	Independent non-executive director	12	Mr. Kung is a partner in the law firm of Pang, Kung & Co. and is a member of the Law Society of Hong Kong.
Chan Ka Ling, Edmond	45	Independent non-executive director	12	Mr. Chan is a partner in Chan and Chan, Certified Public Accountants. He is a fellow member of the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the annual report, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement and re-election at each annual general meeting of the Company in accordance with the bye-laws of the Company.



Report of the Directors (continued)

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the two independent non-executive directors of the Company.

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

Chan Shu Kit

Chairman

Hong Kong

28 June 2004

