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The directors present their report and the audited financial statements of Kamboat Group Company Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 April 2005.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group comprise the operation of a chain of Chinese restaurants and the production, sale and distribution of bakery, and other food and beverage products. Details of the principal subsidiaries are set out in note 16 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 30 April 2005 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 18 to 69.

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

## SUMMARY FINANCIAL INFORMATION

A summary of the published consolidated/combined financial results and assets and liabilities 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 70. This summary does not form part of the audited financial statements.

## FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 14 to the financial statements.

## SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's issued share capital and share options during the year, together with the reasons therefore, are set out in notes 29 and 30 to the financial statements.

## RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 31(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

## DISTRIBUTABLE RESERVES

At 30 April 2005, the Company's reserves available for distribution, calculated in accordance with the Companies Law (2004 Revision) of the Cayman Islands, amounted to HK\$37,335,000. This includes the Company's share premium account, in the amount of HK\$88,676,000 at 30 April 2005, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. In addition, the Company's capital redemption reserve in the amount of HK\$258,000 may be distributed in the form of fully paid bonus shares.

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## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## MAJOR CUSTOMERS AND SUPPLIERS

The turnover attributable to the five largest customers of the Group accounted for less than 30% of the total Group's turnover for the year. Purchases from the five largest suppliers of the Group accounted for less than 30% of the total Group's purchases for the year.

## DIRECTORS

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

### Executive directors

Mr. Vong Tat Ieong, David	(appointed on 30 August 2005)
Mr. Xu Xiping	(appointed on 30 August 2005)
Mr. Wong Chi Man	
Mr. Wong See Sum J.P.	
Mr. Wong Chi Wing, Tenny	(resigned on 30 August 2005)
Ms. Wong Lan Fun, Roberta	(resigned on 30 August 2005)
Ms. Ng Suk Bing, Mclanly	(resigned on 30 August 2005)

### Non-executive director

Mr. Tam Fook Yee	(resigned on 30 August 2005)
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### Independent non-executive directors

Mr. Chan Chiu Fan	(appointed on 30 August 2005)
Mr. Fung Ka Keung, David	(appointed on 30 August 2005)
Dr. Lee G. Lam	(appointed on 30 August 2005)
Mr. Lee Man Youn, Montareal	(resigned on 30 August 2005)
Mr. Chan Kam Fai, Robert	(resigned on 30 August 2005)
Mr. Cheung Man Yau, Timothy	(appointed on 27 September 2004 and resigned on 30 August 2005)

In accordance with article 87 of the Company's articles of association, Messrs. Wong Chi Wing, Tenny, Chan Kam Fai, Robert, Ng Suk Bing, Mclanly, Tam Fook Yee and Lee Man Youn, Montareal, will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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



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## DIRECTORS' INTERESTS IN CONTRACTS

Apart from the transactions disclosed in note 36 to the financial statements, no director 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 holding companies, subsidiaries or fellow subsidiaries was a party 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 71 to 72 of the annual report.

## DIRECTORS' SERVICE CONTRACTS

Each of the executive directors as at 30 April 2005 has a service contract with the Company for an initial term of three years commencing on 1 August 2004, which will continue thereafter until terminated by either party giving not less than six months' notice in writing or until terminated by mutual consent. 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. Up to the date of this report, certain directors of the Company resigned from their positions on 30 August 2005 and their service contracts were terminated accordingly.

Except for Mr. Wong Chi Man, 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' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 April 2005, the interests and short positions of the directors or their associates in the share capital and debentures 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 Issues (the "Model Code"), were set out as follows:

### (a) Interests in the shares of the Company

Name		Capacity	Interest in shares
Mr. Wong Chi Man ( <i>Note</i> )	The Company	Direct beneficial owner and through a controlled corporation	59,524,000 ordinary shares
Mr. Wong See Sum, J.P.	The Company	Direct beneficial owner	3,030,000 ordinary shares



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## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

*Note:* The shares are held by Cambo Enterprises Limited ("Cambo") as to 48,299,000 shares, by New Top Investment Limited ("New Top HK"), a company incorporated in Hong Kong with limited liability, as to 8,563,000 shares and by Mr. Wong Chi Man as to 2,662,000 shares. Cambo is held by New Top HK as to approximately 48.61%, Mr. Wong Chi Man as to approximately 2.89% and Mr. Wong See Sum J.P. as to approximately 14.64%. The entire issued share capital of New Top HK is beneficially owned by New Top Investment Limited ("New Top BVI"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability, the entire share capital of which is owned by Mr. Wong Chi Man.

### (b) Interests in the underlying shares of the Company

The interests of the directors and chief executives in the share options of the Company are separately disclosed in note 30 to the financial statements.

Save as disclosed above, at 30 April 2005, 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 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 in the share option scheme disclosures in note 30 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 holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.



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## SUBSTANTIAL SHAREHOLDERS

At 30 April 2005, the following interests 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.

Name	Interest in shares (Note)	Nature of interest	Percentage of the Company's issued share capital
Cambo	48,299,000	Direct beneficial owner	48.27
New Top HK	56,862,000	Direct beneficial owner and through a controlled corporation	56.82
New Top BVI	56,862,000	Through a controlled Corporation	56.82
Mr. Wong Chi Man	59,524,000	Direct beneficial owner and through a controlled corporation	59.48

*Note:* The relationship between Mr. Wong Chi Man, Cambo, New Top HK and New Top BVI is disclosed under the heading "Directors' interests and short positions in shares, underlying shares and debentures" above.

Subsequent to the balance sheet date upon completion of the subscription of 5,400 million shares in the Company on 29 August 2005, the following interest 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.

Name	Interest in shares	Nature of interest	Percentage of the Company's issued share capital
Vongroup Holdings Limited ("Vongroup") (and its associates) (Note)	4,062,000,000	Direct beneficial owner and through a controlled corporation	73.85

*Note:* Vongroup is incorporated in the BVI and is beneficially owned by Mr. Vong Tat Ieong, David.



## SUBSTANTIAL SHAREHOLDERS (continued)

Save as disclosed above, as at 30 April 2005, no person other than the directors of the Company, whose interests are set out in the section “Directors’ and chief executives’ interests and short positions in shares and underlying shares and debentures” had registered an interest or short position in the shares and underlying shares and debentures of the Company that was required to be recorded under Section 336 of the SFO.

## 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 issued share capital was held by the public as at the date of this report.

## DIRECTORS’ INTERESTS IN COMPETING BUSINESSES AND CONFLICTS OF INTERESTS

During the year ended 30 April 2005, the following directors were considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, as set out below:

- (i) Mr. Wong Chi Man, an executive director, and his associates have interests in other companies which are involved in the restaurant business in and outside Hong Kong as follows:

<b>Company</b>	<b>Place of operations</b>	<b>Percentage of interest held</b>	<b>Position held</b>
Islander Company Limited	Hong Kong	6.6	None
Golden Cup Industries Limited	Hong Kong	5.3	None
East Ocean Teochew Restaurant Pte. Ltd.	Singapore	50.0	Director
East Ocean Seafood Restaurant Pte. Ltd.	Singapore	39.0	Director
Yearfull Investments (Canada) Inc.	Canada	7.5	Director
Hong Kong East Ocean Seafood Restaurant Ltd.	Canada	8.0	None



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## DIRECTORS' INTERESTS IN COMPETING BUSINESSES AND CONFLICTS OF INTERESTS (continued)

- (ii) Mr. Wong See Sum J.P., an executive director, and his associates have interests in other companies which are involved in the restaurant business in and outside Hong Kong as follows:

Company	Place of operations	Percentage of interest held	Position held
Carrianna Chiu Chow Restaurant (T.S.T.) Ltd.	Hong Kong	4.5	Non-executive director
Banana Leaf Holdings Limited	Hong Kong	2.8	None
East Ocean Teochew Restaurant Pte. Ltd.	Singapore	40.0	Director
East Ocean Seafood Restaurant Pte. Ltd.	Singapore	40.0	Director

Mr. Wong Chi Man, Mr. Wong See Sum J.P. and their respective associates have only minority interests in those companies listed above which have operations in Hong Kong.

In respect of those companies in which Mr. Wong Chi Man, Mr. Wong See Sum J.P. and their respective associates have a controlling stake, the restaurants are located and operate in Singapore, where the Group has no operations. The directors therefore consider that the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of the abovementioned companies.

Save as disclosed above, none of the executive directors of the Company or any of their respective associates have engaged in any business that competes or may compete with the businesses of the Group or have any other conflict of interests with the Group.

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## 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.

## POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 37 to the financial statements.

## CORPORATE GOVERNANCE

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 Listing Rules, 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 by rotation and re-election at the forthcoming annual general meeting in accordance with the provisions of the Company's bye-laws.

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealing in securities of the Company by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the annual report.



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## CORPORATE GOVERNANCE (continued)

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three 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

**Wong Chi Man**  
*Executive director*

Hong Kong  
30 August 2005