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vongroup

首都北京控股有限公司
CAPITAL BEIJING

**KAMBOAT GROUP
COMPANY LIMITED**

*(Incorporated in the Cayman Islands
with limited liability)*

Stock Code: 318

**VONGROUP
HOLDINGS LIMITED**

*(Incorporated in the British Virgin
Islands with limited liability)*

**CAPITAL BEIJING
HOLDINGS LIMITED**

*(Incorporated in the British Virgin
Islands with limited liability)*

**Subscription of New Shares
Application for Whitewash Waiver
Capital Reorganisation
Change of Name
Resumption of Trading**

The respective boards of the Subscribers and the Company are pleased to announce that the Subscribers and the Company have entered into a Subscription Agreement on 28 February 2005 in relation to the subscription of 5,400 million Subscription Shares at an issue price of HK\$0.01 per Subscription Share. The aggregate consideration for the Subscription Shares is HK\$54 million and will be paid in cash by the Subscribers by Completion, of which a deposit of HK\$5 million has already been paid by Vongroup Holdings. Upon Completion, Vongroup Holdings will be interested in 5,130 million Shares, representing approximately 93.27% of the share capital of the Company as enlarged by the Subscription Shares, resulting in a change of control of the Company, and Capital Beijing will be interested in 270 million Shares, representing approximately 4.91% of the share capital of the Company as enlarged by the Subscription Shares. Capital Beijing is independent of and not acting in concert with Vongroup Holdings. The consideration for the Acquisition has been arrived at after arms' length negotiations between the parties. The proceeds of the Subscription will be used for the existing consumer food and beverage businesses of the Group and to expand the Group's business lines to include other high-growth consumer businesses.

Since Vongroup Holdings will own approximately 93.27% of the enlarged issued share capital of the Company upon Completion, it will be obliged to make an unconditional mandatory general offer for all the issued shares of the Company not already owned or agreed to be acquired by Vongroup Holdings under Rule 26.1 of the Takeovers Code unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive. Vongroup Holdings intends to make an application to the Executive for a Whitewash Waiver, which, if granted, will be subject to the approval of the Independent Shareholders taken by way of a poll at the SGM. **The Executive may or may not grant the Whitewash Waiver.** If the Whitewash Waiver is not granted, Vongroup Holdings may consider making an unconditional general offer to acquire all Shares other than those already owned by Vongroup Holdings or parties acting in concert with it. **If the Whitewash Waiver is not granted and Vongroup Holdings does not make an unconditional general offer, the Subscription Agreement will lapse and the Subscription will not proceed.**

Upon Completion, Vongroup Holdings will be interested in approximately 93.27% of the enlarged issued share capital of the Company, the Wong Chi Man Group will hold approximately 1.08%, and Mr. Wong See Sum, J.P. will hold approximately 0.06%. The public float of the Company will be approximately 5.59% and will therefore be less than the minimum 25% public float required under Rule 8.08 and Rule 13.32(1) of the Listing Rules. The Company and Vongroup Holdings have undertaken to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the shares of the Company then in issue will be held in public hands upon Completion, including by means of potential placements by the Company or by Vongroup Holdings. However no negotiation has yet taken place and no agreement has been reached on potential placements. The Company shall make further announcements in relation to any action taken in respect of the public float of its ordinary shares to ensure strict compliance with the Listing Rules.

The Directors also propose the Capital Reorganisation for approval by the Shareholders at the SGM, whereby the nominal value of each issued and unissued Share will be reduced from HK\$0.25 to HK\$0.001 on or prior to Completion. On the basis of 100,065,900 Shares presently in issue, a credit of HK\$24,916,409 will arise as a result of the Capital Reorganisation. This entire credit arising from the Capital Reduction will be utilised to eliminate the accumulated losses of the Company.

A circular in connection with the matters contained in this Announcement will be dispatched to Shareholders as soon as practicable.

It is intended that after Completion and subject to the approval of the Shareholders, the name of the Company will be changed to reflect the change in controlling shareholder of the Company.

An independent board committee will be formed to advise the Independent Shareholders on, among others, the Subscription and the Whitewash Waiver. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this connection. The Company will make a further announcement on the appointment of such independent financial adviser.

The Directors believed that the payment of a HK\$5 million deposit by Vongroup Holdings to the Company on 4 February 2005 was price sensitive information, therefore at the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 7 February 2005 pending the issue of this announcement. The Company and Vongroup Holdings proceeded as of 7 February 2005 with discussing the details of the terms of the possible transaction. The time period for these negotiations was affected by the straddling of the Chinese New Year long weekend break. Subsequently, towards the final phase of these negotiations, after the Chinese New Year break, as of 15 February 2005 Capital Beijing commenced its discussions with the Company on potential participation in this possible transaction, which discussions resulted in the signing of the Subscription Agreement dated 28 February 2005. The Company have requested a resumption of trading in their Shares with effect from 9:30 a.m. 22 March 2005.

1. SUBSCRIPTION AGREEMENT

Date: 28 February 2005

Parties: Company, as issuer; Vongroup Holdings and Capital Beijing, as Subscribers

Each of the Subscribers, and each of their respective ultimate beneficial owners, is independent of the directors, chief executive and substantial shareholders of the Company, any of its subsidiaries or their respective Associates.

Shares to be issued

On 4 February 2005 Vongroup Holdings paid a deposit of HK\$5 million to the Company with a view to discussing a transaction involving a possible subscription for Shares. The Company and Vongroup Holdings proceeded as of 7 February 2005 to discuss the details of the terms of the possible transaction. Subsequently, as of 15 February 2005 Capital Beijing commenced its discussions with the Company on potential participation in this possible transaction as an additional Subscriber, which discussions resulted in the signing of the Subscription Agreement dated 28 February 2005. An aggregate of 5,400 million Subscription Shares are to be issued to the Subscribers, representing approximately 5,396% of the existing issued share capital of the Company and approximately 98.18% of the issued share capital of the Company as enlarged by the Subscription. Of the Subscription Shares, 5,130 million Subscription Shares will be subscribed by Vongroup Holdings, and 270 million Subscription Shares will be subscribed by Capital Beijing, representing approximately 93.27% and 4.91% respectively of the enlarged issued share capital of the Company. Vongroup Holdings and Capital Beijing are not parties acting in concert and are independent of one another. The Subscription Shares will rank *pari passu* in all respects with all existing shares, including the right to receive all future dividends and distributions declared, made or paid by the Company on or after the date of their issue.

Issue price

The Subscription Shares will be issued at HK\$0.01 per Subscription Share which was determined after arm's length negotiations. This issue price of HK\$0.01 per Subscription Share represents:

- (a) a discount of approximately 97.5% from HK\$0.40, the closing price on 4 February 2005, the last trading day prior to the suspension of trading in the Shares on 7 February 2005;
- (b) a discount of approximately 97.5% from HK\$0.40, the average closing price for the last 10 trading days prior to the suspension of trading in the Shares on 7 February 2005;
- (c) a discount of approximately 97.49% from HK\$0.399, the average closing price for the last 30 trading days prior to the suspension of trading in the Shares on 7 February 2005; and
- (d) a discount of approximately 98.92% from the unaudited consolidated net assets of the Group of approximately HK\$0.924 per share as at 31 October 2004.

Based on the increase in the cash balance of the Company by HK\$54 million as a result of the Subscription, as well as the benefit from having Vongroup Holdings as the controlling shareholder of the Company, the Directors consider that the terms of the Subscription are fair and reasonable and in the interests of the Shareholders as a whole.

Conditions of the Subscription

Completion is conditional upon:

- (A) neither the Stock Exchange nor the SFC indicating on or before the date on which all the other conditions have been satisfied or waived by the Subscribers that the listing of the Shares of the Company on the Stock Exchange will be or may be withdrawn or objected to;
- (B) the Executive granting a Whitewash Waiver to Vongroup Holdings in respect of it to extend a mandatory general offer under Rule 26 of the Takeovers Code to acquire all the Shares in issue other than those already held by Vongroup and persons acting in concert with it upon completion of the Subscription Agreement, subject to the approval of the Independent Shareholders in accordance with the Takeovers Code and such approval being obtained in accordance with the Takeovers Code;

- (C) listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee of the Stock Exchange (with no conditions (other than conditions expressly stipulated in the Listing Rules and except on terms which are acceptable to the Subscribers in their reasonable opinion) being imposed thereon by the Stock Exchange or the SFC), and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares;
- (D) approval by the Shareholders or Independent Shareholders (as appropriate) for the transactions contemplated by this Agreement and such other matters as may be contemplated in any circular to be sent to shareholders of the Company in this regard;
- (E) all relevant consents and approvals including approval by the Shareholders or the Independent Shareholders (as appropriate) and the Stock Exchange (as appropriate) and the relevant authorities in the Cayman Islands (as appropriate), in respect of the Capital Reorganisation (including the reduction in the nominal value of the Shares from HK\$0.25 to HK\$0.001 per Share) and the allotment and issue of the Subscription Shares to the Subscribers, being obtained in accordance with the Listing Rules and the Bye-laws of the Company;
- (F) approval by the Shareholders for the change of name of the Company as determined by Vongroup Holdings, subject to regulatory approval; and
- (G) completion of due diligence by the Subscribers or their advisers on the Group to the satisfaction of the Subscribers.

The Subscribers have the right to waive any of the above Conditions if they are not satisfied by 31 December 2005, or alternatively the Company and the Subscribers may agree to extend the time allowed beyond that date. If the Whitewash Waiver is not granted and the Subscribers waive Condition (B) above, Vongroup Holdings would be required to extend a cash offer for the Shares at a price of HK\$0.01 per Share (or, if higher, the highest price paid by Vongroup Holdings and its concert parties during the offer period and within six months prior to its commencement). Vongroup Holdings has undertaken to its financial adviser that it will not waive the Whitewash Waiver condition unless its financial adviser is satisfied that it has sufficient resources to satisfy full acceptance of the general offer.

Completion

The aggregate consideration for the Subscription Shares of HK\$54 million will be paid in cash upon Completion, less HK\$5 million deposit that has already been paid by Vongroup to the Company on 4 February 2005. Completion will take place on the date that all conditions of the Subscription Agreement have been fulfilled or waived, or such other later date as the Subscribers and the Company may agree. In the event that the above conditions of the Subscription Agreement are not fulfilled or waived by 31 December 2005, the Subscription Agreement will lapse unless the Subscribers and the Company agree upon an extension.

Use of proceeds

The Directors and the Subscribers intend that the proceeds from the Subscription of HK\$54 million before expenses will be used principally for the existing consumer food and beverage business of the Group and to expand and strengthen the Group's business. Currently there are no specific business expansion plans or investment opportunities other than to pursue business and investment opportunities, should such opportunities arise, that the Directors expect may generate significant benefit in strengthening the operations and future development of the Group. The Directors and Vongroup Holdings intend that the Group will maintain its existing businesses. At present, there is no specific project for which any commitment has been made and no negotiation has taken place in this regard.

Shareholding Structure

Set out below is a table showing the Company's existing shareholding structure and the structure immediately after Completion:

Shareholders	Existing shareholding structure		Shareholding structure after the Capital Reorganisation but before completion of the Subscription (Note 1)		Shareholding structure after the Capital Reorganisation and the Subscription (Note 1)	
	Shares	%	Shares	%	Shares	%
Wong Chi Man Group (Note 2)	59,524,000	59.48	59,524,000	59.48	59,524,000	1.08
Mr. Wong See Sum, J.P. (Note 3)	3,030,000	3.03	3,030,000	3.03	3,030,000	0.06
Vongroup Holdings & concert parties (Note 4)	–	–	–	–	5,130,000,000	93.27
Capital Beijing & concert parties (Note 5)	–	–	–	–	270,000,000	4.91
Existing Public	37,511,900	37.49	37,511,900	37.49	37,511,900	0.68
Total	100,065,900	100	100,065,900	100	5,500,065,900	100
Public Float (Note 6)	37,511,900	37.49	37,511,900	37.49	307,511,900	5.59

Notes:

1. Assumes (a) save for the Shares that might be issued to satisfy the consideration upon the Subscription, no further Shares will be issued after the date of this Announcement until Completion, and (b) no disposal of Shares by the Wong Chi Man Group or Mr. Wong See Sum J.P. during this period.

2. The interest held by the Wong Chi Man Group includes 48,299,000 Shares held by Cambo Enterprises Limited, 8,563,000 Shares held by New Top Investment Limited (“New Top HK”), a company incorporated in Hong Kong and 2,662,000 Shares held by Mr. Wong Chi Man. Cambo Enterprises Limited is approximately 48.61% owned by New Top HK, 2.89% owned by Mr. Wong Chi Man, 14.64% by Mr. Wong See Sum, J.P., and the remaining 33.86% is beneficially owned by 20 individuals who are employees, former employees or friends of Mr. Wong Chi Man, ranging from 0.12% to 5.52% per individual. New Top HK is 100% owned by New Top Investment Limited (“New Top BVI”), a company incorporated in the British Virgin Islands, which in turn is 100% owned by Mr. Wong Chi Man.
3. The interest held by Mr. Wong See Sum, J.P. is his direct shareholding.
4. As there are no other shareholders acting in concert with Vongroup Holdings, this shareholding represents the shareholding of Vongroup Holdings alone.
5. As there are no other shareholders acting in concert with Capital Beijing, this shareholding represents the shareholding of Capital Beijing alone.
6. “Public Float” represents the Shares held by existing public shareholders. After the Capital Reorganisation and the Subscription, “Public Float” represents the Shares held by existing public shareholders, plus the Shares to be subscribed for by Capital Beijing pursuant to the Subscription. Capital Beijing and its beneficial owner are independent of both Vongroup Holdings and the beneficial owner of Vongroup Holdings, and they are not parties acting in concert with either Vongroup Holdings or Vongroup Holdings’ beneficial owner.

2. INFORMATION ON THE GROUP

The principal activities of the Group consist of the operation of consumer food and beverage businesses, primarily a chain of Chinese restaurants, and the sale and distribution of bakery and other food and beverage products.

3. INFORMATION ON THE SUBSCRIBERS

Vongroup Holdings

Vongroup Holdings is an investment holding company incorporated in the British Virgin Islands to hold its rights under the Subscription Agreement, and is 100% owned by Mr. Vong Tat Ieong David. Mr. Vong will actively participate in the management and operations of the Company after Completion as its Chief Executive. Since the Company intends to seek business and investment opportunities for growth and expansion, should appropriate business and investment opportunities be identified such that the Directors expect that they may generate significant benefit in strengthening the operations and future development of the Group, the Directors believe that Mr. Vong’s 18 years’ experience that includes acquiring and managing public companies in diverse industries, including as Director and Vice Chairman of companies listed on the Stock Exchange, as well as investing in cross-border mergers and acquisitions, involving capital markets and private equity, will significantly benefit the Company in providing essential management expertise in furtherance of the operations and future development of the Company. In particular, the Directors further believe that Mr. Vong’s experience and expertise well complements the experience and expertise of Mr. Wong Chi Man who, as founder of the Group, with responsibility for its corporate planning, strategic business, and product development, marketing and overall management, and with 44 years’ experience in consumer food and beverage industries, is expected to continue be an Executive Director on the Board and the General Manager of the Group, and actively participate in the management and operations of the Group. Details of Mr. Vong’s experience are summarised below under “Proposed Change of Board Composition”.

Capital Beijing

Capital Beijing is an investment holding company incorporated in the British Virgin Islands to hold its rights under the Subscription Agreement, and is 100% owned by Ms. Zeng Shuying. Ms. Zeng has been a private investor for over 20 years, including investing in listed securities in Hong Kong. As a private financial investor, it is currently not expected that Capital Beijing or Ms. Zeng will be part of management of the Company.

The Directors confirm that the Subscribers and each of their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company. Vongroup Holdings and its ultimate beneficial owner on the one hand, and Capital Beijing and its ultimate beneficial owner on the other hand, are independent of one another, are not parties to a shareholders agreement or other voting agreement, or any other agreement, arrangement, understanding or undertaking, formal or informal, express or implied, with respect to the Subscription Shares, and are not acting in concert with one another.

4. FUTURE INTENTIONS

Vongroup Holdings will conduct a review of the financial position and operations of the Group with a view to broadening and expanding the businesses and operations of the Group. The Directors and the Subscribers intend that the Group will maintain its existing businesses and there is no plan to redeploy any fixed assets of the Group. In addition, new employees may be needed to be employed to help strengthen new expanded business lines of the Group, although there is no plan to change the management structure and employees of the existing businesses.

Vongroup Holdings intends that the Subscription is a long-term investment for it and intends to work closely with existing management. It intends to evaluate the potential of expanding the existing businesses into other high-growth consumer businesses. The Company is currently considering the possibility of expanding into other high-growth consumer businesses, and will discuss with Vongroup Holdings the suitability, timing and financing of any such expansion before making any commitment in this regard. However, there is no specific plan or target to which the Company is committed at present and no negotiation has taken place in this regard. Vongroup Holdings confirms that there is no plan in the future to inject any of its existing assets or businesses into the Group.

The Directors believe that the Company will benefit from the Subscription, the corresponding increase in the cash position of the Company as a result of the Subscription, and the benefit from having Vongroup Holdings as the controlling shareholder of the Company. With respect to the benefit of having Vongroup Holdings as the controlling shareholder of the Company, please refer to the background details and experience on its beneficial owner, Mr. Vong Tat Ieong David, in managing companies listed on the Stock Exchange, as well as the details on Mr. Xu Siping, whom Vongroup Holdings propose to be appointed to join the Board of Directors of the Company, both of which are summarised below under “Proposed Change of Board Composition”.

5. PROPOSED CHANGE OF BOARD COMPOSITION

Upon Completion, it is expected that Mr. Wong Chi Man will remain as Director while the others will resign. Mr. Vong Tat Ieong David and Mr. Xu Siping will be nominated to join the Board of Directors. Three new Independent Non-Executive Directors will also be appointed upon Completion. As such, it is expected that the Board of Directors would comprise six Directors, including the three Independent Non-Executive Directors.

Particulars of the proposed new Directors are set out below, and further details will be announced later when they are appointed as Directors:

Mr. Vong Tat Ieong David has acquired and run public companies, and made and advised on cross-border mergers and acquisitions, involving capital markets and private equity, for 18 years. He was formerly Vice Chairman of the Board of Directors of CITIC 21CN Company Limited, a company listed on the Stock Exchange, from 2003-2004. Before that, he was Director and Deputy Chief Executive of i100 Limited, a company listed on the Stock Exchange, since he co-founded the i100 Group in 2000 with an international consortium whose key participants included management and leading institutional investors. Prior to that, he was Chief Executive at Pollon Infrastructure Corporation, an infrastructure investment holding company focused on power and telecom assets in the PRC, since 1997. Mr. Vong is a graduate of Yale Law School and The London School of Economics and Political Science.

Mr. Xu Siping held a series of senior policy positions for 17 years at the PRC's State Economic and Trade Commission and the State Development Planning Commission (formerly the State Planning Commission), from 1983-2000, before retiring from public service in the central government. He is Chairman of Beijing Sinodata Technology Company Limited. Mr. Xu is a graduate of Dalian University of Technology.

6. PROPOSED CHANGE OF NAME

It is a condition of the Subscription that the name of the Company will be changed to reflect the change in control of the Company and the anticipated future development of the Company. The change of name is subject to approval by the Shareholders at a special general meeting. A new name for the Company has not been decided yet, and further announcement will be made as to the name change when appropriate.

7. THE CAPITAL REORGANISATION

The Directors propose that the nominal value of all of the issued and unissued Shares will be reduced from HK\$0.25 to HK\$0.001 each. On the basis of 100,065,900 Shares presently in issue, a credit of HK\$24,916,409 will arise as a result of the Capital Reduction. The Subscription Shares can only be issued at not less than their nominal value, therefore a reduction in the nominal value of the Shares will be a condition to the Subscription and Completion. As at 31 October 2004 the unaudited balance standing to the credit of the Company's share premium account amounted to approximately HK\$81,093,000. Such balance, when combined with the aggregate credits to be transferred to the share premium account as a result of the reduction in nominal value of the Shares as described above, is expected to amount to approximately HK\$106,009,409. The Directors intend to utilise a portion of such sum to eliminate the accumulated losses of the Company, which totalled approximately \$14,211,000 on an unaudited basis as at 31 October 2004.

The Directors also propose that each Share in the authorised but unissued capital of the Company upon completion of the Capital Reduction would be subdivided into 250 New Shares, and that the authorised but unissued capital of the Company would be further increased by 24,916,409,100 New Shares, so that the aggregate authorised share capital of the Company of HK\$200,000,000 remains unchanged.

The Capital Reorganisation will have no effect upon the consolidated net assets, the underlying assets or the business of the Company. The Capital Reorganisation is subject to approval by the Shareholders at the Special General Meeting.

8. TAKEOVERS CODE IMPLICATIONS

During the six-month period immediately preceding the date of this Announcement, there were no dealings in the Shares by the Subscribers and parties acting in concert with any of them. At present, none of the Subscribers and parties acting in concert with any of them holds any Shares.

Upon issuance of the Subscription Shares, Vongroup Holdings will be interested in approximately 93.27% of the enlarged issued share capital of the Company. Under the Takeovers Code, Vongroup Holdings would be obliged to make an unconditional general offer to acquire all the Shares other than those already owned by it, by Capital Beijing, and by parties acting in concert with either of them.

An application will be made by Vongroup Holdings to the Executive for a Whitewash Waiver, which, if granted, would normally be subject to the approval of the Independent Shareholders on a vote taken by way of a poll. The Executive may or may not grant the Whitewash Waiver. Completion is conditional upon, inter alia, the granting of the Whitewash Waiver by the Executive. Under the Subscription Agreement, the Whitewash Waiver condition can be waived by Vongroup Holdings. If the Whitewash Waiver is not obtained, Vongroup Holdings may consider making an unconditional general offer to acquire all the Shares other than those already owned by it and by Capital Beijing. Vongroup Holdings has undertaken to its financial adviser that it will not waive the Whitewash Waiver condition and extend the general offer unless its financial adviser is satisfied that it has sufficient resources to satisfy full acceptance of the general offer.

If the Whitewash Waiver is approved by the Independent Shareholders, the shareholding of Vongroup Holdings in the Company will be approximately 93.27% immediately after Completion.

9. CONTINUED LISTING OF THE COMPANY ON THE STOCK EXCHANGE

It is the intention of the Subscribers to maintain the listing of the Company on the Stock Exchange after Completion. Accordingly, the present and future Directors and the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that it will closely monitor trading in the Shares if less than 25% of the Shares are held by the public. The Stock Exchange will also closely monitor all future acquisitions or disposals of assets by the Company. Unless potential placements by the Company or by Vongroup Holdings take place by the time of Completion, the future directors of the Company are aware of the Company's public float falling below 25% immediately after Completion and will address this issue accordingly, including by means of potential placements by the Company or by Vongroup Holdings. However no negotiation has taken place and no agreement has been reached on potential placements. The Company and Vongroup Holdings have undertaken to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the shares of the Company then in issue will be held in public hands upon Completion. The Company shall make further announcements in relation to any action taken in respect of the public float of the Shares to ensure strict compliance with the Listing Rules. The Stock Exchange has the discretion to require the Company to issue a circular to its shareholders irrespective of the size of a proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of the Company. The Stock Exchange also has the power to aggregate a series of transactions and any such transaction may result in the Company being treated as if it were a new listing applicant. If the Stock Exchange believes that:

- a false market exists or may exist in the Shares; or
- there are too few Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares.

10. **SUSPENSION AND RESUMPTION OF TRADING IN THE SECURITIES**

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 7 February 2005. An application has been made to the Stock Exchange for resumption of trading of the Shares with effect from 9:30 a.m. on 22 March 2005.

11. **GENERAL**

The Subscribers have appointed AMS Corporate Finance Limited to act as their financial adviser in relation to the Subscription and related matters referred to in this Announcement. An independent board committee of the board of directors of the Company will be appointed to consider the Whitewash Waiver. An independent financial adviser will be appointed to advise the independent board committee regarding the Whitewash Waiver. At the SGM, the Wong Chi Man Group and Mr. Wong See Sum, J.P. and their respective Associates will abstain from voting on resolutions which require the approval of the Independent Shareholders.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued under the Subscription.

A composite document, containing, inter alia, details of the Subscription, the Whitewash Waiver, the change of name, the Capital Reorganisation, and notice of the special general meeting, will be sent to Shareholders as soon as practicable.

12. **DEFINITIONS**

“Associate(s)”	has the meanings ascribed thereto under the Listing Rules
“Board”	the Board of Directors
“Capital Beijing”	Capital Beijing Holdings Limited, a company incorporated in the British Virgin Islands
“Capital Reorganisation”	the capital reduction, the share subdivision and the increase in authorised share capital of the Company in order that the nominal value of all the issued and unissued shares would be changed from HK\$0.25 to HK\$0.001 and the aggregate number of authorised shares would be increased to 200,000,000,000
“Company”	Kamboat Group Company Limited, a company incorporated in the Cayman Islands
“Completion”	completion of the Subscription pursuant to the Subscription Agreement
“Directors”	Directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC (or any delegate of the Executive Director)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders who are not involved in or interested in the Subscription
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	shares of \$0.001 each in the capital of the Company
“PRC”	the People's Republic of China (for the purposes of this announcement, excluding Hong Kong, Taiwan and Macau)
“HK\$”	Hong Kong dollar(s), the lawful currency in Hong Kong

“SFC”	Securities and Futures Commission
“SGM”	the special general meeting of the Company to be held to consider and approve the Subscription, the Whitewash Waiver, the Capital Reorganisation, and such other matters as may be covered at such meeting
“Share(s)”	share(s) of HK\$0.25 each in the capital of the Company, or, where the context requires, share(s) of HK\$0.001 each in the capital of the Company after the Capital Reorganisation
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscribers”	Vongroup Holdings and Capital Beijing, and “Subscriber” shall mean any one of them
“Subscription”	subscription of the Subscription Shares at a subscription price equal to HK\$0.01 each on the terms and subject to the conditions under the Subscription Agreement
“Subscription Shares”	5,400,000,000 new Shares of nominal value HK\$0.001 each
“Subscription Agreement”	the Subscription Agreement dated as of 28 February 2005 among the Company and the Subscribers in relation to the subscription of 5,400 million shares of HK\$0.001 nominal value each in the capital of the Company
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vongroup Holdings”	Vongroup Holdings Limited, a company incorporated in the British Virgin Islands
“Whitewash Waiver”	A waiver from the obligation to extend a mandatory general offer under the Takeovers Code pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to be sought from the Executive

By Order of the Board
**KAMBOAT GROUP
COMPANY LIMITED**
Wong Chi Man
Chairman

By Order of the Board
**VONGROUP
HOLDINGS LIMITED**
Vong Tat Ieong David
Chairman

By Order of the Board
**CAPITAL BEIJING
HOLDINGS LIMITED**
Zeng Shuying
Chairman

Hong Kong, 21 March 2005

As at the date of this announcement, the Company’s Board comprises nine Directors. The executive directors are Mr. Wong Chi Man (Chairman and Managing Director), Mr. Wong See Sum, J.P. (Vice Chairman), Ms. Wong Lan Fun Roberta, Mr. Wong Chi Wing, Tenny, Ms. Ng Suk Bing, Mclanly, the Non-Executive Director is Mr. Tam Fook Yee, and the Independent Non-Executive Directors are Mr. Lee Man Youn Montareal, Mr. Chan Kam Fai, Robert and Mr. Cheung Man Yau, Timothy.

The Company’s Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Subscribers) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than information relating to the Subscribers) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than information relating the Subscribers), the omission of which would make any statement in this announcement (other than information relating to the Subscribers) misleading.

The Subscribers’ Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than information relating to the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than information relating the Company), the omission of which would make any statement in this announcement (other than information relating to the Company) misleading.

“Please also refer to the published version of this announcement in South China Morning Post and The Standard.”