

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2005.

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 18 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 profit for the year ended 31 March 2005 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 15 to 47.

The directors recommend the payment of a final dividend of 1 cent per ordinary share in respect of the year, to shareholders on the register of members on Monday, 12 September 2005. This recommendation has been incorporated in the financial statements as an allocation of retained profits or contributed surplus within the capital and reserve section of the balance sheet.

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 14 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 24 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 25(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2005, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended), amounted to HK\$28,036,000 of which HK\$3,603,000 has been proposed as a final dividend for the year. In addition, 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 (resigned on 21 March 2005)

Chan Ho Man (appointed on 31 December 2004)

Independent non-executive directors:

Kung Fan Cheong

Chan Ka Ling, Edmond

Lo Kin Cheung (appointed on 23 August 2004)

In accordance with the Company's bye-laws, all existing 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2005, the interests and short positions 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 Issuers (the "Model Code"), 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	<u>7,802,000</u>	<u>–</u>	<u>7,802,000</u>	2.16

(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 2)	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 2)	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. 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 a 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 2005, 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.

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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2005, the following interests and short positions 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 (<i>note</i>)	Directly beneficially owned	114,240,000	31.70
TH2 Holding LLC	Directly beneficially owned	17,544,000	4.86

Note: This interest has also been disclosed as an interest of Chan Shu Kit under the section headed "Directors' interests and short positions in shares" above.

Save as disclosed above, as at 31 March 2005, no person, other than the directors of the Company, whose interests are set out in the section headed "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 28 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	56	Chairman	22	Mr. Chan is a co-founder of the Group and has over 33 years' experience in the catering business. He is responsible for the overall corporate strategy of the Group and is acting as director of subsidiaries of the Company. He is the father of Mr. Chan Ho Man.
Kung Wing Yiu	53	Deputy chairman	19	Mr. Kung is responsible for business development and restaurant site selection and is acting as director of subsidiaries of the Company. He has over 28 years' business experience. He joined the Group in 1986.
Chan Leung Huen	71	Executive director	19	Mr. Chan was in charge of the central purchasing department of the Group. He joined the Group in 1986 and has over 36 years' experience in the catering business. Mr. Chan resigned as a director of the Company in March 2005.
Chan Ho Man	29	Executive director	4	Mr. Chan joined the Company on 1 March 2001 and has been involved in the management and operation of the Company's restaurant business. He is acting as a director of subsidiaries of the Company. He is the son of Mr. Chan Shu Kit.
Kung Fan Cheong	50	Independent non-executive director	13	Mr. Kung is a partner in a law firm of Pang, Kung & Co. and is a member of the Law Society of Hong Kong.
Chan Ka Ling, Edmond	46	Independent non-executive director	13	Mr. Chan is a partner of Chan and Chan, Certified Public Accountants. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (UK).

BIOGRAPHICAL DETAILS OF THE DIRECTORS (Continued)

Name	Age	Position held	Number of years of service	Business experience
Lo Kin Cheung	41	Independent non-executive director	7 months	Mr. Lo is the Chief Financial Officer and Company Secretary of SNP Leefung Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants (UK) and an associate member of the Certified General Accountants of Canada.

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 (the "Listing Rules") which was in force prior to 1 January 2005 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.

AUDIT COMMITTEE

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 three members, namely Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung, all are independent non-executive directors of the Company. The annual results of the Group for the year ended 31 March 2005 have been reviewed by the Audit Committee.

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
25 July 2005