

RESULTS

The Group recorded an unaudited consolidated turnover of HK\$185,926,000 and an unaudited consolidated net loss attributable to shareholders of HK\$18,269,000 for the six months ended 30 September 2000. The Board of Directors has resolved not to declare any interim dividend for the period (1999: Nil).

The Directors propose to issue bonus warrants to its shareholders, the details of which are set out in another announcement on the same day.

REVIEW OF OPERATIONS

Given the satisfactory performance of local-styled restaurants, the Group and its independent strategic partners continued to open new branches in various locations during the first half of the year. The results of these new shops were encouraging; some of them, despite only a few months of operations, already had contributions to profit and the rest were able to attain a breakeven cashflow. Besides, the costs of its Chinese restaurants exhibited a significant downward trend with the implementation of the cost-saving and diversification strategies. This was mainly resulted from the exercise of control over the costs of staff and other operation expenses.

When the lease of the Chinese restaurant in Mongkok expired in April 2000, the lease of only one of its two floors had been renewed to enhance the flexibility for the group reorganisation.

To cater for customers' needs, the Group not only upgraded its service standard but also continued to strengthen its value-added services. Accordingly, the Group engaged in the provision of Chinese and Western catering services in the South China Athletic Association in Hong Kong with a view to bring the Group's quality service and food to the membership services sector.

To cope with the funding requirements of the Group for its newly invested operations, the Group and its principal bankers had made necessary financing arrangements during the period in addition to internal funding. In terms of daily cash flow from operating activities, both restaurant business and property investment could break even on the whole and the Group will continue to maintain a good business relationship with its principal bankers. Most of the financing arrangements were enforced under long-term borrowing agreements to meet the cash flow requirements of the Group.

As at 30 September 2000, the Group had more than 1,000 employees, the remuneration packages of whom being reviewed annually by reference to the prevailing job market condition and existing legislation.

OUTLOOK

The Group recorded satisfactory results from its newly opened local-styled restaurants in the first half of the year. While seeking to gain an enlarged market share and to achieve cost-saving, the Group also aims at increasing its profitability. Accordingly, the Chinese restaurant at London Plaza had its 8th and 9th floors changed to a Thai restaurant and a Macau Portuguese-styled restaurant respectively in October 2000 to facilitate the diversification of the Group for the purpose of widening the customer base.

Moreover, appropriate arrangement had been made for the mandatory provident fund of its employees well before the promulgation of the government legislation.