

FINANCIAL HIGHLIGHTS

The Group recorded a loss after tax of HK\$13.0 million (2000: HK\$4.8 million) for the six months ended 30 June 2001. The unaudited loss attributable to shareholders was HK\$11.2 million (2000: HK\$3.9 million) with loss per share of 9.3 HK cents (2000: 3.2 HK cents).

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend (2000: Nil) for the period.

BUSINESS REVIEW

Floating Restaurants

Notwithstanding the sluggish Hong Kong economy, the Group was able to maintain its floating restaurant sales in the first half of this year owing to continued efforts from its sales team. The turnover of the Group from floating restaurants and related activities amounted to HK\$47.2 million (2000: HK\$47.8 million) during the six months ended 30 June 2001. The operating loss for the first half of 2001 amounted to HK\$13.7 million (2000: HK\$7.2 million), mainly attributable to the one-off outlay arising from the Group's restructuring program and the absence of gain on disposal of Jumbo Palace Restaurant which happened in the corresponding period last year.

Property Investment

The refurbishment program carried out in Art Court has been well received by the market. During the six months ended 30 June 2001, the Group recorded improved performances from Art Court and the Jumbo Court Public Carpark despite the difficult business environment in Hong Kong. Turnover and operating profit of the Group's property investments for the first half of the year increased by 7.6% and 5.5% to HK\$2.3 million and HK\$1.8 million, respectively.

PROSPECTS

In view of the keen competition in the catering sector in Hong Kong, the Group will continue to streamline its operations in order to achieve a higher efficiency as well as cost effectiveness. However, the management's commitment in enhancing the profitability of the Group is not confined to cost saving measures. Effective sales and marketing campaigns are being sought and implemented by the management in order to explore both the local and emerging markets, particularly in Korea and Mainland China.

The Hong Kong Government has recently announced numerous measures for promoting tourism in Hong Kong. It is anticipated that the Group will benefit from the economic recovery in the region together with increasing government support for the tourist industry.

FINANCIAL REVIEW

Liquidity and Capital Resources

Cash available to the Group as at 30 June 2001 amounted to HK\$217 million, a decrease of HK\$14 million from the year ended 31 December 2000. Net current assets of the Group stood at HK\$218 million with a current ratio at a healthy level of 22.2. The Group did not have any borrowings and its principal businesses are conducted and recorded in Hong Kong dollars.

The Group is in a financially sound position for future operation expansion and business development. At the period end, the Group did not have any significant capital commitment and contingent liability.

Employees

Staff costs amounted to HK\$33 million which accounted for 51% of total operating expenses. With a headcount of 285 at the period end, the Group adopts a competitive remuneration package for its employees and they are rewarded on a performances related basis within the framework of the Group's salary and bonus system. Staff training programmes are conducted from time to time to ensure frontline employees have good service standards which best meet customer needs.