

OPERATION REVIEW

The improvement in the results was mainly attributable to the Group's success in cost rationalization and cutting down loss-making operations. During the Period, the Group also managed to dispose of properties unrelated to the Group's core restaurant business. The drop in the turnover was mainly due to the closing down of Gather Food Camp in Tsimshatsui and the temporary closure of some of the Group's restaurants for renovation.

G. Sushi

Despite the economic downturn, the operation of G. Sushi, a sushi bar restaurant chain currently with 17 outlets, improved substantially during the Period. Operating expenses were reduced due to the closure of two unprofitable G. Sushi outlets. Turnover on the other hand increased from HK\$71.6 million to HK\$85.5 million. The management attributed the improvement to its effective marketing strategies and the successful rejuvenation of the brand equity to suit the younger generation. Major promotion campaigns such as "Sakura Festival", "All Dishes \$1" and "Dreams Come True", a joint promotion campaign with MasterCard International, were well received by the public. After the Period, the Group opened up two "third generation" G. Sushi outlets in Heng Fa Chuen and Western District in November and another mega outlet would also be opened in Mongkok in late December, 2001. The management believed that the trendy design coupled with the cyber colour tones and setting of the new outlets would attract the large young customer segment and contribute healthy revenue stream to the operation.

Suishaya Japanese Restaurant

Suishaya Japanese Restaurant, a reputable high-end Japanese restaurant, underwent renovation in the month of August 2001 in order to sustain its image as a niche and modernized restaurant in Hong Kong. The renovation led to a drop in the turnover.

Global Forever Green Taiwanese Restaurant

During the Period under review, Global Forever Green Taiwanese Restaurant faced severe economic condition and keen competition from other Taiwanese restaurants in Hong Kong. Only a mild drop in turnover and a slight loss were recorded for the Period as a result of the successful reforms in the menu of the restaurant. The management would continue to add a variety of local Taiwanese dishes and beverage to the menu and introduce strict cost control measures to sustain the profit margin.

Fishermen's Wharf Chinese Seafood Restaurant

The banquet packages offered by Fishermen's Wharf Chinese Seafood Restaurant had been well received by customers and contributed to the turnover of the Period. The cessation of the late night operation helped to further reduce the loss of the operation. The management expected a better result in the coming periods.

Gather Food Camp Japanese Restaurant

The repositioning of Gather Food Camp, an operation offering Japanese buffet, towards the middle-class customer segment was unsuccessful due to keen competition and location problem. As a result, the two Gather Food Camp outlets were closed down in January and September 2001 respectively.