

Chairman's Statement

RESULTS

The audited consolidated loss attributable to shareholders of the Company and its subsidiaries ("the Group") for the year ended 31st March 2002 was approximately HK\$30,756,000. Loss per share based on 484,853,527 shares amounted to 6.3 cents.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2002 (2001: nil).

REVIEW OF OPERATIONS

- For the year ended 31 March 2002, the Group recorded turnover of approximately HK\$210.5 million, a decline of approximately HK\$53.6 million or 20% compared to last year. Due to the weak food and beverages retail markets in Hong Kong, the Group had closed down two loss making restaurants in Hong Kong which accounted largely for the decline in turnover during the year. The Tsuen Wan restaurant in the New Territories, which recorded an operating loss of approximately HK\$5.7 million for the year, was closed in October 2001. Our Wanchai restaurant in Hong Kong Island, which recorded an operating loss of approximately HK\$11.8 million for the year, was closed in March 2002 upon the expiry of its lease.
- During the year, the Group had diversified into the trading of environmental friendly paper tableware. As global awareness of environmental issues increases and more green policies are either already in place or in the pipe line, the Group perceived good business potential in such area. In order to capture the increasing demand for disposable environmental friendly paper tableware, the Group decided to invest in its production. The manufacturing plant is located in Dongguan, Guangdong Province, China. The production lines had been installed and the trial production commenced in March 2002.
- With respect to the litigation with the developer of Wen Jin Square, Shenzhen, China, the Group had agreed with the developer for the balance of the original purchase price payable by the Group, which amounted to HK\$10,245,000, to be entirely offset by the compensation in the same amount due from the developer owing to the delay of the delivery of the completed properties by the developer to the Group. The Group took possession and obtained the legal title of the properties in August 2001.

LIQUIDITY AND FINANCIAL RESOURCES

- As at 31 March 2002, the Group had in aggregate approximately HK\$9.1 million bank borrowings secured on certain properties owned by the Group. The Group's cash and bank balances (including pledged bank deposits) amounted to approximately HK\$10.6 million as at 31 March 2002.

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- The Group's gearing ratio as at 31 March 2002 was 8.5% (2001: 9.3%), based on bank borrowings of HK\$9.1 million (2001: HK\$12.8 million) and the shareholders fund of HK\$107.5 million (2001: HK\$138.3 million).

PROSPECTS

The Board anticipates that the sluggish food and beverages retail markets in Hong Kong will continue. However, given the growing concern of the environment globally, the Board is hopeful that the investment in the production and sale of the environmental friendly paper tableware will help to generate long term growth in the Group's business and mitigate the effects of continued weak demand in the food and beverages retail markets.

EMPLOYEES

At 31 March 2002, the total number of staff of the Group was 870. Total staff costs including Directors' emoluments, amounted to HK\$77.4 million.

The Group continued review remuneration packages of employees with reference to the level and composition of pay, the general market condition and individual performance. Staff benefits include contributions to the Mandatory Provident Fund Scheme and a discretionary bonus payment which is linked to the profit performance of the Group and individual performance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2002.

ACKNOWLEDGEMENTS

I would like to express my gratitude to the management and the staff members of the Group for their dedication and invaluable efforts and contributions to the Group during the year.

By Order of the Board

Cheng Hop Fai

Chairman

Hong Kong, 18 July 2002