



Chairman's Statement

For the year ended 31st March, 2003, the Company and its subsidiaries (collectively referred to as the "Group") recorded a loss of approximately HK\$24.3 million, as compared with a loss of approximately HK\$49.1 million for the last financial year. The turnover of the Group slightly decreased by 3.05% to approximately HK\$235.1 million from approximately HK\$242.5 million in last year.

DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31st March, 2003.

REVIEW OF OPERATIONS

The improvement in the results was mainly attributable to the Group's success in cost rationalisation and cutting down loss-making restaurants. The drop in the turnover was mainly attributable to the downturn of the economy and the effect from closing down of the loss making restaurants.

G. Sushi

As at 31st March, 2003, there were 18 outlets of the sushi bar restaurant chain with turnover increased by 17.3% to 209.6 million for the year despite the economic downturn. The improvement in performance was attributable to the Group's vigorous marketing campaigns and the well performed new shops in high density residential areas such as Tsuen Wan, Metro City, Tseung Kwan O and Tuen Mun respectively. Major promotion campaigns such as Fun Wheel of Fortune "開心勁爆幸運輪", Miss Sun Fun Pageant "陽光開心美少女" and I Love Hong Kong Painting Competition "我愛香港繪畫創作比賽" were well received by the public.

Suishaya Japanese Restaurant

Turnover for the year of this restaurant was decreased due to the construction work of East Railway Extension around the restaurant. In order to alleviate the adverse effect, various lunch sets, dinner sets and buffet were launched at competitive prices during the year.

Global Forever Green Taiwanese Restaurant

Global Forever Green implemented a reduction in the operating hours of the restaurant, thus reducing the operating losses even though a drop in turnover was recorded as well. The management would devote resources to marketing and promotional activities and continue to introduce various new dishes to the menu and arrange the food delivery services to attract more customers.

Fisherman's Wharf Chinese Seafood Restaurant

The restaurant encountered a particularly difficult operating environment last year. As a result, the restaurant was closed down in April 2002.

Comics Publication

In order to broaden its revenue base, on a small scale, the Group has been diversifying into the comics publication business with a newly created comics title series, namely "The Four Famous Detectives" (in Chinese "四大名捕") launched in March 2003 on a bi-weekly basis, capitalising the experience and the expertise of some of the Directors of the Group.



Chairman's Statement

REMUNERATION OF EMPLOYEES

As at 31st March, 2003, the Group had 639 permanent employees and 187 part-time employees. Employees' cost (including directors' other emoluments) amounted to approximately HK\$81.6 million for the year. All permanent employees were under the remuneration policy of fixed monthly salary with discretionary bonus.

A new share option scheme has been adopted on 7th October, 2002 in compliance with the amended Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange to replace the old scheme which was adopted on 27th August, 1997.

9.6 million share options have been granted to certain directors and consultants of the Company on 27th March, 2003.

LIQUIDITY AND FINANCIAL RESOURCES

During the financial year ended 31st March, 2003, the Group has been funding its operation and capital expenditure through cash from operation, secured bank loans and secured other loans. Total assets of the Group and shareholders' deficit as at 31st March, 2003 were approximately HK\$109.8 million and HK\$22.1 million which were financed by current liabilities, non-current liabilities and minority interests of HK\$112.1 million, HK\$10.6 million and HK\$9.2 million respectively.

Out of the Group's total debts of HK\$122.7 million, additional bank loan and credit facilities were obtained and partially drawn down to fully repay the loan of HK\$73.3 million from a former substantial shareholder. In order to provide additional working capital, an amount of HK\$9.5 million was raised through placement of 11.9 million new shares and a loan of HK\$5 million was borrowed from a related company.

Together with the cash generated from the Group's operation in its ordinary course of business and the existing banking and credit facilities, the Directors expect that the Group will have sufficient working capital for its operation.

The Group had limited exposure to the fluctuation in exchange rates and its banking borrowings, bank balances and cash were all denominated in Hong Kong dollars.

CAPITAL STRUCTURE

During the year, the Company has issued 11.9 million new shares of HK\$0.01 each at a price of HK\$0.8 per share by way of placement. The net proceeds amounted to approximately HK\$9.5 million.

On 7th October, 2002, the Company passed a resolution at a Special General Meeting to subdivide every issued and unissued existing share of HK\$0.01 each in the capital of the Company into five shares of HK\$0.002 each.



Chairman's Statement

CHARGES ON ASSETS

As at 31st March, 2003, certain assets of the Group with aggregate amount of HK\$36.3 million were pledged to secure general banking facilities granted to the Group.

DISCLOSURE IN RELATION TO PRACTICE NOTE 19

As the Group recorded an audited consolidated net liabilities of approximately HK\$22,145,000, the Company will shortly apply to the Stock Exchange for a waiver from strict compliance with the general disclosure obligation imposed on the Company under paragraph 2(1) of the Listing Agreement as supplemented by Practice Note 19. Further announcement on the result of such waiver application will be made by the Company if and when necessary.

PROSPECTS

Following the change in the control of the Company occurred in July 2002, there was a change in the composition of Directors in August 2002 and a detailed review of the operations of the Group has since been conducted. The Directors have been continuing to impose tight control over the operating costs while at the same time to maintain the quality of products and services in terms of variety of food, layout and location of outlets in order to meet customer tastes and needs and to enhance competitiveness.

As stated in the interim results announcement, published in November 2002, in view of the loss-making record of the Group in the past 5 financial years ended 31st March, 2003, coupled with a shareholders' deficit which had been existing since 31st March, 2002 and, in the best interest of the Company and its shareholders as a whole, the Directors are determined to explore new business and investment opportunities in Hong Kong and the People's Republic of China as openly and as cost-effectively as possible to improve the situation as is practicable. The first step that the Company has undertaken is to diversify into comics publication business as mentioned in Comics Publication above. As the restaurant business in Hong Kong will remain in doldrum for quite some time, the Directors consider it is desirable for the Company to reinforce the decided strategy of diversification in full speed with a view to enhancing the shareholders' value in an expedient manner.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to all our shareholders and business associates for their encouragement, support and assistance and our heartfelt thanks to all the employees of the Group who have worked hard to provide excellent services and contributions to the Group.

Chan Kong Sang, Jackie
Chairman

Hong Kong, 21st July, 2003