



## TO ALL SHAREHOLDERS, EMPLOYEES AND CUSTOMERS

The year under review was certainly among the most challenging years in the Group's 35 years long history. Not only have so many sectors of business been simultaneously impacted by such a persistent economic doldrums, the depth and breadth of this economic downturn has been exceptional. Locally, the unremitting deflationary environment is well into its fifth straight year, coupled with the persistently high unemployment rate and the continuous corporate retrenchment has stagnated the already weak consumer market. Globally, the uncertainties in the world economies has presented another challenge to management. More recently, the widespread public concerns over the outbreak of SARS in Hong Kong and other parts of world in March 2003 further deepened the adversity over the operating environment.

Over the year, we responded to this exceptionally challenging business environment with a number of bold strategic initiatives, aiming at ensuring a solid foundation for sustainable development of the Group in the long term. First, we accelerated our cost-cutting business process re-engineering and put in place a vigorous assets rationalization program. Second, we continued with investments in our industry-leading branch development and renovation program to capitalize on the industry consolidation opportunity. And thirdly, we stepped up our efforts to reposition into faster growth potential markets globally through mergers and acquisitions. We believe it is for the best of our shareholders' long term interest to take on these forward thinking strategic initiatives even if it means that we would have to take on short term sacrifice in giving up the Group's proud record of 7 years of consecutive operating profit growth.

## 各位股東、員工及顧客：

是年度實為集團三十五年來最具挑戰性的一年。面對長期的經濟困境，各行各業無可避免受到嚴重的衝擊。香港經濟連續第五年通貨收縮，企業不斷整固，失業率持續上升，令疲弱不振的本地消費市場更形黯淡。全球經濟之不穩定對集團海外業務更是一項新挑戰。再者，近期爆發之非典型肺炎，嚴重削弱消費者信心，使營商環境日趨惡化。

面對當前窘迫的市況，管理層迅速採取一系列應變措施，務求為集團之長足發展奠下更穩健的根基。首先，集團積極深化推行節省營運開支的作業流程改造計劃，有效運用資源。其次，繼續投放資金於分店開拓及店舖翻新，鞏固集團之市場領導地位。再者，積極發展極具潛力之海外市場，透過收購合併，尋求投資機遇，開拓新市場領域。管理層深信上述具前瞻性的策略行動，短期內或會對集團之七年持續營運利潤增長構成壓力，唯長線而言，卻是保障股東長遠權益的最佳策略。



Having said that, the Group still managed to deliver solid financial results for the year amid all the business challenges. While sales were flat versus fiscal 2002 at HK\$2.62 billion, net earnings were HK\$245,274,000, with net asset value amounted to approximately HK\$1.46 billion at HK\$2.7 per share. As at 31st March, 2003, the Group's financial position continued to be very strong, with a net cash about HK\$513 million and available banking facilities of approximately HK\$791 million. There are no material changes in contingent liabilities, charges on assets and exposure to fluctuation in exchange rates.

To leverage our potent cash position and enhance our shareholders' value, the Group bought back a cumulative total of approximate 43 million shares at an average cost of about HK\$3.35 per share since the Asian financial crisis in 1997. Furthermore, given our balance sheet and cash flow position keep growing stronger year on year, we reckoned that we need to review our dividend policy to strike a balance between the Group's working capital and shareholders' return. Insofar that the Group maintains a healthy net cash position for funding future developments, I would recommend to the Board to return value to our shareholders, as reflected in this year's more generous dividend policy, in terms of dividend increase and payout ratio.

縱然面對種種挑戰，集團於年度內仍能保持穩固的業績表現。營業額與二零零二年度相若，為港幣二十六億二千萬元，稅後盈利為港幣二億四千五百二十七萬四千元，淨資產值約港幣十四億六千萬元，每股淨資產值為港幣二元七角。截止二零零三年三月三十一日，集團財務保持穩健之財政狀況，擁有淨現金約港幣五億一千三百萬元及可應用銀行貸款額約港幣七億九千一百萬元。本集團之或然負債、抵押資產和外匯匯率波動風險並無出現任何重大變動。

為提升股東投資回報，自一九九七年亞洲金融危機後，集團已累計回購約四千三百萬股股份，每股平均回購價約港幣3.35元。此外，有見集團之財務基礎穩固，在日常營運及拓展資金充裕之大前提下，本人建議董事局對股息政策進行檢討，考慮採納較寬裕之派息政策，增加末期派息額及派息比率，以提升股東投資回報，答謝股東們多年來對集團的支持。



## SOLIDIFYING THE FOUNDATION

To ride out the prevailing economic storm, I believe that the key for any business enterprise is its adaptability to changes, and to enhance its efficiency in the quickest manner in various business aspects, so that it can come out stronger and more resilient when the economy rebounds. For that matter, we dealt with these changes and challenges by timely executing and implementing various efficiency enhancement programs.

The implementation of a computerized Point of Sales System and Business Management System, in which we have committed HK\$65 million, began to bear fruits. At the shop level, these installed systems have already begun to deliver enhanced marketing effectiveness, operational efficiencies, and product delivery time. By way of a series of customer loyalty programs on a smart-card infrastructure, which is a first of its kind in the fast food sector, we are able to meet the sophisticated customers' needs as well as to stimulate their wants. At the same time, the systems have helped to expedite more effective strategic planning, more timely information update and more powerful data analysis, with substantial savings delivered in manpower and administrative expenses at the back office.

On another front, the commencement of production at our new food processing plant in Dongguan, PRC have gradually reallocated our labour intensive work process from Hong Kong, which slowly translates into margin improvement. This vertical integration move reinforced the long-term direction of the Group to reallocate our food processing into the PRC to take advantages of the lower labour and raw materials cost for the benefit of the Group.

In the context of extremely uncertain situation of the local property market and in the long term interest of our shareholders, the management has also decided to take on a prudent approach on its equity and property investments, in order to ensure our business foundation are built on more solid grounds when the economy rebounds. Over the years, we have built up a small portfolio of certain investment properties associated with our

## 鞏固集團根基

本人深信企業要駕馭經濟逆境，必須處變不驚，破舊立新，自強不息，全面提升營運效率，方能在經濟復甦時有更出色的表現。因此，面對瞬息萬變的市場形勢和種種挑戰，管理層積極深化其作業流程改造計劃之推行；在過往兩年間合共投資港幣六千五百萬元於全線分店之電子收費及業務管理系統，以提高企業的生產效能和管理營運效率。此等系統不單能進一步提升前線分店之顧客服務質素，更可強化市務推廣效益。與此同時，**大家樂**率先採用先進的“智能咭”技術，連結現行之營運資訊管理系統，推出快餐業首創之顧客忠誠市務推廣計劃之餘，更大大提高整體資訊管理效率，減低後勤部門之相關人力使費開支。

另一方面，位於中國東莞之新食品製作中心亦於是年內全面投入服務，將現時在香港之部份勞工密集生產工序，逐步轉移由國內新廠房處理，此舉有助減省相關人力及食物成本開支，對集團長足發展有莫大裨益。

鑑於本地資產及物業市場之不明朗前景，為保障股東長遠利益，管理層決定採取審慎而果斷之態度處理其資產投資及物業組合，好待經濟復甦時，集團業務根基更形穩固。為此，集團



self-owned property purchases. At the same time, we have also taken advantage of the depressed market at the time to acquire a small equity interest in a locally listed Chinese fast food company as a long term strategic holding investment. Given the continuous impairment of the value of such investments, the Group has decided to write down the value of these investments to reflect their significant diminution in value. We believe these prudent decisions are in the long term interest of our shareholders.

To further solidify our financial footings, a HK\$200 million 5 years syndicated revolving credit facility with eight international banks was arranged in March 2003 for the Group's general corporate funding requirements and expansion plan.

## LEAPING FROM GROWTH PLATFORMS

In the local market, while the eating-out industry has not been growing for years, we saw fierce pricing competitions coming from even non-traditional players such as supermarkets and convenience stores. While our competitors resorted to price reduction measures, **Café de Coral** fast food focused on a strategy that would continue to strengthen customer value and brand building. During the year, the Group adhered to its aggressive store opening program and a total of 31 stores have been added to the various strategic business units of the Group. In addition, we have been persistently and vigorously implementing the face-lift program and have renovated 19 of our outlets with a well-received design image and shop ambience during the year. With these two programs, we ploughed back over HK\$83 million into the existing business for further enhancing our competitive edge.

On another front, **Asia Pacific Catering** continued to expand its client portfolio. Its clientele during the year was further expanded by our recent new institutional catering contracts in the medical, educational and commercial sectors, bringing our total operating units to 52, further reinforcing our leadership position in this specialized sector in the local catering scene.

於是年度就過往之策略性投資項目，包括一間中式快餐上市公司之部份股權及少量之出租商舖物業投資，作出減值撥備，以反映其現時之股值，從而保障股東長遠利益。

同期，為進一步鞏固集團之財務根基，於二零零三年三月，集團與八間國際銀行籌組港幣二億元之五年銀團循環貸款，作為本集團一般企業融資及發展計劃。

## 拓展市場空間

隨著本地餐飲行業在過去數年出現萎縮，誘發業內個體戶、甚或超級市場及便利店採取削價促銷手法爭相競爭。**大家樂**快餐繼續以客為本，透過進取的市務推廣，推行各項顧客增值服務，以提升產品及服務質素，提高惠顧人次，強化集團的品牌形象。年內，集團積極開設新分店，於旗下各策略性業務單位合共增設31間分店。此外，集團繼續以嶄新的店舖裝修設計，為19間分店進行翻新工程，藉此不斷提升店舖進食環境和氣氛。集團為推行有關計劃，合共投放超過港幣八千三百萬元以加強集團的競爭優勢。

另一方面，**泛亞飲食**繼續致力擴充客源。於年內，成功與多間醫院、學府及商業機構簽訂膳食服務合約，使**泛亞飲食**的營運單位高達52間，進一步鞏固其在本地機構飲食業務之領導地位。



## BREAKING NEW FRONTIERS

Leveraging on the experience we have accumulated in the PRC, we planned to open more outlets in China for the upcoming years. The two new outlets in Zhongshan, Guangdong, in addition to 5 existing shops in the South China, were rolled out this year with satisfactory performance. For the current year, 3 more outlets were scheduled to be opened in Southern China, further signifying our stepped up confidence to penetrate into this market.

Following the acquisition of **China Inn** with a chain of 21 outlets readily in operation, we have pilot-tested various restaurant concepts like the cook-to-order fast-casual restaurant **Fan Ting** in Ventura, California, and the two **Manchu Wok** free-standing street-site restaurants in Toronto, Canada, which we believe will provide new avenues of growth, other than the shopping center environment in North America. The initiatives on these various new concepts coupled with the post-acquisition business integration has triggered some one-off restructuring cost, which has depressed the short term performance of this business unit. Going forward, the management is confident that this sizeable platform of over 202 restaurant units in North America would eventually be a meaningful profit generator to the Group.

Another strategic development initiative essential for the Group's long term growth is the setting up of growth platform in the very important China market. In 2003, this development vision materialized in the form of an acquisition of a 50% stake in a 90 stores restaurant chain under the brand name of **New Asia Dabao**, which is the largest Chinese quick service restaurant network by stores in Shanghai Municipal. With this sizeable platform, the Group's foothold in the PRC market has been substantially enhanced with a dominant and meaningful play in this market of tremendous potential.

## CHALLENGES AND OPPORTUNITIES

Year 2003 is the year of our 35th birthday, and was also among the most challenging year in the Group's long history. It is an

## 開拓業務領域

憑藉於中國市場所累積的營運管理經驗，集團再度進軍國內市場。繼現有在華南的5間分店外，其位於廣東省中山市開設的兩間新分店，業績表現均相當理想。集團預計來年度於珠江三角洲各地再增設三間新分店，標誌著本集團進駐中國市場的信心。

集團收購**China Inn** 合共21間分店之中式連鎖快餐業務後，為進一步擴闊收益來源，集團積極開拓其他新餐廳概念，例如在美國加州 Ventura開設一間特色中式速食餐廳**Fan Ting**，採用即時烹調營運模式。此外，亦於加拿大多倫多市開辦兩間**Manchu Wok**，採用獨立建築之餐廳商舖模式，以突破現時在商場內的選址局限。鑑於年度內開展多項嶄新餐廳業務概念，加上業務購併後之管理整固融合帶來之一系列非經常性開支，令業務短期表現受壓。管理層深信憑藉在北美洲擁有超過202間餐廳之龐大網絡，日後定能為集團帶來可觀的盈利貢獻。

集團另一項長遠發展策略就是致力於中國市場開拓新業務領域。為體現此發展戰略，集團於年內正式簽署收購在上海擁有90間分店之最大中式快餐連鎖集團**新亞大包**一半股權。完成此項目後，有助集團在中國快餐餐飲業務領域上建立根基穩固之發展台階，藉此進一步開拓此極具發展潛質的市場。

## 挑戰與機會

在當前經濟逆境中，於已擴大之盈利基礎下，集團仍能保持可觀之盈利收





increasingly enormous challenge for management to consistently deliver continuous and consecutive profit growth in such tough economic times especially on an enlarged profit base. The magnitude of the impact on local and global economies brought by SARS is hard to predict at this moment. Having said that however, this SARS incident would quicken the inevitable closure of many restaurants and accelerate the industry consolidation where only the leading players like ourselves, through effective management and efficient measures, would continue to reinforce our market leadership position and benefit in the consolidation process. We as a group are not deterred by the present economic woes, but are committed to make use of the present window of opportunities to build the Group as the world's largest and leading Chinese quick service restaurant group across the continents. I am energized by the opportunities ahead.

The Group continues to receive recognition for our management excellence on a local and international level. I myself am particularly gratified and honoured for being awarded the **“Bauhinia Cup Outstanding Entrepreneur Awards”**. At the same time, our Group was awarded the **“Business Awards 2002 – Business Excellence Award”** by The Canadian Chamber of Commerce and we have been honoured, for the fifth consecutive year, as one of the World's **“Best Under a Billion”** by Forbes Global. As we are entering our 35th Anniversary, the latest honour of being selected as **“2003 Best Employers in Hong Kong”** was indeed the best birthday we could ever have.

As always, our people are key to deliver these business excellence and they are rising to the challenges of a promising future. I applaud the efforts of our entire organization for delivering these results in a tough economic environment, particularly that of all our front line staff who rose to the occasion during the SARS outbreak. I am more than grateful to them all.

**Chan Yue Kwong, Michael**  
Chairman

Hong Kong, 8th July, 2003

益，實為管理層莫大挑戰。目前，非典型肺炎對本地及全球經濟的影響仍無法估計，唯在市場競爭日趨白熱化的環境下，非典型肺炎事件將無可避免加速食肆倒閉及業內整固之步伐。在此汰弱留強的重整過程中，集團深信透過有效的業務營運策略，將能進一步鞏固其市場領導地位。面對當前罕見之本土經濟形勢，管理層承諾積極在全球爭取機會，並將之轉化成為新的商業契機，進一步強化本集團業務全球化之發展理念，銳意使**大家樂集團**成為全球最具規模的中式連鎖餐飲集團。

本人欣然報告集團管理層的卓越管理表現，持續獲得本地及國際的認同。個人更深感榮幸獲頒發『**紫荊花杯傑出企業家獎**』。與此同時，集團亦獲《香港加拿大商會》頒發備受推崇的『**二零零二年度企業大獎 - 傑出業務大獎**』及連續第五年獲得世界權威財經雜誌《Forbes Global》甄選為『**全球最佳二百間中小型企業**』。適值集團成立三十五週年誌慶，年內更獲甄選為『**二零零三年香港最優秀僱主**』，實難能可貴，乃集團收到最佳的生日賀禮。

集團業務能夠屢獲殊榮，實有賴管理層及各位員工在此艱辛的營商環境下，無懼困阻，努力不懈為集團作出貢獻。本人謹藉此機會，衷心感謝各員工，特別是所有前線員工在非典型肺炎疫潮下，仍上下一心，默默耕耘，堅守崗位，他們的工作態度，精神可嘉，本人致以萬二分謝意。

**陳裕光**  
集團主席

香港，二零零三年七月八日