

INTERIM DIVIDEND

The Directors have recommended that no dividend be paid for the six months ended 30 September 2003 (2002: HK\$ Nil).

BUSINESS REVIEW

Deflation and high unemployment rate in Hong Kong continued to depress business conditions at the beginning of the year. The outbreak of the Severe Acute Respiratory Syndrome ("SARS") in the first quarter of the financial year further dampened market sentiment. Under these difficult conditions, the Group's turnover for the first quarter has decreased by approximately 15%. Despite a mild recovery in the second quarter of the year, the Group's turnover for the period under review still recorded a decline of 6% to HK\$354,681,000 and a net loss of HK\$2,642,000 for the six months ended 30 September 2003.

In response to the adverse situations brought along by SARS, the Group implemented various extra stringent measures and staff training to ensure the provision of a safe and clean dining environment for customers. The measures enabled the Group's fast food outlets in the estates of Tin Wan, Kwong Yuen, Wan Tau Tong, Sau Mau Ping and King Lam as well as its Buddies Café in Lei Tung Commercial Centre and Kwong Yuen Shopping Centre to receive the Cleanest Restaurant Award from the Hong Kong Housing Authority, a recognition of the Group's commitment to enhancing its dining environment over the year.

During the period affected by SARS, orders for school lunch box were cancelled with subsequent fall in sales revenues for the Group's school catering business. With most people tended to eat at home during the SARS outbreak, sales at the Group's specialty restaurants had also declined.

Despite the plunge of customer flow at fast food outlets in the Mainland during the SARS epidemic, business gradually regained its momentum in the second quarter as the impact of SARS subsided. With the introduction of stringent cost controls, the Group's Mainland operations were able to report a profit for the six months ended 30 September 2003.

During the period under review, the Group opened 2 new stores and renovated 14 existing stores while it also closed 2 under-performing outlets to improve its cost structure and shop portfolio.

As at 30 September 2003, the Group operated a total of 94 outlets, including 67 fast food outlets, 2 Café Oasis, 4 institutional catering outlets, 7 Buddies Cafés, 6 specialty restaurants in Hong Kong and 4 fast food outlets and 4 institutional catering outlets in the Mainland.

PROSPECTS

In Hong Kong, the Group will continue to focus on its fast food business and remains cautiously optimistic towards the development in the industry. In recent months, market sentiment has become more favourable with signs of restoration of consumer confidence and improvement in unemployment rate. The improving market sentiment, coupled with the increasing number of individual travelers from the Mainland, will directly help the overall economy and benefit the Group's business.