

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 September 2003 (2002: nil).

REVIEW OF OPERATIONS

For the six months ended 30 September, 2003, the Group recorded a turnover of approximately HK\$50.3 million, a decline of approximately HK\$17.3 million or 25.6% compared to the corresponding period last year. Such decline was due primarily to the outbreak of the Severe Acute Respiratory Syndrome (“SARS”) in Hong Kong and China. During the SARS period, consumer spending in Hong Kong and South East Asia region almost came to a standstill and the Group experienced an unprecedented drop in turnover. In order to minimise the adverse impact of SARS on the Group’s business, the Group have carried out a series of cost containment and customer retention measures, the latter aim at boosting customers’ confidence in dining at our restaurants. On the other hand, the Group had suspended the operation of one of its outlets at Lai Chi Kok, Kowloon in May 2003 for a month long renovation. Management believed such move would be able to improve the outlet’s patronage upon Hong Kong’s recovery from SARS.

In respect of the manufacturing of the environmental friendly paper tableware, the second stage of the production line at the Group’s manufacturing plant located in Dongguan, Guangdong Province, China was launched in early 2003. During the period under review, sales of the paper tableware commenced and was effected through an Australian distributor to supermarkets and hospitals across Australia. In terms of medium term strategy, the Group will continue to search for distributors in Europe and the Asia Pacific region, in order to secure steady demand for the Group’s environmental friendly paper products.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2003, the Group had in aggregate approximately HK\$7.3 million bank borrowings. The Group’s cash and bank balances (including pledged bank deposits) amounted to approximately HK\$6.0 million as at 30 September 2003.

The Group’s gearing ratio as at 30 September 2003 was 12.2% (31 March 2003: 12.7%), based on bank borrowings of HK\$7.3 million (31 March 2003: HK\$8.8 million) and shareholders’ funds of HK\$59.7 million (31 March 2003: HK\$69.2 million).