

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity, financial resources and exchange rate fluctuation exposure

The Group had unaudited consolidated shareholder's funds of approximately HK\$99.6 million (30 April 2003: HK\$100.0 million) as at 31 October 2003. The Group's current ratio decreased from 0.95 as at 30 April 2003 to 0.83 as at 31 October 2003. This was mainly attributable to the capital investments in the new restaurant in Tsim Sha Tsui during the period. The Group's gearing ratio (total borrowings/total assets) remained low at 0.05 as at 31 October 2003, which was comparable to that of 0.06 as at 30 April 2003.

As at 31 October 2003, the Group's cash and cash equivalents increased from HK\$6.5 million as at 30 April 2003 to approximately HK\$9.1 million as at 31 October 2003. The Group's total bank borrowings stood at HK\$8.1 million, representing a decrease of 5.8% as compared to HK\$8.6 million as at 30 April 2003. There are no seasonal factors materially affecting the Group's borrowing requirements.

Since the majority of the Group's sources of income, bank balances and borrowings are denominated in Hong Kong dollars, the Group has minimal exposure on exchange rate fluctuation.

Treasure policies

The Group generally finances its ordinary operations with internally generated resources. The interest rates of most of the borrowings are charged by reference to the prevailing market rates.

Contingent liabilities

The Group has a contingent liability in respect of possible future payments to employees under the Employment Ordinance with a maximum possible amount of approximately HK\$3.7 million (30 April 2003: HK\$3.7 million) as at 31 October 2003.

Capital commitments

As at 31 October 2003, the capital commitments in respect of investments in subsidiaries and purchases of fixed assets amounted to approximately HK\$6.0 million (30 April 2003: HK\$1.4 million) and HK\$1.3 million (30 April 2003: HK\$1.9 million), respectively.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 October 2003, the Group had 868 (30 April 2003: 885) employees in Hong Kong and the Mainland China.

The Group has not experienced any significant problems with its employees or disruptions to the operations due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare, share options and statutory contributions, if any, are made in accordance with individual performance and the prevailing labour laws of its operating entities. Details of the Scheme are set out under “SHARE OPTION SCHEME” above.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 31 October 2003, the Company and its subsidiaries did not purchase, sell or redeem any of the Company’s listed securities.

AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements.