

INTERIM DIVIDEND DISTRIBUTION

The Board of Directors has resolved to declare an interim dividend distribution of 8.8 HK cents (2003: HK\$Nil) per share to shareholders whose names appear on the Register of Members of the Company at the close of business on 29 December 2004. This represents a distribution of approximately 50% of the Group's profit attributable to shareholders. The interim dividend distribution will be paid on or before 5 January 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 28 December 2004 to 29 December 2004 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend distribution, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong Branch Share Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:00 p.m. on 24 December 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Riding on the momentum of the re-branding campaign and revived consumer sentiments, the Group attained remarkable growth both in turnover and operating profit for the six months ended 30 September 2004. The Group's turnover for the period under review reached HK\$413,760,000, an increase of 16.7% from HK\$354,681,000 recorded in the same period last year. Including a gain of approximately HK\$9,000,000 from the disposal of a property during the period, profit attributable to shareholders amounted to HK\$21,532,000, a turnaround from a loss of HK\$2,642,000 in the last corresponding period.

Management is pleased to see that the re-branding campaign does not only contribute to the Group's improved results but also revitalizes the Fairwood brand in the minds of customers. Recent research showed that Fairwood's revamped brand image worked well on consumers of different demographics with the strongest appeal to young and affluent consumers within the "professional and executive" occupational group aged 25 to 34. Average spending-per-head has increased following the re-branding campaign, with a corresponding improvement in gross margin. As at the date of this report, 15 of the Group's fast food outlets have been upgraded with the new theme. Turnover of those outlets after renovation recorded significant growth in the subsequent months.