

主席報告書

Chairman's Statement



致各股東

本人謹代表大快活集團有限公司(「本公司」)董事會(「董事會」)提呈本公司及其附屬公司(統稱「本集團」)截至二零零三年三月三十一日止年度之全年業績報告。

財務回顧

截至二零零三年三月三十一日止，本集團錄得營業額港幣732,375,000元，較去年營業額港幣776,609,000元減少5.7%。在推行一系列成本重整及鞏固措施後，本集團成功轉虧為盈，於截至二零零三年三月三十一日止年度錄得股東應佔溢利港幣3,578,000元。較截至二零零二年三月三十一日止年度錄得港幣70,285,000元之虧損，有顯著改善。每股盈利為2.9港仙。



TO OUR SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual results of Fairwood Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2003.

FINANCIAL REVIEW

For the year ended 31 March 2003, the Group recorded a turnover of HK\$732,375,000, a decrease of 5.7% from HK\$776,609,000 for the previous year. Following the implementation of a series of cost restructuring and consolidation measures, the Group successfully turned around to achieve a net profit attributable to shareholders of HK\$3,578,000 for the year ended 31 March 2003, a significant improvement as compared to the loss of HK\$70,285,000 for the year ended 31 March 2002. Earnings per share were HK\$0.029.



主席報告書 (續)

Chairman's Statement (Continued)

業務回顧

年內，透過一系列精簡措施及外判工序行動，本集團的操作在成本改善架構之下，有效地提升了營運效率。縱然本集團之營業額受去年疲弱的經濟環境及通縮影響而下降，該等措施及行動令本集團維持邊際利潤水平，並且成功轉虧為盈。

香港業務

年內，由於經濟低迷以及失業率持續高企，本地快餐業進一步受到衝擊。面對充滿挑戰的營商環境，本集團將業務焦點放回基本因素上，推出一項提升整個企業品質、服務及清潔的活動，為顧客提供穩定而高質素的食物及服務，以及提供一個潔淨舒適的用膳環境。同時，本集團亦翻新了17間現有店舖以提升店舖設計及裝飾。這些擁有最新及時尚設計的店舖成功地令顧客更常惠顧。

BUSINESS REVIEW

During the year, the Group through a number of streamlining and outsourcing initiatives was able to operate with higher operational efficiency under an improved cost structure. These measures enabled the Group to maintain its margins and achieve a turnaround, despite a decline in turnover resulting from the weak and deflationary economic conditions prevailing in the past year.

Hong Kong Operations

During the year, the local fast food industry was further dampened by the sluggish economy and high unemployment rate. Facing this challenging business environment, the Group took its business focus back to its fundamentals by launching a corporate-wide campaign on quality, service and cleanliness to ensure the consistent delivery of high quality food and services as well as the provision of a clean and comfortable environment to enhance the dining experience of our customers. At the same time, the Group renovated 17 existing shops to enhance store décor. With an upgraded and trendy décor, these stores have successfully prompted customers to pay more frequent visits.





本集團在藍田及屯門快餐分店推出的外賣送遞服務，為中式快餐連鎖式經營市場帶來重大突破。本集團相信其外賣送遞服務將比其他本地快餐經營商有較佳競爭優勢。

年內，學校食堂業務表現逐步改善，銷售額較上一個財政年度增加了25%。

本集團於二零零二年九月在灣仔開設了第二間Café Oasis，進一步進軍商業地區市場。年內，本集團將位於青衣城商場的餐廳重新裝修為全新概念式餐廳「滾滾紅茶」。同時，青衣城商場的東京餐廳亦已重新裝修成地中海特式餐廳「Café Porto波濤」。市場對「滾滾紅茶」反應理想，而「Café Porto波濤」亦開拓了以地中海食品為主的獨特市場。

為回應迅速轉變的市場，本集團委托一家獨立研究顧問於二零零三年三月進行了市場研究，以便更透徹了解本集團於本地快餐市場的定位並發掘市場商機。是次研究將可協助本集團發展市場推廣策略，使本集團在不斷轉變的市場中鞏固及提升品牌知名度。

The Group marked an important breakthrough among Chinese fast food chain operators when it introduced home delivery services at its Lam Tin and Tuen Mun fast food outlets. The Group believes its delivery services will offer an edge over other local fast food operators in the market.

During the year, the school catering business improved progressively, with sales increased by 25% compared to last financial year.

The Group opened its second Café Oasis in Wanchai in September 2002 further penetrating into the business districts. During the year, the Group has revamped its café at Maritime Square to a new concept restaurant named 'Boiling Tea'. At the same time, the Little Tokyo Restaurant at Maritime Square was also revamped to a Mediterranean restaurant Café Porto. While Boiling Tea received encouraging market response, Café Porto has also established a niche market for Mediterranean dining.

In response to the fast changing market, the Group commissioned a market research consultant to conduct a research study in March 2003 for a better understanding of the Group's positioning in the local fast food market and to identify any market opportunities. This research will help the Group with its development of marketing strategies to sustain and enhance its brand in the constantly changing market place.



主席報告書 (續)

Chairman's Statement (Continued)

中國業務

年內，本集團獲得兩份機構性食堂業務的合約。中國區內的銷售表現理想，營業額上升8.3%至港幣40,749,000元。

本集團於年內在香港及中國增設了12間店舖。截至二零零三年三月三十一日止，本集團共經營94間店舖，其中香港共有67間快餐店、2間Café Oasis、4間機構性食堂、7間老友記茶餐廳及6間特色餐廳；中國則有4間快餐店及4間機構性食堂。

前景

來年，本集團將主力改善服務、食物質素及店舖設計，以加強其市場競爭力。以現時市場的謹慎消費模式、通縮壓力及受非典型肺炎的影響，本集團預期二零零三／零四年對本地快餐業來說，仍然非常困難。預計市場將經歷一段整固期，而一些競爭力較弱的餐飲經營商將因市場需求降低而被淘汰。



Mainland Operations

During the year, the Group was awarded 2 new contracts for its institutional catering business. Sales in the region performed satisfactorily, increasing 8.3% to HK\$40,749,000.

During the year, the Group opened 12 new outlets in Hong Kong and the Mainland bringing the total number of outlets of the Group as of 31 March 2003 to 94, 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

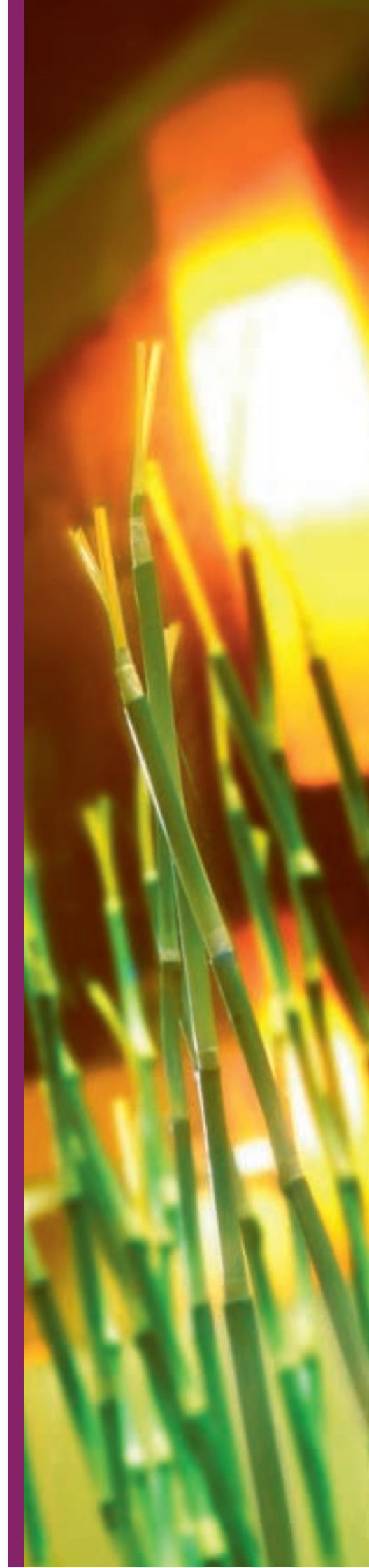
In the coming year, the Group will focus on improving its services, food quality and store décor in a bid to increase competitiveness. With the current conservative consumer spending pattern, deflationary pressures and the recent Severe Acute Respiratory Syndrome ("SARS") epidemic, the Group foresees 2003/04 to be another difficult year for the local fast food industry. The market is expected to undergo a consolidation period under which the less competitive catering operators will be phased out as a result of decline in market demand.





本集團的營運因二零零三年三月於香港及中國爆發的非典型肺炎而受到不利影響。縱然非典型肺炎對本集團截至二零零三年三月三十一日止年度的業績未有重大不利影響，本集團於二零零三年四月一日至六月尾之營業額則較去年同期下跌約20%。然而，本集團旗下部份店舖之業主作出租務優惠，而政府亦豁免餐廳牌照費，使情況得以舒緩。

The Group's operations have been adversely affected by the outbreak of SARS in Hong Kong and the Mainland in March 2003. Although there was no significant adverse impact on the Group's operating results for the year ended 31 March 2003, the Group's restaurants turnover for the period from 1 April 2003 to the end of June 2003 decreased by approximately 20% compared to the same period last year. The Group is, however, helped by rental concessions granted by landlords in respect of certain of its tenancies and waiver of restaurant licence fee.



主席報告書 (續)

Chairman's Statement (Continued)



為回應顧客於非典型肺炎肆虐期間對店舖衛生及食物質素的高度關注，本集團為首家中式快餐經營商參與由本地餐飲業舉辦的「十項全能活動」。透過是次活動，本集團致力提供一個更潔淨及更衛生的用膳環境，以吸引及保留顧客。與此同時，本集團亦實施了嚴謹的監控措施，務求能於此嚴峻的環境下進一步減低成本。於過去數星期內，顧客量已逐步回復至接近非典型肺炎爆發前的水平。

本集團預期租金於持續低迷的經濟環境下將進一步下調。本集團將藉著租金下調的機會重新商討租約並重整快餐店的地點以加強店舖的分佈策略。

為提升及改善食物及服務的水平，本集團正積極改善其營運系統，憑藉獨立管理顧問公司的協助，本集團現正推行企業管理流程重整計劃，以加強其業務表現。

To address customer concerns over store hygiene and food quality during the SARS period, the Group was the first Chinese fast food operator to participate in the “Ten Commitments Campaign” organised by the local food industry. Through this campaign, the Group committed to providing a cleaner and more hygienic dining environment to attract and retain customers. During the same period, the Group has introduced stringent controls to further reduce operating costs under these tough conditions. On a more positive note, there was in the past few weeks a rebound of customer flow close to the level the Group enjoyed before the SARS outbreak.

The Group also anticipates a continual downward trend in rental costs as the economy remains sluggish. The Group will consider taking advantage of the lower rental to renegotiate its leases and relocate some of its store outlets to strengthen its shop portfolio.

To sustain its efforts in food and service quality improvements, the Group is taking initiative to fine tune its operating system. With the help of external management consultants, the Group is launching a corporate-wide business process re-engineering project to enhance business performance.

本集團現正更新一套資訊管理系統，預期此套運用最新資訊科技的系統之第一階段將於二零零三年最後一季開始投入服務。

為緊貼最新的市場趨勢，本集團將利用於二零零三年三月進行的研究所得數據，推出一系列市場推廣活動，及改良餐單以抓緊市場商機。一直以來，本集團以加強食物味道及質素，推出多項產品務求滿足顧客對款式及健康食物的要求作為大前題。

在二零零三年五月，本集團首間特許經營快餐店於山東省開幕。有見龐大的市場消費潛力，本集團相信中國市場將可提供充裕發展商機。儘管如此，本集團會緊密留意市場的環境變化，並謹慎地於廣東省拓展自行經營快餐店及機構性食堂。

致謝

本人謹在此感謝所有員工於年內的努力，致使業務能轉虧為盈，以及員工於非典型肺炎爆發期間所作的努力，以協助本集團度過難關。此外，本人亦在此感謝各董事的支持及所作出的建議。最後，本人亦衷心感謝各股東、顧客及業務夥伴對本集團一直以來的支持。



The Group is in the process of upgrading its management information system. The first phase of the upgraded system, employing the latest information technology, is due to roll out in the last quarter of 2003.

To keep abreast of the latest market trends, the Group will make use of the findings of the research study conducted in March 2003 to launch marketing initiatives and improved menus to capture market opportunities. It has always been the Group's priority to enhance the taste and quality of its food as well as to offer more products to meet customers' constant quest for more choices and variety of wholesome foods.

In May 2003, the Group's first franchised fast food outlet was opened in Shandong Province. Given the huge consumer market potential, the Group believes that there are ample opportunities in the Mainland market. Nevertheless, the Group will observe the market environment closely and cautiously expand its self-operated fast food and institutional catering outlets in Guangdong Province.

APPRECIATION

I would like to thank all our staff for their efforts in turning the business around and their hard work in helping the Company ride through the difficult time during the outbreak of SARS. I would also like to thank our Board of Directors for their support and advice during the year. Finally, my heartfelt appreciation also goes to all our shareholders, customers and business partners for their continuous support to the Group.

承董事會命

By Order of the Board

A handwritten signature in black ink, appearing to read 'Dennis Lo'.

羅開揚

Dennis Lo Hoi Yeung

主席兼行政總裁

Chairman and Chief Executive

香港，二零零三年七月十七日

Hong Kong, 17 July 2003