

CHAIRMAN'S STATEMENT

主席報告

To shareholders:

BUSINESS REVIEW

During the year, the retail market conditions in Hong Kong slightly improved amid the gradual recovery of the local economy. However, the changes in the spending pattern of Hong Kong people together with still relatively high operating costs such as rentals and salaries, local restaurant industry still faced severe challenges.

For improvement on the operating results, at the end of February 2005, one of restaurants located in Tsim Sha Tsui was closed for redecoration and was reopened in May 2005 with a new furnishing image.

As at 31st December 2005, the Group is still operating five restaurants of which two located at Tsim Sha Tsui and one of each in Mongkok, Hunghom and Tokwawan.

4

On the other hand, the Company is constantly looking for different types of investment opportunities. On 28th December 2005, the Vendor (an individual and an independent third party), the Company, Newsummit Investments Limited (an independent third party wholly-owned by the vendor) ("Newsummit") and the Guarantor (an individual and an independent third party) entered into a conditional agreement pursuant to which, inter alia, (i) the Company has agreed to acquire 60% interest in Newsummit, a company which through its subsidiaries in Hong Kong and the PRC hold certain rights to the Coal Mine (with a capacity of 800,000,000 tonnes of coal based on a preliminary valuation) and the Peat Moss Mine (the ability to exploit up to 5,000,000 tonnes of peat moss); and (ii) the Company has been granted the call option to acquire the remaining 40% interest in Newsummit (the "Transaction"). Pursuant to this agreement, the Company had paid the refundable deposits in total amount of HK\$100 million. Details of the Transaction were disclosed in the announcement of the Company dated 7th April 2006. It is expected this investment will made a positive contribution towards the Group's operation in the forthcoming years.

OPERATING RESULTS

Affected by the decrease in the number of restaurants and adverse operating environment, the Group's audited consolidated turnover decreased by 30.10% from year 2004. The Group's audited consolidated net loss attributable to shareholders for the current year was approximately HK\$22.04 million, compared with audited consolidated net loss of HK\$39.99 million in year 2004.

致各位股東：

業務回顧

於年內，隨著本地經濟逐步復甦，香港零售市場已略有改善。然而，香港市民消費模式改變，加上營運成本（如租金及薪金）仍然偏高，本地酒樓業仍然面對嚴峻挑戰。

為改善營運業績，於二零零五年二月底，其中一家位於尖沙咀之酒樓曾暫停營業，以進行裝修，建立新形象，該酒樓已於二零零五年五月重開。

於二零零五年十二月三十一日，本集團仍經營五家酒樓，其中兩家位於尖沙咀，另外三家分別位於旺角、紅磡及土瓜灣。

另一方面，本公司亦一直尋求不同類別之投資機會。於二零零五年十二月二十八日，賣方（一個別及獨立第三方）、本公司、新頂峰投資有限公司（由賣方全資擁有之一獨立第三方）（「新頂峰」）與擔保人（一個別及獨立第三方）訂立有條件協議，據此，其中包括(i)本公司已同意收購新頂峰之60%權益（一間透過其於香港及中國之附屬公司持有煤礦（按照一初步估計蘊含量為800,000,000噸煤炭）以及泥炭礦（最高可開採5,000,000噸泥炭）之若干權利；及(ii)本公司已獲授出認購期權，可認購新頂峰之餘下40%權益（「該項交易」）。根據此項協議，本公司已付可退回按金合共100,000,000港元。有關該項交易之詳情，已於本公司二零零六年四月七日發表之公佈中披露，預期此項投資將可為本集團來年之營運帶來正面貢獻。

經營業績

由於酒樓數目減少及受到不利之營商環境所影響，本集團之經審核綜合營業額較二零零四年度下跌30.10%。本集團股東於本年度應佔之經審核綜合虧損淨額約22,040,000港元，而二零零四年度則錄得經審核綜合虧損淨額約39,990,000港元。

CHAIRMAN'S STATEMENT

主席報告

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

According to a placing agreement signed between Hon Po Investment Limited (the 'Vendor') and Yicko Securities Limited (the 'Placing Agent') and a subscription agreement signed between the Vendor and the Company both on 20th January 2005, the Vendor appointed the Placing Agent to place 126,000,000 the then shares beneficially owned by the Vendor to independent investors at HK\$0.0624 each, and the Company subsequently issued the then 126,000,000 subscription shares at HK\$0.0624 each to the Vendor. Upon issue of the subscription shares, the total number of issued capital had been increased to 756,000,000 then shares. The net proceeds of the subscription were approximately HK\$7.6 million and were fully utilized for the general working capital of the Group. Details of the transaction were disclosed in the Company's announcement dated 20th January 2005.

On 7th February 2005, the Company and the Placing Agent entered into a placing agreement to propose placing of the first convertible notes in an aggregate principal amount of HK\$40 million in maximum (the "First Placing Agreement"). According to the terms of the first convertible notes, the noteholders were entitled to convert 400,000,000 new shares at the conversion price of HK\$0.10 per consolidated share after the adjustment for share consolidation being taken effective on 11th April 2005. The proposal of placing of the first convertible notes was approved by the shareholders in the extraordinary general meetings held on 30th June 2005. On 11th August 2005, the Company successfully issued an aggregate principal amount of HK\$40 million convertible notes to certain independent professional, corporate or individual places pursuant to the First Placing Agreement. On the same date, the Company received conversion notices for the full conversion of the convertible notes issued and as a result of which the Company has issued a total of 400,000,000 shares to those places at the conversion price of HK\$0.10 each. The net proceeds from the issue of the first convertible notes was approximately HK\$39.4 million and had been utilized as partial settlement of the debts and liabilities such as accounts payable, other payables, accrual and working capital advanced from Hon Po Investment Limited for the Group. Details of the transaction were disclosed in the announcements of the Company dated 21st February 2005, 9th May 2005 and 11th August 2005 and circulars of the Company dated 21st March 2005 and 14th June 2005 respectively.

財務回顧

流動資金、財務資源及資本架構

根據漢寶投資發展(香港)有限公司(「賣方」)與益高證券有限公司(「配售代理」)簽訂之配售協議及賣方與本公司簽訂之認購協議(兩份協議均於二零零五年一月二十日簽訂),賣方委任配售代理,藉以向獨立投資者按每股0.0624港元之價格配售由賣方實益擁有之126,000,000股之當時股份,而本公司向賣方按每股0.0624港元之價格發行當時126,000,000股認購股份。於發行認購股份後,已發行股本之總數增加至當時756,000,000股。認購事項之所得款項淨額約7,600,000港元,並全數用作本集團之一般營運資金。有關此項交易之詳情於本公司二零零五年一月二十日刊發之公佈中已披露。

於二零零五年二月七日,本公司與配售代理簽訂配售協議,以建議配售第一可換股票據,本金總額最多達40,000,000港元(「第一份配售協議」)。於二零零五年四月十一日生效之股份合併調整後,根據第一可換股票據之條款,票據持有人有權按換股價每股合併股份0.10港元兌換成400,000,000股新股。配售第一可換股票據之建議已於二零零五年六月三十日舉行之股東特別大會上獲股東批准。於二零零五年八月十一日,本公司根據第一配售協議成功發行本金總額為40,000,000港元之可換股票據予若干獨立專業機構、企業或個別承配人。同日,本公司接獲全數兌換已發行之可換股票據之兌換通知,本公司因而按每股0.10港元之兌換價向該等承配人發行合共400,000,000股股份。發行第一可換股票據之所得款項淨額約39,400,000港元,並已用作償還部分債項及負債,如應付賬款、其他應付款項、應計費用及漢寶投資發展(香港)有限公司為本集團墊支的日常營運資金。有關交易之詳情已於本公司日期為二零零五年二月二十一日、二零零五年五月九日及二零零五年八月十一日之公佈,以及本公司日期為二零零五年三月二十一日及二零零五年六月十四日之通函中披露。

CHAIRMAN'S STATEMENT

主席報告

On 21st February 2005, the board of the Company proposed to consolidate every 5 issued and unissued shares of HK\$0.01 each into one consolidated share of HK\$0.05 each (the "Consolidated Share") (the "Share Consolidation"). The board of the Company also proposed to change the board lots size of Consolidated Shares into 20,000. The proposal in relation to the Share Consolidation and the change of the board lots size were approved by the shareholders at the extraordinary general meeting held on 8th April 2005 and being taken effect on 11th April 2005. Details of the Share Consolidation were disclosed in the announcements of the Company dated 21st February 2005 and 8th April 2005 and circular of the Company dated 21st March 2005.

6 On 29th March 2005, the Company and the Placing Agent entered into the placing agreement to propose to place the second convertible notes in an aggregate principal amount of HK\$100 million in maximum (the "Second Placing Agreement"). According to the terms of the second convertible notes, the noteholders were entitled to convert into 2,000,000,000 new Consolidated Shares at the conversion price of HK\$0.05 each. The proposal of placing of the second convertible notes was approved by the shareholders in the extraordinary general meetings held on 30th June 2005. On 25th July 2005, the Company issued an aggregate principal amount of HK\$50,000,000 convertible notes to certain independent professional, corporate or individual placees pursuant to the Second Placing Agreement. On the same date, the Company received conversion notices for the full conversion of the convertible notes issued and as a result of which the Company has issued a total of 1,000,000,000 shares to those placees at the conversion price of HK\$0.05 each. On 22nd August 2005, the Company issued an aggregate principal amount of HK\$50,000,000 convertible notes to certain independent professional, corporate or individual placees pursuant to the Second Placing Agreement. On the same date, the Company received conversion notices for the full conversion of the convertible notes issued and as a result of which the Company has issued a total of 1,000,000,000 shares to those placees at the conversion price of HK\$0.05 each. The net proceeds from the issue of the second convertible notes was approximately HK\$98.2 million and was applied as refundable deposits for the Transaction. Details of the above transactions were disclosed in the announcements dated 9th May 2005, 25th July 2005, 22nd August 2005 and 7th April 2006 and the circular of the Company dated 14th June 2005 respectively.

於二零零五年二月二十一日，本公司之董事會建議將本公司已發行及未發行股本中合併每五股每股0.01港元之股份為本公司股本中每股0.05港元之一股合併股份（「合併股份」）。董事會亦建議更改合併股份之每手買賣單位至每手20,000股。股份合併及更改每手買賣單位之建議已於二零零五年四月八日舉行之股東特別大會上獲股東批准，並於二零零五年四月十一日生效。有關股份合併之詳情已於本公司日期為二零零五年二月二十一日及二零零五年四月八日之公佈，以及本公司日期為二零零五年三月二十一日之通函中披露。

於二零零五年三月二十九日，本公司與配售代理訂立配售協議，以建議配售第二可換股票據，本金總額最多達100,000,000港元（「第二份配售協議」）。根據第二可換股票據之條款，票據持有人有權按換股價每股0.05港元兌換2,000,000,000股新合併股份。配售第二可換股票據之建議已於二零零五年六月三十日舉行之股東特別大會上獲股東批准。於二零零五年七月二十五日，本公司根據第二配售協議發行本金總額為50,000,000港元之可換股票據予若干獨立機構、企業或個別承配人。同日，本公司接獲全數兌換已發行之可換股票據之兌換通知，本公司因而按每股0.05港元之兌換價向該等承配人發行合共1,000,000,000股股份。於二零零五年八月二十二日，本公司根據第二配售協議發行本金總額為50,000,000港元之可換股票據予若干獨立機構、企業或個別承配人。同日，本公司接獲全數兌換已發行之可換股票據之兌換通知，本公司因而按每股0.05港元之兌換價向該等承配人發行合共1,000,000,000股股份。發行第二可換股票據之所得款項淨額約98,200,000港元，並已用作該項交易之可退回按金。有關上述交易之詳情已分別於本公司日期為二零零五年五月九日、二零零五年七月二十五日、二零零五年八月二十二日及二零零六年四月七日之公佈，以及本公司日期為二零零五年六月十四日之通函中披露。

CHAIRMAN'S STATEMENT

主席報告

On 9th May 2005, the board of the Company proposed to the shareholders to increase the authorized share capital of the Company from HK\$100,000,000 divided into 2,000,000,000 shares of HK\$0.05 each to HK\$500,000,000 divided into 10,000,000,000 shares of HK\$0.05 each by the creation of an additional authorised share capital of HK\$400,000,000 divided into 8,000,000,000 shares of HK\$0.05 each. It had been approved by the shareholders in the extraordinary general meeting held on 30th June 2005. Details were disclosed in the announcement and circular of the Company dated 9th May 2005 and 14th June 2005 respectively.

As at 31st December 2005, the Group had outstanding bank borrowings and finance lease payables denominated in Hong Kong dollars with an aggregate amount of HK\$1,253,000 (31st December 2004: HK\$2,019,000). The cash and bank balances of the Group amounted to HK\$29,572,000 (31st December 2004: HK\$10,535,000).

The short-term borrowings of the Group accounted for 49.16% (31st December 2004: 37.84%) of the total borrowings at 31st December 2005.

The interest expenses of the Group for the year were HK\$128,000 (2004: HK\$1,515,000).

As at 31st December 2005, the ratio of total liabilities to total assets of the Group was 47.22% (31st December 2004: 167.69%).

Pledge of Assets

As at 31st December 2005 and 31st December 2004, there were no leasehold land and buildings and investment properties of the Group pledged as security for bank loans.

Exchange Exposure

Since most of our sales, purchases of raw materials, bank borrowings and cash and bank balances were denominated in Hong Kong dollars during the relevant periods, the Group was only exposed to insignificant exchange risks.

於二零零五年五月九日，本公司董事會向股東建議透過額外增設400,000,000港元（分為8,000,000,000股每股0.05港元之股份），將本公司之法定股本由100,000,000港元（分為2,000,000,000股每股0.05港元之股份）增至500,000,000港元（分為10,000,000,000股每股0.05港元之股份）。該建議已於二零零五年六月三十日舉行之股東特別大會上獲股東批准。詳情分別於本公司日期為二零零五年五月九日之公佈及二零零五年六月十四日之通函中披露。

於二零零五年十二月三十一日，本集團之未償還港元銀行借款及融資租約應付款項合共1,253,000港元（二零零四年十二月三十一日：2,019,000港元）。本集團之現金及銀行結餘為29,572,000港元（二零零四年十二月三十一日：10,535,000港元）。

於二零零五年十二月三十一日，本集團之短期借款佔借款總額49.16%（二零零四年十二月三十一日：37.84%）。

本集團於本年度之利息支出為128,000港元（二零零四年：1,515,000港元）。

於二零零五年十二月三十一日，本集團負債總額與資產總值之比率為47.22%（二零零四年十二月三十一日：167.69%）。

資產抵押

於二零零五年十二月三十一日及二零零四年十二月三十一日，概無本集團之租賃土地及樓宇及投資物業，抵押作為銀行貸款之擔保。

外匯風險

由於本集團於有關期間之大部份銷售、材料採購、銀行借貸以及現金與銀行結餘均以港元為主，故此本集團所承受之外匯風險並不重大。

CHAIRMAN'S STATEMENT

主席報告

Capital Commitments

As at 31st December 2005, the Group and the Company had commitments amounting to approximately HK\$5,000,000,000 (31st December 2004: nil) for the balance payment of the consideration of the Transaction which has been contracted but not provided for in the financial statements in respect of the acquisition of the Coal Mine and Peat Moss Mine.

Contingent Liabilities

As at 31st December 2005, except for the corporate guarantee given by the Company in support of banking facilities granted to a subsidiary and the corporate guarantee for operating lease commitment of a wholly-owned subsidiary, the Company has no other significant contingent liabilities.

Employee Information

As at 31st December 2005, the Group had a total workforce of 474 (2004: 660). The salary and wages of our employees are commensurate with their duties and performance.

PROSPECTS

The Group has endeavored to streamline and to reorganize its restaurant network during the past two years, as a result, the operating loss of the Group had been improved during the year. Subsequent to the year end date, the management of the Company decided to temporarily close the restaurant in Tokwawan for redecoration and will be reopened by the end of April 2006 with a new furnishing image. The management of the Company is optimistic about the operating results of the Group in the forthcoming years.

資本承擔

於二零零五年十二月三十一日，本集團及本公司就收購煤礦及泥炭礦於財務報表已訂約但未撥備之該項交易之代價餘款承擔約5,000,000,000港元（二零零四年十二月三十一日：無）。

或然負債

於二零零五年十二月三十一日，除本公司為支持授予一間附屬公司之銀行信貸作出公司擔保及為一間全資附屬公司之經營租賃承擔作出公司擔保外，本公司概無任何其他重大或然負債。

僱員資料

於二零零五年十二月三十一日，本集團共有474名員工（二零零四年：660名）。本集團僱員之薪金及工資乃視乎其職責及工作表現而定。

展望

本集團於過去兩年致力精簡及重組其酒樓網絡，以致本集團在酒樓網絡重組完成後於本年度之經營虧損得以改善。於年結日後，本公司管理層決定暫時關閉位於土瓜灣之酒樓進行裝修，以向客戶革新形象，預期該酒樓將於二零零六年四月底重開。因此，本公司管理層對本集團未來數年之經營業績持樂觀態度。

CHAIRMAN'S STATEMENT

主席報告

On the other hand, according to the 2005 Statistics on National Economy and Social Development issued by the State Statistical Board, raw coal production volume was 2.19 billion tonnes, coal consumption was 2.14 billion tonnes representing year-on-year increase of 9.9% and 10.6% respectively. According to the preliminary forecast of the National Economy and Social Development, domestic demand for coal in 2006 will be about 2.17 billion tonnes. Regarding to the announcement dated 7th April 2006 in relation to the Transaction, if the Transaction is completed, the Group will obtain the exploitation rights to the Coal Mine (with a capacity of 800 million tonnes of coal based on a preliminary valuation) and the Peat Moss Mine (with the ability to exploit up to 5 million tonnes of peatmoss) in the PRC. In view of the highlighted statistical analysis, it is expected the coal mining industry is encouraging in the PRC with an attractive profit margin, the board believes that the Transaction could significantly brighten the business prospects of the Group in the forthcoming years.

By Order of the Board

Cheung To Sang

Chairman & Executive Director

Hong Kong, 18th April 2006

另一方面，根據國家統計局發表之二零零五年國家經濟及社會發展統計數字，原煤產量為21.9億噸，煤消耗量為21.4億噸，每年增幅分別為9.9%及10.6%。根據國家經濟及社會發展之初步預測，煤炭之本地需求將於二零零六年達到約21.7億噸。本公司於二零零六年四月七日就有關該項交易所發表之公佈而言，倘若該項交易得以完成，本集團將可取得煤礦（按照一初步估計蘊含量為800,000,000噸煤）以及泥炭礦（最高可開採5,000,000噸泥炭）之採礦權。有鑑於上述之統計數字，預期中國煤礦業將會一直理想發展，加上邊際利潤吸引，董事會相信該項交易將可於來年顯著改善本集團之業務前景。

承董事會命

張道生

主席兼執行董事

香港，二零零六年四月十八日

龍蝦 King
大王