

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and with the applicable disclosures requirements of Appendix 16 to the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited and should be read in conjunction with the 2001 annual financial statements.

2. Accounting policy and comparative figures

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and investments in securities.

The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31st December, 2001, except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (Revised):	Presentation of Financial Statements
SSAP 11 (Revised):	Foreign Currency Translation
SSAP 15 (Revised):	Cash Flow Statements
SSAP 25 (Revised):	Interim Financial Reporting
SSAP 34:	Employee Benefits

The changes to the Group’s accounting policies and the effect of adopting these new and revised standards are set out below:

SSAP 11 (Revised): Foreign Currency Translation

The balance sheets of the Company’s subsidiaries express in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the income statements are translated at an average rate. Exchange differences arising are dealt with as a movement in reserves.

In prior periods, the income statements of subsidiaries were translated at closing rate. This is a change in accounting policy, however, the translation of the income statements of subsidiaries in prior period have not been restated as the effect of this change are not material to the current and prior period.

2. **Accounting policy and comparative figures** (Continued)

SSAP 15 (Revised): Cash Flow Statements

In accordance with SSAP 15 (Revised) cash flows are classified under three headings: "Operating activities", "Investing activities", and "Financing activities". Interest and dividends which were previously present under a separate heading, should be classified on a consistent basis under either operating, investing or financing activities. Cash flows arising from taxes on income would typically be classified as operating activities, unless they can be separately identified with investing or financing activities.

In addition, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

SSAP 34: Employee Benefits

This new SSAP prescribes the accounting and disclosure for employee benefits. There is no material impact on the financial results and financial position of the Group by the adoption of this new SSAP and accordingly comparative figures have not been restated.

During the period, the adoption of the other new and revised standards has no material effect on the Group's condensed financial statements other than presentation changes. Certain comparative figures for the prior period have been reclassified to conform with the current period's presentation.

3. Business and geographical segments

Business segments

	Securities investment		Property development and investment		Entertainment and leisure		Industries		Eliminations		Consolidated	
					Six months ended 30th June (unaudited)							
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER												
External sales	2,894	11,056	7,028	6,516	7,192	12,000	30,482	27,561	-	-	47,596	57,133
Intersegment sales	-	-	-	-	823	773	-	-	(823)	(773)	-	-
Total turnover	<u>2,894</u>	<u>11,056</u>	<u>7,028</u>	<u>6,516</u>	<u>8,015</u>	<u>12,773</u>	<u>30,482</u>	<u>27,561</u>	<u>(823)</u>	<u>(773)</u>	<u>47,596</u>	<u>57,133</u>
Inter-segment sales are charged at prevailing market rates.												
RESULT												
Segment results	<u>(2,039)</u>	<u>742</u>	<u>5,691</u>	<u>1,766</u>	<u>(8,700)</u>	<u>(8,176)</u>	<u>1,233</u>	<u>(227)</u>	<u>-</u>	<u>-</u>	<u>(3,815)</u>	<u>(5,895)</u>
Other revenue	1,540	940	41	103	2,538	868	25	30	-	-	4,144	1,941
Profit (loss) from operations											329	(3,954)
Impairment loss recognised in respect of property, plant & equipment	-	-	-	-	(17,945)	-	-	-	-	-	(17,945)	-
Impairment loss recognised on the interest in leisure – entertainment complex	-	-	-	-	(68,500)	-	-	-	-	-	(68,500)	-
Finance costs											(6,336)	(9,210)
Share of results of a jointly controlled entity	-	-	-	-	59	(421)	-	-	-	-	59	(421)
Loss before taxation											(92,393)	(13,585)
Taxation	-	-	(276)	207	-	(22)	(310)	(4)			(586)	181
Loss after taxation											<u>(92,979)</u>	<u>(13,404)</u>

3. Business and geographical segments (Continued)

Geographical segments

	Sales revenue by geographical market Six months ended		Contribution to profit (loss) from operations Six months ended	
	30/6/2002 (unaudited) HK\$'000	30/6/2001 (unaudited) HK\$'000	30/6/2002 (unaudited) HK\$'000	30/6/2001 (unaudited) HK\$'000
Hong Kong	13,547	5,290	1,660	(3,948)
Malaysia	4,798	5,359	298	(1,401)
Singapore	8,016	11,969	(774)	(4,814)
PRC	10,317	11,198	(2,078)	3,610
Japan	10,918	23,317	1,223	2,599
	<u>47,596</u>	<u>57,133</u>	<u>329</u>	<u>(3,954)</u>

4. Staff expenses & depreciation

During the period, the Group's staff expenses of approximately HK\$6.6 million (six months ended 30th June, 2001: HK\$8.3 million) was charged.

During the period, depreciation of approximately HK\$6.2 million (six months ended 30th June, 2001: HK\$6.2 million) was charged in respect of the Group's property, plant and equipment.

5. Impairment loss recognised in respect of property, plant and equipment

During the period, the directors have assessed the recoverable amount of the investment in RFC Far East Cafe Pte. Ltd. and in view of the continuing operating loss incurred in this company .

An impairment loss of property, plant & equipment HK\$17,945,000 was recognised during the period in respect of leasehold improvement HK\$17,324,000 & electrical and other equipment HK\$621,000 which were used in Rainforest Cafe in which Rainforest Cafe operation was almost totally ceased in Singapore in August, 2002.

6. Impairment loss recognised on interest in leisure-entertainment complex

During the period, the directors have assessed the net realisable value and recoverable amount on the Group's interest in leisure-entertainment complex which the continuing operation of leisure-entertainment complex is not able to generate positive cash flows to the Group in future, as it is unlikely the Group's interest in leisure-entertainment complex is expected to be recoverable. An impairment loss of HK\$68,500,000 has been recognised on interest in leisure-entertainment complex.

7. Taxation

	Six months ended	
	30/6/2002	30/6/2001
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
The Company and Subsidiaries		
Profits Tax for the period		
Hong Kong	—	—
Other jurisdictions	<u>(586)</u>	<u>181</u>
	<u>(586)</u>	<u>181</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit during the period (six months ended 30th June, 2001: 16%). Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions.

At the reporting date, no provision for deferred tax has been made for the Company as the effect of timing differences is immaterial. No provision for deferred tax is required for subsidiaries as there are deferred tax debits which will be recognised only when they become crystallized.

8. Dividends

The Directors have resolved not to declare any interim dividend for the six months ended 30th June, 2002 (six months ended 30th June, 2001: Nil).

9. Loss per share

The calculation of loss per share is based on the loss for the period of HK\$91,947,000 (six months ended 30th June, 2001: HK\$11,183,000) and on 331,668,905 (six months ended 30th June, 2001: 331,668,905) ordinary shares in issue during the period. As there was no dilutive potential ordinary share for the period ended 30th June, 2002, no diluted loss per share was presented.

10. Additions to and impairment loss in respect of property, plant and equipment

The Group spends approximately HK\$2,853,000 during the period (for the year ended 31st December 2001: HK\$1,526,000) of which HK\$Nil (for the year ended 31st December, 2001: HK\$314,000) on construction in progress; HK\$462,000 (for the year ended 31st December, 2001: Nil) on additions to golf resort complex in overseas held under freehold land; HK\$416,000 (for the year ended 31st December, 2001: HK\$491,000) on additions to lifts electrical and other equipment; HK\$1,975,000 (for the year ended 31st December, 2001: HK\$46,000) on additions to exhibits, display items, furniture, fittings and costumes; HK\$Nil (for the year ended 31st December, 2001: HK\$675,000) on trams, coaches and motor vehicles.

An impairment loss in respect of property, plant & equipment HK\$17,945,000 was recognised during the period in respect of leasehold improvement HK\$17,324,000 & electrical and other equipment HK\$621,000 which were used in Rainforest Cafe in which Rainforest Cafe operation was almost totally ceased in Singapore in August, 2002 (for the year ended 31st December, 2001: an impairment loss of HK\$914,000 was made in respect of other equipment which were used in a business line in which operation is almost totally ceased in PRC.)

11. Interest in leisure-entertainment complex

	THE GROUP	
	30/6/2002 (unaudited) HK\$'000	31/12/2001 (audited) HK\$'000
At 1st January	137,000	–
Less: Impairment loss (<i>note 6</i>)	(68,500)	–
	<u>68,500</u>	–
Assignment during the year	–	137,000
	<u>68,500</u>	<u>137,000</u>

In 1994, the Group entered into a building agreement with Singapore Leisure Industries Pte. Ltd. (“SLI”) under which the Group would construct on land owned by SLI the building structure of a leisure-entertainment complex, known as the “Tang Dynasty City”, in exchange for a 30 years lease to operate the leisure-entertainment complex.

In 1996, the Group entered into a sale and purchase agreement with Admiralty Leisure Pte. Ltd. (“AL”) to sell in three phases its interests in the building agreement in respect of the leisure-entertainment complex. At this time, a new building agreement with precisely the same terms, was entered into between AL and SLI. Then in 1997, the Group entered into a deed of assignment with AL whereby AL agreed to assign to the Group, in certain circumstances, all the rights, benefits and advantages in connection with the interest in building agreement and leisure-entertainment complex.

11. Interest in leisure-entertainment complex (Continued)

In 2000, the Group completed the final sale to AL for a net receivable of HK\$137 million resulting in the recognition of an impairment loss of HK\$153,576,789.

In 2001, AL was put into liquidation. Under the terms of the deed of assignment referred to above, the failure of AL to repay the receivable to the Group, constituted a circumstance triggering the assignment of the interests in the building agreement and the leisure-entertainment complex to the Group. Such interest had accordingly, been included in the Group's balance sheet as at 31st December, 2001 at an amount equal to the net consideration of HK\$137 million.

Following the liquidation of AL, the leisure-entertainment complex was handed back to SLI under a court order. Against this background, the directors negotiated with SLI the terms of a revised building agreement, and in particular, regarding the usage of the leisure-entertainment complex and the lease term. The Directors were of the opinion that the Group's interest in the leisure-entertainment complex was worth at least its carrying value.

During the period, the directors have assessed the net realisable value and recoverable amount on the Group's interest in leisure-entertainment complex which the continuing operation of leisure-entertainment complex is not able to generate positive cash flows to the Group in future, as it is unlikely the Group's interest in leisure-entertainment complex is expected to be recoverable. An impairment loss of HK\$68,500,000 has been recognised on interest in leisure-entertainment complex.

12. Trade and other receivables

For sales of goods, the Group has a policy of allowing an average credit period of 30-90 days to its trade customers. Rental receivables from tenants and service income receivables from customers are payable on presentation of invoices. The ageing analysis of trade receivables at the reporting date is as follows:

	THE GROUP	
	30/6/2002	31/12/2001
	(unaudited)	(audited)
	HK\$'000	HK\$'000
0 – 30 days	4,883	3,566
31 – 60 days	1,200	2,437
61 – 90 days	528	291
Over 90 days	10,090	8,945
	<hr/>	<hr/>
Total trade receivables	16,701	15,239
Other receivables	14,285	15,032
	<hr/>	<hr/>
	30,986	30,271
	<hr/> <hr/>	<hr/> <hr/>

13. Trade and other payables

The ageing analysis of trade payables at the reporting date is as follows:

	THE GROUP	
	30/6/2002	31/12/2001
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	2,497	2,706
31 – 60 days	3,575	1,486
61 – 90 days	1,546	379
Over 90 days	18,334	16,845
	<hr/>	<hr/>
Total trade payables	25,952	21,416
Other payables	69,830	76,902
	<hr/>	<hr/>
	95,782	98,318
	<hr/> <hr/>	<hr/> <hr/>

14. Bank and other borrowings

	THE GROUP	
	30/6/2002	31/12/2001
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdrafts	2,124	4,123
Bank loans	224,653	223,069
Other loans	8,624	4,337
	<hr/>	<hr/>
	235,401	231,529
	<hr/> <hr/>	<hr/> <hr/>
Secured	222,031	217,308
Unsecured	13,370	14,221
	<hr/>	<hr/>
	235,401	231,529
	<hr/> <hr/>	<hr/> <hr/>

The maturity of the bank loans and overdrafts is as below:

Within one year	203,347	198,813
More than one year, but not exceeding two years	24,712	30,847
More than two years, but not exceeding five years	7,342	1,869
	<hr/>	<hr/>
	235,401	231,529
Amounts due within one year shown under current liabilities	(203,347)	(198,813)
	<hr/>	<hr/>
Amounts due after one year	32,054	32,716
	<hr/> <hr/>	<hr/> <hr/>

15. Share capital

	Number of ordinary shares of HK\$1 each (in thousand)	Nominal value HK\$'000
<i>Authorised:</i>		
At 1st January, 2001, 31st December, 2001, 1st January, 2002 and 30th June 2002	<u>700,000</u>	<u>700,000</u>
<i>Issued and fully paid:</i>		
At 1st January, 2001, 31st December, 2001, 1st January, 2002 and 30th June, 2002	<u>331,669</u>	<u>331,669</u>

There was no movement in the authorised, issued and fully paid share capital of the Company in the current interim reporting period.

16. Pledge of assets

At the reporting date:

- (a) Margin trading facilities in respect of securities transactions to the extent of approximately HK\$7.3 million (31st December, 2001: HK\$7.3 million) of which HK\$4.3 million (31st December, 2001: HK\$4.3 million) were utilised, are secured by the Group's listed investments of approximately HK\$46.4 million (31st December, 2001: HK\$46 million);
- (b) the term loans granted to a Group's subsidiary obtained from licensed financial institutions to the extent of approximately HK\$89 million (31st December, 2001: HK\$89 million), of which HK\$74 million (31st December, 2001: HK\$77 million) were utilised are secured by:
 - (i) Group's golf resort complex and properties under development in Malaysia with an aggregate net book value of approximately HK\$144 million (31st December, 2001: HK\$144 million);
 - (ii) fixed and floating charge over the land and properties of the respective subsidiary; and
 - (iii) jointly and severally guarantees by a director of the Company and a director of the respective subsidiary.

16. Pledge of assets (Continued)

- (c) banking facilities to the extent of approximately HK\$133 million (31st December, 2001: HK\$127 million) of which HK\$119 million (31st December, 2001: HK\$115 million) were utilised, are secured by:
- (i) Group's investment properties in Singapore with an aggregate net book value of approximately HK\$181 million (31st December, 2001: HK\$173 million); and
 - (ii) severally guaranteed by the Company and a director of the Company.
- (d) banking facilities to the extent of approximately HK\$3.5 million (31st December, 2001: HK\$3.5 million) of which HK\$3.5 million (31st December, 2001: HK\$3.5 million) were utilised, are secured by the Group's plant equipment and motor vehicles in PRC with an aggregate book value of approximately HK\$0.5 million (31st December, 2001: HK\$2 million);
- (e) banking facilities to the extent of approximately HK\$2 million (31st December, 2001: HK\$3.8 million) of which HK\$1.8 million (31st December, 2001: HK\$3.8 million) were utilised, are secured by:
- (i) Group's property, plant equipment in Singapore with an aggregate net book value of approximately HK\$22 million (31st December, 2001: HK\$22 million); and
 - (ii) severally guaranteed by the Company and a director of the Company.
- (f) loan facilities obtained from a third party to the extent of approximately HK\$13 million (31st December, 2001: HK\$12 million) of which HK\$12 million (31st December, 2001: HK\$11 million) were utilised, are secured by:
- (i) Group's bank deposits approximately HK\$0.9 million (31st December, 2001: HK\$0.8 million) was pledged in favour of the third party; and
 - (ii) guaranteed by the Company.

Save as disclosed above, other banking facilities which were set out in note 38 of the Group's Annual Report 2001 remained unchanged during the period under review.

17. Contingent liabilities

At the reporting date, there were contingent liabilities, so far as not provided for in the financial statements as follows:

	THE GROUP		THE COMPANY	
	30/6/2002	31/12/2001	30/6/2002	31/12/2001
	(unaudited)	(audited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given to bank, in respect of banking facilities utilised by subsidiaries	-	-	151,941	148,062
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18. Operating lease commitments

At the reporting date, the Group had commitments for the future minimum lease payments under non-cancellable operating lease which fall due as follow:

	THE GROUP	
	30/6/2002	31/12/2001
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	3,457	3,299
In the second to fifth year inclusive	6,193	7,560
Over five years	—	—
	<u>9,650</u>	<u>10,859</u>

Operating lease payments represent rental payables by the Group for its restaurant. Leases are negotiated for an average term of six years.

19. Capital commitments

At the reporting date, there were outstanding capital commitments authorised and contracted for, but not provided for in the financial statements in respect of:

	THE GROUP		THE COMPANY	
	30/6/2002	31/12/2001	30/6/2002	31/12/2001
	(unaudited)	(audited)	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contribution to capital investment	—	—	9,678	9,678

At the reporting date, the Group and the Company has no capital expenditure that has been authorised but not contracted for.