

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2002

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2002 except as described below.

In the current period, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAP(s)") issued by the Hong Kong Society of Accountants. The adoption of these SSAPs resulted in revised presentation in the cash flow statement and introduced the statement of changes in equity in place of the statement of recognised gains and losses. Comparative amounts for the previous period have been restated to achieve a consistent presentation. The adoption of these SSAPs has no significant effect on the results for the current or prior accounting periods.

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into two main operating divisions – restaurant and hotel operations and property investment. These divisions are the basis on which the Group reports its primary segment information.

	Restaurant and hotel operations HK\$'000	Property investment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Total HK\$'000
Six months ended 30 September 2002:					
Turnover					
External	65,095	144	2,392	-	67,631
Inter-segment	-	1,200	-	(1,200)	-
	<u>65,095</u>	<u>1,344</u>	<u>2,392</u>	<u>(1,200)</u>	<u>67,631</u>
Loss from operations	<u>(15,648)</u>	<u>(17,790)</u>	<u>(1,591)</u>		<u>(35,029)</u>
Six months ended 30 September 2001:					
Turnover					
External	106,667	372	596	-	107,635
Inter-segment	-	1,200	-	(1,200)	-
	<u>106,667</u>	<u>1,572</u>	<u>596</u>	<u>(1,200)</u>	<u>107,635</u>
Loss from operations	<u>(11,246)</u>	<u>(251)</u>	<u>(3,969)</u>		<u>(15,466)</u>

4. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging:

	1.4.2002 to 30.9.2002 HK\$'000	1.4.2001 to 30.9.2001 HK\$'000
Depreciation	3,551	3,447
Interest on bank borrowings wholly repayable within five years	<u>262</u>	<u>392</u>

5. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed financial statements as the Company and its subsidiaries do not have assessable profit for the current period.

6. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss for the period of HK\$35,075,000 (six months ended 30 September 2001: HK\$15,800,000) and on the 484,853,527 shares (six months ended 30 September 2001: 484,853,527 shares) in issue during the period.

No diluted loss per share has been presented for the period as the exercise and conversion of the share options would result in a decrease in the loss per share for the period.

7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

As announced by the Company on 2 September 2002, a wholly-owned subsidiary of the Company entered into an irrevocable sale and purchase agreement with an outside party for the disposal of a property of the Group and the tools and equipment thereat with a carrying value of HK\$34,440,000 for an aggregate consideration of HK\$18,000,000, resulting in a loss on disposal of HK\$16,440,000.

At 30 September 2002, an aggregate sum of HK\$1,800,000 has been received in accordance with the terms of the irrevocable sale and purchase agreement and the balance of HK\$16,200,000 was shown as a current asset in the condensed consolidated balance sheet. Such sum was received by the Group in November 2002.

During the period, the Group spent HK\$579,000 (six months ended 30 September 2001: HK\$1,468,000) on additions to property, plant and equipment.

8. TRADE AND OTHER RECEIVABLES

Most of the restaurant customers settle in cash and credit cards. The Group allows an average credit period of 60 days to other trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	30.9.2002 HK\$'000	31.3.2002 HK\$'000
0 – 60 days	2,796	2,733
61 – 90 days	138	128
More than 90 days	<u>501</u>	<u>138</u>
	<u>3,435</u>	<u>2,999</u>

9. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	30.9.2002 <i>HK\$'000</i>	31.3.2002 <i>HK\$'000</i>
0 – 60 days	5,340	6,267
More than 60 days	<u>1,625</u>	<u>1,411</u>
	<u>6,965</u>	<u>7,678</u>

10. BANK LOANS

During the period, the Group obtained a new bank loan of HK\$10,000,000 which bears interest at prevailing market rates. It is repayable by October 2004 in quarterly instalments.

11. CAPITAL COMMITMENT

	30.9.2002 <i>HK\$'000</i>	31.3.2002 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in respect of acquisition of property, plant and equipment	<u>1,049</u>	<u>118</u>

12. RELATED PARTY TRANSACTION/CONNECTED TRANSACTION

On 6 May 2002, the Group renewed the tenancy agreement with Homley Development Limited ("Homley") for the leasing of Homley's premises for certain of the Group's restaurant operations for a period of three years commencing 1 May 2002 at a monthly rental of HK\$250,000 (exclusive of rates, management fees and air-conditioning charges) and a rental deposit of HK\$750,000.

The monthly rental was negotiated with Homley with reference to the market rent as at 23 April 2002 as advised by RHL Appraisal Ltd., a firm of independent professional property valuers.

Mr. Cheng Hop Fai, Mrs. Cheng Kwok Kwan Yuk and Ms. Cheng Pak Ming, Judy, directors of the Company, are deemed to be beneficially interested in Homley.