

## NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT :

(Expressed in Hong Kong dollars)

### 1. Basis of preparation

The unaudited interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules (the "Listing Rules") of The Stock Exchange of Hong Kong Limited ("the Stock Exchange"), including compliance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA").

The same accounting policies adopted in the financial statements for the year ended 31 March 2002 have been applied to the interim financial report, except as disclosed in note 1(a) and 1(b) below.

#### (a) Foreign currency translation

In prior years, results of foreign subsidiaries and an associate were translated into Hong Kong dollars at the rates of exchange ruling on the balance sheet date. With effect from 1 April 2002, in order to comply with Statement of Standard Accounting Practice ("SSAP") 11 (revised) "Foreign currency translation" issued by the HKSA, the Group adopted the new accounting policy of translating the results of foreign subsidiaries and associates into Hong Kong dollars at the average rates of exchange for the period. The new accounting policy has no material impact on the Group's profit for the period. There is no impact on the Group's net assets at 30 September 2002. The new accounting policy has been adopted prospectively, as retrospective adoption is considered impracticable.

#### (b) Cash Flow Statements

In prior years, for the purpose of the consolidated cash flow statement, cash and cash equivalents include bank overdrafts and advances from banks repayable within three months from the date of advance. With effect from 1 April 2002, in order to comply with SSAP 15 (revised) "Cash flow statements" issued by the HKSA, cash and cash equivalents no longer include advances from banks other than overdrafts which are repayable on demand and which form an integral part of the Group's cash management and the format of cash flow statement has been reclassified into operating, investing and financing activities. Comparative figures for the consolidated cash flow statement have been adjusted accordingly.

## 2. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

### *Business segments*

The Group's main business segments comprise:

- Restaurants operation : The selling of food and beverages in restaurants.  
 Property leasing : The leasing of premises to generate rental income.

	Restaurants operation		Property leasing		Inter-segment elimination		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	364,978	388,414	12,479	13,277	-	-	377,457	401,691
Inter-segment revenue	1,650	2,050	5,147	6,402	(6,797)	(8,452)	-	-
<b>Total</b>	<b>366,628</b>	<b>390,464</b>	<b>17,626</b>	<b>19,679</b>	<b>(6,797)</b>	<b>(8,452)</b>	<b>377,457</b>	<b>401,691</b>
Segment result	(3,637)	(22,162)	8,520	8,071			4,883	(14,091)
Inter-segment transactions	3,872	4,771	(3,872)	(4,771)			-	-
Contribution from operations	235	(17,391)	4,648	3,300			4,883	(14,091)
Unallocated operating income and expenses							70	(126)
Profit/(loss) from operations							4,953	(14,217)
Finance costs							(1,464)	(2,595)
Share of profit of associate							-	-
Taxation							(770)	(711)
Minority interests							-	-
Profit/(loss) attributable to shareholders							2,719	(17,523)

## 2. Segment reporting (continued)

### Geographical segments

Hong Kong is a major market for all of the Group's businesses.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Hong Kong		The People Republic of China, other than Hong Kong (the "PRC")	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenue from external customers	360,638	387,347	16,819	14,344
Contribution from operations	2,259	(16,327)	2,624	2,236

## 3. Profit/(loss) from ordinary activities before taxation

Profit/(loss) from ordinary activities before taxation is arrived at after charging/(crediting):

	Six months ended 30 September	
	2002 \$'000	2001 \$'000
Interest on borrowings	1,464	2,595
Depreciation	12,899	17,195
Net gain on disposal of fixed assets	-	(6)

## 4. Taxation

Taxation in the consolidated profit and loss account represents:

	Six months ended 30 September	
	2002 \$'000	2001 \$'000
Provision for Hong Kong Profits Tax for the period	400	300
Overseas taxation	370	411
	770	711

The provision for Hong Kong Profits Tax is calculated at 16% (2001: 16%) of the estimated assessable profits for the six months ended 30 September 2002. Overseas taxation represents the overseas withholding tax for the period, and is charged at the appropriate current rates of taxation ruling in the relevant countries.

## 5. Earnings/(loss) per share

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders of \$2,719,000 (2001: loss attributable to shareholders of \$17,523,000) and the weighted average of 123,354,000 shares (2001: 121,183,000 shares) in issue during the period.

During the period, the Company consolidated its shares on the basis that every 10 issued and unissued shares in the capital of the Company has been consolidated into one consolidated share. The earnings/(loss) per share has been adjusted retrospectively.

### (b) Diluted earnings/(loss) per share

The diluted earnings per share for the period is not presented as there is no dilutive potential ordinary shares as at period end.

The diluted loss per share for the last period is not presented as the potential ordinary shares in respect of outstanding share options are anti-dilutive.

## 6. Fixed assets

(a) Investment properties were revalued at 30 September 2002 by RHL Appraisal Limited, independent professional valuers, on an open market value basis. No revaluation deficit or surplus (at 31 March 2002: net deficit of \$9,785,000 has been set off against the investment property revaluation reserve and the remaining balance of \$9,134,000 has been charged to profit and loss account) for the period has been charged to profit and loss account.

(b) At 30 September 2002, the net book value of fixed assets pledged as security for liabilities amounted to \$167,704,000 (at 31 March 2002: \$163,353,000).

## 7. Inventories

Included in inventories are consumables of \$1,269,000 (at 31 March 2002: \$1,068,000), stated net of a general provision of \$1,020,000 (at 31 March 2002: \$850,000), made in order to state these inventories at the lower of their cost and estimated net realisable value.

## 8. Trade and other receivables

	At 30 September 2002 \$'000	At 31 March 2002 \$'000
Debtors	6,739	8,064
Deposits and prepayments	50,276	51,134
	<u>57,015</u>	<u>59,198</u>

Apart from certain deposits of \$38,185,000 (at 31 March 2002: \$39,225,000), the amount of trade and other receivables are expected to be recovered within one year.

**8. Trade and other receivables** (continued)

Included in trade and other receivables are trade debtors (net of specific provisions for bad and doubtful debts) with the following ageing analysis:

	<b>At 30 September</b>	At 31 March
	<b>2002</b>	2002
	<b>\$'000</b>	\$'000
Current to 30 days	<b>4,075</b>	2,946
31 to 90 days	<b>583</b>	1,548
91 to 180 days	<b>40</b>	370
181 to 360 days	<b>–</b>	259
	<b>4,698</b>	5,123

The Group's sales to customers are mainly on cash basis. The Group also grants certain customers for the provision of the Group's catering services with credit terms of between 30 to 90 days.

**9. Trade and other payables**

	<b>At 30 September</b>	At 31 March
	<b>2002</b>	2002
	<b>\$'000</b>	\$'000
Creditors and accrued expenses	<b>127,567</b>	109,520

Apart from certain deposits received of \$8,389,000 (at 31 March 2002: \$8,234,000), the amount of trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade creditors with the following ageing analysis:

	<b>At 30 September</b>	At 31 March
	<b>2002</b>	2002
	<b>\$'000</b>	\$'000
Current to 30 days	<b>23,571</b>	16,858
31 to 90 days	<b>18,119</b>	12,450
91 to 180 days	<b>33</b>	379
Over 360 days	<b>954</b>	398
	<b>42,677</b>	30,085

## 10. Share Capital

Movements in the issued and fully paid share capital of the Company are as follows:

	30 September 2002		31 March 2002	
	No. of shares ('000)	Amount \$'000	No. of shares ('000)	Amount \$'000
Authorised:				
Ordinary shares of \$1 each (31 March 2002: ordinary shares of \$0.1 each)	240,000	240,000	2,400,000	240,000
Issued and fully paid:				
At 1 April	1,233,535	123,354	1,204,535	120,454
Shares consolidation	(1,110,181)	-	-	-
Shares issued under share option scheme	-	-	29,000	2,900
At 30 September/31 March	123,354	123,354	1,233,535	123,354

Pursuant to the ordinary resolution passed at the Company's Special General Meeting held on 18 September 2002, every 10 issued and unissued share of \$0.1 each were consolidated into 1 share of \$1 each.

## 11. Reserves

	Share premium \$'000	Exchange reserves \$'000	Accumulated losses \$'000	Contributed surplus \$'000	Total \$'000
At 1 April 2002	429,505	(5,945)	(338,549)	712	85,723
Profit for the period	-	-	2,719	-	2,719
At 30 September 2002	429,505	(5,945)	(335,830)	712	88,442

## 12. Commitments

(a) At the corresponding period ends, the Group had outstanding capital commitments not provided for in the report as follows:

	At 30 September 2002 \$'000	At 31 March 2002 \$'000
Contracted for	2,048	135
Authorised but not contracted for	2,214	-
	4,262	135

## 12. Commitments (continued)

(b) At the corresponding period ends, the total future minimum lease payments, under non-cancelable operating leases in respect of properties are payable as follows:

	At 30 September 2002 \$'000	At 31 March 2002 \$'000
Leases expiring:		
Within 1 year	117,257	122,713
After 1 year but within 5 years	140,799	141,457
After 5 years	–	2,189
	<b>258,056</b>	<b>266,359</b>

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the leases. Lease payments are usually increased to reflect market rentals. Contingent rental payments are determined based on 2% to 20.5% of the turnover over the basic rents.

## 13. Contingent liabilities

At 30 September 2002, there were contingent liabilities in respect of guarantees given to banks in respect of banking facilities extended to certain subsidiaries amounting to \$165,900,000 (at 31 March 2002: \$187,900,000).

## 14. Material related party transaction

Except for the transaction noted below, the Group and the Company have not been a party to any material related party transaction during the period ended 30 September 2002.

During the period, a subsidiary leased a property from Ms Lee Kwee Fuen, the wife of Mr Lo Fong Seong, and incurred rental expense of \$413,000 (2001: \$498,000).

## 15. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

## INTERIM DIVIDEND

The Directors have recommended that no dividend be paid for the six months ended 30 September 2002 (2001: HK\$Nil).

## FINANCIAL REVIEW

For the six months ended 30 September 2002, the Group recorded a turnover of HK\$377,457,000, a decrease of 6% from the turnover of HK\$401,691,000 recorded in the last corresponding period. However, implementation of the Group's cost restructuring programs has improved margins and resulted in a turnaround to a net profit attributable to shareholders of HK\$2,719,000 (HK2.20 cents earnings per share) from the loss of HK\$17,523,000 (HK14.46 cents loss per share) recorded in the last corresponding period.