

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2003

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 (“SSAP”) 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 2003 except as described below.

In the current period, the Group has adopted SSAP 12 (Revised) “Income Taxes” for the first time. SSAP 12 (Revised) has introduced a new basis of accounting for income taxes. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. The adoption of this SSAP has no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is 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 <i>HK\$’000</i>	Property investment <i>HK\$’000</i>	Others <i>HK\$’000</i>	Eliminations <i>HK\$’000</i>	Total <i>HK\$’000</i>
Six months ended 30 September 2003:					
Revenue					
External	<u>47,934</u>	<u>-</u>	<u>2,381</u>	<u>-</u>	<u>50,315</u>
Loss from operations	<u>(5,631)</u>	<u>(2,775)</u>	<u>(2,055)</u>		<u>(10,461)</u>
Six months ended 30 September 2002:					
Revenue					
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>

4. LOSS FROM OPERATIONS

	1.4.2003 to 30.9.2003 HK\$'000	1.4.2002 to 30.9.2002 HK\$'000
Loss from operations has been arrived at after charging:		
Depreciation	3,362	3,551
Interest on borrowings wholly repayable within five years	<u>139</u>	<u>262</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 period.

6. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss for the period of HK\$9,509,000 (six months ended 30 September 2002: HK\$35,075,000) and on the 484,853,527 shares (six months ended 30 September 2002: 484,853,527 shares) in issue during the period.

No diluted loss per share has been presented for the six months ended 30 September 2003 as there is no dilutive instrument outstanding during the six months ended 30 September 2003.

No diluted loss per share has been presented for the six months ended 30 September 2002 as the exercise of the share options would result in a decrease in the loss per share for that period.

7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$6,224,000 (six months ended 30 September 2002: HK\$579,000) on additions to property, plant and equipment.

8. INVESTMENT PROPERTIES

The Group's investment properties were revalued at 30 September 2003 with reference to professional advices. The resulting revaluation deficit of HK\$2,775,000 has been charged to the income statement.

The investment properties were vacant during the current period.

9. 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:

	30.9.2003 HK\$'000	31.3.2003 <i>HK\$'000</i>
0 – 60 days	1,834	1,261
61 – 90 days	69	136
More than 90 days	<u>376</u>	<u>73</u>
	<u>2,279</u>	<u>1,470</u>

10. TRADE AND OTHER PAYABLES

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

	30.9.2003 HK\$'000	31.3.2003 <i>HK\$'000</i>
0 – 60 days	5,207	2,533
More than 60 days	<u>1,219</u>	<u>2,848</u>
	<u>6,426</u>	<u>5,381</u>

11. LOAN FROM A RELATED COMPANY

During the current period, the Group obtained a loan of HK\$5,000,000 from a company in which all executive directors of the Company are deemed to be beneficially interested. The loan bears interest at 3% below prevailing market rates and is repayable in one lump sum in April 2005.