

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2004

### 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 (the "Listing Rules") and with Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public 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 2004.

### 3. SEGMENT INFORMATION

#### Business segments

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

	Restaurant and hotel operations HK\$'000	Environmental friendly paper tableware HK\$'000	Property investment HK\$'000	Total HK\$'000
Six months ended 30 September 2004:				
REVENUE				
External	<u>53,185</u>	<u>2,855</u>	<u>-</u>	<u>56,040</u>
SEGMENT RESULT	<u>(5,775)</u>	<u>(2,880)</u>	<u>(1,544)</u>	<u>(10,199)</u>
Unallocated corporate expenses				<u>(140)</u>
Loss from operations				<u>(10,339)</u>
Six months ended 30 September 2003:				
REVENUE				
External	<u>47,934</u>	<u>2,381</u>	<u>-</u>	<u>50,315</u>
SEGMENT RESULT	<u>(5,631)</u>	<u>(1,967)</u>	<u>(2,779)</u>	<u>(10,377)</u>
Unallocated corporate expenses				<u>(84)</u>
Loss from operations				<u>(10,461)</u>

#### 4. LOSS FROM OPERATIONS

	1.4.2004 to 30.9.2004 HK\$'000	1.4.2003 to 30.9.2003 HK\$'000
Loss from operations has been arrived at after charging:		
Depreciation	<u>4,030</u>	<u>3,362</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\$9,451,000 (six months ended 30 September 2003: HK\$9,509,000) and on the 484,853,527 shares (six months ended 30 September 2003: 484,853,527 shares) in issue during the period.

No diluted loss per share has been presented for both periods as there were no potential ordinary shares during both periods.

#### 7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$101,000 (six months ended 30 September 2003: HK\$6,224,000) on additions to property, plant and equipment.

#### 8. INVESTMENT PROPERTIES

The Group's investment properties were revalued at 30 September 2004 with reference to professional advices. The resulting revaluation deficit of HK\$1,540,000 has been charged to the condensed 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:

	30.9.2004 HK\$'000	31.3.2004 HK\$'000
0 – 60 days	2,551	1,612
61 – 90 days	71	87
More than 90 days	<u>122</u>	<u>170</u>
	<u>2,744</u>	<u>1,869</u>

**10. TRADE AND OTHER PAYABLES**

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

	<b>30.9.2004</b> <i>HK\$'000</i>	31.3.2004 <i>HK\$'000</i>
0 – 60 days	<b>5,473</b>	3,781
More than 60 days	<b>1,618</b>	1,315
	<u><b>7,091</b></u>	<u>5,096</u>

**11. LOANS FROM A RELATED COMPANY**

	<b>30.9.2004</b> <i>HK\$'000</i>	31.3.2004 <i>HK\$'000</i>
Principal	<b>11,664</b>	8,300
Accrued interest	<b>212</b>	110
	<u><b>11,876</b></u>	<u>8,410</u>

The loans are borrowed from a company in which certain directors of the Company are deemed to be beneficially interested. The loan bears interest at 3% below the best lending rate quoted by a bank in Hong Kong and are repayable in one lump sum (including accrued interest) by 24 April 2005. On 9 July 2004, the Group renewed the loan agreement and extended the final repayment date to 30 June 2006.