

FINANCIAL HIGHLIGHTS

The Group recorded an unaudited loss after tax of HK\$8.1 million (2001: HK\$13.0 million) for the six months ended 30 June 2002. As a result of successful implementation of cost cutting and efficiency enhancement program, the unaudited loss attributable to shareholders was cut by 35% to HK\$7.3 million (2001: HK\$11.2 million), with loss per share lowered to 6.0 HK cents (2001: 9.3 HK cents).

At the period end, the Group did not have any borrowing or significant capital commitment and contingent liability. The current assets / liabilities ratio of the Group stood at a healthy level of 26.4. Consequently, the Group is in a financially strong position for future operation, expansion and business development.

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend (2001: Nil) for the period.

BUSINESS REVIEW

Floating Restaurants

The Group's loss for the period covered in this report was mainly attributed to the relatively unsatisfactory business performance of its floating restaurants in the tough business environment. With the decline in local customer and tour group sales, the turnover from the restaurant business for the six months ended 30 June 2002 was HK\$40.2 million (2001: HK\$47.2 million), representing a drop of approximately 15% compared to the corresponding period in 2001.

As a result of successful implementation of cost cutting and efficiency enhancement program, the operating loss of the restaurants was cut by 44% when compared to the same period last year and was at HK\$7.7 million. The Group will continue to pursue such program in the second half of the financial year.

Property Investment

Turnover of the Group's property investment for the first half of 2002 increased by 2% to HK\$2.3 million. Moreover, due to high costs of maintaining and managing the properties, operating profit from the Group's property investments went down by 4% to HK\$1.7 million.

Investment

Turnover for investments, which consisted mainly of bank deposits, slackened off to HK\$1.8 million because of low interest rates.

EVENTS AFTER 30 JUNE 2002

On 10 July 2002, the Company entered into an Agreement in Principle to acquire 70% equity interest in Tongda Energy Corporation Limited ("Tongda Energy") for a consideration of RMB160 million. Tongda Energy is a PRC joint stock limited company engaged in the business of supplying natural gas to 12 cities in the PRC. The proposed acquisition is subject to fulfillment of a number of conditions precedent, including the execution of a formal sale and purchase agreement.

Pursuant to a Placing Agreement dated 11 July 2002, the Company issued a total of 24,200,000 shares to not less than six independent investors at a price of HK\$1.45 per share on 1 August 2002. This placing and issue of shares will enlarge the capital and shareholder bases of the Company and will add strength to the solid financial position of the Group. The net proceeds from the Placing of HK\$34,739,100 will be used as general working capital of the Group and to finance the acquisition of 70% equity interest of Tongda Energy, if eventuates.

FUTURE PROSPECTS

In the first half of 2002, the local and global economies continued to be sluggish. It is anticipated that the local and global economic condition will remain lackluster in the second half of the financial year. Consequently, the Group will continue to streamline its operation to achieve higher efficiency and cost effectiveness.

As previously reported, the Group's strategy is to diversify its business into other segments and locations prudently. The conditional agreement to acquire a majority stake in Tongda Energy is a step in that direction. The Group will continue to search for investment opportunities in Hong Kong and overseas in order to attain growth and capture the benefits arising from China's admission to the World Trade Organization.

FINANCIAL REVIEW

Liquidity and Capital Resources

Cash available to the Group as at 30 June 2002 amounted to HK\$202 million, HK\$10 million lower than the amount as at 31 December 2001. Net current assets of the Group stood at HK\$206 million, HK\$6 million lower than the figure as at 31 December 2001.

The Group's principal businesses are conducted and recorded in Hong Kong dollars.

Employees

Staff costs amounted to HK\$24.5 million which accounted for 47% of total operating expenses. With a headcount of 282 at the period end, the Group adopts a competitive remuneration package for its employees, who are rewarded on a performance related basis within the framework of the Group's salary and bonus system. The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible staff and executives.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2002

		2002 (unaudited) HK\$'000	2001 (unaudited) HK\$'000
	Notes		
TURNOVER	2	44,325	52,460
Other revenue		48	92
Cost of food and beverages		(11,237)	(13,293)
Consumable stores used		(1,255)	(1,687)
Staff costs		(24,531)	(33,423)
Depreciation		(2,958)	(2,993)
Other operating expenses		(12,509)	(14,162)
Total operating expenses		<u>(52,490)</u>	<u>(65,558)</u>
OPERATING LOSS			
BEFORE TAX	2	(8,117)	(13,006)
Tax	3	—	—
LOSS BEFORE MINORITY INTERESTS		(8,117)	(13,006)
Minority interests		829	1,801
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>(7,288)</u>	<u>(11,205)</u>
LOSS PER SHARE			
Basic	4	<u>HK6.0 cents</u>	<u>HK9.3 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2002

	30 June 2002 (unaudited) <i>Notes</i> <i>HK\$'000</i>	31 December 2001 (audited) <i>HK\$'000</i>
NON-CURRENT ASSETS		
Investment properties	152,000	152,000
Property, plant and equipment	29,085	31,257
Long term investment	4,662	4,662
Pledged bank deposits	8 911	911
	<hr/>	<hr/>
	186,658	188,830
CURRENT ASSETS		
Inventories	2,877	3,152
Accounts receivable	6 2,755	2,997
Prepayments, deposits and other receivables	6,401	2,992
Amounts due from related companies	–	446
Cash and cash equivalents	202,406	212,543
	<hr/>	<hr/>
	214,439	222,130
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CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

At 30 June 2002

		30 June 2002 (unaudited) <i>HK\$'000</i>	31 December 2001 (audited) <i>HK\$'000</i>
	<i>Note</i>		
CURRENT LIABILITIES			
Accounts payable	7	1,683	2,574
Accrued liabilities and other payables		5,826	6,773
Rental deposits due within one year		626	396
		<u>8,135</u>	<u>9,743</u>
NET CURRENT ASSETS		<u>206,304</u>	<u>212,387</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		392,962	401,217
NON-CURRENT LIABILITIES			
Rental deposits due after one year		218	356
MINORITY INTERESTS		<u>25,563</u>	<u>26,392</u>
		<u>367,181</u>	<u>374,469</u>
CAPITAL AND RESERVES			
Issued capital		121,087	121,087
Share premium account		8,738	8,738
Capital reserve account		357,785	357,785
Investment property revaluation reserve		76,614	76,614
Accumulated losses		<u>(197,043)</u>	<u>(189,755)</u>
		<u>367,181</u>	<u>374,469</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2002

	1 January 2002 (audited) HK\$'000	Movements HK\$'000	30 June 2002 (unaudited) HK\$'000
Issued capital	121,087	–	121,087
Share premium account	8,738	–	8,738
Capital reserve account	357,785	–	357,785
Investment property revaluation reserve	76,614	–	76,614
Accumulated losses	(189,755)	(7,288)	(197,043)
	<u>374,469</u>	<u>(7,288)</u>	<u>367,181</u>

	1 January 2001 (audited) HK\$'000	Movements HK\$'000	30 June 2001 (unaudited) HK\$'000
Issued capital	121,087	–	121,087
Share premium account	8,738	–	8,738
Capital reserve account	357,785	–	357,785
Investment property revaluation reserve	84,480	–	84,480
Accumulated losses	(171,120)	(11,205)	(182,325)
	<u>400,970</u>	<u>(11,205)</u>	<u>389,765</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2002

	2002 (unaudited) <i>HK\$'000</i>	2001 (unaudited) <i>HK\$'000</i>
Net cash flows from:		
Operating activities	(10,985)	(18,266)
Investing activities	848	4,461
Financing activities	—	—
Decrease in cash and cash equivalents	(10,137)	(13,805)
Cash and cash equivalents at beginning of period	212,543	231,146
Cash and cash equivalents at end of period	<u>202,406</u>	<u>217,341</u>

NOTES TO INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice 2.125, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2001.

2. SEGMENT INFORMATION

An analysis of the Group's revenue and results by business segments is as follows:

	Restaurant		Property		Investment		Consolidated	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment revenue:								
Turnover	40,226	47,224	2,345	2,291	1,754	2,945	44,325	52,460
Other revenue	48	92	-	-	-	-	48	92
	<u>40,274</u>	<u>47,316</u>	<u>2,345</u>	<u>2,291</u>	<u>1,754</u>	<u>2,945</u>	<u>44,373</u>	<u>52,552</u>
Segment results	<u>(7,652)</u>	<u>(13,732)</u>	<u>1,706</u>	<u>1,786</u>	<u>1,753</u>	<u>2,944</u>	<u>(4,193)</u>	<u>(9,002)</u>
Unallocated corporate expenses							(3,924)	(4,004)
Operating loss before tax							(8,117)	(13,006)
Tax							-	-
Loss before minority interests							(8,117)	(13,006)
Minority interests							829	1,801
Net loss from ordinary activities attributable to shareholders							<u>(7,288)</u>	<u>(11,205)</u>

The Group's revenue and results are principally derived from operations carried out in Hong Kong.

3. TAX

Hong Kong profits tax has not been provided as the Group did not derive any assessable profits arising in Hong Kong during the period (2001: Nil).

4. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK\$7,288,000 (2001: HK\$11,205,000) and 121,087,134 (2001: 121,087,134) ordinary shares in issue throughout the period.

No diluted loss per share for the six months ended 30 June 2002 has been presented as the share options outstanding during the period would have an anti-dilutive effect on the basic loss per share for the period.

5. DIVIDEND

The directors do not recommend the payment of any interim dividend in respect of the six months ended 30 June 2002 (2001: Nil).

6. ACCOUNTS RECEIVABLE

The aged analysis of the accounts receivable is as follows:

	30 June 2002 <i>HK\$'000</i>	31 December 2001 <i>HK\$'000</i>
Outstanding balances aged:		
Within 30 days	1,705	1,996
31 to 60 days	768	816
61 to 180 days	279	185
Over 180 days	3	–
	<u>2,755</u>	<u>2,997</u>

The Group's restaurant and property leasing operations are largely operated on cash on delivery or payment in advance terms, except for those well-established customers to whom credit terms are granted. The Group generally allows normal terms of credit of 30 to 60 days to its well-established customers.

7. ACCOUNTS PAYABLE

The aged analysis of the accounts payable is as follows:

	30 June	31 December
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outstanding balances aged:		
Within 30 days	1,679	2,574
Over 30 days	4	–
	<u>1,683</u>	<u>2,574</u>

8. PLEDGED BANK DEPOSITS

As at 30 June 2002, the Group's short term bank deposits amounting to HK\$911,000 (31 December 2001: HK\$911,000) were pledged to secure a letter of guarantee of HK\$911,000 (31 December 2001: HK\$911,000) granted by a bank for the Group's electricity deposits.

9. CAPITAL COMMITMENTS

As at 30 June 2002, neither the Group nor the Company had any significant capital commitment.

10. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the six months ended 30 June 2002:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Catering income received from directors and related companies	1,704	1,607
Insurance premiums paid to a related company	<u>396</u>	<u>846</u>

The above transactions were conducted in accordance with the terms as disclosed in the last annual report.

11. COMPARATIVE FIGURES

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

DISCLOSURE OF INTERESTS

Directors' interests in shares

As at 30 June 2002, the beneficial interests of the directors and their associates in the issued share capital of the Company as recorded in the register required to be maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Name of director	Number of ordinary shares held and nature of interests		
	Personal	Family	Corporate*
Dr. Stanley Ho	8,216,185	214,727	1,585,000
Mr. Lawrence Ho	–	–	36,525,675

* *Dr. Stanley Ho has beneficial interests in Sharikat Investments Limited and Dareset Limited, which beneficially owned 500,000 and 1,085,000 shares, respectively, in the Company.*

Mr. Lawrence Ho has beneficial interests in Lasting Legend Limited which beneficially owned 36,525,675 shares in the Company.

Directors' right to acquire shares

Apart from as disclosed under the headings "Directors' interests in shares" above and "Information on share options" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Information on share options

Information in relation to share options of the Company disclosed in accordance with the Listing Rules was as follows:–

1. There was no outstanding option at 1 January 2002.
2. The following options, all with an exercise price of HK\$1.38, were granted on 8 March 2002 and remained outstanding at 30 June 2002:

	Number of options	Vesting period	Exercise period
Mr. Lawrence Ho	605,435	8/3/2002-7/9/2002	8/9/2002-7/3/2012
	605,436	8/3/2002-7/3/2003	8/3/2003-7/3/2012
Mr. Frank Tsui	1,210,871	8/3/2002-7/9/2002	8/9/2002-7/3/2012
Mr. Peter So	1,210,871	8/3/2002-7/9/2002	8/9/2002-7/3/2012
Mr. Ho Cheuk Yuet	1,210,871	8/3/2002-7/9/2002	8/9/2002-7/3/2012
Aggregate total	250,000	8/3/2002-7/3/2003	8/3/2003-7/3/2012
of employees*	250,000	8/3/2002-7/3/2004	8/3/2004-7/3/2012
	<u>5,343,484</u>		

* *Employees working under employment contracts that were regarded as “continuous contracts” for the purpose of the Hong Kong Employment Ordinance.*

The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$1.23.

3. No option was exercised, cancelled or lapsed during the six months ended 30 June 2002.
4. The directors do not consider it appropriate to disclose a theoretical value of the share options granted during the six months ended 30 June 2002, because in the absence of a readily available market value of the share options on the ordinary shares of the Company, the directors are unable to arrive at an assessment of the value of these share options.
5. The accounting policy adopted for share options:

Options granted to directors and employees over the Company's shares are recognised in the balance sheet at the time when the options are exercised. Share capital is credited at par for each share issued upon the exercise of options, with share premium credited at the excess of net proceeds received over total share capital credited.

Substantial shareholders

As at 30 June 2002, according to the register maintained pursuant to Section 16(1) of the SDI Ordinance, the following shareholders were interested in 10% or more of the issued share capital of the Company.

Name	Number of shares of the Company
Shun Tak Shipping Company, Limited	26,055,432
Lasting Legend Limited	36,525,675

Save as disclosed herein and other than the interests of the Company's directors and companies controlled by them as set out in the foregoing, the Company's directors and the chief executive of the

Company do not know of any person who, as at 30 June 2002, was directly or indirectly interested in 10% or more of the issued share capital of the Company or in any interest which was required to be recorded under Section 16(1) of the SDI Ordinance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the interim report, except that the independent non-executive directors of the Company are not appointed for specific terms.

REVIEW BY AUDIT COMMITTEE

The 2002 interim report has been reviewed by the Audit Committee of the Company. Regular meetings have been held by the committee since its establishment and it shall meet at least twice each year.

On behalf of the Board

Stanley Ho

Chairman

Hong Kong, 11 September 2002