

# Chairman's Statement

Year 2001 continued to be a difficult year for the Group, due to the tough operating environment and keen competition in the local catering business. For the year ended 31 December 2001, the Group's turnover was HK\$99.4 million compared to HK\$109.2 million in 2000. Loss attributable to shareholders for the year increased from HK\$6.6 million in 2000 to HK\$18.6 million in 2001. The basic loss per share amounted to HK15.4 cents in 2001 compared to HK5.4 cents in 2000. The directors do not recommend the payment of a final dividend.

## Business Review

### Floating Restaurant

The sales of floating restaurants continued to decline in 2001, with total sales from the restaurant business decreased by approximately 5% to HK\$87 million. Among various categories of sales, tour group sales dropped approximately by 6% while local banquet catering increased approximately by 1%. The average number of customers per day also dropped approximately by 4% and the average spending per customer reduced by 2% in 2001. Total operating costs remained stable in 2001.

To further improve the quality of food and service, the Group organised training programmes for staff members. Promotional campaigns were also launched to boost sales. In order to attract more customers, the Group introduced various value-added services, one of which is to provide harbour cruise services in Wan Chai in September 2001 so as to deliver more comprehensive cruise services.

### Investment Properties

Rental income from Art Court at 5 Tung Shan Terrace and the Jumbo Court carparks was stable in 2001. The occupancy rate of Art Court improved during the year.

### Capital

The Group's working capital remained intact and amounted to approximately HK\$212 million at 31 December, 2001, enabling the Group to finance its existing operations and future investments.

## Prospects

In 2001, the local and global economies slowed down significantly, particularly in the latter part of the year. The Group's large pool of cash places the Group in a strong and competitive position in the midst of economic downturn. With a strong balance sheet, high level of cash balance and liquidity, the Group will pursue a conservative investment strategy to diversify both by business segment and by geographical location to maintain a strong and stable financial foundation. China's recent accession to the World Trade Organisation will provide many investment opportunities. The Group will watch out for these opportunities and advance its interest in China where appropriate.

### Stanley Ho

*Chairman*

Hong Kong, 19th April, 2002