



Chairman's Statement

Consolidated results

The turnover of the Group for the year ended 31st March 2002 was HK\$38 million representing a decrease of 41% compared to last year. The decrease was mainly due to the closure of unprofitable restaurants which in last year contributed HK\$10.5 million to the Group's turnover. The operating loss of the Group amounted to HK\$1.7 million compared to HK\$3.5 million in previous year. The operating profit from continuing operations of HK\$0.2 million (before finance costs) was recorded against a loss of HK\$2.4 million in the previous year. This increase in operating profit is due to closure of most of the Group's loss making restaurants in prior years and successful downsizing of the Group.

Restaurant operations

The management has closed down a loss making restaurant in the People's Republic of China (the "PRC") in order to preserve shareholders' value. The business of the Star House Branch is stable and profitable.

Investment properties

The investment properties have contributed steady rental income to the Group.

Investment in convertible note

The investment in the convertible note of Opal Technologies Inc, ("Opal") was unsuccessful. A full provision of HK\$78 million was made for the investment in the previous year. Opal has defaulted in payment of interest on the note since the second quarter of 2001 and its audited accounts for the year ended 31st December 2000 have not been filed with the Securities and Exchange Commission of the United States of America. Legal action has been taken by the Group against Opal during the year. The court adjudged that Opal to pay the Group a sum of US\$10.3 million representing the principal and interest accrued on the note up to 7th January 2002. As at the date of approval of these accounts, Opal has made no payment since the court judgement.

Prospect

The Group has completed its downsizing exercise and closed all its loss making restaurants. The current principal activities of the Group are restaurant operation and property investment. The Group's financial position is strong with net assets value of HK\$139 million and no bank borrowings. The management will look for good business opportunities.

Liquidity and financial resources

The Group finances its operations with internally generated resources and banking facilities. During the year, the Group had repaid all bank loans amounted to HK\$17.7 million.

Details of the charges on Group assets

At 31st March 2002, the net book value of investment properties and leasehold land and buildings pledged as security for the Group's banking facilities amounted to HK\$145 million (2001: HK\$125 million).



Chairman's Statement *(continued)*

Employees

As at 31st March, 2002, the Company had a total of about 98 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices. The Company intends to adopt a share option scheme for its staff.

On behalf of the Board
Ma Shuk Kam
Chairperson

Hong Kong, 16th July, 2002