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## **MANAGEMENT DISCUSSION AND ANALYSIS**

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### **RESULTS**

The Group's turnover for the year ended 31st March 2002 amounted to HK\$78,825,508. Profit attributable to the shareholders for the year totalled HK\$76,975,467.

### **PROPERTY & HOSPITALITY DIVISION**

#### **Hong Kong Parkview**

The occupancy of the apartments in Hong Kong Parkview increased substantially compared with last year. The rental rate remained unchanged.

The occupancy of the service apartments of Hong Kong Parkview, which was under the Group's management, improved during the period with the rental rate remaining unchanged.

The property companies were sold as part of the restructuring. The management contract for the service apartments and the clubhouse was terminated as part of the restructuring.

#### **56 Tai Hang Road, Hong Kong**

The company holding this property was sold as part of the restructuring.

#### **Nanjing Dingshan Garden Hotel, Nanjing, China**

The first phase of the 5-star hotel was completed in July, 2001 and the entire property has since been managed by Shangri-La under the name of Shangri-La Dingshan Nanjing Hotel. Due to the fact that only part of the 5-star hotel was in service, the company showed a loss for the financial year.

#### **Shanghai Garden City, Shanghai, China**

Residential apartments in this development continued to be sold during the year with prices moving slowly upwards. As the project has come to the final stage of its development, the shareholders agreed to terminate the joint venture by way of a voluntary dissolution. Accordingly, the joint venture company started the dissolution process in January 2002. The liquidation process should be finalised by the end of 2002 when the remaining units will be distributed between the shareholders according to their respective shares.

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## **MANAGEMENT DISCUSSION AND ANALYSIS**

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(Continued)

### **TRANSPORT DIVISION**

#### **Ferry Operations**

*Philippines Fast Ferry Holdings Corporation*

The company ceased trading during the year and was sold as part of the restructuring.

*Ship Chartering*

The Group continued to receive favourable rates on its charters during the year. The entities holding the vessels were sold as part of the restructuring.

#### **OTHERS**

In the furnishing business, the project-based strategy will continue to be its main focus.

### **FINANCIAL POSITION**

The financial position of the Group remained healthy with bank and cash balances of HK\$21 million. As the Group had no bank borrowings, the gearing ratio, representing the ratio of total bank borrowings to total assets, was 0% (2001: 3.26%).

The majority of income and expenses of the Group are dominated either in Yuan, Hong Kong Dollar or US Dollar. Hence the Group's exposure to fluctuations in the exchange rate is considered to be minimal and there is seldom the need to make use of financial instruments for hedging purposes.

At 31st March 2002, the Group had HK\$63 million net current assets in hand. This forms a solid foundation for the Group's forthcoming expansion and development.

#### **EMPLOYEES**

Total number of employees in the Group excluding those under the payroll of the associated companies at 31st March 2002 was 107 compared with 446 at 31st March 2001. Remuneration packages are reviewed annually. In addition to the salary payment, other staff benefits include medical and hospitalisation insurance cover.