

# MANAGING DIRECTOR & CHIEF EXECUTIVE'S STATEMENT

## RESULTS

I report to the shareholders that the audited consolidated net loss of the Group attributable to shareholders for the year ended 31 March 2002 amounted to HK\$25,344,197 (2001: HK\$18,340,844). The directors do not recommend the payment of any dividend for the year.

## REVIEW OF OPERATIONS AND PROSPECTS

The directors are pleased to advise that our Company's joint venture development project with Cheung Kong (Holdings) Limited, the Nob Hill development, is anticipated to be completed in late August 2002. The occupation permit of Nob Hill has already been issued and the certificate of compliance is expected to be issued in mid-August 2002. As at the report date, a majority portion of residential units is sold and a majority portion of the commercial area has been successfully leased out.

Cheung Chau Warwick Hotel ("CCWH") has successfully captured more local business with turnover on food and beverage section increased by 40% compared with last year but such increase could not compensate the decrease in the lodging sector due to the low occupancy room rate. As a result, CCWH recorded a decrease in profit of approximately HK\$0.3 million compared with last year.

Beijing Warwick International Apartments continues facing recession in its business, turnover has decreased by approximately HK\$2.1 million compared with last year. Due to increase in supply of hotel rooms in Beijing in recent years, the management of our Company is exploring the possibility of redeveloping the apartment property.

Our overseas associated company, which owns and operates the Old Sydney Town Theme Park in Australia, continues operating at a loss of which the Group shared a loss of approximately HK\$3 million.

In anticipation of the revenue from the sale of residential units of Nob Hill, our Company is actively consider to expand our core business in the near future in Hong Kong and the Far East region.

The Group has approximately 130 employees. Employees are remunerated according to nature of the job and market trend, with build-in merit component incorporated in the annual increment to reward and motivate individual performance.



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### FINANCE ACTIVITIES

At the balance sheet date, the Group had bank loans and overdraft facilities amounting to HK\$199,265,883 (2001: HK\$71,468,853), of which HK\$192,265,883 (2001: HK\$53,569,961) were utilised. These facilities were secured by legal mortgages over the Group's properties and deposits with an aggregate net book value of HK\$57,449,788 (2001: HK\$58,362,430) and HK\$2,136,010 (2001: HK\$2,283,911) respectively.

At 31 March 2002, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 31 March 2002 amounted to approximately HK\$584 million (2001: approximately HK\$607 million). Accordingly, the Group's gearing ratio (total bank loans and overdraft facilities utilized to shareholders' funds) at 31 March 2002 is 33% (2001: 9%).

On behalf of the Board of Directors, I would like to extend my sincere thanks to all our shareholders for their continued support, and to our staff for their dedication, loyalty and service.

**Derek Chiu**  
*Managing Director and  
Chief Executive*

Hong Kong, 19 July 2002

