

# MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

## **Business Review**

During the period under review, China's economy grew at a constant pace, while its peripheral economy was picking up, providing a favourable market environment for the Group to further its business development and operating results. Under the combined efforts of the staff and management of the Group, we have successfully seized the moment the market was turning around. With strengthened operation management, as well as cost control, better performance has been achieved in most businesses as compared with the corresponding period last year. For the six months ended 31 October 2000, the Group's unaudited consolidated turnover and net profit attributable to shareholders amounted to approximately HK\$169,015,000 and HK\$30,173,000 respectively, an increase of 44.8% and 130.7% as compared with the corresponding period in 1999.

### **1. Hotel Business**

As economies of other countries were gradually improving, purchasing power of visitors from various segments was growing as well. Therefore, remarkable growth was recorded in the turnover of the hotel business. Due to its resumption of service after completion of the renovation and expansion project in early last year, the Zhuhai Holiday Resort Hotel has become better positioned in the market and more competitive than other hotels in Zhuhai. Facilities such as an outdoor swimming pool and a multi-purpose convention hall further highlight the hotel's feature as an ideal place for business and relaxation alike. Indeed, the hotel's outstanding image has helped make it even more attractive. As a result, though lots of large scale and premium hotels were established in Zhuhai recently, we could still enjoy an edge in such keen competition and attracted many multinational enterprises to hold business conventions and banquets in the hotel. During the period under review, the hotel ranked the first, in terms of occupancy rate, among four-star or above hotels in Zhuhai.

## **2. New Yuanming Palace and "Fantasy Water World"**

During the period under review, growth was recorded in the number of visitors to these two tourist attractions. Growth of approximately 50% was recorded for "Fantasy Water World" as it rolled out a number of new items, like gliding rope, which have been well-received by the visitors. The management of these two tourist attractions has been steadfast in stepping up its efforts on business research to innovate more new items. It has also adopted flexible ticket selling strategies with an aim to attract visitors from all market segments. In addition, the management has also tightened its cost control and streamlined its corporate structure in order to achieve a stable growth in net profit.

## **3. Marine Passenger Transportation business / Terminal Operation**

The Group's acquisition of 90% interests in Zhuhai Jiuzhou Port Passenger Traffic Service Co., Ltd. and 49% interests in Zhuhai High-Speed Passenger Ferry Co., Ltd. were completed at the end of April 2000. The former is principally engaged in the provision of port facilities and services in Zhuhai while the latter is principally engaged in the provision of passenger ferry services running between Zhuhai and Hong Kong, and Shekou. Both companies have started to have profit contributions to the Group since the beginning of the period under review, with profit after taxation for the first six months reaching approximately HK\$12 million.