

# Management Discussion and Analysis

## (I) REVIEW OF 2000 RESULTS AND SEGMENTAL PERFORMANCE

Group profit attributable to shareholders for the year was HK\$109.5 million, representing an increase of 2% from HK\$107.8 million in 1999. Earnings per share was HK\$0.35, compared to HK\$0.34 recorded in last year.

Total turnover for the year under review was HK\$397.8 million, increased by 4% from HK\$382.4 million in the previous year. Operating profit was HK\$153.7 million, compared to HK\$139.8 million in the previous year.

Benefited from a 15% year on year increase in tourist arrivals to Hong Kong, The Marco Polo Hongkong Hotel recorded higher average room rate and occupancy in 2000 compared to the previous year.

Turnover and operating profit from the commercial section of The Marco Polo Hongkong Hotel decreased as a result of decrease in average rent upon rental review.

Profit before taxation for the year under review included HK\$247.0 million representing the partial release, after taking into account prevailing market conditions, of a 1997 provision made for impairment in value of investment securities. It also included a HK\$92.6 million net loss on disposal of investment securities and a HK\$70.8 million provision made for impairment, after taking into account the prevailing market condition, for a property under redevelopment.

Taxation charge for this year was HK\$114.1 million compared to HK\$3.5 million reported in 1999. The taxation for the year under review included an additional provision of HK\$90.0 million made for additional assessments received by a subsidiary from the Inland Revenue Department in respect of a dispute over the deductibility of certain interest payments in prior years.

## (II) LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2000, the Group had debt of HK\$100.0 million. The Group also maintained a portfolio of listed investments with market value aggregating HK\$890.0 million at 2000 year-end.

## (III) COMMENTS ON SEGMENTAL INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries and associates are the operation of hotel and restaurants, investment property, property development and investments. Further information on the segmental details is provided in Note 2 on the Accounts in F109.pdf.

#### **(IV) EMPLOYEES**

The Group has approximately 500 employees. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment to reward and motivate individual performance. Total staff costs for the year amounted to HK\$98.6 million.

Detail information is set out in Note 2 on the Accounts in F109.pdf.