

Year 2000 continued to be a difficult year for the Group, due to the tough operating environment and keen competition in the local catering business. For the year ended 31 December 2000, the Group's turnover was HK\$109.2 million compared to HK\$113.7 million in 1999. Loss attributable to shareholders for the year reduced significantly from HK\$17.3 million in 1999 to HK\$6.6 million. The basic loss per share amounted to HK5.4 cents compared to HK14.3 cents in 1999. The directors do not recommend the payment of a final dividend.

### BUSINESS REVIEW

#### *Floating Restaurants*

The food and beverage sales of the floating restaurants continued to decline in 2000. Total turnover from the restaurant operations decreased by approximately 7% to HK\$90 million, of which local banquet sales decreased by approximately 31% while tour group sales increased by approximately 3%. The average number of customers per day also decreased by approximately 7%. However, the number of overseas patrons recorded an increase of approximately 8%, indicating a pick-up in the tourism sector.

In view of the decline in business, the Group implemented stringent cost-control measures during the year. As a result, total operating expenses decreased by approximately 14% when compared to 1999. The Group also put in considerable efforts to enhance food standards and quality of service. Local and regional promotional campaigns were launched to further boost sales.

In order to attract more customers, Jumbo Floating Restaurant introduced various value-added services to encourage visitation. These included a wider range of evening entertainment. In June 2000, Jumbo One, a 128-seat touring vessel was acquired by the Group to provide harbour cruise services in Hong Kong waters.

After a six-month renovation scheme, costing approximately HK\$10 million, Tai Pak Floating Restaurant was re-launched into the market place in December 2000, with a new food and beverage buffet to complement the Group's existing floating restaurant operations. The Tai Pak buffet menu promotes a savored collection of seafood including various cold cuts and hot pots together with other different delicacies.

In a strategic move to realise surplus assets for cash, the Group disposed of one of its three floating restaurants, namely Jumbo Palace, in February 2000 for an aggregate consideration of approximately HK\$62 million and a profit of approximately HK\$1.8 million. The proceeds were used for general working capital purposes of the Group.

### *Investment Properties*

In comparison to 1999, rental income from Art Court at No. 5 Tung Shan Terrace and the Jumbo Court carpark was stable in 2000. The occupancy rate of Art Court improved during the year, as a result of the full refurbishment of its vacant units which was completed in 1999.

### *Capital*

The Group's working capital remained intact and amounted to approximately HK\$228 million at 31 December 2000, enabling the Group to finance its existing operations and future investment.

## PROSPECTS

In view of the gradual economic recovery in the region, together with lowering interest rates, the directors anticipate that the Group's operations will benefit as a result.

In the coming years, it is expected that the various infrastructure projects initiated by the government will bring a positive impact on the economy of Hong Kong. In addition, the government is currently working towards adding more tourist attractions so as to retain the image of Hong Kong as a first class tourist destination. All these activities and promotions are expected to benefit the Group's catering revenue and enhance the growth of tourism and leisure-related business.

It is anticipated that the gradual economic recovery in Asia will also allow the Group to seek appropriate investment and development opportunities in order to further strengthen its earning potential.

### **Stanley Ho**

*Chairman*

Hong Kong, 11 April 2001