

Business and Financial Review

(I) GROUP RESULTS

The unaudited Group profit attributable to Shareholders for the six months ended 30 June, 2001 amounted to HK\$63.6 million, an increase of 7% as compared with HK\$59.4 million for the corresponding period last year. Earnings per share were 20.0 cents.

(II) INTERIM DIVIDEND

The Board has declared an interim dividend in respect of the financial year ending 31 December, 2001 of 5.0 cents (2000 — 5.0 cents) per share, payable on 8 October, 2001 to Shareholders on record as at 28 September, 2001.

(III) BUSINESS REVIEW & PROSPECTS

- * The Marco Polo Hongkong Hotel recorded a slight rise in room yield compared to the last corresponding period.

Efforts will continue to be made to maximise revenues and to enhance the hotel's competitiveness.

With the global economic slowdown and decline in tourist spending power coupled with continuing intense price war among competitors, the second half of 2001 will continue to be challenging.

- * Lower average rentals received from office, shops, cinema and restaurants in the commercial section in The Marco Polo Hongkong Hotel contributed to a drop in its rental income.
- * The development of Mass Transit Railway Kowloon Station Package Two, of which the Group has a 20% interest, is proceeding according to plan. Superstructure works for Phase I comprising 1,272 units and Phase II comprising the remaining 838 units commenced in May 2000 and May 2001 respectively.