

## CHAIRMAN'S STATEMENT

### FINANCIAL RESULTS

The Group's audited consolidated turnover for the financial year ended 30th June, 2001 was HK\$153.6 million, representing an increase of 8.3% as compared with turnover of HK\$141.8 million for the previous year. The consolidated net profit attributable to shareholders for the year was HK\$49.6 million, representing an increase of 56.5% from HK\$31.7 million for the financial year ended 30th June 2000.

Earnings per share for the period was 6.36 cents, an increase of 55.9% when compared with 4.08 cents for the corresponding period in 2000.

### DIVIDENDS

The Directors recommend a final dividend in respect of the year ended 30th June, 2001 of 1 cent per share to shareholders whose names appear on the Register of Members of the Company on 15th November, 2001, as compared to 1 cent for the prior year. Together with the interim dividend of 1 cent per share, the total dividend for the full year is 2 cents per share.

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the Annual General Meeting to be held on 15th November, 2001; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for scrip dividend on or about 16th November, 2001. It is expected that the final dividend warrants and share certificates will be despatched to shareholders on or about 18th December, 2001.

### REVIEW OF OPERATIONS FOR THE YEAR

Visitor arrivals in Hong Kong continued in an upward trend during the year. Demand for hotel accommodation in Hong Kong remains favourable in 2001.

#### **City Garden Hotel (100% owned)**

The average room occupancy rate of City Garden improved from 90% in financial year 1999/2000 to 91.9% in the current financial year and average room rate recorded an increase of 15.3%. Room sales for the year were HK\$92.5 million, representing a growth of 17.2% from HK\$78.9 million in last financial year. Food and beverage sales for the year were HK\$25 million, reflecting an improvement of HK\$0.9 million. A room renovation programme commencing in the second half of 2001 will enhance the competitiveness in terms of quality of service.

## CHAIRMAN'S STATEMENT *(Continued)*

### **Conrad Hong Kong (50% owned)**

The average room occupancy of Conrad recorded for the financial year was 78.6% as compared to 79.3% in the previous year. The average room rate for the year improved by 19.7%. Room sales for the year were HK\$236 million which was 18.5% higher than that of last year whilst income from food and beverage sales for the year was HK\$214.6 million.

### **Royal Pacific Hotel & Towers (25% owned)**

The average occupancy rate of Royal Pacific Hotel & Towers for the year increased from 88.8% in the last financial year to 89.8% in the current financial year while its average room rate showed a healthy increase of 10.2%. Room sales for the year totalled HK\$147.2 million, an increase of 11.1% from HK\$132.5 million in the last financial year. Revenue from food and beverage sales was HK\$53.8 million, 4.4% lower than that of last year.

### **Fortune Court Chinese Restaurant (100% owned)**

Turnover for the year was HK\$19.6 million as compared to HK\$21.4 million for the previous year, resulting in a net profit of HK\$1.8 million.

Other than the above mentioned, there was no material change from the information published in the report and accounts for the year ended 30th June 2000.

## **INDUSTRY OUTLOOK AND PROSPECTS**

Tourism remains one of the growth areas in Hong Kong despite slowdown in economic growth in Asia and the United States. China's impending accession to the World Trade Organization and Beijing's successful bid to host the 2008 Olympic Games will stimulate business and leisure travel to Hong Kong. The anticipated streamlining in application procedures and relaxation in entry visa and quota requirements for visitors from China and Taiwan will facilitate tourism and economic integration between Hong Kong and these territories.

We welcome the government's announcement in August unveiling "Tourism Hong Kong", a strategic five year plan earmarking over HK\$18 billion for developing Kowloon, Central, Hong Kong South, North Lantau and Sai Kung into major tourist areas. These new initiatives cover different aspects of tourism such as culture, heritage, sports and eco-tourism. Major projects include Disneyland, Wetland Park, Fisherman's Wharf, International Sports and Performance Complex, Tsim Sha Tsui Promenade Beautification Scheme and the West Kowloon Reclamation arts, cultural and entertainment district. We are confident that these will promote Hong Kong not only as an international financial centre but also as a popular resort destination with unique attractions and a premier tourist destination in Asia.

## CHAIRMAN'S STATEMENT *(Continued)*

The Group will strive to maintain its principal operating objectives, generate higher yield per room and improve operation efficiency while maintaining high quality and value added services. The Group continues to upgrade IT software programmes to improve guest services, operation efficiency and business opportunities. Continuous product enhancement programmes, effective cost control management and new marketing strategies will ensure achievement of these objectives.

The world will never forget the events which occurred in New York and Washington D.C. on 11th September, 2001 and we extend our heartfelt thoughts to those who have suffered profound loss.

These events will dampen US air travel, despite US visitors to Hong Kong for the first six months of 2001 had increased by 6.8%. While we hope the impact will be short-term, the Group will closely monitor and assess its medium to long-term effect on hotel and tourism industries in Hong Kong.

### EMPLOYEE PROGRAMMES

The Group continues to put strong emphasis on staff training and continuous education. Special in-house training programmes to enhance productivity, service standards and language ability of staff are conducted on a regular basis. To further develop potential of key staff members, the Group offers 'Train the Trainer' programme to facilitate their growth and development.

Pertaining to Labour, Health & Safety and Environmental Protection regulations, special committees have been formed by each hotel to ensure effective communication and application of these issues in the working environment.

### STAFF AND MANAGEMENT

I would like to take this opportunity to thank my fellow directors and all the staff for their dedicated efforts and contributions during the year.

**Robert NG Chee Siong**  
*Chairman*

Hong Kong, 25th September, 2001