

## CHAIRMAN'S STATEMENT

### FINANCIAL RESULTS

I am pleased to report the audited results of the Group for the year ended 31 March 2006. During the year, the Group achieved a profit from operations of approximately HK\$370.0 million, representing an increase of approximately 10.5% compared with the previous financial year as restated in accordance with the new accounting standards. Excluding the valuation gains on investment properties, the profit from operations for the financial year ended 31 March 2006 was HK\$136.6 million, representing a decrease of approximately 21.3% compared with last financial year. The Group recorded a profit for the year of HK\$307.7 million, representing an increase of approximately 5.2% as compared with the previous financial year. The turnover for the year was approximately HK\$352.9 million, a decrease of approximately 21.3% from the previous financial year.

### BUSINESS REVIEW AND COMMENTARY ON FINANCIAL RESULTS

Hyatt Regency Hong Kong (the "Hotel") and the Hotel's shopping arcade, owned by the Company's 50.01% owned subsidiary, Associated International Hotels Limited ("AIHL"), ceased to operate from 1 January 2006 following the expiration of the management agreement between AIHL and Hyatt International – Asia Pacific, Limited. The closure of the Hotel and the Hotel's shopping arcade, which were the main business of Group, resulted in a drop in segment profit of 21.0% and 24.0% respectively when comparing the nine-month result in the financial year to the twelve-month period in the previous year.

The average room rate obtained at the Hotel during the nine-month period from 1 April 2005 to 31 December 2005 was HK\$982, representing an increase of approximately 7.8% in comparison with the previous financial year.

The average room occupancy rate of the Hotel during the nine-month period from 1 April 2005 to 31 December 2005 was 87.2% as compared with 89.9% for the previous financial year.

## 主席報告書

### 財政業績

本人欣然宣布本集團截至二零零六年三月三十一日止年度之經審核業績。於本年度，本集團之經營溢利約為港幣370,000,000元，較按全新會計準則重報後上一財政年度之經營溢利上升約10.5%。倘投資物業估值盈利不被計算在內，截至二零零六年三月三十一日止財政年度之經營溢利為港幣136,600,000元，較上一財政年度下跌約21.3%。本集團於本年度之溢利為港幣307,700,000元，較上一財政年度上升約5.2%。本年度之營業額則約為港幣352,900,000元，較上一財政年度下跌約21.3%。

### 業務回顧及財政業績之評論

由於本公司擁有50.01%股權的附屬公司—凱聯國際酒店有限公司（「凱聯」）與凱悅（國際）亞太區有限公司簽訂之管理合約已屆滿，由凱聯持有之香港凱悅酒店（「本酒店」）和本酒店商場自二零零六年一月一日起停止經營。本酒店和本酒店商場是本集團之主要業務，停止該等業務之經營令本財政年度共九個月的本酒店和本酒店商場之分部溢利較上年度十二個月分別下跌21.0%和24.0%。

於二零零五年四月一日至二零零五年十二月三十一日止九個月期間，本酒店之平均房租為港幣982元，較上一財政年度上升約7.8%。

於二零零五年四月一日至二零零五年十二月三十一日止九個月期間，本酒店之房間平均入住率為87.2%，上一財政年度則為89.9%。

## CHAIRMAN'S STATEMENT (continued)

### BUSINESS REVIEW AND COMMENTARY ON FINANCIAL RESULTS (continued)

Rental income for the Hotel's shopping arcade amounted to HK\$75.4 million for the nine-month period from 1 April 2005 to 31 December 2005, compared with the previous financial year, representing a decrease of 25.8%.

Interest income amounted to HK\$16.8 million, increased by HK\$14 million due to rising interest rates during the year.

As at 31 March 2006, the property held for redevelopment of the Group was revalued at HK\$4,180.0 million by an independent professional valuer and the valuation gains of HK\$209.6 million were recognised in the consolidated income statement during the year.

The Group's investment properties comprising four floors of Goodluck Industrial Centre in Lai Chi Kok and one floor of a commercial building in Guangzhou in the PRC, continued to generate steady rental income during the year.

### CAPITAL STRUCTURE AND LIQUIDITY

As at 31 March 2006, the total equity for the Group was HK\$4,546.6 million, compared with HK\$4,219.1 million (restated) as at 31 March 2005. The Group's gearing ratio is nil. Detailed information on the Group's capital structure is set out in note 23 to the financial statements for the year ended 31 March 2006.

The Group's net current assets were approximately HK\$500.6 million as at 31 March 2006 compared with approximately HK\$407.0 million on the same date of the previous financial year.

## 主席報告書 (續)

### 業務回顧及財政業績之評論 (續)

於二零零五年四月一日至二零零五年十二月三十一日止九個月期間，本酒店商場之租金收入為港幣75,400,000元，較上一財政年度下跌25.8%。

由於本年度利率上升，本集團的利息收入達港幣16,800,000元，較去年增加港幣14,000,000元。

本集團之重建物業經獨立專業估值師重估，於二零零六年三月三十一日之估值為港幣4,180,000,000元，有關物業的估值盈利港幣209,600,000元則確認於本年度的綜合損益表內。

本集團位於荔枝角好運工業中心之其中四層及位於中國廣州之一層寫字樓之投資物業，於本年度繼續為本集團帶來穩定的租金收入。

### 資本結構及流動資金

於二零零六年三月三十一日，本集團之權益總額為港幣4,546,600,000元，於二零零五年三月三十一日則為港幣4,219,100,000元（重報後）。本集團沒有負債比率。本集團資本結構之詳細資料載於截至二零零六年三月三十一日止年度之財務報表附註23。

本集團於二零零六年三月三十一日之流動資產淨值約為港幣500,600,000元，於二零零五年三月三十一日則約為港幣407,000,000元。

## CHAIRMAN'S STATEMENT (continued)

## OUTLOOK

As announced on 20 October 2004 and disclosed in the subsequent announcements, the Directors have resolved to proceed with the proposal to redevelop the property comprising the Hotel and the Hotel's shopping arcade owned by AIHL into a building comprising mainly retail components. Demolition of the existing building is in progress and is expected to be completed in September 2006. Barring unforeseen circumstances, the time period for the entire redevelopment project will be three to four years from commencement of the redevelopment work. The cessation of the Hotel and the Hotel's shopping arcade operations, which are the Group's main sources of income, will have a very substantial negative impact on the revenue and results of the Group during the redevelopment period. However, the Directors consider that upon completion of the redevelopment, it will increase the return to the Group in the long run and will enhance value for shareholders because it is believed that a retail development is likely to generate a higher return on capital in the long term than the hotel operation.

As at the date of this announcement, the entire redevelopment project is scheduled for completion in 2009. The present estimated cost of construction for this project is around HK\$1 billion. This will be financed by external borrowings and arrangements are in progress in this regard. The Directors of the Company's subsidiary, AIHL, have announced that it is likely that that company will not pay dividends before completion of the project. The burden of borrowings for the project will fall directly on AIHL rather than the Company. However the main sources of recurrent income for the Company will disappear during the redevelopment period with closure of the Hotel and the Hotel's shopping arcade. In the circumstances it is likely that dividend payments of the Company will be reduced during the redevelopment period from levels hitherto paid. No guarantee can be given that dividends will continue to be paid at a certain level or at all pending completion of the redevelopment.

## 主席報告書 (續)

## 展望

如二零零四年十月二十日及之後刊登之公告指出，董事會已決定著手進行將凱聯持有的本酒店和本酒店商場所組成的物業重建為一幢以零售商舖為主的大廈之計劃。拆卸現有物業的工程現正進行，並預計於二零零六年九月完成。在無不可預見的情況下，董事會預計整項重建工程將自有關工程展開後起計三至四年內完成。終止本酒店和本酒店商場的經營令本集團停止其主要的收入來源，故在重建期間將對本集團的收入和業績帶來非常重大的負面影響。然而，董事會相信，零售物業在長遠而言可能為本集團帶來較經營酒店更高的資金回報，故認為在重建工程竣工後將提升本集團的長線回報，並可為股東爭取更高的價值。

於本公告之日，董事會預期整項重建工程將於二零零九年竣工，現估計有關的建築費用約為港幣1,000,000,000元。該等費用將向外借貸支付，而有關安排現正進行。本公司附屬公司—凱聯董事會已宣布在重建工程完成前，該公司可能不派發股息。重建工程所需的借貸將直接由凱聯，而非本公司承擔。儘管如此，由於本酒店和本酒店商場停止運作，本公司主要經常性收入將於重建期間停止。在此情況下，本公司於重建期間的股息派發可能較迄今派息水平減少。然而，這並不保證本公司在重建工程完成前會繼續派發或維持派發一定水平的股息。

## CHAIRMAN'S STATEMENT (continued)

### DIVIDEND

The Board is pleased to recommend the payment to shareholders on the register of members on Thursday, 28 September 2006 of a final dividend of 3 cents per share for the year ended 31 March 2006. As the Company paid an interim dividend of 2 cents per share during the year, the total dividend for the year ended 31 March 2006 will be 5 cents per share (2005: 6 cents per share). The proposed dividend will be paid on or about Tuesday, 17 October 2006 following approval at the Annual General Meeting.

### STAFF

As at 31 March 2006, the total number of employees of the Group, including executive directors and employees of Austin Hills Golf Resort, the Group's resort development project in Johor Bahru, Malaysia, was 147.

In addition to salaries, medical and retirement benefits, the Group pays discretionary bonuses to its staff. Sponsorships for necessary outside training courses are also provided by the Group to its staff.

Finally, on behalf of the Board, I wish to thank all our staff for their devotion and dedication in the past year.

**Cheong Hooi Hong**  
Chairman

Hong Kong, 6 July 2006

## 主席報告書 (續)

### 股息

董事會欣然建議派發截至二零零六年三月三十一日止年度之末期股息每股3仙予二零零六年九月二十八日星期四名列股東名冊之股東。連同中期股息每股2仙，本公司於截至二零零六年三月三十一日止年度將共派息每股5仙（二零零五年：每股6仙）。建議派發之股息經股東周年大會通過後，將約於二零零六年十月十七日星期二派付。

### 僱員

於二零零六年三月三十一日，本集團僱員，包括執行董事及本集團位於馬來西亞新山之渡假村發展計劃—Austin Hills Golf Resort之員工，人數合計共147人。

除工資、醫療及退休福利外，本集團亦酌情向員工發放花紅。此外，本集團亦贊助員工參加所需之外間進修課程。

最後，本人謹代表董事會對各同事在過去一年之忠誠及辛勤貢獻致以謝意。

主席  
鍾輝煌

香港，二零零六年七月六日