

Chairman's Statement

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We are pleased to see the recovery of Hong Kong economy contributed by the dynamic economic growth in the Mainland and the Central Government's supportive policies which include the implementation of Closer Economic Participation Arrangement and the relaxation of travel arrangement of individual mainland tourists. Apart from the increasing tourist arrivals from the Mainland, these positive developments have led to both increase in local consumption and enhance economic growth.

While the Hong Kong economy experiences steady growth, certain sectors of the economy namely property, hotel, retail and finance industries are the prime beneficiaries on the initial recovery. The Group has adjusted its operating strategy and optimized its asset structure to capture the opportunity of increasing demand in hotel accommodation.

Hotel Business

As of today, our hotel portfolio increased to five with the introduction of three new hotels, namely the Cosmopolitan Hotel, Central Park Hotel and Dorsett Olympic Hotel. With the opening of Disneyland in September 2005, Hong Kong is expected to become a popular tourist destination. Foreseeing the coming year, the Group will continue to increase our hotel investment in Hong Kong and Macau. These developments will set down a solid foundation for the Group to achieve a sustainable growth in the near future.

After the gaming industry restructure, Macau will become a Las Vegas style gaming, convention and family oriented holiday destination. The Group plans to develop and operate hotels in Cotai,

Macau, with Venetian Group from Las Vegas. The Group is expected to be benefited from the booming tourism in the region. In the forthcoming years, the hotel division will become a significant contributor in revenue and profit to our Group.

Property Development Division

With the rise in property values in Hong Kong and the Mainland, the property development division will continue to provide steady revenue to the Group. In the Mainland, the Central Government has introduced austerity measures to curtail speculation activities in property market. However, these measures will benefit the property market in achieving steady and continued development in long term.

The Group will primarily adopt a selective and prudent approach to investment in the Mainland by focusing on prime developments in the major cities. The Group is constantly monitoring the market conditions and evaluating various investment opportunities in Hong Kong and the Mainland.

Finally, I would take this opportunity to express my sincere gratitude to all directors, senior management and staff for their contributions and hard work during the year and our shareholders for their invaluable support to our Group.

Deacon Te Ken Chiu

Chairman

13th July 2005