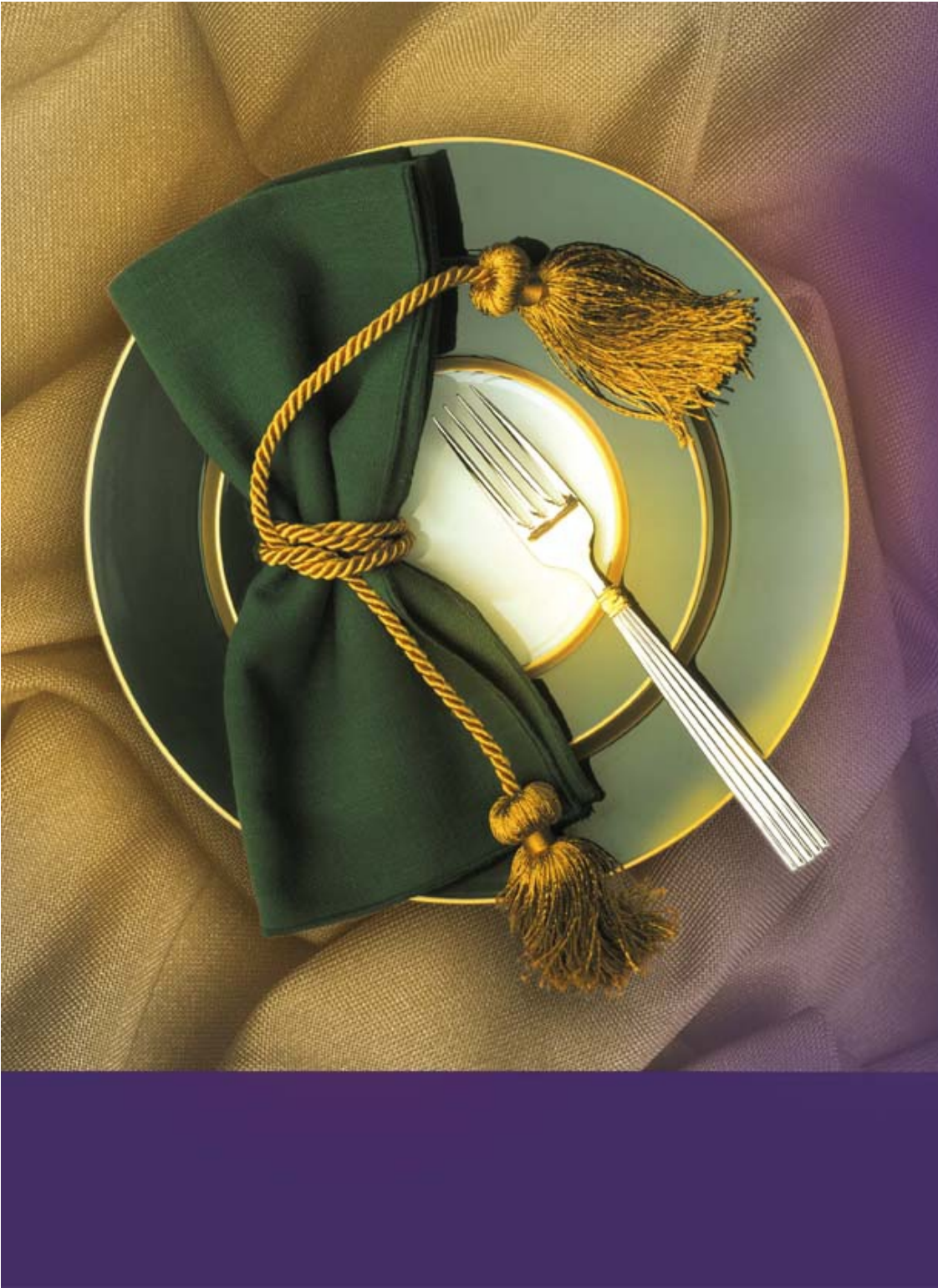


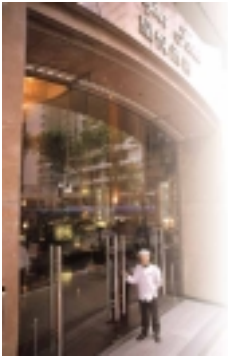
CHAIRMAN'S STATEMENT



CLASSY

MAKING YOU FEEL AT HOME





I am pleased to present the annual report of the Group for the year ended 31st March 2001 to the shareholders.

Results

Group turnover amounted to HK\$160 million for the year ended 31st March 2001 (2000: HK\$175 million), while profit attributable to shareholders increased by 8% to HK\$29 million (2000: HK\$27 million).



Business Review

The Empire Hotel, Hong Kong

Hong Kong tourism industry continues to improve with total visitors arrival for the year to December 2000 reaching a new record of just under 13 million high surpassing the record in the pre-Handover tourism peak of 1996.

Hotel occupancy in Hong Kong averaged 83% in 2000 which is the highest occupancy since the last record high occupancy of 88% in 1996 despite a 2.9% increase in the number of available room to just under 35,000.

Despite a slight decrease in Empire Hotel Hong Kong's occupancy from 88.3% in 2000 to 86.8% in 2001, rooms revenue increased by 14.9% boosted by a 18.5% increase in average rate from HK\$361 in 2000 to HK\$428 in 2001.

The decrease in food and beverage sales is due to the leasing out of space where the original Chinese restaurant was situated, which added rental income of HK\$4 million and reduced the operating cost and manpower.



The Empire Landmark Hotel, Vancouver

Vancouver saw a 10% increase of hotel room supply for the year to December 2000. The increase in room inventory coupled with the slow down in the US economy have adversely affected room rates and occupancy in the Canadian hotel markets.

Due to the weak hotel market conditions in Vancouver together with a major renovation program which was carried out in the hotel during December 1999 to July 2000, Landmark Hotel saw 6% decrease in its occupancy from 64.2% in 2000 to 60.3% in 2001. During the same period, Landmark Hotel's average rate fell by 2% from C\$123 in 2000 to C\$120 in 2001.



The Empire Hotel, Kowloon

The Empire Kowloon Hotel obtained its occupancy permit in April 2001. Interior fitting out is currently in progress with soft opening anticipated shortly. Located in the heart of the Tsimshatsui tourist area, with hi-tech and fully-equipped guests facilities, Empire Kowloon Hotel is expected to generate high occupancy and favourable room rates. The addition of the new hotel will further enhance the financial position of the Group.

Financial Review

Shareholders' funds at 31st March 2001 stood at HK\$2.0 billion (2000: HK\$1.5 billion). Total assets amounted to HK\$3.2 billion (2000: HK\$2.8 billion). Net debt (total borrowings less bank balances) was HK\$1.0 billion (2000: HK\$1.1 billion). The gearing ratio (net debt to net assets) has been reduced substantially from 75% in 2000 to 52% in 2001.

Employee and Remuneration Policies

The Company and its subsidiaries had a total of approximately 450 employees at the end of the year. Their remuneration package, which commensurate with their job nature and experience level, include basic salary, annual bonus, share option, retirement and other benefits.

Future Prospects

In Hong Kong the tourist industry is expected to benefit from the imminent entry of WTO by China and the recovery of East Asia economies from the 1997 economic turmoil helped by a series of interest rate cuts both in the United States and in Hong Kong. In Canada, the weakening of the Canadian dollar and recent interest cuts are also expected to have a favourable impact on tourist industry and hotel markets in particular.

The Group looks forward to an exciting year with the addition of a new hotel in Kowloon and sustained growth both locally in Empire Hotel Hong Kong and Landmark Hotel Vancouver.

Poon Jing

Chairman

Hong Kong, 13th July 2001