
Chairman's Statement



“The Group expects to benefit from the growth in Hong Kong tourism”

I am pleased to present the Group's annual report for the year ended 31 March 2005. The Group recorded 34% increase in turnover to HK\$569 million and profit attributable to shareholders of HK\$85 million.

Average room rates and occupancy to our Hong Kong hotels recorded increases by 34% and 20% respectively while our Canadian hotel in Vancouver enjoys an increase of 14% in turnover. Both the travel agency and franchised restaurant business in Hong Kong and Shanghai show improved results compared with last year.

We have entered into management agreement with two Shanghai hotels to be opened in year 2006. Total number of rooms is 550. They are in the 4 star and 5 star categories. The Group intends to expand our hotel management services into Mainland market whenever resources permit.

Finally, we are optimistic that there will be an even better result for the coming year. Hong Kong has been reshaping its destination for business and leisure, shopping paradise, adult entertainment and family holidays for surrounding regions which comprises of a population density of over 1.7 billion within a 5 hours distance radius. A unique combination of gaming and entertainments in Macau, Disney Theme Park, trading hub and financial center for Chinese State-Owned companies are all but maintaining Hong Kong a truly focal point in the region.

Hong Kong hotel industry will no doubt benefit from the intensive traffic as mentioned above.

By Order of the Board
Poon Jing
Chairman

Hong Kong, 19th July 2005