

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the results of the Group for the year ended 31 December 2001.

RESULTS

The consolidated Group net profit for the year 2001 amounted to HK\$27,293,000, an increase of 293% as compared to HK\$6,948,000 in the previous year. Earnings per share for the year 2001 amounted to HK\$0.08 as compared to HK\$0.02 in the previous year.

DIVIDENDS

The Board is recommending that no final dividends be paid for the year ended 31 December 2001.

REVIEW OF OPERATIONS

Macau

Your Group's subsidiary in Macau reported significantly higher turnover from sales and rental of properties during the year. Turnover of the Macau operations rose to HK\$204.2 million in 2001, an increase of 165% over the previous year. This is due to the successful launch in April and September 2001 respectively of Carnation Court and Dahlia Court, two luxurious residential blocks in *Ocean Gardens*.

Vietnam

Since its opening in 1998, *Caravelle Hotel* in Ho Chi Minh City continues to consolidate its position as the leading hotel in the city. Revenue as well as profit contribution to the Group improved in 2001.

Your Group holds a 63% interest in the *Ocean Place*, a project under development in Ho Chi Minh City. The complex comprises a 5-star hotel block with 383 rooms and a serviced apartment block with 96 units.

The serviced apartments, operating under the name of *Ocean Place Executive Residences*, and the retail areas have commenced operations in February 2002. Revenue and occupancy rates are ahead of budget.

Plans are now under way to proceed with the completion of the hotel block and commencement of hotel operations.

Chairman's Statement (Continued)

The People's Republic of China

Holiday Inn Riverside Wuban reported improved revenue and occupancy during the year. The loss attributable to the hotel has also been reduced in 2001. Improvements are expected to continue in 2002.

Of the total number of 635 units of villas and apartments at luxurious **Beijing Riviera** residential development project, 437 units have been sold as at the end of 2001. Of the remaining 198 units, 149 units were leased out for income.

Canada

The Group's hotels in Canada have all reported decreases in revenue in 2001 as compared to 2000. This was particularly severe during the last quarter of 2001 after the September 11 incident. There has been a gradual recovery since then. Further, due to effective cost-containment measures instituted, the Group was able to report a small increase in its share of profits from the Canadian associates as compared to the previous year.

PROSPECTS

During 2001, there were signs of a gradual recovery in the sale of properties in Macau. This was as a direct result of developers' pricing their properties at levels acceptable to buyers. Also of considerable importance was the Macau SAR Government's support of the sector through administrative measures such as interest subsidies for first-time property buyers, as well as the successful launching of government programs to entice overseas buyers into the Macau property market by offering such buyers the right of residence in Macau. Looking ahead to the rest of 2002, it is expected that the continuing opening of the gaming industry in Macau will be an important stimulus to all sectors of the Macau economy. The property sector will be one of the beneficiaries of this development.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our appreciation to the management and staff of our Group for their invaluable contribution.

Ho Kian Guan

Chairman

Hong Kong, 24 April 2002