

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the results of your Group for the year ended 31 December 2004.

RESULTS

The consolidated Group net profit attributable to shareholders for the year 2004 amounted to HK\$89,835,000, an increase of 173% as compared to HK\$32,860,000 in the previous year. Earnings per share for the year 2004 amounted to HK\$ 26.4 cents as compared to HK\$ 9.7 cents in 2003.

DIVIDENDS

The Board is recommending that a final dividend of HK\$ 3 cents per share be paid for the year ended 31 December 2004. An interim dividend of HK\$ 1.5 cents per share has already been paid. Total dividends for the year will be HK\$ 4.5 cents per share.

REVIEW OF OPERATIONS

Turnover for your Group increased by 19% to HK\$403.7 million for the year 2004, as compared to HK\$339.5 million for the previous year.

A summary of the operations by geographical location is as following.

Macau

The strengthening of the property market in Macau has allowed your Group to capitalize on the premium product image of Ocean Gardens, the most luxurious residential development in Macau undertaken by your Group. Significant run-up in capital values of properties across the board was witnessed in the past two years. Despite a 55% reduction in gross floor area sold in 2004 as compared to the previous year, the rise in selling price has allowed your Group to report a 29% increase in profit before tax from Macau operations.

Vietnam

Sheraton Saigon Hotel & Towers and Executive Residences The hotel, which your Group holds 63%, became fully operational in November 2003 and reported for 2004 its first full year results. Revenue increased by 166% and the hotel was able to turn in a profit from operations for the year. Due to the significant amounts of depreciation and amortization, however, the subsidiary reported a loss for the year. During 2004, the hotel has maintained its number one position in Ho Chi Minh City both in terms of occupancy rates and average room rates.

Caravelle Hotel, in which your Group holds a 25% interest, also reported a growth in turnover, which resulted in a 69% increase in contribution in profits to your Group. During 2004, the hotel has maintained its number two position in Ho Chi Minh City in terms of average room rates.

Chairman's Statement (Continued)

The People's Republic of China

Holiday Inn Riverside Wuban The hotel reported increases in both occupancy rates as well as average room rates in 2004 as compared to 2003, resulting in a 67% improvement in the hotel's gross operating profit for 2004. The subsidiary continued to report a loss in 2004 largely as a result of significant depreciation charges to the subsidiary. The loss however was significantly reduced as compared to 2003.

Beijing Riviera Development comprised a total of 635 units of luxurious villas and apartments. 437 units have been sold as at the end of 2004. Of the remaining 198 units, 155 units were leased out for rental income as at year-end.

Canada

Despite a difficult hotel market in Canada, **Doubletree International Plaza Hotel** in Toronto reported an increase in occupancy rates and average room rates, as well as an increase in profits. **Sheraton Ottawa Hotel** also reported an increase in room rates and a slight increase in operating profits. **Four Points Hotel Gatineau/Hull** suffered declines in average room rates, occupancy levels as well as a decrease in operating profits. As a whole, however, Canadian operations returned to a profit in 2004, as compared to the loss in 2003.

PROSPECTS

The property market in Macau has been undergoing a transformation in the past 24 months. This occurred on the back of a strong pick-up in the local economy, resulting from substantial inflow of overseas funds being committed to the gaming industry, the service industry, and the hotel and property sectors of the economy. There has also been a significant rise in disposable income of the local population, as evidenced by the 28% rise in Macau's gross domestic production in 2004 as compared to the previous year. The planned and ongoing economic, social and geographical integration of the Pearl River Delta ("PRD") and the acknowledged designation of Macau as the service and entertainment centre of the PRD have injected an element of certainty into Macau's future. With strong and able political leadership and a capable administration, overseas investors are committing to Macau's future with funds and resources. The boost to the Macau property sector, an industry in which your Group has over 25 years of experience, will allow your Group to continue to benefit from Macau's continuing development.

There have been improvements in the economies of Ho Chi Minh City, Wuhan, and the various cities in Canada in which your Group has hotel investments. All hotels are expected to continue to report operating profits before depreciation charges. Significant amounts of depreciation however will continue to have a dampening effect on accounting profits at the Sheraton Saigon Hotel & Towers and the Holiday Inn Riverside Wuhan.

Chairman's Statement (Continued)

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our sincere appreciation to the management and staff of your Group for their invaluable contribution and dedicated efforts in continuing to bring about improvement in your Group's operations and profitability.

Ho Kian Guan

Executive Chairman

Hong Kong, 21 April 2005