

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 2006.

RESULTS

The consolidated Group net profit attributable to equity holders for the year 2006 amounted to HK\$203.03 million, an increase of 66% as compared to HK\$122.36 million in the previous year. Earnings per share for the year 2006 amounted to HK\$0.60 per share as compared to HK\$0.36 per share in 2005.

DIVIDENDS

The Board is recommending that a final dividend of HK\$0.10 per share be paid for the year ended 31 December 2006. An interim dividend of HK\$0.03 per share has already been paid. Total dividends for the year will be HK\$0.13 per share.

REVIEW OF OPERATIONS

Turnover for the Group increased by 7% to HK\$628 million, as compared to HK\$586 million in 2005.

A summary and analysis of the operations are as follows.

Macau

The property market, after a prolonged rise which began in 2003, went through a period of consolidation which started in the second half of 2005. By the end of 2006, the market has recovered. Your Group took the view in early 2006 that the market will recover soon, and therefore refrained from actively selling properties at that stage. As a result, revenue in 2006 declined to HK\$132 million from HK\$205 million in the previous year. Due to increase in interest revenue and foreign exchange gains, however, profit before tax for Macau increased by 12%.

Vietnam

Sheraton Saigon Hotel & Towers and Executive Residences The strength of the Vietnamese economy and the Ho Chi Minh City tourism sector continued in 2006. Average room rate for the year improved to US\$152 per room night in 2006, as compared to US\$123 in 2005. The hotel continues to be one of the leading hotels in the city. Revenue for the Group increased to HK\$460 million in 2006, as compared to HK\$342 million in 2005.

Caravelle Hotel For 2006, average room rate for the year improved to US\$126 per room night in 2006, as compared to US\$103 in 2005. Contribution to the Group's profit after tax remained stable at approximately HK\$2.7 million in 2006.

The People's Republic of China

Holiday Inn Riverside Wuhan Competition amongst hotels in Wuhan remained to be strong in 2006. Total revenue from the hotel increased marginally to approximately HK\$50 million in 2006.

CHAIRMAN'S STATEMENT (Continued)

Beijing Riviera As previously reported to shareholders, the Group has completed the disposal of its interest in Beijing Riviera in 2006. During 2006 and prior to the completion of the disposal, the Group has accounted for its share of profit from this associate in the amount of HK\$2.3 million.

Canada

All three hotels have performed satisfactorily in 2006.

The Sheraton Ottawa Hotel reported improved results through a combination of improved room rates and stringent cost control. Contribution from an associate operating **DoubleTree International Plaza Hotel** in Toronto and **Four Points by Sheraton Hotel** at Gatineau-Ottawa in Quebec also improved. As a result, total profit before taxation for Canadian operations improved to HK\$8.8 million as compared to HK\$5.0 million in the previous year.

PROSPECTS

The Macau property market has emerged from a short consolidation phase which started at the end of 2005. The scheduled opening in 2007 of several prominent gaming resorts and the expected surge in visitor arrivals will result in increasing economic activity. The property market will be a major beneficiary of this development. Capital values are expected to continue its upward momentum. Your Group intends to capitalize on this trend and plans to retain a portion of its completed properties for rental income. This will also allow your Group to capture further upside movements in capital values in the Macau property market.

Your Group's hotel portfolio continues to witness improving results. In 2006, the portfolio's contribution to the Group's profit after tax has increased as compared to the previous year. This trend is likely to continue in the coming years.

At the Sheraton Saigon Hotel and Executive Residences, your Group is pursuing plans to convert the existing serviced apartments into top-end hotel rooms, in order to take advantage of the significant premium which hotel room rates command over serviced apartment rental rates. This will also allow the hotel to accrue additional benefits from the buoyant tourism sector in Vietnam. Over the long run, the conversion will further enhance the Sheraton Saigon Hotel as a quality hotel property with higher financial returns.

New room supplies being added to the Wuhan hotel market will put a limit on rise in room rates and occupancy rates at the Holiday Inn Riverside Wuhan. The hotel is however a well-managed property and will continue to perform well in a difficult market.

The Canadian economy is likely to remain stable in 2007. Your Group's hotels in Canada, which are under good and experienced management, are expected to perform in line with the industry.

*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 diligence, dedication and loyalty. The independent non-executive directors have also continued to dispense generously their professional advice and guidance. To them, we are most grateful.

Ho Kian Guan
Executive Chairman

Hong Kong, 27 April 2007