

ANNOUNCEMENT OF 2004 GROUP RESULTS

FINANCIAL HIGHLIGHTS

	Year 2004 HK\$'M	Year 2003 HK\$'M	% Change
Turnover	1,050.6	774.9	+35.6%
Net hotel and management income	429.0	211.7	+102.6%
Profit from operating activities	496.8	99.5	+399.3%
Net profit attributable to shareholders	602.9	207.8	+190.1%
Basic earnings per ordinary share	HK7.4 cents	HK2.9 cents	+155.2%
Net asset value per ordinary share	HK\$0.86	HK\$0.54	+59.3%
Final Dividend	HK0.5 cent	Nil	—

	Year ended 31st Dec., 2004 HK\$'M	Year ended 31st Dec., 2003 HK\$'M
TURNOVER (Note 2)	1,050.6	774.9
Cost of sales	(615.3)	(563.8)
Gross profit	435.3	211.1
Other revenue (Note 4)	3.5	7.5
Administrative expenses	(47.5)	(46.8)
Other operating expenses (Note 5)	(72.8)	(49.3)
Loss on disposal of overseas subsidiary companies attributable to discontinued operation	—	(34.4)
Write-back of impairment of a long term investment	7.8	—
Write-back of impairment of a hotel property	170.5	11.4
PROFIT FROM OPERATING ACTIVITIES (Note 2)	496.8	99.5
Finance costs (Note 7)	(139.8)	(144.1)
Share of profits less losses of:		
Jointly controlled entity	219.7	206.6
Associates	1.0	(2.0)
PROFIT BEFORE TAX	577.7	160.0
Tax (Note 8)	25.2	47.8
PROFIT BEFORE MINORITY INTERESTS	602.9	207.8
Minority interests	—	—
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	602.9	207.8
Earnings per ordinary share (Note 9)		
Basic	HK7.4 cents	HK2.9 cents
Diluted	HK6.6 cents	HK2.5 cents
Net asset value per ordinary share as at year end date	HK\$0.86	HK\$0.54

Notes:

1. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKAS"), herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December, 2004. The Group is in the process of making an assessment of the impact of these new HKFRSs, in particular, HKAS 16 "Property, Plant and Equipment" ("HKAS 16") and Interpretation 23 "The Appropriate Policies for Hotel Properties" ("Interpretation 23"), which affect hotel properties. The adoption of HKAS 16 and Interpretation 23 will result in additional depreciation charges on the Group's hotel properties, thereby reducing the Group's operating results. The Group has not come to a final decision as to whether to state the Group's hotel properties at cost less accumulated depreciation or at valuation as permitted under HKAS 16. If the Group's hotel properties are to be stated at cost less accumulated depreciation, the carrying values of the Group's hotel properties and hence the net asset value of the Group may decrease significantly for accounting purposes.

However, the adoption of HKAS 16 and Interpretation 23 will not have any effect on the Group's EBITDA and operating cash flow.

The Group is continuing with the assessment of the impact of the other new HKFRSs but is not yet in a position to state whether and to what extent they would have an impact on its results of operations and financial position.

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- the hotel ownership and management segment is engaged in hotel operations and the provision of hotel management services;
- the property development and investment segment invests in properties for sale and for their rental income, and the provision of property agency and management services; and

(c) the others segment mainly comprises the Group's brewery operations, laundry services, bakery operations and other investments.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Business segments

The following table presents revenue and profit/(loss) information for the Group's business segments.

Group	Hotel ownership and management		Property development and investment		Others		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue:										
Sales to external customers	995.2	747.2	6.6	—	48.8	27.7	—	—	1,050.6	774.9
Intersegment sales	0.3	—	0.3	0.4	10.1	9.2	(10.7)	(9.6)	—	—
Total	995.5	747.2	6.9	0.4	58.9	36.9	(10.7)	(9.6)	1,050.6	774.9
Segment results	503.8	124.3	2.6	(0.2)	5.3	(2.6)	—	—	511.7	121.5
Interest income and unallocated non-operating and corporate gains									1.2	2.2
Unallocated non-operating and corporate expenses, net									(16.1)	(24.2)
Profit from operating activities									496.8	99.5
Finance costs									(139.8)	(144.1)
Share of profits less losses of:										
Jointly controlled entity	—	—	219.7	206.6	—	—	—	—	219.7	206.6
Associates	(0.4)	(0.1)	—	—	1.4	(1.9)	—	—	1.0	(2.0)
Profit before tax									577.7	160.0
Tax									25.2	47.8
Profit before minority interests									602.9	207.8
Minority interests									—	—
Net profit from ordinary activities attributable to shareholders									602.9	207.8

(b) Geographical segments

The following table presents revenue information for the Group's geographical segments.

Group	Hong Kong		Mainland China		Canada		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue:										
Sales to external customers	1,000.2	717.9	50.4	24.8	—	32.2	—	—	1,050.6	774.9

3. DISCONTINUED OPERATION

The turnover, expenses and results attributable to discontinued operation in respect of the Group's previous hotel operation in Canada for the period from 1st January, 2003 to 25th June, 2003 (date of completion of disposal of the Canadian hotel operation) were as follows:

	2003 HK\$'M
TURNOVER	32.2
Cost of sales	(37.3)
Gross loss	(5.1)
Administrative expenses	(1.9)
Other operating expenses	(1.1)
LOSS FROM OPERATING ACTIVITIES	(8.1)
Finance costs	(4.2)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(12.3)

4. Other revenue includes the following items:

	2004 HK\$'M	2003 HK\$'M
Dividend income	2.3	—
Interest income	<u>0.4</u>	<u>0.2</u>

5. Other operating expenses include the following items:

	2004 HK\$'M	2003 HK\$'M
Depreciation	32.0	40.2
Loss on disposal of long term listed investments (after a transfer from the revaluation reserve of a deficit of HK\$0.3 million)	—	0.5
Termination fee in respect of cancellation of the disposal of a hotel property	<u>39.0</u>	<u>—</u>

6. An analysis of loss on sale of investments of the Group is as follows:

	2004 HK\$'M	2003 HK\$'M
Loss on disposal of long term listed investments	<u>—</u>	<u>0.5</u>

7. Included in the Group's finance costs is an amount of HK\$40.4 million (2003 - HK\$5.7 million) representing the amortisation and write off of loan costs.

8. The tax credit for the year arose as follows:

	2004 HK\$'M	2003 HK\$'M
Group:		
Current — Hong Kong		
Provision for tax in respect of profits for the year	0.1	—
Current — Overseas		
Provision for tax in respect of profits for the year	0.3	0.3
Prior year overprovision	<u>(16.7)</u>	<u>—</u>
Deferred tax	<u>(9.0)</u>	<u>(48.2)</u>
	<u>(25.3)</u>	<u>(47.9)</u>
Associate:		
Hong Kong	<u>0.1</u>	<u>0.1</u>
Total tax credit for the year	<u>(25.2)</u>	<u>(47.8)</u>

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 17.5% to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

In the prior year, no provision for Hong Kong profits tax was made as the Group had no assessable profits earned in or derived from Hong Kong during that year.

Tax on the profits of subsidiary companies operating overseas is calculated at the rates prevailing in the respective jurisdictions in which they operate, based on existing legislation, practices and interpretations thereof.

No provision for tax is required for the jointly controlled entity as no assessable profits were earned by the jointly controlled entity during the year (2003 - nil).

Deferred tax expenses/(income) have been calculated by applying the rate that is expected to apply in the year when the asset is realised or the liability is settled.

9. The calculation of basic earnings per ordinary share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$602.9 million (2003 - HK\$207.8 million), adjusted for the unpaid preference share dividend for the year of HK\$6.9 million (2003 - HK\$6.9 million), and on the weighted average of 8,091.2 million (2003 - 6,847.4 million) ordinary shares of the Company in issue during the year.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2004 is based on the adjusted net profit from ordinary activities attributable to ordinary shareholders for the year of HK\$597.8 million as adjusted for the interest savings arising from the conversion of the convertible bonds into ordinary shares of the Company, and on the adjusted weighted average of 9,033.5 million ordinary shares of the Company that would have been in issue during the year assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into, and the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for, ordinary shares of the Company at the beginning of the year or their respective dates of issue, whichever is later. The conversion of the outstanding convertible preference shares of the Company is anti-dilutive for the year. In addition, the exercise price of share options of the Company outstanding during the year is higher than the average market price of the Company's ordinary shares and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2003 was based on the adjusted net profit from ordinary activities attributable to ordinary shareholders for that year of HK\$201.5 million as adjusted for the interest savings arising from the conversion of the convertible bonds into ordinary shares of the Company, and on the adjusted weighted average of 7,999.7 million ordinary shares of the Company that would have been in issue during that year assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of that year. The conversion of the outstanding convertible preference shares of the Company was anti-dilutive for that year. In addition, the exercise price of share options of the Company outstanding during that year was higher than the average market price of the Company's ordinary shares and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

10. Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any listed securities of the Company during the year under review.

DIVIDEND

- In view of the satisfactory results, the Directors have resolved to recommend the payment of a final dividend of HK0.5 cent per ordinary share for the year ended 31st December, 2004 (2003 - nil), absorbing a total amount of approximately HK\$41.7 million, payable to holders of ordinary shares on the Register of Ordinary Shareholders on 16th June, 2005. No interim dividend was paid to ordinary shareholders for the year ended 31st December, 2004 (2003 - nil).
- As at 13th December, 2004, the dividend payment date in 2004 for the 5¼% Convertible Cumulative Redeemable Preference Shares issued by the Company, there were total cumulated unpaid preference dividends on the Preference Shares in the amount of approximately HK\$41.1 million (2003 - HK\$34.2 million). Accordingly, the Directors have also resolved that the preference dividends cumulated up to 13th December, 2004 be paid to the holders of the Preference Shares on or about 10th June, 2005.

CLOSURE OF REGISTER

- The Register of Ordinary Shareholders will be closed from Monday, 13th June, 2005 to Thursday, 16th June, 2005, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for the proposed ordinary dividend, all transfers accompanied by the relevant certificates must be lodged with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:00 p.m. on Friday, 10th June, 2005. The relevant dividend warrants are expected to be despatched on or about 30th June, 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

- During the year under review, net cash inflow from operating activities totalled HK\$409.2 million (2003 - HK\$148.3 million). Net interest payment for the year amounted to HK\$100.8 million (2003 - HK\$135.6 million).
- As at 31st December, 2004, the Group's gross borrowings net of cash and bank balances amounted to HK\$4,597.1 million (2003 - HK\$4,401.5 million). The Group's gearing ratio based on the total assets of HK\$12,433.4 million (2003 - HK\$8,793.3 million) was about 37.0% (2003 - 50.1%). In December 2004, the Group completed a 5-year HK\$4,750 million syndicated loan facility from certain major banking institutions, primarily to refinance all of the Group's bank loans then outstanding under the rescheduling agreement which has been in place since September 2003 as well as to provide additional working capital. After the complete normalisation of its banking arrangements, the Group is now well poised to undertake and implement its business development plans.
- In June 2004, the Group issued to two subscribers 2% Guaranteed Convertible Bonds due 2007 in an aggregate principal amount of HK\$200 million. Under the terms of the relevant subscription agreements, the subscribers have the option to further subscribe for additional Convertible Bonds up to an aggregate principal amount of HK\$200 million. The Convertible Bonds are convertible into new ordinary shares of the Company at an initial conversion price of HK\$0.25 per share, subject to adjustments, at any time up to 14th July, 2007. Details of the issue of the Convertible Bonds were disclosed in the joint announcement of the Company dated 8th June, 2004.

- So as also to provide to shareholders an appropriate opportunity to further participate in the prospects of the Group, the Company issued to shareholders in August 2004, by way of bonus, warrants carrying aggregate subscription rights of approximately HK\$208 million pursuant to the proposal announced in June 2004. The warrants entitle their holders to subscribe for new ordinary shares of the Company at any time up to 26th July, 2007 at an initial subscription price of HK\$0.25 per share, same as the initial conversion price of the Convertible Bonds, and the subscription price is subject to substantially the same adjustments as those applicable to the conversion price of the Convertible Bonds. Details of the bonus issue of warrants were also disclosed in the joint announcement of the Company dated 8th June, 2004.
- As the Group's borrowings are primarily denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, and with interest determined with reference to interbank offered rates, the use of hedging instruments for currency or interest rates purposes is not considered to be necessary.
- Information in relation to the maturity profile of the borrowings, the pledge of assets and the contingent liabilities of the Group as of 31st December, 2004 is disclosed in the annual report of the Company for the year ended 31st December, 2004 (the "2004 Annual Report"), which will be despatched to shareholders on or before 30th April, 2005. During the year under review, the Company continued to adopt similar funding, treasury and remuneration policies as disclosed in the Company's 2004 Interim Report for the six months ended 30th June, 2004 (the "2004 Interim Report"). Detailed information on such aspects is contained in the 2004 Annual Report.
- As previously disclosed in the 2004 Interim Report, on 3rd June, 2004, the Group exercised the option granted by the relevant purchaser to terminate the sale and purchase agreement dated 29th August, 2003 (as supplemented by the supplemental agreement dated 30th March, 2004) (the "SP Agreement") for the disposal of its 100% interest in a subsidiary company which indirectly owns the Regal Oriental Hotel. A termination fee of HK\$39.0 million was paid to the purchaser pursuant to the terms of the SP Agreement, which was satisfied by the issue of 195.0 million new ordinary shares of the Company to the purchaser at an issue price of HK\$0.2 each, as agreed between the parties to the SP Agreement, on 12th July, 2004. Details of the termination of the SP Agreement were also disclosed in the joint announcement of the Company dated 8th June, 2004.
- The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the sections headed "Operating Highlights" and "Outlook" below, respectively.
- The Group's significant investments constitute primarily its ownership and operating interests in the five Regal Hotels in Hong Kong and the investment in the jointly controlled Regalia Bay development. The performance of the group's operations during the year under review, their future prospects, the commentary on the local hotel industry and changes in general market conditions and their potential impact on the operating performance as well as the progress and prospects on the Regalia Bay development are contained in the sections headed "Operating Highlights" and "Outlook" below, respectively.

OPERATING HIGHLIGHTS

- For the year ended 31st December, 2004, the Group achieved an audited consolidated net profit attributable to shareholders of HK\$602.9 million, which represented an increase of 190.1% over the corresponding figure of HK\$207.8 million attained in the 2003 financial year.

HOTELS

Hong Kong

- The tourist industry in Hong Kong experienced a remarkable turnaround in 2004, with total visitor arrivals during the year reaching an all-time high of over 21.8 million. On account of the further relaxation of the Individual Visit Scheme, there were altogether more than 12.2 million visitors from Mainland China during the year, while at the same time most of the major overseas markets have generally recovered to their pre-SARS levels. With regard to the local hotel industry as a whole, based on the data published by the Hong Kong Tourism Board, the average room occupancy rate for all hotels in Hong Kong in 2004 rebounded by some 25% as compared with 2003 and the average achieved hotel room rate has increased by about 19%.
- Comparing with 2003, the combined average room occupancy level and the combined average room rate for the five Regal Hotels in Hong Kong for the year under review have increased by 39.5% and 14.1%, respectively, while the gross operating profit margin has at the same time improved by 44.8%. These translated into an overall gross operating profit for the five hotels in 2004 of HK\$419.7 million, representing a growth of 102.7% as compared with the corresponding figure in 2003.
- Apart from the general revival in the local hotel business, the significant improvement in the operating results achieved by the Group's hotels was also attributable to the various measures on cost containment and realignment of manpower resources undertaken during the past few years. The operational structure of the Group's hotel business is now even more compact and efficient, and is well prepared for the growing demands and to take on new challenges.
- With a view to enhancing the quality and competitiveness of its hotel properties in Hong Kong, the Group is implementing, in stages, various extension, renovation and upgrading plans for the hotels.
- The plans involving the alteration and addition of five floors on the top portion of the existing hotel building structure of Regal Hongkong Hotel, which will provide about 50 additional deluxe guest rooms, have recently been approved by the government authority. Construction works are expected to commence later this year, scheduling to be completed before the end of 2006.
- Plans for the addition of three floors on top of the existing building structure of Regal Riverside Hotel in Shatin, to provide about 280 additional hotel rooms, are also being submitted to the relevant government authority for approval. Other proposals to increase the number of room count and beds in this hotel are also being considered. Pending approval of the plans by the government, modifications might be made to this extension programme to suit changing market needs. While renovation works to upgrade the hotel lobby will commence shortly, refurbishment of some of the hotel restaurant outlets are already in progress.
- To enhance the market positioning of the Regal Kowloon Hotel, the hotel lobby will be renovated and upgraded to create a new and elegant image. As part of the hotel renovation programme and with a view to boosting the hotel food and beverage revenues, a number of food and beverage outlets at the hotel will also be renovated. The cafe lounge next to the hotel lobby will be fully refurbished to provide a trendy alfresco atmosphere and the coffee shop on the first basement floor will be renovated with an attractive new look.
- The renovation of the guest room floors at the Regal Oriental Hotel is being carried out in stages. Certain guest rooms have already been refurbished with different country themes and are well received by hotel guests. The footbridge linking the hotel with the old Kai Tak Airport Terminal car park building will be demolished shortly, as required by the government. In the meantime, various proposals for the effective use of the unutilised space within the hotel are also being reviewed.
- No major renovation will be required for the Regal Airport Hotel, as it is still in a relatively new condition. There are substantial unutilised areas reserved in the hotel building which can be put to effective uses. Taking into consideration the hotel's business focus and the changing market environment in the locality, the Group is actively reviewing various feasibility proposals for the utilisation of these available areas for revenue generating purposes.
- In February 2005, the Group concluded a settlement with its relevant insurers on the business interruption claims in relation to the Group's hotel operations in Hong Kong due to the incidence of SARS in 2003. A gross settlement amount of HK\$22 million has been received and will be taken into account in the 2005 financial year.

Macau

- The Company has recently in March 2005 entered into a Memorandum of Agreement with the Venetian Group from Las Vegas, USA, pursuant to which the Group plans to develop a mega scale hotel development project in the Cotai Resort Area in Macau.
- The proposed hotel development project has a site area of approximately 618,000 square feet and a total permissible gross floor area of approximately 3.4 million square feet. The project, comprising hotel, casino, entertainment and conference facilities, is planned to be developed in two phases. Under the present plan, the first phase of the project will have a hotel with about 1,690 guest rooms and suites, together with food and beverage outlets and related hotel facilities, a casino and a showroom for large performances, conference and meeting facilities, as well as shopping and entertainment areas. The casino/showroom shell will be constructed as part of the project and will be leased to, fitted out and operated by Venetian. The second phase of the project is planned to include about 2,210 additional guest rooms and suites together with expansion space for the casino, and will have further hotel facilities and a large shopping and entertainment complex. Subject to final conclusion of the definitive agreements, it is scheduled that the construction works for the first phase of the project will commence later this year, with completion expected by late 2007.

The People's Republic of China

- The two hotels in Shanghai managed by the Group contributed during the year increased management fee income due to the hotels' improved operating performance, though the contribution is relatively modest in terms of quantum.

- Capitalising on Regal's established brand name and the Group's extensive operational base in Hong Kong, the Group will continue to seek further investment and management opportunities in various key cities in the mainland.

PROPERTIES

Regalia Bay, Stanley

- Up to the date of this announcement, 101 houses in this luxury residential development, which is 70% owned by the Group, have been sold for a gross sale consideration of about HK\$4.8 billion and all the project loans secured on the development have been fully repaid. The Regalia Bay development contributed to the Group a profit, including write-back of provision, of HK\$219.7 million in the financial year under review.

OTHER OPERATIONS

- The Group operates a number of other businesses including the Kaifeng Yatai Brewery in Kaifeng City in Henan, PRC. Although the brewery business in the PRC is relatively competitive and often affected by seasonal fluctuations in market demands, the operation of the Kaifeng Yatai Brewery is steadily improving. In the meantime, the plan for the setting up of a separate joint venture brewery in the nearby Xinzheng City in Henan is progressing.

OUTLOOK

- With the scheduled opening of the Hong Kong Disneyland in this September and the planned rollout of other major tourist attractions, including the Tung Chung cable car project and the recently announced remodeling and extension of the Ocean Park, Hong Kong will continue to be one of the most favoured tourist destinations. A weak Hong Kong dollar currency and the stepping up of promotional campaigns by the Hong Kong Tourism Board should also help to boost tourists from both short haul and long haul markets. The Group is optimistic on the future prospects of the local tourist and hotel industries and is taking steps to reinforce and strengthen its position as one of the leading hotel owners and operators in Hong Kong.
- Business operations of the five Regal Hotels in Hong Kong in the first quarter of 2005 were encouraging, with overall gross operating profits attaining double-digit growth as compared with the corresponding period in 2004. Based on present forecast, the Group's management is confident that the five hotels should be able to achieve further improved results for the year 2005.
- There are now 38 houses in Regalia Bay remaining unsold, with total gross area of about 174,000 square feet. Given the scarcity of supply in the luxury residential sector, there should be further room for price improvement. The net carrying value of the houses remaining unsold is still substantially below current market price levels and significant profits can be expected when the remaining houses are sold.
- The signing of the Memorandum of Agreement for the development of a mega scale hotel project in the Cotai Strip in Macau marks an important step for the Group in the planned development of its core hotel business. Visitors from Mainland China, and indeed many visitors from overseas, invariably include Hong Kong and Macau together within their ultimate travel package. As Macau is itself developing into the "Las Vegas of the East" and the ties between Hong Kong and Macau become increasingly closer, the Group strongly believes that it is beneficial and strategically important for the Group to be in a position to command an equivalently large hotel room stock in Macau.
- When the various extension programmes of the Regal Hotels in Hong Kong are completed and the hotel development project in Macau brought to fruition, the Group will come to own and operate a total hotel room stock of about 3,680 in Hong Kong and about 3,900 in Macau, forming a critical mass in the hotel markets of these two closely linked regions. This will enable the Group on the one hand to strengthen its competitive edge in the operation and marketing of its existing hotels in Hong Kong through mutual synergistic support and, on the other hand, to share in the growing prosperity of Macau.
- The Board is confident on the Group's continuing profitability and future prospects and its recommendation to resume the payment of a dividend to the shareholders of the Company signifies a clear endorsement of its confidence level in this regard.

CODE OF BEST PRACTICE

- The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") then in force throughout the year ended 31st December, 2004, except that the Independent Non-Executive Directors of the Company were not appointed for specific terms. However, they were appointed to their offices for such terms and subject to retirement in accordance with the provisions of the Bye-laws of the Company.

ANNUAL GENERAL MEETING

- An Annual General Meeting of the Company will be convened on Thursday, 16th June, 2005. The Notice of the Annual General Meeting will be published in newspapers and sent to the shareholders of the Company, together with the Company's 2004 Annual Report, in due course.

BOARD OF DIRECTORS

- As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui
(Chairman and Managing Director)
Mr. Donald FAN Tung
Mr. Tommy LAM Chi Chung
Mr. Jimmy LO Chun To
Miss LO Po Man
Mr. Kenneth NG Kwai Kai
Ms. Belinda YEUNG Bik Yiu

Non-Executive Directors:

Dr. Francis CHOI Chee Ming
(Vice Chairman)
Mr. Kai Ole RINGENSON

Independent Non-Executive Directors:

Ms. Alice KAN Lai Kuen
Mr. NG Siu Chan
Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 11th April, 2005

A detailed results announcement containing all the relevant information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules in force prior to 31st March, 2004, which remain applicable to results announcements in respect of accounting periods commencing before 1st July, 2004 under the transitional arrangement, will be submitted to the Stock Exchange for publication on its website in due course.