

MANAGING DIRECTOR & CHIEF EXECUTIVE'S STATEMENT

RESULTS

I report to the shareholders that the audited consolidated net loss of the Group attributable to shareholders for the year ended 31st March, 2001 amounted to HK\$18,340,844 (2000: HK\$10,757,517). The directors do not recommend the payment of any dividend for the year (2000: Nil).

REVIEW OF OPERATION

The Company has revised its strategy on Cheung Chau Warwick Hotel ("CCWH"), and CCWH had shifted to expand its food and beverage section and had successfully captured more local catering business with turnover on food and beverage division increased by 33% over last year.

Beijing Warwick International Apartments ("BWIA") faced recession in its turnover that was caused by the infrastructure works done by the government of Beijing city in the nearby vicinity. It is anticipated upon completion of the infrastructure works, the widening of the Second Ring Road and the opening of the Beijing Transit Railway's entrances adjacent to BWIA, BWIA may be able to recover its business.

Loss in securities trading and investment was mainly due to a provision made for diminution in value of securities held of approximately HK\$2.3 million.

Our overseas associated company, which owns the Old Sydney Town Theme Park in Australia, suffered loss mainly due to the dramatic fluctuation of the Australian dollars. The Group shared a loss of approximately HK\$3.4 million.

The finance cost has decreased by approximately HK\$1.6 million when comparing with prior year, which was due to rearrangement of credit facilities of the Group.

The Group has approximately 130 employees. Employees are remunerated according to nature of the job and market trend, with build-in merit component incorporated in the annual increment to reward and motivate individual performance.

FINANCE ACTIVITIES

At the balance sheet date, the Group had bank loans and overdraft facilities amounting to HK\$71,468,853 (2000: HK\$103,232,665), of which HK\$53,569,961 (2000: HK\$50,255,793) were utilised. These facilities were secured by legal mortgages over the Group's properties and deposits with an aggregate net book value of HK\$58,362,430 (2000: HK\$18,244,983) and HK\$2,283,911 (2000: HK\$3,854,937) respectively.

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Shareholders' funds at 31st March, 2001 amounted to approximately HK\$607 million (2000: approximately HK\$623 million). Accordingly, the Group's gearing ratio (total bank loans and overdraft facilities utilised to shareholders' funds) at 31st March, 2001 is 9% (2000: 8%).

PROSPECTS

The joint venture redevelopment project with Cheung Kong (Holdings) Limited at Kau Wah Keng, Lai Chi Kok, Kowloon, now named Nob Hill, has been progressed smoothly and pre-sale consent was obtained in late June 2001. Upon approval, Central More Limited, the developer and joint venture company, immediately launched Nob Hill in the market and the initial response was encouraging.

As the project is expected to be completed in or about July 2002, the directors are confident to sell all the 696 residential units before completion of the development. It is anticipated that upon successful sale of all residential units, Central More Limited will have a total revenue of approximately HK\$2,200 million.

On behalf of the Board of Directors, I would like to extend my sincere thanks to all our shareholders for their continued support, and to our staff for their dedication, loyalty and service.

Derek Chiu

Managing Director and Chief Executive

Hong Kong, 13th July, 2001