

Chairman's Statement

On behalf of the Board of Directors, I present the 2002/2003 Annual Report to the Shareholders.

RESULTS

The Group's audited results for the financial year ended 31st March 2003 was a loss of HK\$56,689,304 compared to a profit of HK\$76,975,467 for the previous year.

REVIEW & OUTLOOK

The Group's main activities in China consist of property and property related investments including hotel operations and the trading of furniture items. The loss is primarily due to a loss on disposal of securities and a provision for impairment loss recognised in respect of investment in securities. The Shangri-La Dingshan Nanjing Hotel which is not operating at full capacity as the additional rooms in Phase 2 have not yet been completed also contributed towards the loss.

The Group continues to look selectively for opportunities in acquisitions and forming strategic alliances. This is a long term strategy which needs time to realise. The Group is confident that this is the best strategy for business development in line with China's dynamic and fast growing economy.

APPRECIATION

Lastly, I would like to express my sincere thanks to all our staff for their hard work and loyalty and to our shareholders for their continued support.

Wong Kin Wah, George
Chairman

Hong Kong, 18th July 2003