

To our shareholders

On behalf of the Board of Directors of Oriental Investment Corporation Limited ("Oriental Investment" or the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the financial year ended 30 April 2003.

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of HK\$289.3 million (2002: HK\$370.5 million), representing a decrease of 22% over the prior year. Loss attributable to shareholders amounted to HK\$4.9 million (2002: HK\$53.3 million). Loss per share was HK0.26 cents (2002: HK3.77 cents). At 30 April 2003, the Group's net cash position amounted to HK\$2.3 million (2002: HK\$51.8 million) represented 2% of the shareholders' equity of HK\$113.9 million (2002: HK\$95.6 million).

DIVIDEND

The Board of Directors do not recommend the payment of any dividend for the year ended 30 April 2003 (2002: Nil).

EQUITY

The Company's issued and fully paid share capital as at 30 April 2003 amounted to HK\$192,001,800 divided into 1,920,018,000 ordinary shares of HK\$0.10 each.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

In view of the global economic downturn and the difficult operating environment encountered by processed eel and eel feed production in recent years, the Directors have been taking steps to refocus the Group's core business. The Group has also been restructuring its core businesses through the disposal of the Group's processed eel production subsidiary in Fuqing, the PRC and has shifted the Group's focus to other businesses including property investments and the environmental protection business in the PRC in order to strengthen the income base of the Group.

For the processed eel business, both the production volume and sales volume slumping sharply, no more than 4,000 tones of processed eel manufactured and sold and it was the worst figures since our Group listed in the Stock Exchange of Hong Kong. In order to prevent further losses, the subsidiary operating the processed eel business has been disposed on 28 April 2003.

Apart from the above-mentioned businesses, we are also seeking opportunities to diversify into other business, such as technology related industry, so as to create strategic investments to increase our overall value and competitiveness in the market.

The Group has signed an agreement with the local authority in Kun Shan, the PRC and formed a non-wholly owned subsidiary in Kun Shan for setting up a factory in the environmental protection field.

Apart from the new ventures, the Group is considering to divesting the subsidiaries operating in relating to processed eel business and eel feed production business. It is expected the disposal will be in the coming months.

During the financial year under review, the Group recorded a turnover of approximately HK\$289 million, as compared to approximately HK\$370 million for the same period in 2002. The Group's loss attributable to shareholders for the year ended 30 April 2003 was approximately HK\$4.9 million, as compared to a loss of approximately HK\$53.3 million in 2002.

Confronting with the current global economic downturn, the Group is determined to make every endeavor to overcome the obstacle by strategic solutions. These include effective reallocation of resources to profitable operations.

The Group believes that engaging in strategic new investment ventures in the PRC will enhance the investment returns of the Group's overall portfolio. Barring unforeseen circumstances, we expect to report an encouraging result to the shareholders in the forthcoming financial year.

LIQUIDLY AND FINANCIAL RESOURCES

All the Group's funding and treasury activities are centrally managed and controlled at the corporate level. There is no significant change in respect of treasury and financing policies from the information disclosed in the Group's latest annual report. The Group has no significant exposure to foreign exchange rate fluctuations.

The Group has no bank borrowing at the year end date. The Group believes that its liquid asset value and future revenue will be sufficient to fund existing working capital requirements.

DISPOSAL OF A SUBSIDIARY

In view of the processed eel business has been suffered heavy loss in the year and to restructure the Group's business strategy and to minimize further loss in the coming years, at 28 April 2003, the Group disposed its subsidiary in Fuqing, the PRC, a manufacturer of processed eel. The disposal gave rise a profit of approximately HK\$60 million.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 April 2003, the Group had 30 employees in Hong Kong and PRC (2002: 550). Remuneration is determined by reference to market term and the performance, qualification and experience of individual employee. The Group also provides year end double pay, contributory provident fund, performance bonus and medical insurance.

CONTINGENT LIABILITY

The group did not have any significant contingent liability as at the balance sheet date.

FOREIGN EXCHANGE AND CURRENCY RISKS

Significant foreign currency exposure was not expected by the Group since most of the revenue generated from the sales and the payment for purchases of materials, equipment and salaries are made at Hong Kong dollars, Renminbi, or Japanese Yen. No financial instruments for hedging purposes are used by the Group.

APPRECIATION

I would like to thank our shareholders, business partners and business associates for their continued support, invaluable guidance and encouragement.

I believe that people was always the key component to the Group's success. On behalf of the Board of Directors, I would like to extend my deepest appreciation to our management and staff for their dedication and commitment in the past year.

Lai Leong

Chairman

28 August 2003