THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Important: If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Lee Hing Development Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

LEE HING DEVELOPMENT LIMITED
利興發展有限公司

(Incorporated in Hong Kong with limited liability)

MAJOR TRANSACTION
ISSUE OF US$79.5M NOTE
BY A NON-CONSOLIDATED SUBSIDIARY
AND
DISCLOSEABLE TRANSACTION
REPURCHASE OF SHARES
IN A NON-CONSOLIDATED SUBSIDIARY
AND
ENTERING INTO OF THE PARTICIPATION AGREEMENT

23 October, 2003

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DEFINITIONS

In this circular, unless otherwise defined, terms used herein shall have the following meaning:

"associates"	has the meaning ascribed thereto in the Listing Rules;
"Argent"	Argent Holdings Limited, a company incorporated with limited liability in the British Virgin Islands;
"Argent-Silverlink Agreement"	the agreement dated 15 July 2003 and entered into between Argent and Silverlink relating to the repurchase of 5,000,000 Silverlink Shares by Silverlink for a cash consideration of US$40,000,000;
"Bank Loan"	the bank loan obtained by Argent to finance the acquisition of its interests in Silverlink in 2001 the outstanding amount of which is US$28.5 million (equivalent to approximately HK$222.3 million) as at the Latest Practicable Date;
"Closely Allied Group"	the group of Shareholders comprising Parkway Panama Limited Inc and M&P Investments Pte Ltd, both of which are wholly owned subsidiaries of Parkway Holdings Limited, Intercontinental Aviation Services Sdn Bhd, a wholly owned subsidiary of IGB Corporation Bhd, HK 1 Limited and TYMS Limited and are interested in an aggregate of approximately 52.45% of the issued share capital of the Company;
"Company"	Lee Hing Development Limited, a company incorporated in Hong Kong with limited liability whose Shares are listed on the Stock Exchange;
"Directors"	the directors of the Company;
"Group"	the Company and its subsidiaries;
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC;
"Noteholder"	Anchor Victory Limited, a company incorporated in the British Virgin Islands and is owned by various funds. It is the holder of the US$79.5M Note. The Noteholder and its beneficial owners are independent of and not connected with the directors, the chief executives and the substantial shareholders of the Company or any of its subsidiaries and their respective associates;
"Latest Practicable Date"	20 October 2003, the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;

"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"Mr. Tan"	Mr. Tan Boon Seng, the Chairman and Managing Director of the Company;
"PRC"	The People's Republic of China, and for the sole purpose of this circular, excludes Hong Kong, The Macau Special Administrative Region of the People's Republic of China and Taiwan;
"Participation"	the acquisition of 37.736% participation rights in the US$79.5M Note by Argent pursuant to the Participation Agreement;
"Participation Agreement"	the agreement dated 15 July 2003 entered into between the Noteholder and Argent for the participation of 37.736% interest in the US$79.5M Note;
"Property Valuation Report"	the property valuation report of the chain of Amanresort hotels in which Silverlink is interested in dated 23 October 2003 as set out in Appendix II to this circular;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Silverlink"	Silverlink Holdings Limited, a company incorporated in the British Virgin Island and an indirectly owned subsidiary of the Company. The interests of the Company in Silverlink before and after the Silverlink Repurchase are set out in the paragraph headed "Shareholding structure of Silverlink before and after the Silverlink Repurchase" in the letter from the Board of this circular;
"Silverlink Repurchase"	the repurchase of 5,000,000 Silverlink Shares by Silverlink under the Argent-Silverlink Agreement;
"Silverlink Share(s)"	share(s) of US$1.00 each in the capital of Silverlink;
"Share(s)"	share(s) of HK$1.00 each in the capital of the Company;
"Shareholder(s)"	holder(s) of Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"US$79.5M Note"	the note in the principal amount of US$79,500,000 issued by Silverlink to the Noteholder on 27 November 2002, the principal terms of which are set out in the paragraph headed "Terms of the US$79.5M Note" in the letter from the Board of this circular;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong; and
"US$"	United States dollars, the lawful currency of the United States of America.

For the purpose of this circular, US$1.00 is equivalent to HK$7.80. The conversion rate is for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforementioned or any other rates.

LEE HING DEVELOPMENT LIMITED
利興發展有限公司

(Incorporated in Hong Kong with limited liability)

Executive Directors:
TAN Boon Seng *(Chairman and Managing Director)*
CHAN Kai Kwok

Non-executive Directors
ANG Guan Seng
TAN Choon Keat, Tony
TAN Kai Seng

Independent Non-executive Directors:
HO Hau Chong Norman
FUNG Ka Pun
YEUNG Chik Kin

Registered Office:
Suites 1506-07, 15th Floor
Nine Queen's Road Central
Hong Kong

23 October 2003

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
ISSUE OF US$79.5M NOTE
BY A NON-CONSOLIDATED SUBSIDIARY
AND
DISCLOSEABLE TRANSACTION
REPURCHASE OF SHARES
IN A NON-CONSOLIDATED SUBSIDIARY
AND
ENTERING INTO OF THE PARTICIPATION AGREEMENT**

INTRODUCTION

On 4 August 2003, the Company announced that on 15 July 2003, Argent and Silverlink entered into the Argent-Silverlink Agreement for the repurchase of 5,000,000 Silverlink Shares by Silverlink for a cash consideration of US$40,000,000 (equivalent to approximately HK$312 million); and that Argent and the Noteholder entered into the Participation Agreement for the acquisition of 37.736% participation right under the US$79.5M Note for the amount of US$30,000,000 (equivalent to approximately HK$234 million).

The Participation Agreement and the Argent-Silverlink Agreement have been completed on 15 July 2003, the date of the entering into of the Participation Agreement and the Argent-Silverlink Agreement. As a result of the Silverlink Repurchase, the effective interests of the Company in Silverlink decreased from approximately 64.82% to approximately 52.25%.

The Company also announced that on 27 November 2002, Silverlink issued the US$79.5M Note to the Noteholder for the consideration of US$79.5 million (equivalent to approximately HK$620.1 million). Details of the US$79.5M Note are set out in the paragraph headed "Terms of the US$79.5M Note" in this letter from the Board. Upon full conversion of the US$79.5M Note and taking into account the participation rights of Silverlink under the Participation Agreement and the effect of the Silverlink Repurchase, the interest of Argent in Siverlink will be further decreased to 37.74%.

The Stock Exchange has ruled that the issue of the US$79.5M Note constitutes a major transaction and should has been made subject to the disclosure and Shareholders approval requirements as set out in Rule 14.10 of the Listing Rules. The Closely Allied Group, which is interested in an aggregate of approximately 52.45% of the issued share capital of the Company, has issued a certificate confirming its approval of the issue of the US$79.5M Note on 19 August 2003, as permitted under Rule 14.10 of the Listing Rules. Accordingly, no extraordinary general meeting will be convened by the Company for the purpose of seeking Shareholders' approval for and ratification of the issue of the US$79.5M Note.

The Silverlink Repurchase constitutes a discloseable transaction and is subject to the disclosure requirements set out in Rule 14.13 of the Listing Rules.

The purpose of this circular is to provide to Shareholders further information regarding the Silverlink Repurchase, the Participation and the US$79.5M Note.

THE SILVERLINK REPURCHASE

The Silverlink Repurchase

Date of the Argent-Silverlink Agreement	15 July 2003
Parties	Argent, an approximately 91.78% indirectly owned subsidiary of the Company, as the vendor Silverlink, an indirectly owned subsidiary of the Company in which the Company has an effective interests of approximately 64.82% before the Silverlink Repurchase and an effective interests of approximately 52.25% after the Silverlink Repurchase, as the purchaser
Subject	5,000,000 shares of US$1.00 each in the capital of Silverlink, representing approximately 31.8% of the issued share capital of Silverlink before completion of the Silverlink Repurchase

Consideration	The whole of the consideration in the amount of US$40,000,000 (equivalent to approximately HK$312 million) was satisfied by cash and funded from proceeds in the amount of US$79.5 million (equivalent to approximately HK$620.1 million) from the issue of the US$79.5M Note by Silverlink to the Noteholder on 27 November 2002. Particulars of the US$79.5M Note are set out in the paragraph headed "Terms of US$79.5M Note" in this letter from the Board. The consideration is determined by reference to the audited net asset value of Silverlink as at 31 December 2002 of US$143.9 million (equivalent to approximately HK$1,122.4 million) The consideration was utilised by Argent as to US$30,000,000 (equivalent to approximately HK$234 million) to finance the acquisition of 37.736% participation right under the US$79.5M Note pursuant to the Participation Agreement and as to US$10,000,000 (equivalent to approximately HK$78 million) to reduce the amount outstanding under the Bank Loan. Particulars of the Participation Agreement are set out in the paragraph headed "Participation Agreement" in this letter from the Board
Completion	Completion of the Silverlink Repurchase has taken place immediately after the entering into of the Argent-Silverlink Agreement, that is 15 July 2003. The 5,000,000 Silverlink Shares were cancelled upon completion of the Silverlink Repurchase

The Participation Agreement

Date of the Participation Agreement	15 July 2003
Parties	The Noteholder and Argent
Subject	The right to participate in the rights, title and interests under the US$79.5M Note in respect of a principal amount of US$30,000,000 (equivalent to approximately HK$234 million), representing a 37.736% interest in the US$79.5M Note, in the principal amount of US$79,500,000 (equivalent to approximately HK$620.1 million). The terms of the

	US$79.5M Note are set out in the paragraph headed "Terms of the US$79.5M Note" in this letter from the Board Such participation rights include but not limited to the right to interests payable on the US$79.5M Note at the rate of 5% per annum payable quarterly and Silverlink Shares upon conversion of the principal amount outstanding at the time of conversion. As a participant, Argent only participates in the rights upon the exercise of such rights by the Noteholder and cannot exercise any of the rights under the US$79.5M Note independently. Argent will receive payments due under the US$79.5M Note or Silverlink Shares through the Noteholder, instead of from Silverlink directly
Consideration	The consideration for the participation US$30,000,000 (equivalent to approximately HK$234 million), which has been satisfied in cash by utilising part of the proceeds from the Silverlink Repurchase
Completion	Completion of the Participation Agreement has taken place immediately after the entering into of the Participation Agreement, that is 15 July 2003

THE US$79.5M NOTE

On 27 November 2002, Silverlink issued the US$79.5M Note to the Noteholder for a consideration of US$79.5 million (equivalent to approximately HK$620.1 million). The proceeds from the issue of the US$79.5M Note was used as to US$40,000,000 (equivalent to approximately HK$312 million) to finance the Silverlink Repurchase and as to the remaining balance in the amount of US$39.5 million (equivalent to approximately HK$308.1 million) to finance the hotel projects of Silverlink in India, Bhutan and Sri Lanka.

Upon full conversion of the US$79.5M Note by the Noteholder (without taking into account the participation rights of Argent under the Participation Agreement), the interest of Argent in Silverlink will be diluted to approximately 0.007%. Upon full conversion of the US$79.5M Note and taking into account the participation rights of Silverlink under the Participation Agreement and the effect of the Silverlink Repurchase, the interest of Argent in Siverlink will be further decreased to 37.74%.

At the time of the issue of the US$79.5M Note, the Directors were of the view that since the accounting treatment of the Company's interests in Silverlink is similar to that of inventories and that Silverlink is an non-consolidated subsidiary of the Company, the issue of the US$79.5M Note would not have constituted a deemed disposal of the Company's interest in Silverlink for the purpose of the Listing

Rules. On the basis of this belief, the Company did not consider it necessary to make an announcement or issue a circular and to seek the approval of Shareholders in relation to the issue of the US$79.5M Note pursuant to the requirements of Chapter 14 of the Listing Rules. Upon vetting the announcement relating to the Silverlink Repurchase, the Stock Exchange has ruled that in spite of the accounting treatment of the Company’s interests in Silverlink, the issue of the US$79.5M Note constituted a deemed disposal of interests in an asset for the purpose of Chapter 14 of the Listing Rules and should have been subject to the disclosure and Shareholders approval requirements under Rule 14.10 of the Listing Rules. As the Company has not complied with the requirements of Rule 14.10 of the Listing Rules at the time of the issue of the US$79.5M Note, the Stock Exchange has indicated that it reserves its right to take appropriate action against the Company and/or the Directors.

Rule 14.10 of the Listing Rules requires a major transaction to be approved by shareholders either by convening a general meeting or by means of a written approval of the transaction by a shareholder who holds or a closely allied group of shareholders who in aggregate hold more than 50% of the issued share capital and entitle to attend and vote at a general meeting. Parkway Panama Limited Inc and M&P Investments Pte Ltd, both of which are wholly owned subsidiaries of Parkway Holdings Limited, and are in aggregate interested in 125,332,186 Shares, representing approximately 37% of the issued share capital of the Company; Intercontinental Aviation Services Sdn Bhd, a wholly owned subsidiary of IGB Corporation Bhd and is interested in 35,020,000 Shares, representing approximately 10.34% of the issued share capital of the Company; HK 1 Limited is interested in 14,361,000 Shares, representing approximately 4.24% of the issued share capital of the Company; and TYMS Limited is interested in 2,981,000 Shares, representing approximately 0.88% of the issued share capital of the Company, have by way of a written certificate on 19 August 2003 approved the resolution in respect of the issue of the US$79.5M Note proposed to be passed at an extraordinary general meeting of the Company. Mr. Tan, who is the executive Director is also an executive director of IGB Corporation Bhd, the holding company of Intercontinental Aviation Services Sdn Bhd. The father of Mr. Tan is beneficially interested in 39.48% of the issued share capital of IGB Corporation Bhd. Parkway Holdings Limited, the holding company of Parkway Panama Limited Inc and M&P Investments Pte Ltd, was founded by Mr. Tan's father and the family of Mr. Ang Guan Seng who is an non-executive Director and a director of Parkway Holdings Limited. Mr. Tan Choon Keat, Tony, the cousin of Mr. Tan and an non-executive Director is also a director of Parkway Holdings Limited. Mr. Tan on one part and the board of directors of Parkway Holdings Limited as a whole on the other part consult each other before exercising the voting rights attaching to their holding in the Company. The Closely Allied Group has on 5 October 2000 issued a written certificate to approve the acquisition of the Company's interests in Silverlink pursuant to Rule 14.10 of the Listing Rules. Since the issue of the written certificate on 5 October 2000 by the Closely Allied Group, there has not been any change in relationship of the Shareholders comprising the Closely Allied Group. At an extraordinary general meeting held on 30 June 2001, the only extraordinary general meeting convened by the Company since the issue of the written certificate by the Closely Allied Group on 5 October 2000, all members of the Closely Allied Group have acted together and voted in favour of the resolutions proposed thereat. Given that none of the members of the Closely Allied Group is interested in the US$79.5M Note which would require them from abstaining from voting on a resolution for approving the issue of the US$79.5M Note, the Closely Allied Group has issued a certificate approving the issue of the US$79.5M Note on 19 August 2003. Accordingly, the Company would not convene an extraordinary general meeting for approving and ratifying the issue of the US$79.5M Note.

Terms of the US$79.5M Note

Issuer	Silverlink
Date of issue	27 November 2002
Holder of the US$79.5M Note	the Noteholder
Principal amount	The principal amount of the US$79.5M Note is US$79,500,000 (equivalent to approximately HK$620.1 million). The whole of the principal amount of the US$79.5M Note in the sum of US$79.5 million (equivalent to approximately HK$620.1 million) has been drawn down by Silverlink and remained outstanding as at the Latest Practicable Date
Interest rate and premium	Interest rate at 5% per annum on the principal amount outstanding payable in arrears quarterly on 31 March, 30 June, 30 September and 31 December. The Noteholder may choose not to receive interests accrued on the US$79.5M Note and to treat the accrued interest as part of the principal outstanding under the US$79.5M Note Premium at 10% per annum on the principal amount outstanding payable in arrears on the date of repayment of the principal amount outstanding calculated from the date of the issue of US$79.5M Note up to the date of repayment
Maturity date	30 June 2008
Conversion rights	To convert the principal amount outstanding in whole or in part into Silverlink Shares by the later of either (a) on or before 31 March of any of the years 2006, 2007 and 2008; or (b) on or before 90 days after delivery of the consolidated accounts of Silverlink for the previous year in any of the years 2006, 2007 and 2008 At each conversion, the Noteholder can convert the principal amount into such number of Silverlink Shares which will result in the Noteholder being interested in the such percentage of the issued share capital of Silverlink as enlarged by the Silverlink Shares to be issued and allotted up conversion as equivalent to the lesser of (a) 99.99% of the issued share capital of Silverlink; or (b) the percentage calculated by reference to the following formula:

$$99.99 \times \frac{A}{B \times C}$$

A = the principal amount of the US$79.5M Note being converted

B = the after tax profit of Silverlink in the year immediately before the year of conversion

C = 7.0 if conversion takes place on or prior to 31 December 2006, 6.0 if conversion takes place in the year ending 31 December 2007 and 5.0 if conversion takes place in the six months ending 30 June 2008

Under the conversion formula, the principal amount of the US$79.5M Note in the amount of US$79.5 million (equivalent to approximately HK$620.1 million) can be converted into such maximum number of Silverlink Shares as are equivalent to 99.99% of the issued share capital of Silverlink as enlarged by the Silverlink Shares issued and allotted pursuant to the conversion

Form	The US$79.5M Note is in registered form
Security	The US$79.5M Note was secured by a debenture over the assets of Silverlink dated 27 November 2002 and pledge of shares in the subsidiaries of Silverlink pursuant to a share pledge agreement dated 27 November 2002
Listing and transferability	The US$79.5M Note was not listed on any stock exchange The Noteholder may assign or transfer all or part of its rights and obligations under the Note
Governing law	The laws of Singapore

INFORMATION ON SILVERLINK

Silverlink is an investment holding company whose assets comprise of a hotel chain with hotels located in Indonesia, Philippines, Thailand, France, French Polynesia and Morocco. The hotel located at Pamalican Island, Philippines is owned by Seven Seas Resorts and Leisure Inc., a company which is owned as to 21% by Silverlink. The property valuation report of the chain of Amanresort hotels in which Silverlink is interested in, including the hotel in Pamalican Island, Philippines, is set out in the Property Valuation Report in Appendix II to this circular so as to provide full information of the valuation of the Amanresort chain of hotels. For information purposes, the valuation report contains valuation relate to the entire interests of the properties on which the chain of Amanresort hotels are located, including the value of 100% of the hotel located at Pamalican Island, Philippines. For properties located in developing property markets, paragraph 5.1 of Practice Note 12 of the Listing Rules requires the inclusion of information regarding the title of such properties as contained in the legal opinions on the law of the relevant jurisdictions in the property valuation report. As the Stock Exchange has ruled that Indonesia, Philippines, Thailand and Morocco are developing property markets under Practice Note 12 of the Listing Rules, information regarding title of the properties located in Indonesia, Thailand and Morocco as contained in the legal opinions issued by the legal advisers of the Company in the aforementioned jurisdictions are included in the Property Valuation Report. French Polynesia is an oversea territory of France and the Company was advised by its legal adviser on French Polynesian law that the legal system of French Polynesia, including laws on title of real properties is the same as that of France. No legal opinion is required in respect of the title of the properties located in France and French Polynesia. Rule 5.02 of the Listing Rules requires the inclusion of all property interests of the Silverlink group of companies in the Property Valuation Report. As the hotel located at Pamalican Island, Philippines is owned by Seven Seas Resorts and Leisure Inc., which is a 21% owned associated company of Silverlink and not a member of the Silverlink group of companies. Accordingly, the valuation of the hotel located at Pamalican Island, Philippines is not required under Rule 5.02 of the Listing Rules to be included in the Property Valuation Report. Given that the hotel in Philippines is included in the Property Valuation Report for information purposes, no legal opinion has been obtained in respect of the title of the land on which the hotel is located on although Philippines is regarded as a developing property market for the purpose of Practice Note 12 of the Listing Rules.

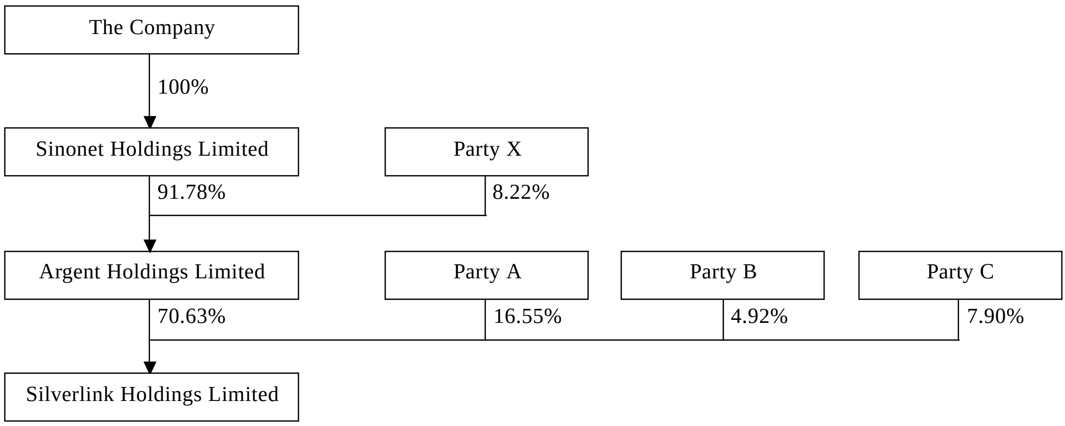
As a result of the Silverlink Repurchase, the effective interests of the Company in Silverlink decreased from approximately 64.82% to approximately 52.25%. Upon full conversion of the US$79.5M Note and taking into account the participation rights of Silverlink under the Participation Agreement and the effect of the Silverlink Repurchase, the interest of Argent in Siverlink will be further decreased to 37.74%.

The following are the consolidated audited profits of Silverlink and its subsidiaries before and after taxation for the two years ended 31 December 2002:

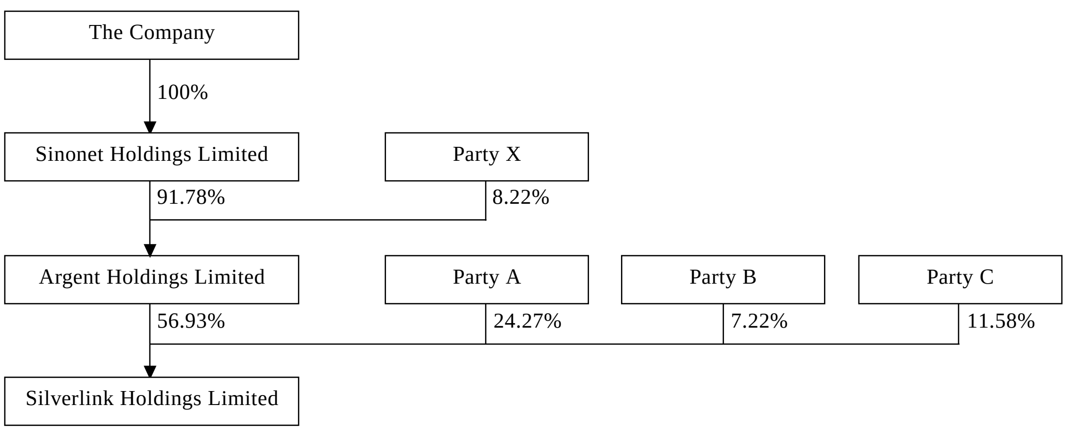
	Profits before taxation US$ (approximately)	**Profits after taxation US$ (approximately)**
Year ended 31 December 2001	13,039,000	10,346,000
Year ended 31 December 2002	4,682,000	3,273,000

Shareholding structure of Silverlink before and after the Silverlink Repurchase

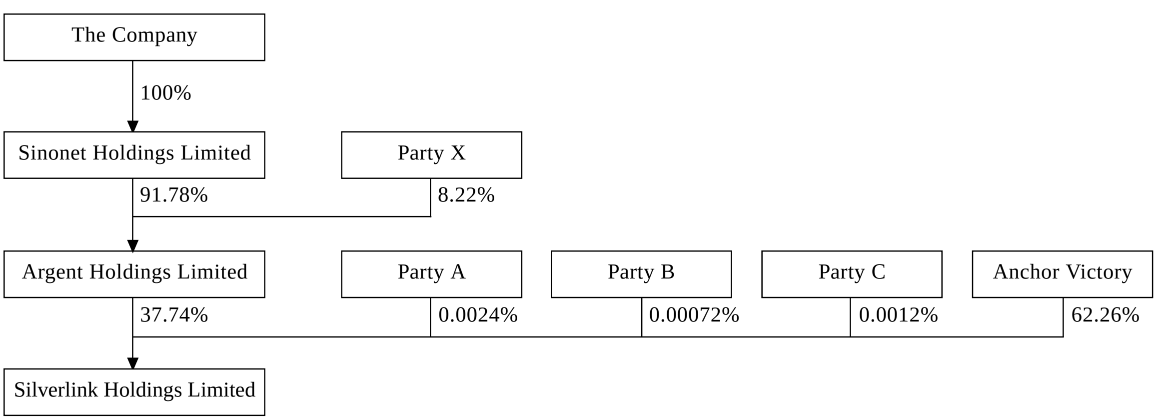
Shareholding structure of Silverlink before the Silverlink Repurchase (on the basis that no part of the US$79.5M Note is converted into Silverlink Shares)



Shareholding structure of Silverlink after the Silverlink Repurchase (on the basis that no part of the US$79.5M Note is converted into Silverlink Shares)



Shareholding structure of Silverlink after the Silverlink Repurchase (on the basis that the whole of the principal amount of the US$79.5M Note in the amount of US$79.5 million (equivalent to approximately HK$620.1 million) is converted into Silverlink Shares)



REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The downturn of the tourism in Southeast Asia since the Bali bomb incident in September 2002 led to a decrease in demand for hotel rooms and a decrease in income for Silverlink. At about that time, Silverlink commenced the hotel projects in India, Bhutan and Sri Lanka and required fundings to finance the projects. Having explored possible fund raising avenues, including bank borrowings and equity fund raising, it was concluded that the issue the US$79.5M Note to the Noteholder was the only commercially acceptable alternative as the terms of the other alternatives are not regarded as commercially beneficial to the Silverlink group of companies in light of the lack of attractiveness of tourism in Southeast Asia after the Bali bomb incident to both lenders and investors. In light of the financial need of Silverlink and the absence of other commercially acceptable alternatives, the Directors considered that the issue of the US$79.5M Note to be the most appropriate arrangement to raise the requisite funding to finance the expansion of Silverlink.

As stated in the circular issued by the Company dated 31 January 2001 in connection with the acquisition of the interests in Silverlink, the consideration paid for the acquisition of the interests in Silverlink is financed partly by way of the Bank Loan. According to the terms of the Bank Loan, Argent has to refinance the Bank Loan in the second quarter of this year. Accordingly, it was agreed that the US$79.5M Note would be issued by Silverlink, with part of the proceeds to be used to reduce the Bank Loan and to finance the acquisition of a participation rights thereunder. The reduction of the Bank Loan in the amount of US$10,000,000 (equivalent to approximately HK$78 million) with part of the proceeds from the Silverlink Repurchase have reduced the total bank borrowing of the Group by approximately 21.99%. and save interests expenses by approximately HK$2.6 million per year.

The Directors believe that by virtue of the Participation, the Company will be able to recoup the value of its investment even in time when tourism is depressed. The Directors believe that by maintaining a holding in Silverlink, the Company will also be able to benefit from the future income of Silverlink, including the future income that may be generated from the hotel projects in India, Bhutan and Sri Lanka and recovers its investment in Silverlink when the market improves in the future.

Furthermore, the Directors consider the Silverlink Repurchase to be an effective means to finance the acquisition of the participation rights under the Participation Agreement without having to increase the financial burden of Argent. With the participation rights under the Participation Agreement, Argent will be interested in approximately 37.74% of Silverlink upon exercise of the US$79.5M Note in full by the Noteholder, taking into account the effect of the Silverlink Repurchase. Assuming there is no Silverlink Repurchase, the interests of Argent in Silverlink upon exercise of the US$79.5M Note in full by the Noteholder will still be approximately 37.74%, taking into account Argent's right under the Participation Agreement.

In addition, the participation right in the US$79.5M Note will enable the Group to enjoy a steady flow of income from its 37.736% share in interest payments under the US$79.5M Note. Argent will be entitled to interest income in the amount of approximately HK$11.7 million per annum. The Directors believe that it is in the interests of the Group for Argent to enjoy a steady steam of income flow. In case the Noteholder decides not to receive any interest payment, the interests will form part of the principal amount outstanding under the US$79.5M Note. In the event the US$79.5M Note is repaid, Argent will also be able to enjoy the 10% premium on the outstanding principal amount of the US$79.5M Note as at the date of repayment.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal activities of the Group are investment holding, sale and purchase of long-term listed investments and trading of short-term investments. Major assets of the Group include certain properties in Hong Kong, interests in a hotel in Saigon, Vietnam and Harbin, the PRC and securities in companies listed on the Stock Exchange and stock exchange in Malaysia.

The Group has recorded HK$44 million turnover in the year 2002, representing a 27% decrease as compare to the year 2001. The decrease was largely attributable to the decrease in revenue in the amount of HK$17 million from sales of listed investments. Loss attributable to Shareholders was HK$239 million, an increase of HK$48 million compared to loss of HK$191 million for the year 2001. The increase was mainly due to the increase in share of loss of associates (details of which are set out in note 17 to the audited financial statements of the Group for the year ended 31 December 2002 as contained in the 2002 annual report of the Company and the unrealized loss of the Silverlink group of companies, being unconsolidated subsidiaries of the Company (details of which are set out in note 37 to the audited financial statements of the Group for the year ended 31 December 2002 as contained in the 2002 annual report of the Company).

With the gradual revival of the tourism around Asia after the Bali bomb incident in September 2002 and the planned expansion of the Amanresorts chain of hotels by opening more Aman hotels in India, Bhutan and Sri Lanka as mentioned in the paragraph headed “Reasons for and benefits of the transactions” of this letter, the Directors are confident that the performance of the Amanresorts chain of hotels will improve and thereby enable the Group to benefit therefrom. In spite of the adverse effect of the outbreak of the severe acute respiratory syndrome in the first quarter of this year for the six months ended 30 June 2003, the Group has recorded HK$139 million turnover, a 2,981% increase as compare to the corresponding period in 2002. The increase was largely attributable to the increase in sales of listed investments. As a result, profit attributable to Shareholders increase HK$110 million to HK$38 million compared to a loss of HK$72 million in the corresponding period in 2002.

As mentioned in the 2002 annual report of the Company, it is the intention of the Directors to devote the resources of the Group to reduce its bank borrowing while waiting for the right market opportunities to dispose of its interests in Armanresorts chain of hotel and some of the Malaysian investments of the Group so as to enable Shareholders to obtain maximum benefit from the business of the Group. After repayment of US$10,000,000 (equivalent to approximately HK$78,000,000) with the proceeds from the Silverlink Repurchase, the bank borrowings of the Group was reduced to approximately HK$233 million as at the Latest Practicable Date.

FINANCIAL EFFECTS OF THE TRANSACTIONS ON THE GROUP

Based on the pro forma statement of unaudited adjusted consolidated net tangible asset of the Group as set out in section paragraph 4 of Appendix I to this circular, the unaudited pro forma adjusted consolidated net tangible assets of the Group after completion of the Silverlink Repurchase increased from approximately HK$1,217.6 million to HK$1,223.2 million. Pro forma unaudited adjusted consolidated net tangible value per Share after completion of the Silverlink Repurchase increased from approximately HK$3.59 per Share to approximately HK$3.61 per Share, on the basis of 338,765,471 Shares in issue.

The Company's interests in Silverlink has been recorded as interest in non-consolidated subsidiary under the category current assets in the balance sheet of the Group since acquisition in 2000. The acquisition of the participation rights under the Participation Agreement showed that the Company has changed its intention to hold its interests in Silverlink as a short term investment to a long term investment. Under the terms of the US$79.5M Note, the earliest possible time for the Noteholder to convert the US$79.5M Note is the year 2006. Therefore, the Company would have to reclassify its interests in Silverlink as long term asset to adequately reflect the status of its holding therein. Upon completion of the Silverlink Repurchase and the Participation Agreement, the Company's interest in Silverlink will be classified as interest in an associated company and a long term asset.

ADDITIONAL INFORMATION

In addition to the Silverlink Repurchase, Silverlink may repurchase further Silverlink Shares from Argent and Argent may repurchase shares in Argent from the minority shareholder of Argent in future, if the Directors consider such repurchases to be in the benefit and interest of the Company and the Shareholders to do so. Further convertible notes may also be issued by Silverlink to finance its expansions. No final terms have been agreed in relation to the aforementioned repurchases or issue of convertible notes. Further announcements will be made by the Company as and when agreements are entered into for the repurchases or the issue of convertible notes in compliance with the requirements of the Listing Rules. The Company will comply with all the requirements under the Listing Rules in respect of the repurchases and the issue of convertible notes.

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Tan Boon Seng
Chairman and Managing Director

1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the audited consolidated profit and loss accounts of the Group for the three years ended 31 December 2002 as extracted from the annual report of the Company for the year 2002:

	2002 *HK$'000*	**2001** *HK$'000*	**2000** *HK$'000*
Turnover	43,569	60,089	415,583
Loss attributable to shareholders	(239,188)	(191,039)	(105,652)
Dividends	3,388	6,791	6,841
Fixed assets	51,747	40,745	42,770
Interests in associates	222,825	312,733	312,656
Long-term investments	723,960	610,160	597,846
Current assets	740,925	884,414	939,668
Total assets	1,739,457	1,848,052	1,892,940
Current liabilities	519,008	515,352	528,377*
	1,220,449	1,332,700	1,364,563
Non-current liabilities	10,244	—	—
Minority interest	—	—	—
	1,210,205	1,332,700	1,364,563
Share capital	338,765	339,291	341,973
Reserves	871,440	990,021	1,019,172
Proposed final dividend	—	3,388	3,418*
	1,210,205	1,332,700	1,364,563
Loss per share (cents)	(70.60)	(56.03)	(30.79)
Dividends per share (cents)	1.00	2.00	2.00
Net book asset value per share	$3.57	$3.93	$3.99*

* *Restated due to a change in accounting policy*

2. AUDITED CONSOLIDATED ACCOUNTS

Set out below are the audited consolidated profit and loss accounts for the two years ended 31 December 2002, the audited consolidated balance sheets as at 31 December 2001 and as at 31 December 2002 and the audited consolidated cash flow statements for the two years ended 31 December 2002 together with the relevant notes, including the principal accounting policies, as extracted from the annual report of the Company for the year 2002:

Consolidated Profit and Loss Account
for the year ended 31 December 2002

	Note	**2002** *HK$'000*	**2001** *HK$'000*
Turnover	*3*	43,569	60,089
Other revenue and income		1,652	5,597
Carrying value of listed investments sold		(17,880)	(37,323)
Impairment loss on investment in associate		(17,030)	—
Provision for advance to associate		(559)	—
(Provision for) write back of impairment in value of long-term investments		(3,889)	1,593
Amount transferred from long-term investment revaluation reserve —			
on disposals of long-term listed investments		6,052	4,545
on impairment in value of long-term listed investments		—	(166,353)
Loss on disposals of fixed assets		(880)	—
Loss on disposal of associate		(302)	—
Gain on disposals of long-term unlisted investments		—	10,854
Unrealised loss on unconsolidated subsidiaries		(140,000)	(20,000)
Other operating expenses		(13,602)	(14,093)
Operating loss before finance costs	*5*	(142,869)	(155,091)
Finance costs	*8*	(20,590)	(29,627)
Operating loss after finance costs		(163,459)	(184,718)
Share of results of associates		(75,697)	(4,342)
Loss before taxation		(239,156)	(189,060)
Taxation	*10*	(32)	(1,979)
Loss attributable to shareholders	*11*	(239,188)	(191,039)
Dividends	*12*		
Interim dividend paid		3,388	3,403
Final dividend proposed		—	3,388
		3,388	6,791
Loss per share (cents)	*13*	(70.60)	(56.03)

Consolidated Balance Sheet
as at 31 December 2002

	Note	2002 HK$'000	2001 HK$'000
Non-current assets			
Fixed assets	14	51,747	40,745
Interests in associates	17	222,825	312,733
Long-term investments	18	723,960	610,160
		998,532	963,638
Current assets			
Inventories	20	766	766
Listed investments and other asset	21	8,612	7,595
Interests in unconsolidated subsidiaries	22	638,281	778,281
Debtors, deposits and prepayments	23	14,821	14,086
Cash and bank balances		78,445	83,686
		740,925	884,414
Current liabilities			
Creditors, deposits and accruals	24	46,439	46,716
Secured bank loans	25	468,822	468,000
Secured bank overdraft		3,111	—
Provision for taxation		636	636
		519,008	515,352
Net current assets		221,917	369,062
Total assets less current liabilities		1,220,449	1,332,700
Non-current liabilities			
Secured bank loans	25	10,244	—
Net assets		1,210,205	1,332,700
Capital and reserves			
Share capital	26	338,765	339,291
Reserves	27	871,440	990,021
Proposed final dividend		—	3,388
Shareholders' funds		1,210,205	1,332,700

Tan Boon Seng
Director

Yeung Chik Kin
Director

Balance Sheet
as at 31 December 2002

	Note	**2002** *HK$'000*	**2001** *HK$'000*
Non-current assets			
Fixed assets	*14*	—	3,614
Interests in subsidiaries	*16*	835,054	1,051,970
Interests in associates	*17*	149,873	155,263
		984,927	1,210,847
Current assets			
Bank balances		16	343
Current liabilities			
Creditors, deposits and accruals	*24*	1,976	2,002
Secured bank overdraft		3,111	—
		5,087	2,002
Net current liabilities		(5,071)	(1,659)
Net assets		979,856	1,209,188
Capital and reserves			
Share capital	*26*	338,765	339,291
Reserves	*27*	641,091	866,509
Proposed final dividend		—	3,388
Shareholders' funds		979,856	1,209,188

Tan Boon Seng
Director

Yeung Chik Kin
Director

Consolidated Cash Flow Statement
for the year ended 31 December 2002

	Note	2002 HK$'000	2001 HK$'000
Net cash (used in) from operating activities	29	(18,281)	48,564
Cash flows from investing activities			
Purchase of fixed assets		(16,797)	(38)
Proceeds on disposals of fixed assets		2,735	—
Advances to associates		(3,988)	(4,537)
Increase in long-term investments		(2,423)	(59,861)
Increase in bank deposits pledged to banks		(475)	(34,754)
Distribution received upon dissolution of investee companies		2	—
Proceeds on disposals of long-term investments		27,155	77,459
Net cash from (used in) investing activities		6,209	(21,731)
Cash flows from financing activities			
Repurchase of shares		(526)	(2,682)
Premium and brokerage expenses paid on share repurchases		(519)	(2,897)
Dividends paid		(6,776)	(6,821)
Repayment of bank loan		(134)	(15,600)
New bank loan		11,200	—
Net cash from (used in) financing activities		3,245	(28,000)
Net decrease in cash and cash equivalents		(8,827)	(1,167)
Cash and cash equivalents at beginning of year		48,932	50,099
Cash and cash equivalents at end of year		40,105	48,932
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		78,445	83,686
Bank deposits pledged to banks		(35,229)	(34,754)
Secured bank overdraft		(3,111)	—
		40,105	48,932

Notes to Financial Statements

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are investment holding, sale and purchase of long-term listed investments and trading of short-term listed investments.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Statements of Standard Accounting Practice ("SSAP") and Interpretations issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost modified by i) the revaluation of certain land and buildings in 1993 ii) the revaluation of investment properties and listed investments at market value and iii) the revaluation of unlisted investments at fair value.

The following recently-issued and revised SSAPs have been adopted for the first time in the preparation of the current year's financial statements:

— SSAP 1 (Revised)	:	Presentation of financial statements
— SSAP 11 (Revised)	:	Foreign currency translation
— SSAP 15 (Revised)	:	Cash flow statements
— SSAP 34	:	Employee benefits

These SSAPs prescribe new accounting measurement and disclosure practices. The effects on the Group's accounting policies and disclosures in the financial statements of these SSAPs are summarised as follows:

(i) SSAP 1 (Revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The principal impact of the revision to this SSAP is that a consolidated statement of changes in equity is now presented on page 17 of the financial statements in place of the consolidated statement of recognised gains and losses that was previously required.

(ii) SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions in the financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries and associates are translated at weighted average exchange rates for the year, rather than translated at the applicable rates of exchange ruling at the balance sheet date as was previously required. The effect of adopting this revised standard on the results for current and prior years is insignificant.

(iii) SSAP 15 (Revised) prescribes the format for the cash flow statement. The principal impact of the revision of this SSAP is that cash flows are now presented under three headings, these are, cash flows from operating, investing and financing activities, rather than the five headings previously required. The format of the cash flow statement set out on page 18 of the financial statements and the notes thereto have been revised in accordance with the new requirements.

(iv) SSAP 34 prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has resulted in no significant impact on the results for current and prior years.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 31 December, with the exception of unconsolidated subsidiaries the accounting policy of which is set out in note 2(f). The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal respectively. All material inter-company transactions and balances are eliminated on consolidation.

(d) Goodwill/Negative goodwill

Goodwill or negative goodwill represents the excess or deficit of the cost of acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries or associates at the date of acquisition.

Goodwill on acquisitions is capitalised and amortised on a straight line basis over its estimated useful life not exceeding 20 years.

Negative goodwill on acquisitions is recognised in the consolidated profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable or amortisable.

In respect of associates, the carrying amount of interests in associates includes the goodwill/negative goodwill less amortisation and any impairment loss.

Goodwill on acquisitions that occurred prior to 1 January 2001 continued to be held in reserves.

On disposal of a subsidiary or an associate, any attributable amount of goodwill/negative goodwill not previously amortised through the consolidated profit and loss account or which has previously been dealt with as a movement on Group reserves is included in the calculation of the gain or loss on disposal.

(e) Subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, controls more than half of the voting power or controls the composition of the board of directors.

Investments in subsidiaries in the Company's balance sheet are stated at cost or at Directors' valuation less any impairment loss.

(f) Unconsolidated subsidiaries

Unconsolidated subsidiary is a subsidiary which is acquired and held exclusively with a view to its subsequent disposal in the near future therefore the control of which is intended to be temporary. Unconsolidated subsidiaries are stated at fair value which is estimated by the Directors by reference to their net asset value. Gains and losses on unconsolidated subsidiaries are included in the profit and loss account in the period in which they arise.

(g) Associates

An associate is a company in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

The Group's investments in associates are accounted for in the consolidated financial statements under the equity method. The Group's investments in associates are initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the net assets of the associates and less any impairment loss. The consolidated profit and loss account reflects the Group's share of post-acquisition results of the associates for the year.

Investments in associates are accounted for by the Company using the cost method. In the Company's balance sheet, investments in associates are stated at cost less any impairment loss.

(h) Listed and unlisted investments

Listed investments held for long-term purpose and trading purpose are stated at fair value, which is generally the market value, at the balance sheet date. Changes in fair value of the investments held for long-term purpose are recognised directly in the long-term investment revaluation reserve in the period in which the changes occur, until the investments are sold or otherwise disposed of, or until the value of the investments is determined to be impaired, at which time the cumulative gain or loss is accounted for in the profit and loss account for the year. Gains and losses on listed investments held for trading purpose are included in the profit and loss account in the period in which they arise.

Unlisted investments held for long-term purpose are stated at fair value, which is estimated by the Directors by reference to the net asset value of the investments, at the balance sheet date. Changes in fair value of the investments are recognised directly in the long-term investment revaluation reserve in the period in which the changes occur, until the investments are sold or otherwise disposed of, or until the value of the investments is determined to be impaired, at which time the cumulative gain or loss is accounted for in the profit and loss account for the year.

Upon disposal of long-term listed and unlisted investments, the gain or loss representing the difference between net sales proceeds and the carrying amount of the relevant investment together with any surplus/deficit transferred from the long-term investment revaluation reserve is dealt with in the profit and loss account. Impairment loss previously transferred from the long-term investment revaluation reserve to the profit and loss account is written back in the profit and loss account when the circumstances and events leading to the impairment cease to exist.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is the cost of purchase. Net realisable value represents the estimated selling price less selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Fixed assets

Investment properties

Investment properties are interests in land and buildings which are held for their investment potential. Investment properties are stated at their open market value based on an annual independent professional valuation at the balance sheet date. Surpluses arising on revaluations are credited to the investment property revaluation reserve and deficits arising on revaluations are firstly set off against any previous revaluation surpluses and thereafter charged to the profit and loss account on a portfolio basis. Gain or loss on disposal of an investment property, representing the difference between the net sales proceeds and the carrying amount of the relevant asset together with any revaluation reserve balance remaining attributable to the relevant asset, is recognised in the profit and loss account. No depreciation is provided on investment property held on lease with unexpired term of more than twenty years.

Other properties

Land held on long and medium term lease is depreciated over the unexpired term of the lease. Buildings are depreciated on a straight line basis over 50 years or the remaining term of the lease, if shorter. The Group had placed reliance on provision as permitted by paragraph 80 of SSAP 17 "Properties, plant and equipment" and therefore regular revaluations on land and building stated at valuation are not made.

Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and any impairment loss. Depreciation is provided to write off the cost of other fixed assets less their estimated residual value, on a straight line basis over their estimated useful lives at the following annual rates:

Equipment and motor vehicles	10 - 20%

Gain or loss on disposal of fixed assets other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained profit and is shown as a movement in reserves.

(k) Impairment of assets

At the balance sheet date, assets are reviewed to assess whether there is any indication that assets are impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised in the profit and loss account.

Reversals of impairment losses are credited to the profit and loss account in the year in which the reversals are recognised. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

(l) Revenue recognition

Major categories of revenue are recognised in the financial statements on the following bases:

Sales of listed and unlisted investments are recognised when the title to the investment is transferred and the buyer takes legal possession of the investment.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Interest income is accrued on a time proportion basis on the principal outstanding and at the applicable rate.

Rental receivable under operating lease is credited, on a straight line basis, over the lease terms to the profit and loss account.

(m) Deferred taxation

Deferred taxation is accounted for at current tax rate in respect of timing differences between results as computed for taxation purposes and results as stated in the financial statements to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future.

(n) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental expenses in respect of operating leases are charged to the profit and loss account on the straight line basis over the lease terms.

(o) Retirement costs

The Group's contributions to mandatory provident fund are expensed as incurred.

(p) Foreign currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries and associates are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries and associates are translated into Hong Kong dollars at the weighted average rates for the year. The balance sheets of overseas subsidiaries and associates are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the reserve.

(q) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is determined on arm's length basis.

Unallocated items mainly comprise corporate assets, corporate liabilities, corporate and financing expenses.

(r) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(s) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash at bank and in hand, net of outstanding bank overdrafts and short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

3. TURNOVER

Analysis of the Group's turnover is as follows:

	2002	**2001**
	HK$'000	*HK$'000*
Revenue from sales of listed investments	27,606	44,835
Dividends from listed investments	8,691	9,353
Dividends from unlisted investments	1,945	—
Interest income	2,349	2,937
Rental income	2,978	2,964
	43,569	60,089

4. SEGMENT REPORTING

(i) Business segments

The Group comprises the following business segments:

Share investment and dealing — investment in listed and unlisted securities, purchase and sales of long-term and short-term listed securities

Other operation — property investment

	Share investment and dealing		Other operation		Elimination		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment Revenue								
Turnover	40,971	57,760	2,978	2,964	(380)	(635)	43,569	60,089
Other revenue and income	1,652	5,597	—	—	—	—	1,652	5,597
Total revenue	42,623	63,357	2,978	2,964	(380)	(635)	45,221	65,686
Segment results	(126,351)	(157,283)	253	192	2,000	2,000	(124,098)	(155,091)
Impairment loss on investment in associate							(17,030)	—
Provision for advance to associate							(559)	—
Loss on disposals of fixed assets							(880)	—
Loss on disposal of associate							(302)	—
Finance costs							(20,590)	(29,627)
Share of results of associates							(75,697)	(4,342)
Loss before taxation							(239,156)	(189,060)
Taxation							(32)	(1,979)
Loss attributable to shareholders							(239,188)	(191,039)
Segment assets	1,504,500	1,517,234	35,021	37,030	(23,655)	(23,325)	1,515,866	1,530,939
Interests in associates							222,825	312,733
Unallocated assets							766	4,380
Total assets							1,739,457	1,848,052
Segment liabilities	526,129	512,399	24,222	23,730	(23,655)	(23,325)	526,696	512,804
Unallocated liabilities							2,556	2,548
Total liabilities							529,252	515,352
Other segment information								
Capital expenditure	16,797	38	—	—	—	—	16,797	38
Depreciation	180	63	—	—	—	—	180	63
Provision for impairment in value of investments	3,889	166,353	—	—	—	—	3,889	166,353
Unrealised loss on unconsolidated subsidiaries	140,000	20,000	—	—	—	—	140,000	20,000

(ii) Geographical segments

Over 90% of the Group's revenue, assets and capital expenditure are derived from operations carried out in Hong Kong.

5. OPERATING LOSS BEFORE FINANCE COSTS

	2002	**2001**
	HK$'000	*HK$'000*
Operating loss before finance costs is stated after (crediting)/charging:		
Gross rental income from investment properties	(2,978)	(2,964)
Outgoings	344	52
	(2,634)	(2,912)
Auditors' remuneration	633	678
Staff costs	3,563	3,297
Depreciation	180	63
Rental of properties under operating leases	499	493
Loss on dissolution of investee companies	32	—
Profit on disposals of subsidiaries	—	(751)
Unrealised gain on listed investments held for trading purpose	(1,455)	(2,017)

6. DIRECTORS' REMUNERATION

	2002	**2001**
	HK$'000	*HK$'000*
Fee		
Independent Non-executive Directors	60	40
Other Directors	90	110
Other emoluments (Executive Directors)		
Salaries and allowances	4,026	4,141
Long-service payment	—	1,011
Contributions to retirement scheme	134	148
	4,310	5,450

			2002 Number of Directors	2001 Number of Directors
HK$ Nil	—	HK$1,000,000	6	5
HK$1,000,001	—	HK$1,500,000	—	1
HK$4,000,001	—	HK$4,500,000	1	1
			7	7

There was no arrangement under which a Director had waived or agreed to waive any remuneration. Pursuant to an Annual Bonus Scheme approved by the Board, Mr. Tan Boon Seng was eligible to an annual cash bonus determinable under the terms of that Scheme. No such cash bonus was provided for the year (2001: nil).

7. FIVE HIGHEST-PAID EMPLOYEES

During the year, the five highest-paid employees in the Group included one (2001: two) Director, details of whose emoluments are included in the disclosure of Directors' remuneration. The details of the remaining four (2001: three) highest-paid non-director employees are as follows:

	2002 *HK$'000*	**2001** *HK$'000*
Salaries and other emoluments	1,534	1,193
Long-service payment	565	—
Contributions to retirement scheme	74	60
	2,173	1,253

The emoluments of each of the non-director employees were below HK$1,000,000 for 2002 and 2001.

8. FINANCE COSTS

	2002 *HK$'000*	**2001** *HK$'000*
Interest on bank loans and overdrafts	18,366	29,570
Loan facility arrangement fees	2,224	57
	20,590	29,627

9. NET GAIN ON DISPOSALS OF LONG-TERM LISTED INVESTMENTS

	2002	**2001**
	HK$'000	*HK$'000*
Profit on disposals of listed investments	9,713	4,946
Amount transferred from long-term investment revaluation reserve	6,052	4,545
	15,765	9,491

10. TAXATION

	2002	**2001**
	HK$'000	*HK$'000*
Hong Kong profits tax provision:		
Company and subsidiaries —		
current year	—	—
underprovision for prior years	—	1,961
	—	1,961
Share of associates' taxation	32	18
	32	1,979

No Hong Kong profits tax has been provided for the Company and its subsidiaries for the 2002/03 year of assessment (2001/02: no provision) as no assessable profit was earned during the year.

No provision for deferred taxation has been made as no liability would be likely to arise as a result of the reversal of timing differences in the foreseeable future and revaluation surpluses arising from the revaluation of the Group's investment properties do not constitute a timing difference for tax purpose.

Deferred tax asset of HK$4,200,000 (2001: nil) in respect of tax loss has not been recognised in the financial statements.

11. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders includes an amount of HK$221,511,000 (2001: HK$209,998,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

	2002	2001
	HK$'000	*HK$'000*
Interim dividend paid — 1 cent per share (2001: 1 cent per share)	3,388	3,403
Final dividend proposed — nil (2001: 1 cent per share)	—	3,388
	3,388	6,791

13. LOSS PER SHARE

The calculation of loss per share is based on loss attributable to shareholders of HK$239,188,000 (2001: HK$191,039,000) and weighted average of 338,784,441 (2001: 340,975,685) shares of HK$1 each in issue during the year.

14. FIXED ASSETS

Group

	Land and buildings in Hong Kong — long lease	Property in Hong Kong — long lease	Investment properties in Hong Kong — long lease	Equipment and motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost or valuation					
At professional valuation	—	3,500	37,000	—	40,500
At cost	—	114	—	1,489	1,603
At 31.12.2001	—	3,614	37,000	1,489	42,103
Additions	16,784	—	—	13	16,797
Disposals	—	(3,614)	—	(2)	(3,616)
Revaluation deficit	—	—	(2,000)	—	(2,000)
At 31.12.2002	16,784	—	35,000	1,500	53,284
Accumulated depreciation					
At 31.12.2001	—	—	—	1,358	1,358
Provision	125	—	—	55	180
Write-back	—	—	—	(1)	(1)
At 31.12.2002	125	—	—	1,412	1,537
Net book amount					
At 31.12.2002	16,659	—	35,000	88	51,747
At 31.12.2001	—	3,614	37,000	131	40,745

Company

	Property in Hong Kong — long lease
	HK$'000
Cost or valuation	
At professional valuation	3,500
At cost	114
At 31.12.2001	3,614
Disposals	(3,614)
At 31.12.2002	—

Cost or valuation of properties at 31 December 2002 was made up as follows:

	Land and buildings in Hong Kong — long lease	Investment properties in Hong Kong — long lease	Total
	HK$'000	*HK$'000*	*HK$'000*
Group			
At cost	16,784	—	16,784
At 2002 professional valuation	—	35,000	35,000
	16,784	35,000	51,784

The investment properties in Hong Kong were revalued as at 31 December 2002, on an open market value basis, by DTZ Debenham Tie Leung Limited, independent professional valuers.

15. GOODWILL

	Group	
	2002	**2001**
	HK$'000	*HK$'000*
Goodwill carried in reserves		
At cost	61	61

16. INTERESTS IN SUBSIDIARIES

	Company	
	2002	**2001**
	HK$'000	*HK$'000*
Unlisted shares, at cost	25,320	25,320
Less: Impairment loss	(16,043)	(16,043)
	9,277	9,277
Amounts due from subsidiaries	1,729,755	1,707,261
Less: Provision	(903,978)	(664,568)
	835,054	1,051,970

Amounts due from subsidiaries were unsecured, non-interest bearing and with no fixed term of repayment.

Details of the subsidiaries are as follows:

Unlisted companies	Principal activities	Issued and paid up ordinary share capital/ registered capital	Place of incorporation/ operation	Percentage of equity interest held by the Company	Percentage of equity interest held by the subsidiary
Diamond Way Inc.	Investment holding	US$1	Liberia	—	100
HK 8 Limited	Investment holding	US$1	Liberia	—	100
HK 9 Limited	Investment holding	US$1	Liberia	—	100
HK 12 Limited	Investment holding	US$1	Liberia	—	100
HK 28 Limited	Investment holding	US$1	Liberia	—	100
HK 38 Limited	Investment holding	US$1	Liberia	—	100
HK 68 Limited	Investment holding	US$1	Liberia	—	100
HK 333 Limited	General investment	US$1	Liberia	—	100
HK 368 Limited	Investment holding	US$1	Liberia	—	100
HK 888 Limited	Investment holding	US$1	Liberia	—	100
Kwai Ling Enterprises Company Limited	General investment	HK$7,700,000	Hong Kong	60	40
Lee Hing Investment Company, Limited	Property investment and investment holding	HK$2,000,000	Hong Kong	100	—
Lucky Term Company Limited	Dormant	HK$2	Hong Kong	—	100
Sinonet Holdings Limited	Investment holding	US$1	British Virgin Islands	100	—
Tek Lee Nominees Limited	Property investment	HK$2	Hong Kong	—	100
Wang Tak Company Limited	Investment holding	HK$1,000,000	Hong Kong	100	—

17. INTERESTS IN ASSOCIATES

	Group	
	2002	**2001**
	HK$'000	*HK$'000*
Unlisted investments		
Share of net (liabilities) assets	(45,370)	28,772
Less: Impairment loss	(17,030)	—
	(62,400)	28,772
Subordinated loan to an associate	129,656	125,668
Amounts due from associates	160,415	163,370
Less: Provision	(2,603)	(2,834)
	225,068	314,976
Amounts due to associates	(2,243)	(2,243)
	222,825	312,733

	Company	
	2002	**2001**
	HK$'000	*HK$'000*
Unlisted investments		
Shares, at cost	394	394
Less: Impairment loss	(394)	(156)
	—	238
Amounts due from associates	157,069	157,069
Less: Provision	(7,196)	(2,044)
	149,873	155,263

Subordinated loan to an associate and amounts due from and due to associates were unsecured, non-interest bearing and with no fixed term of repayment.

Details of the associates are as follows:

Unlisted companies	Principal activities	Place of incorporation/ operation	Percentage of equity interest held by the Group
Bo Tat Tak Enterprises Limited	Property development and investment	Hong Kong	50
Cheer Star Development Limited	Hotel operation	Hong Kong	28
Double Golden Sdn. Bhd.	General investment	Malaysia	50
Ichiban Properties Limited	Investment holding	British Virgin Islands	50
Infinity Goal Limited	Property development	Hong Kong	35
Key Finance Limited	Investment holding	British Virgin Islands	50
Parkway M & A Capital Corporation	Investment holding	British Virgin Islands	39
Phil Inc.	Dormant	U.S.A.	20
Start Hold Limited	Investment holding	Hong Kong	33

18. LONG-TERM INVESTMENTS

	Group 2002 HK$'000	2001 HK$'000
(a) Unlisted investments		
Shares, at cost	104,259	113,535
Less: Provision for impairment in value	(64,051)	(50,513)
Change in fair value transferred to long-term investment revaluation reserve	(1,452)	2,637
Fair value	38,756	65,659
Amounts due from investee companies	—	6,139
Less: Provision	—	(6,108)
Amounts due to investee companies	(350)	(351)
	38,406	65,339

Amounts due from and due to investee companies were unsecured, non-interest bearing and with no fixed term of repayment.

	2002	2001
	HK$'000	*HK$'000*
(b) Listed investments		
Listed shares, at cost —		
Hong Kong	427,770	425,347
Overseas	550,982	562,372
	978,752	987,719
Less: Provision for impairment in value	(515,992)	(534,914)
Change in fair value transferred to long-term investment revaluation reserve	222,794	92,016
Market value	685,554	544,821

	2002	2001
	HK$'000	*HK$'000*
Total of (a) and (b)	723,960	610,160

19. DISCLOSURE UNDER SECTION 129(2) OF THE COMPANIES ORDINANCE

At 31 December 2002, the Group held shares in the below-mentioned body corporate, the value of which was in excess of one-tenth of the Group's total assets:

Listed company	Place of incorporation	Percentage of equity interest held by the Group
Resorts World Berhad	Malaysia	2.13

20. INVENTORIES

	Group	
	2002	2001
	HK$'000	*HK$'000*
Unsold properties	766	766

Unsold properties of HK$766,000 (2001: HK$766,000) were carried at cost. Full provision of HK$12,736,000 (2001: $12,736,000) has been made for certain unsold properties.

21. LISTED INVESTMENTS AND OTHER ASSET

	Group	
	2002	**2001**
	HK$'000	*HK$'000*
(a) Listed investments		
Listed shares, at cost —		
Hong Kong	—	1,844
Overseas	2,661	2,661
	2,661	4,505
Unrealised gain	5,656	2,795
Market value	8,317	7,300
(b) Other asset		
Club debenture, at cost	295	295
	8,612	7,595

22. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES

	Group	
	2002	**2001**
	HK$'000	*HK$'000*
Unlisted shares, at cost	798,281	798,281
Less: Unrealised loss	(160,000)	(20,000)
	638,281	778,281

The Group's share of post-acquisition profit of the unconsolidated subsidiaries for the year ended 31 December 2002 amounted to HK$12,600,000, (Prior years since acquisition amounted to HK$57,037,000) which has not been dealt with in the Group's financial statements.

Details of the unconsolidated subsidiaries are set out in note 37.

23. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains a defined credit policy on its trade debtors.

	Group	
	2002	**2001**
	HK$'000	*HK$'000*
Trade debtors over 90 days	14,241	13,002
Other debtors, deposits and prepayments	580	1,084
	14,821	14,086

24. CREDITORS, DEPOSITS AND ACCRUALS

	Group		Company	
	2002	**2001**	**2002**	**2001**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade creditors	—	—	—	—
Other creditors, deposits and accruals	46,439	46,716	1,976	2,002
	46,439	46,716	1,976	2,002

25. SECURED BANK LOANS

	Group	
	2002	**2001**
	HK$'000	*HK$'000*
Bank loans	479,066	468,000
Amount payable within one year classified under current liabilities	(468,822)	(468,000)
	10,244	—
Repayment period of bank loans		
Within one year	468,822	468,000
One to two years	843	—
Two to five years	2,658	—
Over five years	6,743	—
	479,066	468,000

26. SHARE CAPITAL

	2002	2001
	HK$'000	*HK$'000*
Authorised		
Ordinary shares of HK$1 each	410,000	410,000
Issued and fully paid		
Ordinary shares of HK$1 each		
Balance at beginning of year	339,291	341,973
Repurchase of shares	(526)	(2,682)
Balance at end of year	338,765	339,291

Repurchase of shares

During the year, the Company repurchased 526,000 (2001: 2,682,000) of its own shares on The Stock Exchange of Hong Kong Limited, details of which are shown below:

Month of repurchase	Number of shares	Price per share paid	Aggregate price paid
		(HK$)	*(HK$)*
2002			
January	526,000	1.98	1,041,480

The above-mentioned shares were cancelled upon repurchase and, accordingly, the issued share capital of the Company was diminished by the nominal value of these shares. The premium and brokerage expenses paid on repurchase were charged against retained profit and an amount equivalent to the nominal value of the shares cancelled was transferred from retained profit to the capital redemption reserve account as shown in note 27.

27. RESERVES

Company

	Capital redemption reserve	Share premium	Capital reserve	Property revaluation reserve	Retained profit	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.1.2001	6,244	316,006	53,585	3,000	707,361	1,086,196
Loss for the year	—	—	—	—	(209,998)	(209,998)
Dividends	—	—	—	—	(6,791)	(6,791)
Premium and brokerage expenses paid on share repurchases	—	—	—	—	(2,898)	(2,898)
Transfer to capital redemption reserve upon share repurchases	2,682	—	—	—	(2,682)	—
At 31.12.2001	8,926	316,006	53,585	3,000	484,992	866,509
At 1.1.2002	8,926	316,006	53,585	3,000	484,992	866,509
Loss for the year	—	—	—	—	(221,511)	(221,511)
Dividend	—	—	—	—	(3,388)	(3,388)
Realised on disposal of property	—	—	—	(3,000)	3,000	—
Premium and brokerage expenses paid on share repurchases	—	—	—	—	(519)	(519)
Transfer to capital redemption reserve upon share repurchases	526	—	—	—	(526)	—
At 31.12.2002	9,452	316,006	53,585	—	262,048	641,091

Group

	Capital redemption reserve *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Investment property revaluation reserve *HK$'000*	Property revaluation reserve *HK$'000*	Long-term investment revaluation reserve *HK$'000*	Retained profit *HK$'000*	Total *HK$'000*
At 1.1.2001	6,244	316,006	53,585	16,725	3,000	(80,220)	703,832	1,019,172
Realised on disposals of long-term listed investments	—	—	—	—	—	(4,545)	—	(4,545)
Revaluation surplus (deficit)	—	—	—	(2,000)	—	12,519	—	10,519
Transfer to profit and loss account upon impairment in value of long-term investments	—	—	—	—	—	166,353	—	166,353
Release of net negative goodwill upon disposals of subsidiaries	—	—	—	—	—	—	(751)	(751)
Loss for the year	—	—	—	—	—	—	(191,039)	(191,039)
Dividends	—	—	—	—	—	—	(6,791)	(6,791)
Premium and brokerage expenses paid on share repurchases	—	—	—	—	—	—	(2,897)	(2,897)
Transfer to capital redemption reserve upon share repurchases	2,682	—	—	—	—	—	(2,682)	—
At 31.12.2001	8,926	316,006	53,585	14,725	3,000	94,107	499,672	990,021
Retained by:								
Company and subsidiaries	8,926	316,006	53,585	14,725	3,000	94,653	502,517	993,412
Associates	—	—	—	—	—	(546)	(2,845)	(3,391)
	8,926	316,006	53,585	14,725	3,000	94,107	499,672	990,021
At 1.1.2002	8,926	316,006	53,585	14,725	3,000	94,107	499,672	990,021
Realised on disposals of long-term listed investments	—	—	—	—	—	(6,052)	—	(6,052)
Realised on disposal of property	—	—	—	—	(3,000)	—	3,000	—
Revaluation surplus (deficit)	—	—	—	(2,000)	—	132,741	—	130,741
Share of associate's reserve	—	—	—	—	—	(175)	—	(175)
Loss for the year	—	—	—	—	—	—	(239,188)	(239,188)
Dividend	—	—	—	—	—	—	(3,388)	(3,388)
Premium and brokerage expenses paid on share repurchases	—	—	—	—	—	—	(519)	(519)
Transfer to capital redemption reserve upon share repurchases	526	—	—	—	—	—	(526)	—
At 31.12.2002	9,452	316,006	53,585	12,725	—	220,621	259,051	871,440
Retained by:								
Company and subsidiaries	9,452	316,006	53,585	12,725	—	221,342	334,213	947,323
Associates	—	—	—	—	—	(721)	(75,162)	(75,883)
	9,452	316,006	53,585	12,725	—	220,621	259,051	871,440

28. RESERVES AVAILABLE FOR DISTRIBUTION TO SHAREHOLDERS

At balance sheet date, the reserves of the Company available for distribution to shareholders, as calculated under the provisions of Section 79B of the Companies Ordinance, amounted to HK$262,048,000 (2001: HK$484,992,000).

29. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of loss before taxation to net cash (used in) from operating activities is set out below:

	2002	**2001**
	HK$'000	*HK$'000*
Cash flows from operating activities		
Loss before taxation	(239,156)	(189,060)
Adjustments for:		
Depreciation	180	63
Share of results of associates	75,697	4,342
Loss on disposal of associate	302	—
Impairment loss on investment in associate	17,030	—
Provision for advance to associate	559	—
Gain on disposals of long-term unlisted investments	—	(10,854)
Loss on dissolution of investee companies	32	—
Net gain on disposals of long-term listed investments	(15,765)	(9,491)
Investment held for trading purpose written off	—	174
Unrealised loss on unconsolidated subsidiaries	140,000	20,000
Profit on disposals of subsidiaries	—	(751)
Loss on disposals of fixed assets	880	—
Provision for (write back) of impairment in value of long-term investments	3,889	(1,593)
Amount transferred from long-term investment revaluation reserve on impairment in value of long-term listed investments	—	166,353
Unrealised gain on listed investments held for trading purpose	(1,455)	(2,017)
Interest expenses	18,366	29,570
Interest income	(2,349)	(2,937)
Dividend income	(10,636)	(9,353)
Operating loss before working capital changes	(12,426)	(5,554)
Decrease in listed investments held for trading purpose	438	—
Increase in interests in unconsolidated subsidiaries	—	(1,131)
Decrease in debtors, deposits and prepayments	504	72,118
Increase (decrease) in creditors, deposits and accruals	106	(1,351)
Cash (used in) generated from operations	(11,378)	64,082
Dividend received from associate	100	100
Dividends received	10,636	9,353
Interest received	1,110	2,251
Interest paid	(18,749)	(371)
Hong Kong profits tax paid	—	(26,851)
Net cash (used in) from operating activities	(18,281)	48,564

30. PLEDGE OF ASSETS

The Group pledged the shares in the unconsolidated subsidiary, certain listed shares, certain bank deposits, certain investment properties and other properties as security for banking facilities extended to the Group in the sum of HK$757,200,000 (2001: HK$746,000,000). At the balance sheet date, the facilities utilized amounted to HK$521,177,000 (2001: HK$507,000,000).

The Group pledged the shares in an associate as part of the security for bank loans granted to the associate. The Group has also subordinated and assigned its loan to the associate of HK$129,656,000 (2001: HK$125,668,000) to the bank as security.

31. RELATED PARTY TRANSACTIONS

Other than the transactions and balances disclosed elsewhere in the financial statements, the Group had no material transactions with related parties during the year.

32. RETIREMENT SCHEME

All the employees of the Group are members of the Mandatory Provident Fund Scheme. Under the Mandatory Provident Fund Scheme, the Group and its employees each made contributions to the scheme calculated at 5% of the employees' relevant income on a monthly basis. The amount of contributions charged to the profit and loss account for the year was HK$289,000 (2001: HK$305,000).

33. FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

The future minimum rental payments receivable under non-cancellable leases are as follows:

	Group	
	2002	**2001**
	HK$'000	*HK$'000*
Within one year	2,078	2,261
Between two and five years	—	1,677
	2,078	3,938

The Group's operating leases are for terms of two to three years.

34. FUTURE MINIMUM RENTAL PAYMENTS PAYABLE

The future minimum rental payments payable under non-cancellable leases are as follows:

	Group	
	2002	**2001**
	HK$'000	*HK$'000*
Within one year	—	575

35. CONTINGENT LIABILITIES

	Group		Company	
	2002	**2001**	**2002**	**2001**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees for credit facilities				
granted to —				
subsidiaries	—	—	713,200	702,000
an associate	41,250	41,250	41,250	41,250
	41,250	41,250	754,450	743,250

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 28 April 2003.

37. DETAILS OF UNCONSOLIDATED SUBSIDIARIES

Unlisted companies	Principal activities	Issued and paid up ordinary share capital/ registered capital	Place of incorporation/ operation	Percentage of equity interest held by subsidiary
Argent Holdings Ltd.	Investment holding	US$30,257	British Virgin Islands	91
Silverlink Holdings Ltd.	Investment holding	US$17,736,013	British Virgin Islands	62
Andaman Resorts Co. Ltd. (“Amanpuri”)	Hotel operations	THB6,000,000	Thailand	100
Societe Nouvelle de L’Hotel Bora Bora (“Hotel Bora Bora”)	Hotel operations	CFP239,343,000	French Polynesia	100
P.T. Amanusa Resort Indonesia (“Amanusa”)	Hotel operations	Rp2,432,400,000	Indonesia	60
P.T. Moyo Safari Abadi (“Amanwana”)	Hotel operations	Rp5,000,000,000	Indonesia	54
P.T. Nusantara Island Resorts (“Amankila”)	Hotel operations	Rp2,677,500,000	Indonesia	60
S.A. Le Melezin (“Le Melezin”)	Hotel operations	EUR2,200,000	France	81
P.T. Villa Ayu (“Amandari”)	Hotel operations	Rp1,980,810,000	Indonesia	60
Amanresorts Services Limited	Hotel management	US$10	British Virgin Islands	100
Amanresorts Management B.V.	Hotel management	NLG40,000	Netherlands	100
ARL Marketing Inc.	Hotel marketing	US$1,000	U.S.A.	100
S.C.I. Le Savoy	Property holding	EUR2,000	France	81
Amankila Resorts Limited	Investment holding	US$1	British Virgin Islands	100
Aradal Company N.V.	Investment holding	US$6,000	Netherlands	100
Jackson Hole Holdings Limited	Investment holding	US$2	British Virgin Islands	100
Jackson Street Heritage Limited	Investment holding	US$2	British Virgin Islands	100
Jackson Street Holdings Limited	Investment holding	US$2	British Virgin Islands	100
Palawan Holdings Limited	Investment holding	US$100	British Virgin Islands	100
Tahitian Resorts Limited	Investment holding	US$1	British Virgin Islands	100
Toscano Holdings Limited	Investment holding	US$10	British Virgin Islands	100
Balina Pansea Company Limited	Investment holding	US$10,000	British Virgin Islands	100
Marrakech Investments Limited	Investment holding	US$2	British Virgin Islands	100
Le Savoy Limited	Investment holding	US$10,000	British Virgin Islands	81
Nusantara Island Resorts Limited	Investment holding	US$5	British Virgin Islands	60
Goyo Services Limited	Investment holding	US$2	British Virgin Islands	60
Silverlink Properties Investments Limited	Dormant	US$16,912	British Virgin Islands	100
V.E. Holdings Limited	Dormant	US$1,470,588	British Virgin Islands	51
Regional Design & Research N.V.	Investment holding	US$6,000	Netherlands	60
Amanresorts B.V.	Investment holding	NLG40,000	Netherlands	100
Andaman Development Company Limited	Investment holding	THB500,000	Thailand	100

Unlisted companies	Principal activities	Issued and paid up ordinary share capital/ registered capital	Place of incorporation/ operation	Percentage of equity interest held by subsidiary
Regional Design & Research B.V.	Investment holding	NLG40,000	Netherlands Antilles	60
Silverlink (Thailand) Company Limited	Investment holding	THB100,000	Thailand	100
Amanresorts Limited	Holder of intellectual property rights	HK$200	Hong Kong	100
Amanresorts IPR B.V.	Holder of intellectual property rights	NLG40,000	Netherlands	100
Amanresorts Technical Services B.V.	Technical services	NLG40,000	Netherlands	100
Amancruises Company Limited	Cruise boat operator	THB10,000,000	Thailand	100
P.T. Indrakilla Villatama Development	Investment holding	Rp100,000,000	Indonesia	60
Amanresorts Asia Limited	Dormant	US$2	British Virgin Islands	100
P.T. Tirta Villa Ayu	Dormant	Rp20,000,000	Indonesia	50
P.T. Amanresorts Indonesia	Hotel management	Rp551,562,500	Indonesia	100
Amanresorts International Pte Ltd.	Corporate office	S$100,000	Singapore	100
Amanmalaysia Ltd.	Dormant	US$2	British Virgin Islands	100
Tipperary International Pty. Ltd.	Dormant	A$2	Australia	100
Amanusa Ltd.	Dormant	US$2	British Virgin Islands	100
Zeugma Ltd.	Dormant	US$100	British Virgin Islands	80
Hotel Finance International Ltd.	Investment holding	US$2	British Virgin Islands	100
Amanresorts Hawaii Inc.	Dormant	US$5,000	U.S.A.	100
Queensdale Management Ltd.	Dormant	US$100	British Virgin Islands	51
Andaman Holdings Ltd.	Investment holding	US$2	British Virgin Islands	100
Amancruises Indonesia Ltd.	Dormant	US$2	British Virgin Islands	100
Bhutan Hotels Limited	Investment holding	US$2	British Virgin Islands	100
Hotel Scopevista Limited	Hotel operations	Rs10,649,410	India	100

3. UNAUDITED CONSOLIDATED ACCOUNTS

Set out below is a summary of the unaudited consolidated profit and loss account for each of the six months ended 30 June 2002 and 30 June 2003, respectively, the unaudited consolidated balance sheet as at 30 June 2002 and as at 30 June 2003 together with the relevant notes, as extracted from the interim report of the Company for the six months ended 30 June 2003:

Condensed Consolidated Profit and Loss Account
for the six months ended 30 June 2003

	Note	**2003 (unaudited)** *HK$'000*	**2002 (unaudited)** *HK$'000*
Turnover	*2*	138,792	4,504
Other revenue and income	*2*	3,289	1,587
Carrying value of listed investments sold		(134,824)	(438)
(Provision for) write-back of impairment in value of long-term investments		(727)	12,519
Amount transferred from long-term investment revaluation reserve —			
on disposals of long-term listed investments		46,810	—
on impairment in value of long-term investments		(4,064)	—
Impairment loss on investments in associates		—	(17,332)
Provision for advances to associates		—	(559)
Other operating expenses		(5,000)	(6,104)
Operating profit (loss) before finance costs	*3*	44,276	(5,823)
Finance costs		(7,224)	(10,116)
Operating profit (loss) after finance costs		37,052	(15,939)
Share of results of associates		951	(56,041)
Profit (loss) before taxation		38,003	(71,980)
Taxation	*4*	(12)	(13)
Profit (loss) attributable to shareholders		37,991	(71,993)
Interim dividend	*5*	—	3,388
Earnings (loss) per share (cents)	*6*	11.21	(21.25)

Condensed Consolidated Balance Sheet
as at 30 June 2003

	Note	30.6.2003 (unaudited) HK$'000	31.12.2002 (audited) HK$'000
Non-current assets			
Fixed assets		52,374	51,747
Interests in associates		222,789	222,825
Long-term investments		600,564	723,960
		875,727	998,532
Current assets			
Inventories		766	766
Listed investments and other asset		10,730	8,612
Interests in unconsolidated subsidiaries		638,281	638,281
Debtors, deposits and prepayments	7	15,083	14,821
Cash and bank balances		45,416	78,445
		710,276	740,925
Current liabilities			
Creditors, deposits and accruals	8	6,464	46,439
Secured bank loans	9	100,311	468,822
Secured bank overdraft		—	3,111
Provision for taxation		636	636
		107,411	519,008
Net current assets		602,865	221,917
Total assets less current liabilities		1,478,592	1,220,449
Non-current liabilities			
Secured bank loans	9	260,986	10,244
Net assets		1,217,606	1,210,205
Capital and reserves			
Share capital	10	338,765	338,765
Reserves		878,841	871,440
Shareholders' funds		1,217,606	1,210,205

Notes to Interim Financial Statements

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The unaudited interim financial statements are prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting", issued by the Hong Kong Society of Accountants ("HKSA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2002 except that the Group has adopted the revised SSAP 12 "Income Taxes" issued by the HKSA which became effective for accounting periods commencing on or after 1 January 2003. The adoption of revised SSAP 12 has no material impact on the Group's interim financial statements.

2. SEGMENT REPORTING

The Group was principally engaged in investment holding.

(i) Business segments

The Group comprises the following business segments:

Share investment and dealing — investments in listed and unlisted securities, purchase and sales of long-term and short-term listed securities

Other operation — property investment

	Share investment and dealing		Other operation		Consolidated account	
	2003	**2002**	**2003**	**2002**	**2003**	**2002**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Turnover	137,133	2,879	1,659	1,625	138,792	4,504
Other revenue and income	3,289	1,587	—	—	3,289	1,587
Total revenue	140,422	4,466	1,659	1,625	142,081	6,091
Segment results	42,720	10,691	1,556	1,377	44,276	12,068
Impairment loss on investments in associates					—	(17,332)
Provision for advances to associates					—	(559)
Finance costs					(7,224)	(10,116)
Share of results of associates					951	(56,041)
Profit (loss) before taxation					38,003	(71,980)
Taxation					(12)	(13)
Profit (loss) attributable to shareholders					37,991	(71,993)

(ii) Geographical segments

Over 90% of the Group's revenue is derived from operations carried out in Hong Kong.

3. OPERATING PROFIT (LOSS) BEFORE FINANCE COSTS

	2003	**2002**
	HK$'000	*HK$'000*
Operating profit (loss) before finance costs is stated after charging (crediting):		
Depreciation	111	26
Loss on disposals of fixed assets	38	—
Interest income	(1,337)	(1,242)
Unrealised gain on listed investments held for trading purpose	(2,118)	(1,480)

4. TAXATION

	2003	**2002**
	HK$'000	*HK$'000*
Hong Kong profits tax provision —		
Company and subsidiaries	—	—
Share of associates' taxation	12	13
	12	13

5. INTERIM DIVIDEND

	2003	**2002**
	HK$'000	*HK$'000*
Interim dividend proposed - nil (2002: 1 cent per share)	—	3,388

6. EARNINGS (LOSS) PER SHARE

The calculation of earnings (loss) per share is based on unaudited consolidated profit attributable to shareholders of HK$37,991,000 (2002: loss of HK$71,993,000) and the 338,765,471 shares (2002: weighted average of 338,803,725 shares) of HK$1 each in issue during the period.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains a defined credit policy on its trade debtors.

	30.6.2003	**31.12.2002**
	HK$'000	*HK$'000*
Trade debtors over 180 days	14,891	14,241
Other debtors, deposits and prepayments	192	580
	15,083	14,821

8. CREDITORS, DEPOSITS AND ACCRUALS

	30.6.2003	31.12.2002
	HK$'000	*HK$'000*
Trade creditors	—	—
Other creditors, deposits and accruals	6,464	46,439
	6,464	46,439

9. SECURED BANK LOANS

	30.6.2003	31.12.2002
	HK$'000	*HK$'000*
Bank loans	361,297	479,066
Amount payable within one year classified under current liabilities	(100,311)	(468,822)
	260,986	10,244
Repayment period of bank loans		
Within one year	100,311	468,822
One to two years	44,533	843
Two to five years	210,172	2,658
Over five years	6,281	6,743
	361,297	479,066

10. SHARE CAPITAL

	30.6.2003	31.12.2002
	HK$'000	*HK$'000*
Authorised		
Ordinary shares of HK$1 each	410,000	410,000
Issued and fully paid		
Ordinary shares of HK$1 each	338,765	338,765

11. CONTINGENT LIABILITIES

Guarantee given by the Group in respect of banking facilities available to an associate amounted to HK$41,250,000 (31.12.2002: HK$41,250,000).

12. PLEDGE OF ASSETS

The Group pledged the shares in the unconsolidated subsidiary, certain investment properties, listed shares and bank deposits and other properties as security for banking facilities extended to the Group in the sum of HK$523,200,000 (31.12.2002: HK$757,200,000).

The Group pledged its shares in an associate as part of the security for bank loans granted to the associate. The Group has also subordinated and assigned its loan to the associate of HK$131,031,000 (31.12.2002: HK$129,656,000) to the bank by way of security.

13. RELATED PARTY TRANSACTIONS

Details of material transactions are as follows:

(a) Loan and advances of HK$291,446,000 (31.12.2002: HK$290,071,000) were advanced by the Group to associates.

(b) As mentioned in note 11, the Group had contingent liabilities in respect of guarantee for banking facilities available to an associate.

(c) As mentioned in note 12, the Group pledged its shares in an associate and subordinated and assigned its loan to the associate for bank loans granted to the associate.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation.

15. POST BALANCE SHEET EVENTS

On 15 July 2003,

(a) Two unconsolidated subsidiaries, Argent Holdings Limited ("Argent") and Silverlink Holdings Limited ("Silverlink") entered into agreement for the repurchase of 5,000,000 shares in Silverlink by Silverlink for consideration of US$40,000,000.

(b) The consideration was utilised by Argent as to US$30,000,000 to finance the acquisition of 37.736% participation right under the US$79.5 million Note issued by Silverlink on 27 November 2002 and as to US$10,000,000 to reduce existing bank borrowings of the Group.

4. PRO FORMA STATEMENT OF UNAUDITED ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is a statement of the pro forma unaudited adjusted consolidated net tangible assets of the Group based on the audited consolidated net tangible assets of the Group as at 31 December 2002 adjusted to take into account the unaudited consolidated profit attributable to Shareholders for the six months ended 30 June 2003 and to reflect the effect of the repurchase of 5,000,000 Silverlink Shares pursuant to the Argent-Silverlink Agreement and events which have taken place after 31 December 2002:

	HK$'000
Net tangible assets of the Group based on the audited consolidated balance sheet as at 31 December 2002	1,210,205
Unaudited consolidated net profit of the Group for the six months ended 30 June 2003	37,991
Unaudited net decrease in reserves of the Group for the six months ended 30 June 2003	(30,590)
Pro forma unaudited adjusted consolidated net tangible assets of the Group before completion of the Silverlink Repurchase	1,217,606
Profit arising from the Silverlink Repurchase *(Note 1)*	5,636
Pro forma unaudited adjusted consolidated net tangible assets of the Group immediately following completion of the Silverlink Repurchase	1,223,242
Pro forma unaudited adjusted consolidated net tangible asset value per Share before completion of the Silverlink Repurchase*	HK$3.59
Pro forma unaudited adjusted consolidated net tangible asset value per Share immediately following completion of the Silverlink Repurchase *(Note 2)*	HK$3.61

Notes:

1. The amount of profit arising from the Silverlink Repurchase is calculated by reference to the audited financial information of Silverlink as at 31 December 2002.

2. The net tangible asset value per Share is calculated on the basis of 338,765,471 Shares in issue.

5. INDEBTEDNESS

At the close of business on 16 October 2003, being the latest practicable date for the purpose of this indebtedness statement prior to the print of this circular, the Group (excluding the unconsolidated subsidiaries) had outstanding borrowings in the amount of approximately HK$233 million, all of which were secured bank loans. The Group's credit facilities are secured by charges on its assets, including shares in the unconsolidated subsidiaries, certain investment properties, other properties, shares of listed companies and bank deposits as well as subordinated loan to an associate. In addition, the Group had outstanding guarantees in respect of banking guarantees to the extent of approximately HK$41 million for credit facilities granted to an associate.

The Directors are not aware of any material change in the indebtedness and contingent liabilities of the Group since 16 October 2003.

Save as aforesaid and apart from intra-group liabilities, no companies within the Group had outstanding at the close of business on 16 October 2003 any mortgages, charges or debentures, loan capital bank overdrafts, loans or other similar indebtedness or any hire purchase commitments, liabilities under acceptances or acceptances credits or any guarantees or other material contingent liabilities.

6. WORKING CAPITAL

The Directors are of the opinion that after taking into account the Group's available banking facilities and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material changes in the financial or trading position of the Group since 31 December 2002, being the date to which the latest audited consolidated financial statements of the Group were made up.

Jones Lang LaSalle Hotels
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tel +65 6536 0606 fax +65 6533 2107

The Board of Directors
Lee Hing Development Limited
Suites 1506-7, 15th Floor,
Nine Queen's Road Central,
Hong Kong

23 October 2003

Dear Sirs,

VALUATION OF AMANRESORTS' HOTEL PORTFOLIO AS AT 30 SEPTEMBER 2003

1.1 INSTRUCTIONS

We refer to the instructions received on 15 August 2003 from Lee Hing Development Limited (the "Company") to provide a desktop valuation of the property interests listed in Appendix I, in our capacity as overseas consultants.

We are advised by the instructing party that the various property interests within the portfolio are partially owned by Silverlink Holdings Limited ("Silverlink") or its subsidiaries and/or associated companies (collectively herein referred to as the "Group"). For the avoidance of doubt, our valuations relate to the 100% interests in the properties and we have not sought to value the ownership companies or the shares within each. We also note that we have not had regard to the potential effect of selling the entire portfolio in one line.

The Company has instructed us to provide desktop valuations and as such we have not reinspected the properties, which we had inspected on 31 December 2002. However we relied upon our market knowledge in order to provide you with our opinion as to the market values of the unencumbered property interests in their existing state, as at 30 September 2003. This assessment follows our previous valuations which we have provide to the Group, the latest of which was 31 December 2002 when we have inspected the properties.

1.2 BASIS OF VALUATION

Our valuations have been prepared in accordance with the International Valuation Standards Committee (IVSC) definition of Market Value, which is:

"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The assessments here given are of the market value of the leasehold/freehold interests in each property assuming that the existing management agreements remain in place (with the exception of The Chedi) (a brief summary of the management agreements is set out in paragraph 4 of Appendix II) and that each hotel would continue to be operated in the current manner up to and beyond the date of sale. The valuations comprise the value attributed to the real estate, goodwill and the furniture, fittings and equipment used in the operation of the hotel business. Such an assessment excludes the value of stock or credits for payment thereof and assumes all items of furniture, fittings and equipment contained in the hotel are unencumbered unless stated to the contrary.

We understand that some equipment may be leased, but have assumed that any lease contracts would be transferred to an incoming purchaser. Consumables and wet and dry stocks have been excluded from the valuations.

Our valuations make no allowance for expenses of sale and purchase or liabilities to taxation, duties or transfer charges.

The management of Silverlink and management of each hotel have supplied information relevant to our assessment, and whilst due care has been taken in the application of that information, its accuracy cannot be verified by Jones Lang LaSalle Hotels. Should it be revealed that any of this information is inaccurate or misleading so that its use would affect the valuations, then Jones Lang LaSalle Hotels reserves the right to amend its opinion of values.

General assumptions and limiting conditions in the preparation of the valuations is outlined in Appendix II.

1.3 METHODOLOGY

Hotel investments are generally purchased on the basis of future income potential. Past performance provides some guide to the future performance of a hotel, but new macro economic factors or local supply issues often mean that a fresh view needs to be taken of the performance potential of the hotel.

To arrive at an estimate of capital value of a hotel property, we prepare an indicative cash flow forecasts over a 5-year period which represents what we believe a potential purchaser would adopt as being realistic estimates of the hotel's future income potential. This is not necessarily the same as current hotel management may project, but represents what a prospective purchaser might believe was reasonable as a basis for acquisition.

In the assessment of values, we have applied the Discounted Cashflow (DCF) method. The DCF approach assesses investment value by providing an explicit measurement of future expected cash flows. The appropriate DCF rate is selected taking into account our assessment of the investment return and yield requirement in the current market given the unique characteristics and factors affecting a particular property investment.

In addition to the 5-year cash flow forecasts, the net cash flow for Year 5 is increased by an estimated inflation rate to arrive at Year 6 net cash flow and capitalized for the remaining term of the property tenure. To the net cash flows, we have applied a DCF Rate to arrive at the total investment sum.

Having arrived at an estimate for total investment on the basis of the DCF method, we have made allowance which are required for any capital expenditure which an investor may reasonably expect to undertake in the foreseeable future to generate the cash flow forecast.

International and domestic purchasers remain concerned with cash flows and with established or achieve trading figures as well as readily foreseeable income flows. These factors have a strong impact on purchasing decisions and we, therefore, have regard to the initial and likely returns to an investor/purchaser in the early years.

1.4 SUMMARY OF VALUES

Property	No. of Keys	Valuation *As at 30 September 2003*	Additional Land Value	Comments
Amankila, Bali	34	US$22.5 million	n.a.	Land held by PT Nusantara Island Resorts with HGB Titles.
Amanusa, Bali	35	US$12.0 million	n.a.	Conditional upon proper HGB Titles and LUDA Agreement to be signed with BTDC.
Amandari, Bali	30	US$20.0 million	US$2.1 million	Approximately 80% of site is held under private leases with village landowners
		US$0.8 million for the 3-bedroom private villa		
Amanjiwo, Borobodur	35	US$7.8 million	n.a.	Land held by PT Jawa Express Amanda Indah with the 15 HGB titles expiring between 2023 and 2026 and are extendable and renewable at nominal land premium.
Amanwana, Moyo Island	20	US$4.8 million	n.a.	HGB land title issued to PT Moyo Safari Abadi by Badan Pertanahan Nasional and extended for a term of 30 years from December 1994

Property	No. of Keys	Valuation *As at 30 September 2003*	Additional Land Value	Comments
Amanpulo, Pamilican Island	40	US$15.0 million	US$1.8 million	Excess land for villa development is 13.2 hectares.
Amanpuri, Phuket	40	US$33.5 million	n.a.	Valuation includes the management rights from private villas valued at US$2.5 million.
The Chedi Phuket	108	US$21.0 million	n.a.	Assumes vacant possession would be granted in the event of sale.
Le Melezin, France	31	Euro 9.0 million	n.a.	Freehold title with a combined site area of approximately 1,086 sq.m.
Hotel Bora Bora, French Polynesia	54	US$19.0 million	US$2.5 million	Excess land assessed at US$2.5 million
Amanjena, Morocco	41	US$29.0 million	n.a.	Freehold title with a site area of approximately 52,800 sq.m.

1.5 REPORT

Neither the whole nor any party of this letter nor any reference thereto maybe included in any document, circular or statement without our written approval of the form and context in which it will appear.

Your faithfully
for and on behalf of
Jones Lang LaSalle Hotels,

David Ling MSc BBus MSISV AAPI
Senior Vice President

Scott Hetherington Dip Val AAPI
Managing Director, Asia

Note: Mr. Scott Hetherington is an Associate of the Australian Property Institute and has been conducting valuations for hotels in Australia, Europe and Asia since 1985.

Mr. David Ling is a member of the Singapore Institute of Surveyors and Valuers and an Associate of the Australian Property Institute. He is also a Licensed Appraiser, registered with the Inland Revenue Authority of Singapore. Mr. Ling has been conducting valuations for hotels and resort properties in China, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Thailand and Vietnam since 1998.

APPENDIX I
Desktop Valuation Summary
AMANKILA, BALI

Property	:	**Amankila** (Peaceful Hill) Manggis, Bali, Indonesia
Description	:	Amankila is built along the contours of an escarpment near the villages of Candi Dasi and Padang Dai in the area of East Bali. Completed in 1992, the property comprises a total of 34 free-standing suites providing luxurious international grade accommodation. Each suite measures approximately 50 square metres internally and are single level concrete structures fashioned as Balinese beach houses with alang-alang roof thatching. A total of nine suites feature a private swimming pool. The resort's main building comprises three levels housing the arrival court, library, bar/restaurant, gallery, shop and Terrace Restaurant. Other facilities include the main swimming pool and a Beach Club which includes a restaurant and a swimming pool.
Title/Site Details	:	We are advised by the legal adviser of the Company on Indonesian laws that the resort is held under eleven certificates of Hak Guna Bangunan ("HGB") title, all dated 27 May 1991 by PT Nusantara Island Resorts expiring on 5 December 2010. The land area extends to around 63,570 square metres. Amankila has an outstanding loan from PT Bank Niaga Tbk calculated as at 31 August 2003 in the amount of US$2,375,000 secured by Right of Security (Hak Tannungan) evidenced by certificate no. 334/2002 issued by the Agrarian Office of Amlapura, Karangasem Regency, Bali, Indonesia charging all of the HGB lands owned by Amankila. Subject to the Right of Security, Amankila has unencumbered legal title to HGB lands with renewal rights under Indonesian law upon expiration of the present term. Our valuation is conditional upon the HGB title being extendable and renewable following each expiry at nominal land premium if any.
Open Market Value, Existing Use Basis	:	USD22,500,000 (Twenty Two Million Five Hundred Thousand United States Dollar)
Valuation Date	:	30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. We have valued this Property assuming that the existing management agreement would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuation contained herein.

AMANUSA, BALI

Property	:	**Amanusa** (Peaceful Isle) Nusa Dua, Bali, Indonesia
Description	:	Amanusa is located on a prime elevated site on Bali's southern peninsula within the Nusa Dua area. The resort has expansive ocean/beach views and also overlooks the adjacent Bali Golf and Country Club. Completed in 1991, the property comprises 35 free-standing suites providing luxurious international grade accommodation. The suites are single storey concrete structures each supported on an elevated concrete base. Each has a thatched alang-alang grass roof with a total area of around 80 square metres including terraces. A total of eight suites features a private swimming pool. Other facilities include 3 food and beverage outlets, beach club, library, 2 tennis courts and feature in-ground swimming pool.
Title/Site Details	:	We are advised by the legal adviser of the Company on Indonesian law that the resort occupies Hak Guna Bangunan ("HGB") land leased (30 + 20 years) to PT Narendra Interpacific Indonesia and that PT Amanusa Resort is in the process of negotiating an identical term sub-lease on the land occupied. We are advised by the legal adviser of the Company on Indonesian law that the land on which the Amanusa's business is located is owned by PT Narendra Interpacific Indonesia under land certificate Hak Guna Bangunan No. 864 dated 31 August 1992, issued by the Badung Regency Land Office. PT Narendra Interpacific Indonesia, is an independent third party, whose ownership right and ability to make use of the land is governed by a Land Utilization and Development Agreement ("LUDA agreement") with Bali Tourism Development Corporation. BTDC is a quasi government organization that has the legal right to manage the use of the land and land contiguous to it. Our valuation is based on the explicit condition that the sub-lease has been obtained by PT Amanusa Resort and the LUDA agreement has been signed.
Open Market Value, Existing Use Basis	:	USD12,000,000 (Twelve Million United States Dollar)
Valuation Date	:	30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. We have valued this Property assuming that the existing management agreement would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuation contained herein.

AMANDARI, BALI

Property : **Amandari**
Kedewatan, Ubud, Bali, Indonesia

Description : Amandari is located on an escarpment above the Ayung River gorge, next to Kedewatan Village, Ubud. Completed in November 1989, the property comprises a total of 30 suites providing luxurious international grade accommodation.

There are two style of suites at Amandari — the Terrace Suite is single level with a combined living room/bedroom while the Duplex Suite has two levels with the lower level being a living room and the upper level containing the bedroom with en-suite bathroom. The Amandari Suite comprises two bedrooms with living and dining rooms. Suite classifications are determined according to size and the presence of a pool. Other facilities include 2 food and beverage outlets, library, health centre, tennis court and feature in-ground swimming pool.

Additional land has been acquired for the purpose of future development of 12 new private villas to be sold individually. The first of these private villas has been completed on the site and is currently managed by the resort management. The private villa has 3 bedrooms, large living room, two level swimming pool, kitchen with attached butler bedroom constructed in 1998.

Title/Site Details : According to the legal adviser of the Company on Indonesian laws, the 38,655 square metre resort site is partially owned by PT Tirta Villa Ayu with Hak Guna Bangunan ("HGB") title under five certificates dated 26 November 1991 expiring on 24 September 2009. Amandari is legally entitled to convert to HGB title in its name land registered in the name of I Renyah under land certificates no. 1475 and no. 1476 dated 12 February 1990 issued by the Gianyar Regency Land Office. According to the land title schedule attached to the legal opinion, the remaining site area is held under leases which have been extended to until 1 January 2031 and two leases expiring on 1 January 2021 and one lease expiring on 6 February 2022, all three of which are in the process of negotiation for an extension.

Amandari's resort is built upon land through which irrigation waterways (referred to locally as "Subak") flow. Portions of this waterway actually pass under the resort structure. The Subak is a community irrigation system for rice cultivation. The rights associated with Subak will not conflict with the right of use of Amandari to its lands provided that the Subak can be maintained. Subject to the rights associated with the Subak, PT Tirta Villa Ayu has unencumbered legal title to the HGB lands with renewal rights under Indonesian law upon expiration of the present term.

Open Market Value, Existing Use Basis : USD20,000,000 (Twenty Million United States Dollar)
USD800,000 for the 3 bedroom private villa
Additional land value of US2,100,000

Valuation Date : 30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. We have valued this Property assuming that the existing management agreement would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuation contained herein.

AMANJIWO, BOROBODUR

Property	:	**Amanjiwo** Borobodur, Central Java, Indonesia
Description	:	Located at the foot of the Menoreh Hills, Amanjiwo lies within the natural landscape of terraced rice fields and running streams which borders the property on both sides. The resort, officially opened on 16 October 1997, faces the Kedu Plain which offers expansive views of Candi Borobodur. The property consists of one main public building and 35 individual suites set on a terrace sloping away from the main facilities. Other facilities include 2 food and beverage outlets, meeting rooms, library and swimming pool.
Title/Site Details	:	We have been advised by the legal adviser of the Company on Indonesian laws that the 11.7 hectare resort site is held under Hak Guna Bangunan ("HGB") (leasehold) title by PT Jawa Express Amanda Indah with the 15 certificates of title expiring between 2023 and 2026 one certificate of title expiring on 25 October 2010 and one certificate of title expiring on 9 October 2023. PT Jawa Express Amanda Indah is a party to certain restructured loan agreement comprising a syndication of creditors. The security agent is in possession of the original HGB title certificates. The face value of the outstanding debt, interest and agency fees payable to the syndicate of creditors and security agent is US$9,120,561.15. PT Jawa Express Amanda Indah has granted Right of Security over all of the land except the land located in Solo. Subject to the Right of Security, PT Jawa Express Amanda Indah has unencumbered legal title to the HGB lands with renewal rights under Indonesian law upon expiration of the present term.
Open Market Value, Existing Use Basis	:	USD7,800,000 (Seven Million Eight Hundred Thousand United States Dollar)
Valuation Date	:	30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. We have valued this Property assuming that the existing management agreement would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuation contained herein.

AMANWANA, MOYO ISLAND

Property	:	**Amanwana** Moyo Island, Indonesia
Description	:	Amanwana has a secluded beachfront location set amidst the forest of the Indonesian nature reserve on Moyo Island. Completed in 1992, Amanwana comprises a total of 20 tents providing luxurious international grade accommodation. The tents are of concrete base foundation with timber-framed windows/doors and each has a living area of around 58 square metres. Classifications are determined according to view and location. Other facilities include 2 food and beverage outlets, library and plunge pool.
Title/Site Details	:	We are advised by the legal adviser of the Company on Indonesian law that the main resort facility in Moyo Island has a Hak Guna Bangunan ("HGB") land title issued to PT Moyo Safari Abadi by Badan Pertanahan Nasional and extended for a term of 30 years from December 1994. This parcel encompasses an area of around 500,000 sq.m. The facilities in Badas, Sumbawa, lies on a land parcel leased from PT Pelindo (Sumbawa Port Authority) we understand that the lease will expire in approximately 19.5 years time. The land area is approximately 4,870 square meters. PT Mayo Safari Abadi has unencumbered legal title to the HGB lands with renewal rights under Indonesian law upon expiration of the present term.
Open Market Value, Existing Use Basis	:	USD4,800,000 (Four Million Eight Hundred Thousand United States Dollar)
Valuation Date	:	30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. We have valued this Property assuming that the existing management agreement would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuation contained herein.

AMANPULO, PAMALICAN ISLAND

Property	:	**Amanpulo** Pamalican Island, Philippines
Description	:	Pamalican Island is surrounded by other small islands all being part of the Quiniluban group of Cuyo Islands in the Sulu Sea. The island is approximately 360 kilometres south of Manila. Completed in 1993, the property comprises a total of 40 units (known as casitas) providing luxurious international grade accommodation. The casitas are single storey concrete structures designed as modern version of the Filipino "Bahay Kubo" house and each has a total area of around 65 square metres. Other facilities include 2 food and beverage outlets, library, 2 tennis courts and feature in-ground swimming pool. Apart from the above areas, we understand from the hotel management that the island also has the potential for the development of 33 private villas to be sold individually. There are two privately owned villas that have been completed and currently used as part of the resort inventory. Whilst the private villas do not form part of our valuations contained herein, the income contribution from the management and operation of the 2 private villas have been incorporated in the Minor Operating Departments according to the hotel management.
Title/Site Details	:	We have been advised by the management of the hotel that titles to the resort and future private villa lots are registered under 35 titles in the name of Seven Seas Resorts and Leisure Inc. The resort area is around 61.7 hectares while the private villa land totals around 13.2 hectares.
Open Market Value, Existing Use Basis	:	USD15,000,000 (Fifteen Million United States Dollar) Additional 13.2 hectares of undeveloped land — USD1,800,000
Valuation Date	:	30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. We have valued this Property assuming that the existing management agreement would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuation contained herein.

AMANPURI, PHUKET

Property	:	**Amanpuri** Pansea Beach, Phuket, Thailand
Description	:	Amanpuri has a prime location, situated on an elevated peninsula set in the blue waters of the Andaman Sea. The resort has direct beach frontage to Pansea Beach and is set in a mature coconut plantation. Completed in 1988, the property comprises a total of 40 Thai-style pavilions providing luxurious international grade accommodation. The pavilions are single storey concrete structures each supported on an elevated concrete frame. Each has a Thai-style timber framed roof completed with clay tiles. The pavilions each have a total area of around 115 square metres comprising a 55 square metre bedroom and a 65 square metres dining pavilion with sundeck. Other facilities include 3 food and beverage outlets, signature in-ground swimming pool, 6 spa pavilions and library.
Title/Site Details	:	The land occupied by the Resort is held under a total of 11 land titles. 9 of the 11 titles are owned by Silverlink (Thailand) Ltd, 1 is owned by Andaman Resorts Co. Ltd and 1 land lot known as “Yapak” land (occupied by the hotel car park) is leased from a private owner. We are advised by the legal adviser of the Company on Thai law that Silverlink (Thailand) Ltd is the rightful owner of the land plots located in Cherny Talay Sub-district, Talang District, Phuket Province, Thailand, all of which are freehold property. We are also advised by the legal adviser of the Company on Thai law that the land plots leased to Andaman Resort Company Limited pursuant to long-term leases with three leases expiring on 18 May 2019 and the other six expiring on 31 December 2011, are subject to mortgage to DBS Thai Danu Bank Public Company Limited.

Private Villa Management	:	We have also been advised by the hotel management that the 30 privately owned villas located to the north of the main resort have been managed by Andaman Resorts Co. Ltd. There were 5-year management agreements in place with all the individual villa owners but these agreements have since expired in 1999. The new management agreement is in the process of redrafting and negotiation with the individual owners. Our valuation is conditional upon the signing of all the management agreements with the respective villa owners based on similar terms and conditions. Management fees incurred are 50% of all rental proceeds and a service charge of 15% of all expenses incurred by the manager in managing the villas is payable. All repairs and maintenance works done on the villas are fully reimbursable by the villa owners. A working capital facility is to be maintained with the manager at all times.
Open Market Value, Existing Use Basis	:	USD33,500,000 (Thirty Three Million Five Hundred Thousand United States Dollar) Valuation includes the management rights from private villas valued at USD2,500,000.
Valuation Date	:	30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. We have valued this Property assuming that the existing management agreement would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuation contained herein.

THE CHEDI, PHUKET

Property	:	**The Chedi, Phuket** Pansea Bay, Phuket, Thailand
Description	:	The Chedi is situated on an elevated peninsula set in the blue waters of the Andaman Sea. The resort has direct beach frontage to Pansea Beach and is set in mature coconut plantation. The hotel was originally constructed in mid 1980s as the Pansea Bay Hotel. The hotel was completely refurbished and reopened as The Chedi Phuket in 1995. It comprises a total of 108 lettable cottages providing 4-star international grade accommodation. The single storey cottages are constructed on an elevated concrete floor with painted rendered walls, timber framed doors and windows and thatched roof. The cottages are a mixture of one and two bedrooms with internal areas of 28 square metres and 52 square metres respectively. Each cottage also has a sundeck area and classifications are determined according to view and location. Other facilities include 3 food & beverage outlets, swimming pool, tennis courts, spa and souvenir shop.
Title/Site Details	:	We are advised by the legal adviser of the Company on Thai law that the property comprises a single chanote title (Title Deed No. 5421, Land No. 4) held on a freehold basis by Surin Bay Company Limited, which is the owner of the land. The land is subject to a right of access for the adjacent Amanpuri resort. The total site area has been advised to be in the order of 43,752 square metres.
Open Market Value, Existing Use Basis	:	USD21,000,000 (Twenty One Million United States Dollar)
Valuation Date	:	30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. The above value assessment is based on the assumption that the vendor will deliver vacant possession of the hotel management to an incoming purchaser upon a hypothetical sale of the property.

LE MELEZIN, FRANCE

Property	:	**Le Mélézin** rue de Bellecôte, Courchevel 1850, France
Description	:	The property was originally built in 1956 and was extensively refurbished, restructured and extended in 1989. It now offers 26 rooms and 5 suites. Now that the hotel's swimming pool has been completed, we understand that the hotel is officially classified four star, but offers five star accommodation and services. The hotel is arranged on 6 floors within 3 wings and is built around a concrete reinforced frame covered by a pitched slate roof. The windows are all double-glazed and all the rooms have timber balconies with views of either the ski run or the surrounding mountains. Floors 1 to 4 comprise double loaded bedroom and suite accommodation. All the bedrooms are centrally heated. With the exception of 3 Junior rooms (with shower only) the majority of the guestrooms are over 45 m^2. The accommodation at lower ground floor level comprises the ski and boot room, a library which can be used as a conference room or for private dining, a Hammam room, gym, two massage rooms, ladies and gentlemen's toilets. It also comprises 3 staff bedrooms, the breakfast kitchen and staff dining area, 3 staff locker rooms, the laundry, kitchen pantry, one wine and one spirits cellar, four storage rooms, a boiler room and a boiler room especially for the Hammam. In addition a new indoor swimming pool and two jacuzzis were completed in 2001.
Title/Site Details	:	The property is held freehold, and consists of land parcels 324, 254, 291, 292, 293 and 294 which amount to a total site area of about 1,086m^2.
Open Market Value, Existing Use Basis	:	Euro 9,000,000 (Nine Million Euro)
Valuation Date	:	30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. We have valued this Property assuming that the existing management agreement would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuation contained herein.

HOTEL BORA BORA, FRENCH POLYNESIA

Property	:	**Hotel Bora Bora** Bora Bora, French Polynesia
Description	:	The Bora Bora hotel is a 5 star deluxe tropical island resort. The hotel was originally constructed in 1961 with a classic design. The hotel accommodation and facilities are housed in independent bungalow and fare (villa) style units with separate administration, restaurant and bar facilities. We have prepared this exercise on the basis of 54 accommodation units plus staff housing. The bungalows and fares are built in a Polynesian style with hand tied thatched pandanus roofs, ceiling fans and natural wood interiors. The decor throughout is neutral with an emphasis on natural lighting and orientation toward the lagoon and tropical gardens. Other facilities include 2 food and beverage outlets, 2 tennis courts, games room and library.
Title/Site Details	:	We are advised by the management of Silverlink that the property comprises a total site area of approximately 50,000 square metres and this is held with freehold title (except for a small parcel held as a co-tenancy). Hotel Bora Bora also has maritime concessions for the over water bungalows and beaches. These concessions are usually for limited periods and while strictly there are no rights of renewal such renewals are usually a formality. Additionally, surplus land for further development of 20,961 square metres forms part of this valuation.
Open Market Value, Existing Use Basis	:	USD19,000,000 (Nineteen Million United States Dollar) Additional potential land value USD2,500,000.
Valuation Date	:	30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. We have valued this Property assuming that the existing management agreement would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuation contained herein.

AMANJENA, MOROCCO

Property : **Amanjena**
Route de Quarzarate Km 12, Marrakech 40000, Morocco.

Description : The resort was completed in February 2000 at a cost of approximately US$19 million and is the first Amanresort property on the African Continent.

The resort Amanjena is situated alongside on 18-hole golf course with a second course (royal golf course), less than a kilometre away. The city of Marrakech is approximately 7 kilometres from the resort.

The property offers 41 units, 34 of which are classified as pavilions and seven as two-storey maisons, with six having a garden and pool and one with no pool (was originally intended to be Manager's residence). The seven maisons surround the basin in blocks of two along three sides. The pavilions surround the maisons, separated by two elongated basins.

An upstairs master bedroom and bathroom distinguish the six, two bedroom Maisons, These units offer also private swimming pool and gazebo.

All the bedrooms are equipped with air-conditioning and central heating.

Title/Site Details : The property is held freehold, and comprises land parcel number 3510/43. The total site area is about 52,800m^2.

We are advised by the legal adviser of the Company on Moroccan law that Revlys Marrakech is registered as the title holder in the title records. The land has no servitude or other rights and encumbrances other than a first deed of mortgage in favour of a bank consortium guaranteeing the payment of a loan of 20,000,000 dirhams and a second deed of mortgage in favour of the state pending payment of the registration rights and penalties in the event Revlys Marrakech fails to perform its undertaking on the land. We are further advised by the legal adviser of the Company on Moroccan law that the Revlys Marrakech has performed its undertaking on the land and the encumbrance thereon can be removed by application to the relevant government authority.

Open Market Value, Existing Use Basis : USD29,000,000 (Twenty Nine Million United States Dollar)

Valuation Date : 30 September 2003

Notes:

1. This valuation should be read in conjunction with the Desktop Valuation Letter dated 23 October 2003 detailing various issues relating to our instructions, general assumptions, limiting conditions and the like which are of relevance to the value reported herein.

2. It should be noted that our valuation relates to the real estate including the land, building and other improvements thereof and not the ownership or the shares within.

3. We have valued this Property assuming that the existing management agreement would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuation contained herein.

APPENDIX II

General Assumptions and Limiting Conditions

1. TITLE INVESTIGATIONS AND TENURE

We have not been provided with any original documents of title or leases and, for the purpose of these valuations, have accepted as complete and correct the provided details of tenure and land title. We have not seen original planning consents and have assumed that the properties have been erected, being occupied and used in accordance with such consents and that there are no outstanding statutory notices.

Each property has different tenure characteristics, details of which are provided in the respective Valuation Certificates. It is a condition of the use of this report that the reader understands these characteristics for each property individually.

2. SITE INVESTIGATION

We have not carried out site measurements to verify the correctness of the provided site areas or boundaries of the relevant properties or the lots and have assumed that the site areas and boundaries obtained by us are correct.

We were not instructed to carry out any investigations on site in order to determine the suitability of ground conditions and services, nor did we undertake archaeological, ecological or environmental surveys. Should it be established subsequently that contamination, subsidence or other defects exist at the sites or on any neighbouring land, or that the sites have been or are being put to any contaminated use, we reserve the right to adjust the values reported herein.

3. PROPERTY INSPECTION

We have assumed that there is no material change to the properties, land titles, ownership interests and their operations, which would affect the values of the properties between the earlier inspection dates and the valuation date, 30 September 2003, as stated in this Report.

As agreed with Company, we have not reinspected the properties. Therefore, our current valuations for these properties are subject to the critical underlying assumption that they are of the same quality and condition as inspected for the previous valuations. Should this prove not to be the case, Jones Lang LaSalle Hotels reserves its right to revise the valuations contained herein.

We have not conducted formal structural surveys and, as such we cannot report that the properties are free from rot, infestation or any other structural defects. We have not carried out building surveys and have assumed that the buildings are in good repairs and condition. We cannot express our opinion about or advise upon the condition of parts not inspected and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the respective property’s building services.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the properties or has since been incorporated, we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

4. MANAGEMENT AGREEMENTS

As stated previously, we have valued the hotels (with the exception of The Chedi) assuming that the existing management agreements would remain in place. Given the premium average room rates achieved at each Aman property, continuation of Amanresort's management is considered to be fundamental to the maintenance of such rates and therefore the valuations contained herein.

The prestige and mystique associated with the brand underpins historic and future performance. This in turn drives the profitability that produces the valuations contained in each Certificate.

We summarized below the relevant key terms of the Amanjiwo management agreement dated 10 January 1996 which we have been provided with a copy and are advised by the management of Silverlink to be indicative of the terms of the management agreements for other hotels, which we have been provided with brief information of the terms, expiry dates and management fees payable thereunder.

Training, Advertising and Promotion	Aman to recruit and train staff for the hotel and use best efforts to advertise the business. Owner to provide all necessary funds reasonably required for such efforts.
Operation of Hotel	Aman has exclusive right to direct, supervise manage and operate the hotel as well as to determine programes and policies to be implemented.
	Aman to submit to owner (at least 2 months prior to new financial year) an estimated profit and loss statement for review, recommendations and approval.
	Aman to hire, promote, discharge and supervise the work of executive staff.
	Aman to maintain the hotel in good repair and condition.
	Aman to include the hotel in any centralised marketing with such costs to be borne by the hotel in a pro-rata basis.
Insurance	The owner shall maintain all fire, property and other types of insurance necessary to operate the hotel.

Rates and Taxes	All to be paid by the owner
Books, Records, Statement and Reports	Aman to provide to the owner (within 30 days of month-end) with a monthly profit and loss statement as well as an annual statement (within 90 days of financial year-end).
Management	Aman may charge the owner for its share of expenses for any office maintained outside the hotel.
Repairs, Maintenance and Capital Improvements	Aman to maintain the hotel in good repair and condition Aman is authorised (subject to owners prior approval) to make additions/improvements to the buildings. Associated costs are to be charged as current expenses or capitalised on the books of account.
FF&E Reserve	We are advised that an allowance of 3% or 4% of gross revenue is provided for at each resort for the replacement of FF&E.
Hotel name	Unless agreed upon otherwise, the use of the hotel name shall be terminated should Aman cease management of the hotel.
Termination	The owner may terminate Aman for the following reasons:- • There has been damage/destruction of the hotel that exceeds 120% of the insured amount to remedy • Abandonment of the hotel by the operator Either party may terminate the agreement for the following reasons:- • Either party fails to perform any of the agreement obligations provided that the party in default has not remedied the failure within 30 days of written notice. • Where the hotel (entirely or a substantial portion) is acquired, condemned or closed through lawful acts of the government or legislation. • Either party enters into liquidation.
Successors and Assignment	Either party cannot sell, assign or transfer its interest without the written consent from the other party. The agreement shall be binding on the parties' successors.

We have carried out our valuations assuming an FF&E Reserve of 3% or 4% of annual gross revenues as per the management contracts.

Our valuation of The Chedi has been carried out assuming vacant possession, however, our trade projections still provide for an appropriate allowance for management fees.

5. OTHER ASSUMPTIONS AND LIMITING CONDITIONS

Our valuation herein relates to the real estate property comprising the land, building, and other improvements thereof. It does not relate to the shareholding in the respective property holding companies. Interested parties are advised to conduct their own independent investigations on the land titles, shareholdings, and other legal matters prior to making financial or legal constraints.

Our valuation assessments are based upon current market, as well as likely future conditions as perceived by the market. We stress that the estimation of future market conditions and values is a very problematic exercise which, at best, should be regarded as an indicative assessment of possibilities rather than absolute certainties.

The process of making forward projections involves assumptions regarding a considerable number of variables, which are acutely sensitive to changing conditions. To rely upon this therefore, readers must satisfy themselves as to the reasoning behind these future estimates.

We are not responsible for future marketing efforts and other management actions upon which actual trading results will depend. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved during the analysis period will vary from the assumptions and the variation may be material.

Our valuations have assumed that each hotel would be sold on the market subject to normal payment (excluding VAT or other taxes) and completion terms without the benefit of deferred-terms contract, leasebacks, joint ventures or an similar arrangements which could serve to affect the value of each hotel.

We have not fully searched Title/Lease and our valuations are made on the basis and conditional upon each property being free of encumbrances, restrictions, or other impediments of an onerous nature, which would affect value.

We have not sighted zoning certificates and it is assumed, unless otherwise stated, that the property complies with the requirements of the relevant planning regulations.

During the course of our inspections and from our interviews with the management of the hotels in our previous valuation, we were not made aware of any major items of disrepair, other than those noted, which we regard as serious and which would affect value. We have not however carried out a structural survey nor have we tested any of the service installations therefore are unable to state the properties are free from defect.

Tourism trends in the respective regions are forecast to be at least maintained with gradual improvement in visitor arrivals over the coming years. We also assume no significant changes of an adverse nature will occur within each country's economic and political environment and that there will be no major deterioration in the regional and global economic outlook.

The valuation assume any funds accumulated in the FF&E Reserve escrow, if any, is the property of the vendor in any sale and is accordingly excluded form each valuation.

Our valuations have assumed the vendor sells the individual property interests on the open market subject to normal payment and completion terms without the benefit of deferred-terms contract, lease-backs, joint ventures or any similar arrangements which could serve to affect the values of the property interests.

Hotels are usually sold as fully operational business including fixtures, fittings, furniture, stock and goodwill. New owners will normally engage the existing staff and sometimes the management, and would expect to take-over the benefit of future bookings which are important features of the continuing operation. Accordingly, our value assume that the hotels are open for business and trading up to the date of sale and have the benefit of all necessary assignable licenses, fire certificates, etc.

Fixtures, fittings, furniture and stock are taken into account as inspected on the basis that the hotels are suitably equipped for the satisfactory continuation of the business and that all such furniture, fittings and equipment will be included in any sale. Consumables plus wet and dry stocks are normally excluded.

No allowance is made for any contingent tax liabilities or liability to staff (whether relating to redundancy payments, pensions or otherwise). No allowance has been made in our valuations for any charges, mortgage or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale.

That company profit can be repatriated out of the relevant country in hard currency, namely US dollars.

Each property would be properly and effectively marketed and in arriving at our opinion of market value that the marketing period would allow a reasonable period of time for exposure to the market and negotiation.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained in this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interest in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) of the Directors or chief executive officer of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO to be entered in the register referred to therein; or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange are as follows:

	Long position		Short position	
Name of the Director	**Nature of interests**	**Number of shares**	**Nature of interests**	**Number of shares**
Tan Boon Seng	Personal	900,000 Shares	—	—
	Corporate *(Notes 1, 3 & 4)*	19,442,000 Shares	—	—
Tan Choon Keat, Tony	Corporate *(Notes 1 & 2)*	8,304,000 Shares	—	—
Yeung Chik Kin	Personal	225,800 Shares	—	—

Notes:

1. Wah Seong Enterprises Sdn. Bhd., which is beneficially owned by Mr. Tan Choon Keat, Tony and Mr. Tan Boon Seng, held 2,100,000 Shares.

2. Tan Kim Yeow Sdn. Bhd. and TKY Investments Pte. Ltd., which is beneficially owned by Mr. Tan Choon Keat, Tony, held 6,204,000 Shares.

3. HK 1 Limited, which is beneficially owned by Mr. Tan Boon Seng, held 14,361,000 Shares.

4. TYMS Limited, which is beneficially owned by the children of Mr. Tan Boon Seng and Mr. Tan Boon Seng acts as trustee for his children, held 2,981,000 Shares.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive officer of the Company had any interest in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO to be entered in the register referred to therein; or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors were aware, the following persons, not being a Director or chief executive officer of the Company has an interests or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who, is directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Number of Shares held		Approximate shareholding percentage
Parkway Holdings Limited	125,332,186	*(Note 1)*	37%
NWD (Hotels Investments) Limited	54,500,000	*(Note 2)*	16.09%
IGB Corporation Berhad	35,020,000	*(Note 3)*	10.34%
Tan Boon Seng	20,342,000	*(Note 4)*	6%

Notes:

1. The interest of Parkway Holdings Limited was held through its wholly owned subsidiaries, Parkway Panama Limited Inc and M&P Investments Pte Ltd.

2. The interest of NWD (Hotels Investments) Limited, which is owned as to 64% owned by New World Development Co. Ltd. and as to 36% by Chow Tai Fook Enterprises Ltd., was through its wholly owned subsidiary, Keep Silver Investments Limited.

3. The interest of IGB Corporation Berhad was held through its wholly owned subsidiary, Intercontinental Aviation Services Sdn. Bhd..

4. The 20,342,000 Shares are held as to 900,000 Shares by Mr. Tan Boon Seng, as to 2,100,000 Shares by Wah Seong Enterprises Sdn. Bhd., as to 14,361,000 Shares by HK 1 Limited and as to 2,981,000 Shares by TYMS Limited. Wah Seong Enterprises Sdn. Bhd. is beneficially owned by Mr. Tan Choon Keat, Tony and Mr. Tan Boon Seng. HK1 Limited is beneficially owned by Mr. Tan Boon Seng. TYMS Limited is beneficially owned by the children of Mr. Tan Boon Seng and Mr. Tan Boon Seng acts as trustee for his children.

Save as disclosed herein and so far as the Directors were aware, no person has an interests or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who, is directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed contract of service with any member of the Group which is not expiring or terminable within one year without payment of compensation (other than statutory compensation).

5. MATERIAL CONTRACTS

The following contracts have been entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) within two years immediately proceeding the date of this circular and are or may be material:

(a) the agreement dated 17 February 2003 entered into between Rockline Limited as vendor and Silverlink as purchaser relating to the repurchase of 2,015,000 Silverlink Shares for a consideration of US$16,120,800;

(b) the Argent-Silverlink Agreement;

(c) the Participation Agreement.

6. EXPERT'S CONSENT AND QUALIFICATION

The following is the qualification of the professional adviser who has given opinion or advice which is contained in this circular:

Name	**Qualification**
Jones Lang LaSalle Hotels	Professional valuer

Jones Lang LaSalle Hotels has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and all reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, Jones Lang LaSalle Hotels was not beneficially interested in the share capital of any member of the Group nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and so far as the Directors are aware, no litigation or claim of material importance are pending or threatened by or against the Company or any of its subsidiaries.

8. MISCELLANEOUS

(a) Save as disclosed in this circular, there is no contract or arrangement entered into by any member of the Group subsisting at the date hereof in which any Director is materially interested and which is significant in relation to the business of the Group.

(b) Save as disclosed in this circular, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since 31 December 2002, the date to which the latest published audited accounts of the Group were made up.

(c) The secretary of the Company is Mr. Chan Kai Kwok, F.C.C.A., A.H.K.S.A.

(d) The registered office of the Company is situated at Suites 1506-07, 15th Floor, Nine Queen's Road Central, Hong Kong.

(e) The share registrars and transfer office is Standard Registrars Limited of G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

(f) The English text of this circular shall prevail over their respective Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at Suites 1506-07, 15th Floor, Nine Queen's Road Central, Hong Kong from the date of this circular up to and including 6 November 2003:

(a) the memorandum of association and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2002;

(c) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(d) the written consent referred to in the section headed "Expert's consent and qualification" in this appendix; and

(e) copies of the legal opinions from Tingey & Co. dated 19 September 2003, the legal adviser of the Company on Indonesian laws; Russin & Vecchi dated 29 September 2003, the legal adviser of the Company on Thai laws and Societe Fiduciaire Du Maroc dated 23 September 2003, the legal adviser of the Company on Moroccan laws, respectively, together with an English translation of the legal opinion of Societe Fiduciaire Du Maroc dated 23 September 2003.