

PROPOSED COMPANY NAME CHANGE

Both New Asia Realty and Trust Company, Limited and its Singapore-listed subsidiary Marco Polo Developments Limited have proposed to be renamed as Wheelock Properties Limited and Wheelock Properties (Singapore) Limited respectively. Such new identities should, in the Boards' view, better reflect the principal business activities of both companies as well as their association with Wheelock and Company Limited, the ultimate holding company.

These name changes will be subject to approval by shareholders of the two companies at the Extraordinary General Meeting of Marco Polo Developments and the Annual General Meeting of New Asia Realty to be held in July 2004 and August 2004 respectively. Even though such proposals would still need to go through the regulatory formalities, I am glad to have acknowledged our major shareholder – Wheelock's full support with respect to this exercise which certainly helps to smooth our path.

RESULTS

For the year ended 31 March 2004, Group profit attributable to Shareholders amounted to HK\$1,053.7 million. Earnings per share were 50.9 cents. Turnover during the year amounted to HK\$1,602.3 million.

An interim dividend of 2.0 cents per share was paid by the Company in December 2003 in respect of the year ended 31 March 2004. Your Directors have recommended the payment of a final dividend of 5.0 cents per share, subject to the Shareholders' approval at the forthcoming Annual General Meeting. The total dividend distribution for the year will be 7.0 cents per share.

The Group's investment properties were revalued as at 31 March 2004 and the Group's investments in securities were also stated at fair value. The consolidated net asset value per share of the Company as at 31 March 2004 was HK\$6.06 compared to HK\$4.67 for the preceding year.

BUSINESS REVIEW & PROSPECTS

An unprecedented combination of events in 2003 including terrorism overseas, SARS, the Central Government's policy initiatives in favour of Hong Kong and the economic upturn had caused not only the extremely volatile business environment during the year but also a profound change in local sentiment. Before the sudden emergence of SARS, the local economy had been in dreadful shape. But as the Central Government stepped in with a variety of measures towards the end of this epidemic, a bottom was quickly established. A V-shaped recovery followed and the adjustment process lasted only a few months – valuations have returned to the pre-SARS level or climbed even higher, while there exists tremendous improvement in market sentiment.

PROPERTY ACTIVITIES

Company's own interests

Sorrento is an MTRC joint-venture project above the Kowloon Station, equally owned by a five-member consortium comprising New Asia Realty, Wheelock, Realty Development Corporation (now a wholly-owned subsidiary of New Asia Realty), Wharf and Harbour Centre Development. As at the end of March 2004, the entire 1,272 units of Phase I had been sold, raising more than HK\$6.1 billion in proceeds. With respect to Phase II consisting of Towers 1 and 2, which was launched one year later in November 2002, cumulative sales and proceeds reached 799 units (93% sold) and HK\$5.3 billion as at the end of this financial year under review.

Bellagio, in Sham Tseng on the western shore of New Territories overlooking the Tsing Ma Bridge, is a joint-venture development equally owned by New Asia Realty, Wheelock and Wharf. Phases I and II were first launched in September 2002 for pre-sale. As at the end of March 2004, cumulative sales reached 1,677 units (98% sold), realising sales proceeds of HK\$4.0 billion. Construction works for Phases III and IV, which cover the remaining 1,641 units, commenced in March 2003. The application for pre-sale permit is currently being processed.

Parc Palais is owned by a five-member consortium comprising New Asia Realty's wholly-owned subsidiary Realty Development Corporation, New World Development, Sino Land, Chinese Estates and Manhattan Garments. This residential project located in Homantin is being developed into 700 units with a gross floor area of about one million square feet. Occupation Permit was issued in February 2004. Pre-sales for both Phases I and II commenced in August 2003. As at the end of March 2004, cumulative sales and proceeds reached 491 units (70% sold) and HK\$4.3 billion.

Marco Polo Developments group (75% owned) (To be renamed Wheelock Properties (Singapore) Limited)

Wheelock Place, a commercial building with 464,900 square feet in GFA on Orchard Road in Singapore, is currently 96% leased at satisfactory rental rates.

Marco Polo Developments had made two significant acquisitions during the financial year under review, namely, the Sea View Hotel site and the Times House site. Subsequent to the year end, the group also completed in May its purchase of all the freehold China Airlines apartments which are located right next to the Sea View Hotel site. While the redevelopment works for the 228-unit Times House condominium project have started recently, a residential development plan for about 546 apartments is now being proposed on the amalgamated site of the Sea View Hotel/China Airlines apartments. Both projects will be launched for sale in mid-2005.

The Grange Residences obtained a Temporary Occupation Permit on 12 March 2004 and the official launch of all units took place within the same month. To date, 57% of the total 164 units have been sold.

Ardmore View is currently 90% leased at satisfactory rates. All tenancies will expire by December 2004 and the existing building will then be demolished. A residential condominium development of about 166 apartments has been proposed. Target launch date is sometime near mid-2005.

OUTLOOK

Underpinned by the swift growth in the Pearl River Delta area, Hong Kong has been playing the role of the region's leading business platform with established and growing critical mass. Now that the Central Government has begun to implement measures targeting at the three pillars of the Hong Kong economy – Trade and Commerce (CEPA), Tourism (relaxation of travel restrictions on individuals) and Finance (allowing banks in Hong Kong to conduct RMB business) – the domestic outlook for business has also turned positive.

Property markets in Singapore and Hong Kong are both at a similar stage of the recovery path. Office rentals are likely to remain in the consolidation mode for a while whereas the retail market is improving. The residential market also appears to be on an improving trend. However, current demand in this segment is still price sensitive.

Gonzaga W. J. Li

Chairman

Hong Kong, 7 June 2004