

MANAGING DIRECTOR & CHIEF EXECUTIVE'S STATEMENT

RESULTS

I report to the shareholders that the audited consolidated loss of the Group attributable to shareholders for the year ended 31 March 2004 amounted to HK\$11,794,616 (2003: profit as restated of HK\$38,427,691). The directors do not recommend the payment of any dividend for the year.

REVIEW OF OPERATIONS

The business of Cheung Chau Warwick Hotel remains stable during the year. However, the business of Beijing Warwick International Apartments was severely affected by SARS and turnover decreased by 20% compared with last year.

The carport podium in Mongkok, Kowloon held by the Group that is let to a carpark operator continues securing a stable rental income to the Group.

All the residential units including private car parking spaces of the Nob Hill development, our Company's joint venture development project with Cheung Kong (Holdings) Limited, were sold.

The directors mentioned in our last year annual report that Old Sydney Town Theme Park, which owns and operates by the Company's associate Bolan Holdings N.V., ceased its operation in early 2003. Under such circumstances, the directors of that associate have re-assessed its interest in land situated in Sydney, Australia and made an additional impairment provision of asset value by US\$6 million.

PROSPECTS

The Group continues the pre-redevelopment work of the adjacent lands of the Nob Hill development.

Since the close of the Old Sydney Town Theme Park, the Company had then engaged professionals to explore the possibility of future usage of the piece of land where the Theme Park was situated.

Both the Cheung Chau Warwick Hotel and Beijing Warwick International Apartments are now under renovation. After renovation, the directors believe that both the room rate and occupancy rate will improve and have positive effect on both the turnover and revenue of these two establishments.

As the effect of SARS has faded out and the CEPA (Closer Economic Partnership Arrangement) has been put into effect, the general economy of Hong Kong is now recovering. Further, the promotion of individual traveler to Hong Kong by the Chinese Government has a very positive effect on the retail and hotel and travel industries. In the circumstances, the directors will capture such opportunity and consider new business and investment opportunities that may provide the Group with better recurrent income.

The Group has approximately 110 employees. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment to reward and motivate individual performance.

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FINANCE ACTIVITIES

At the balance sheet date, the bank and other loans facilities of the Group and the Company amounted to approximately HK\$89,356,000 (2003: HK\$159,456,000) and HK\$67,200,000 (2003: HK\$132,931,000) respectively, of which approximately HK\$89,260,600 (2003: HK\$152,456,000) and HK\$67,104,000 (2003: HK\$125,931,000) were utilized, respectively. These facilities were secured by various properties and deposits, details are set out in note 33 to the financial statements.

At 31 March 2004, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 31 March 2004 amounted to approximately HK\$478 million (2003: approximately HK\$493 million). Accordingly, the Group's gearing ratio (total bank and other loans facilities utilized to shareholders' funds) at 31 March 2004 is 19% (2003: 31%).

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

Derek Chiu

Managing Director & Chief Executive

Hong Kong, 22 July 2004