

Chairman's Statement

On behalf of the Board of Directors, I present the 2003/2004 Annual Report to the Shareholders.

RESULTS

The Group's audited results for the financial year ended 31st March 2004 was a loss of HK\$21,015,059 compared to a loss of HK\$56,689,304 for the previous year.

REVIEW & OUTLOOK

The Group's main activities in China consist of property and property related investments including hotel operations and the trading of furniture items. The loss is primarily due to a loss on decoration contractor and trading. The Shangri-La Dingshan Nanjing Hotel which is not operating at full capacity has also contributed towards the loss.

The development project in Shanghai has resumed full-speed after an agreement with the joint venture partner was successfully reached. In light of the blooming property market outlook in China, this project is expected to generate favourable income in the coming years. At the same time, the Group continues to look selectively for opportunities in acquisitions in China and forming strategic alliances. This is a long term strategy which needs time to realise. The Group is confident that this is the best strategy for business development in line with China's dynamic and fast growing economy

APPRECIATION

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

Wong Kin Wah, George
Chairman

Hong Kong, 19th July 2004