

To our shareholders

On behalf of the Board of Directors of Oriental Investment Corporation Limited ("Oriental Investment" or the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the financial year ended 30 April 2004.

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of HK\$1.5 million (2003: HK\$289.3 million). Loss attributable to shareholders amounted to HK\$22.1 million (2003: HK\$4.9 million). Loss per share was HK1.15 cents (2003: HK0.26 cents). At 30 April 2004, the Group's net cash position amounted to HK\$0.58 million (2003: HK\$2.3 million) represented 0.63% (2003: 2%) of the shareholders' equity of HK\$92.36 million (2003: HK\$113.9 million).

DIVIDEND

The Board of Directors do not recommend the payment of any dividend for the year ended 30 April 2004 (2003: Nil).

EQUITY

The Company's issued and fully paid share capital as at 30 April 2004 amounted to HK\$192,001,800 divided into 1,920,018,000 ordinary shares of HK\$0.10 each.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

The year ended 30 April 2004 was a difficult year for the Group's business in the PRC especially the first half of the year. It has been gradual recovery upon the restructuring of the Group's business portfolio.

Given that the Group is in the process of restructuring its portfolio of assets, in particular, the Group announced on its announcement of 5 Aug 2004 in relation to acquisition transactions mainly in investment in the PRC and Hong Kong properties.

The Board is of the view that the above mentioned acquisitions provide the Group with an ample investment opportunity for its business expansion in the field of property investment and development.

The Group will be continuing to focus on pursuing its core business in the field of property investment and development in the PRC. The Group is also evaluating and exploring business and investment opportunities made available to the Group, which could be of long-term interest and to the benefit of the Group and the Shareholders as a whole.

The Group is in the process of restructuring its portfolio of assets. This will enable the Group to improve its liquidity position and support its future investments in the PRC properties and development in bakery and telecommunication related trading businesses of the Group.

Confronting with the transitional period of restructuring the Group's assets, the Group is determined to make every endeavor to overcome the obstacle by strategic measures. These include effective reallocation of resources to profitable operations with growth anticipation.

LIQUIDITY AND FINANCIAL RESOURCES

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

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

DISPOSALS OF SUBSIDIARIES

As part of the restructuring process, the Group disposed of its non-core business operations during the year. On 22 December 2003, the Group disposed of its subsidiary, namely Qixiang International Limited which was engaged in eels feeds operations. The Group recorded a gain of approximately HK\$486,000 on the disposal. Besides, the Group also disposed of its 30% interest in Australian Environmental Protection Technology Holdings Ltd on 21 October 2003 and recorded a gain of approximately HK\$2,849,000.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 April 2004, the Group had 10 employees in Hong Kong and the PRC (2003: 30). Remuneration is determined by reference to market term and the performance, qualification and experience of individual employee. The Group also provides year end double pay, contributory provident fund, performance bonus and medical insurance.

CONTINGENT LIABILITY

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

FOREIGN EXCHANGE AND CURRENCY RISKS

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

APPRECIATION

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

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

Lai Leong

Chairman

30 August 2004