

MANAGING DIRECTOR & CHIEF EXECUTIVE'S STATEMENT

RESULTS

I report to the shareholders that the audited consolidated profit of the Group attributable to shareholders for the year ended 31 March 2005 amounted to HK\$8,791,869 (2004: loss of HK\$11,794,616).

The directors do not recommend the payment of any dividend for the year.

REVIEW OF OPERATIONS

Cheung Chau Warwick Hotel continues captured more local business with turnover on food and beverage section increased by 28% compared with last year. The business of room section also increased by 8% compared with last year. The consolidated turnover has then been increased by 20% compared with last year.

The turnover of Beijing Warwick International Apartments has increased by 24% compared with last year.

During the year, the Group has disposed its carport podium at 3rd to 6th Floor, Lisa House, No. 33-37 Nelson Street, Kowloon, Hong Kong at a consideration of HK\$34,500,000 and making a profit of approximately HK\$8 million.

During the year, the Company's associate has disposed its property situated at Office Tower of Convention Plaza, Hong Kong and the Group has shared a profit of approximately HK\$14.8 million.

The directors of the Company's associate Bolan Holdings N.V. have re-assessed its interest in land situated in Sydney, Australia and made an impairment provision of asset value by US\$5 million.

PROSPECTS

Phase I's renovation of both the Cheung Chau Warwick Hotel and Beijing Warwick International Apartments has been completed and approximately 50% and 30% of the rooms have been renovated respectively. After renovation, both the room rate and occupancy rate have shown improvement. Phase II's renovation of both establishments has begun in order to cope with the recovery of economy.

Further, there is an added benefit to Beijing Warwick International Apartments with the opening of the new road from the Second Ring Road to the side of the apartments and the 2008 Olympic Games event. To cope with this benefit, the Company has decided to open a new entrance with reception of Beijing Warwick International Apartments facing the new road.

In view of the turnaround economic situation in Hong Kong, the Company will actively consider the redevelopment of the adjacent lands of the Nob Hill development and look for opportunities in its core business as well as diversifying into other businesses.

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EMPLOYEES

The Group has approximately 100 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.

FINANCE ACTIVITIES

At the balance sheet date, bank loan and overdraft facilities of the Group and the Company amounted to approximately HK\$31,734,000 (2004: HK\$89,356,000) and HK\$18,710,000 (2004: HK\$67,200,000) respectively, of which approximately HK\$29,545,000 (2004: HK\$89,260,000) and HK\$16,640,000 (2004: HK\$67,104,000) were utilized, respectively. These facilities were secured by various properties and deposits.

At 31 March 2005, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 31 March 2005 amounted to approximately HK\$481 million (2004: approximately HK\$478 million). Accordingly, the Group's gearing ratio (total bank loan and overdraft facilities utilized to shareholders' funds) at 31 March 2005 is 6% (2004: 19%).

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, 15th July, 2005