

Managing Director & Chief Executive's Statement

RESULTS

I have pleasure in reporting to the shareholders that the audited consolidated net profit of the Group attributable to shareholders for the year ended 31 March 2003 amounted to HK\$38,264,144 (2002: loss of HK\$25,344,197). The directors do not recommend the payment of any dividend for the year.

REVIEW OF OPERATIONS AND PROSPECTS

Vacant possession of the residential units of Nob Hill was delivered to the purchasers in September 2002. As at the year end date, over 90% of residential units were sold and the commercial podium thereof was successfully sold to our joint venture partner in December 2002. The directors are optimistic to successfully sell the remaining residential units.

The business of Cheung Chau Warwick Hotel remains stable during the year under review and due to its nature as a local resort hotel, it is the least affected hotel during SARS period. However, the business of Beijing Warwick International Apartments was severely affected by SARS in the first half of 2003.

In September 2002, the Group acquired a carport podium in Mongkok, Kowloon which has a total gross floor area of approximately 29,400 square feet and was let to a carpark operator thereby securing a stable rental income to the Group.

Segment loss of hotel operation of approximately HK\$6.8 million (2002: approximately HK\$1.3 million) included a revaluation decrease on hotel property of approximately HK\$6.3 million (2002: approximately HK\$2.6 million) and provision for long service payment of HK\$1 million (2002: HK\$ nil) respectively.

Segment loss of property rental of approximately HK\$16.3 million (2002: approximately HK\$5.6 million) included a revaluation decrease on investment properties of approximately HK\$9.9 million (2002: approximately HK\$0.5 million).

In order to enable the Group to have greater flexibility and control on the redevelopment of the land situated at No. A7, Nan Shui Guan, Guang Qu Men, Chong Wen District, Beijing (北京市崇文區廣渠門南水關甲七號院), the location where Beijing Warwick International Apartments ("BWIA") is situated, the Group acquired 25 percent equity interests in Tradeland Investments Limited ("Tradeland"), which holds BWIA, at a consideration of HK\$37 million. Tradeland then became an indirectly wholly-owned subsidiary of the Company.

During the year under review, Old Sydney Town Theme Park, which owns and operates by an associate Bolan Holdings N.V., ceased its operation on 27 January 2003. Further, the directors of that associate have re-assessed its interest in land situated in Sydney, Australia and made an impairment provision of asset value by US\$11 million.

For long-term purpose, an associate of the Group, which is jointly owned by the Group and a company controlled by a director of the Company, acquires a property consisting of gross floor area of approximately 8,130 square feet as office for both parties. The completion date was on 30 April 2003. Rent is charged to both parties at fair market value.

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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.

FINANCE ACTIVITIES

At the balance sheet date, the Group had bank loans and overdraft facilities amounting to HK\$159,456,314 (2002: HK\$199,265,883), of which HK\$152,456,314 (2002: HK\$192,265,883) were utilised. These facilities were secured by legal mortgages over the Group's properties and deposits with an aggregate net book value of HK\$74,860,931 (2002: HK\$57,449,788) and HK\$2,161,807 (2002: HK\$2,136,010) respectively.

At 31 March 2003, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Shareholders' funds at 31 March 2003 amounted to approximately HK\$544 million (2002: approximately HK\$584 million). Accordingly, the Group's gearing ratio (total bank loans and overdraft facilities utilized to shareholders' funds) at 31 March 2003 is 28% (2002: 33%).

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, 18 July 2003