

# Chairman's Statement

30 April 2001

Business sentiment has deteriorated again in Hong Kong subsequent to the burst of the US NASDAQ market. Damages brought by the tumbling tech shares have been replicating in other sectors of the economy. While consumer confidence is sinking to new low, the rate of unemployment remains high. In the face of this murky economic outlook, the Group understands that its operation must be able to accommodate and adjust to this down-trodden economic situation.

One of our main strategies is to allocate resources more efficiently. The resources of operations adversely affected by the cyclical downturn with limited potential are consolidated to other profitable operations.

Furthermore, for hi-tech projects that are undergoing developments, priority will be given to the one which will add value to established markets and truly satisfy customer needs. Those fetching but out of tune with the market demand are relegated for re-assessments. Market force has shown that cutting edge technology with over ambitious business model often leads to disasters. In the New Economy, click and mortar hybrid will prevail. The Group will base on such model to position ourselves for future growth.

In the coming year, the Group will try to shift its focus to Mainland China due to the fact that economies in major developed countries undergo a simultaneous slump except Mainland China. Correspondingly, the Group will allocate more resources into the Mainland market, as Mainland China is expected to become a WTO member soon. In Hong Kong, local operations may have to undergo consolidation in order to strengthen their competitiveness.

Lastly, I would like to take this opportunity to extend my appreciation to all my fellow employees and management for the dedication and hard work that they have shown all through the years. In particular, I would also like to extend my thankfulness to the Group's shareholders for their continued support.

**Cheung Yan Lung**, *CBE, OstJ, JP*  
*Chairman*

Hong Kong, 29 August 2001

