

Chairman's Statement



To Our Shareholders,

With an export-driven economy, Hong Kong is unavoidably affected by any hiccup in the outside world. In the past few years, Asian financial crisis, Tech Bubble, 911 incident, all had a material impact on Hong Kong. However, there has been nothing comparable to the SARS outbreak earlier this year to have such an extensive and in-depth impact to all walks of life in Hong Kong. Luckily, it was all gone under the summer sunlight.

Economic cycle is just like riding on a Ferris wheel. Hong Kong has gone through many ups and downs in the past. Unavoidably, one needs to go through the lowest point before reaching the peak again. The disappearance of SARS seems to mark a milestone for the end of bads for Hong Kong. With the recent turnaround of the market sentiment, it is very likely that the Hong Kong has reached the end of the tunnel and the bright sunshine is not far from us.

Reviewing the history of the Group, the management always bears in mind to "lend a hand" to Hong Kong and Mainland China while we are working hard for shareholders' benefits.

As we had built the Hong Kong Convention & Exhibition Centre during the economic downturn of the 1980s in a bid to boost trade development, today is also a critical moment for us to do something for the Hong Kong pillar industry, tourism. In May 2003, the Group has agreed to finance the design and construction of the "Avenue of Stars" project with a total cost of HK\$40 million, and volunteered to manage and maintain the Avenue for 20 years. We are confident that the project will become another landmark that proves popular with visitors worldwide and will make a worthy contribution to the tourism industry.

As one of the leading conglomerates based in Hong Kong and Mainland China, with businesses affecting people's daily lives, the Group launched the "Create a New World for Children" Corporate Alliance Campaign with UNICEF in August 2003 to help and ease the plight of the underprivileged in our society. We both share the same commitment in creating a better environment for disadvantaged children and improving their education opportunities. This strategic alliance is a two-year partnership between the two organisations which aims to promote the survival, protection and development of the underprivileged children in Mainland China. "Girls' Education" is the main theme highlighted in the first-year campaign.

Dr. Cheng Yu Tung

Chairman

Hong Kong, 16 October 2003