

# CHAIRMAN'S STATEMENT

## BUSINESS FOCUS IN TUNE WITH MACRO AND MICRO DEVELOPMENTS

2004 has been a challenging year for most businesses including ours. The global economy has enjoyed another year of satisfactory growth under the backdrop of rising cost of raw materials (including the record crude oil prices) and increasing interest rates. In the case of the China and Hong Kong markets, both have thrived; with the Per Capita GDP for China rising and the unemployment rate in Hong Kong declining, complemented by the substantial influx of Chinese tourists into Hong Kong invigorating cross border tourism and the retail trade.

What is obvious is the willingness of consumers to invest and spend in both China and Hong Kong. Real estate prices in tier one Chinese cities, including Hong Kong, have shown strong momentum from the immediate post-SARS level which translates into on average, mid to high double digit housing price increases in 2004. Historically, Asia Pacific countries, especially the seven economic dragons, all have exhibited a similar growth pattern spilling over from exports to tourism, then to consumer spending; and in the case of China, the substantial improvement in consumer (including luxury) goods sales are good indications of this similar pattern will take place also in China.

In addition to these positive developments on the macro and regional front that provides a favorable backdrop for the future development of the Company, other relevant events will include the opening up of more commercial sectors in China; the rapid development of network technology through digitalization leading to affordable bandwidth supply creating a huge demand for content deliver through broadband TV and video streaming; and the continuing developments in the communications sectors exemplifying the significance of the media and digital convergence, i.e. the convergence of different media and the ultimate goal of delivering content of interests to consumers. These factors have motivated the Group to restructure its business focus to be involved in the China Media sector. We have announced on 2nd February 2005 for the proposed conditional acquisition of the Anglo Alliance Co. Ltd. ("Anglo Alliance"). Upon the successful acquisition of Anglo Alliance, it is expected that not only will there be an immediate re-rating of the Group, but it is also expected that this acquisition will be synergistic to DVN's business, which in turn enhances our investment in DVN.

## FUTURE AND OUTLOOK

UHL is positioned strategically to participate in the new business sector of China Media, an important part of the consumer sector that is still expected to maintain a strong "outperformance" going forward both in 2005 and at least to 2008 — The Year of the Olympics in China. We are confident that this strategy will be a rewarding experience for our shareholders and also prove to be the most important turning point in Universal's recent history.

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## APPRECIATION

With this opportunity, I wish to extend my appreciation to all my fellow directors and employees for their commitment and dedications during the year. I would also like to thank our shareholders, partners and associates for their continuing support.

**Ko Chun Shun, Johnson**

*Chairman*

Hong Kong, 15th April 2005