

STATEMENT FROM THE CHAIRMAN

Sales have continued to be impressive at the prestigious Bel-Air residential complex, which is well positioned to benefit from the upturn in the property market, offering a bright outlook for the future.

The results for the six months ended June 30, 2005 demonstrate that we are making progress in building a premium quality property development company, which continues to benefit from the recent positive developments in the economies of Hong Kong and mainland China.

The Hong Kong property market gathered strength over the six months to June 30, 2005, thanks largely to the key drivers of limited supply, demand for quality accommodation and confidence generated by an upbeat economic expectation.

Robust growth in mainland China, coupled with its healthy inflow of foreign capital, has added momentum to Hong Kong's broad-based economic recovery.

Benchmark prices and the volume of transactions in the residential market – particularly the premium sector where our principal interest lies – have reached record-high levels in recent years.

Sales have continued to be impressive at the prestigious Bel-Air residential complex, which is well positioned to benefit from the upturn in the property market, offering a bright outlook for the future. Meanwhile, our premium-grade investment properties and proven facilities-management capability are expected to continue to generate a steady stream of income for Pacific Century Premium Developments Limited (“PCPD”) and its subsidiaries (the “Group”).

Looking ahead, we will build on the strength of our brand and explore the potential in redeveloping PCCW Limited's (“PCCW”) telephone exchange buildings into premium properties.

As well as exploring other Asia Pacific real estate markets, we will pursue opportunities offered by PCCW's alliance with China Network Communications Group Corporation to broaden our development portfolio in mainland China's thriving property market.

Lastly, I wish to take this opportunity to express my thanks to our dedicated directors, management team and staff for their ongoing contribution to PCPD, and to thank our shareholders and business partners for their support.

A handwritten signature in dark ink, consisting of a large, stylized loop followed by a smaller, more defined loop.

Richard Li

Chairman

August 18, 2005