

Chairman's Statement

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The year of 2000 was a year of transition for Hong Kong Fortune Limited.

During the year, the Board of Directors reviewed the Company's strategy and decided that, on top of the existing property business, it would adopt the strategy of diversifying into the potentially lucrative retail, wholesale and logistics industries, focusing particularly on the People's Republic of China (the "PRC").

The Directors are currently exploring a number of unprecedented opportunities in these sectors, which would place the Company in a strong position to capitalize on the robust economic growth in the PRC, particularly after its accession to the World Trade Organisation.

Going forward, it is intended that the retail, wholesale and logistics business will become one of the Company's core focuses. The Directors believe that this strategic diversification is in the best interest of the Company, enabling it to create greater value for shareholders.

Nevertheless, the Company will continue to focus on growing its existing businesses. The Directors are currently examining a number of options for developing the Group's prime real estate in Shanghai, in order to maximize returns for shareholders. After enduring a prolonged period of adjustment, Shanghai's property market is now recovering steadily. The average occupancy rates for office blocks in Shanghai have increased substantially and in prime locations in particular, the occupancy rates for high-grade office buildings have seen significant improvements. With the PRC's entry into the World Trade Organisation and the continued improvement of the transport infrastructure in Pudong, the Directors are confident that the future of Shanghai's property market will be even brighter.

I would like to take this opportunity to thank our staff for their dedication throughout the year and our shareholders for their continued support.

Soopakij Chearavanont

Chairman

9 April 2001