

## MESSAGE FROM THE CHAIRMAN



**Mr. WANG Jun**  
*Chairman*

During the financial period under review, the Hong Kong economy was gradually recovering, with the economic growth rate reaching 10.5% for the year 2000. However, amid the global slowdown brought by the New Economy consolidation in the US, future development of the Hong Kong economy becomes uncertain.

The Company has changed its financial year-end date from 31st March to 31st December. For the period from 1st April, 2000 to 31st December, 2000, turnover of the Group amounted to HK\$277,848,000 and the loss for the period was HK\$19,411,000. The loss was mainly attributable to a share of approximately HK\$25,000,000 provision for impairment loss on construction in progress (net of minority interests).

During the period, the proportion of the Group's principal activities to turnover was: manufacturing 92.0%, financial services 6.7%, and property and others 1.3%.

By geographical markets, 92.0% turnover arose in the PRC while the remaining 8.0% derived from Hong Kong.

As the PRC economy kept growing, the country's production of chemical fibre gradually increased in year 2000. The aggregate supply exceeded the aggregate demand, leading to a decline in prices of chemical fibre. At the same time, prices of raw materials were on the rise, leading to a decrease in the profit margin. Looking ahead, the chemical fibre market is expected to remain difficult.

For the current financial period, the PRC economy kept growing steadily and became a crucial contributor to the stabilisation of the Asian economy. In particular, following the signing of the bilateral trade agreements by the PRC with the United States and the European Union, it is expected that the PRC will further open up its market and as a result, its economic development will advance further. In year 2000, the PRC government further implemented its aggressive financial policies by adopting a series of significant measures to stimulate consumption and investment, so as to maintain the rapid and healthy development of its national economy. The Group's advantage and feature are its "China Concept". Following the PRC's accession to the World Trade Organization soon, the Group will fully capitalise on its "China Concept" and form strategic partnership with multinational companies to jointly develop and invest in projects in the PRC for the long-term development of the Group.



**Mr. HE Ping**  
*Vice-Chairman*

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In the coming years, lending support from its controlling shareholder, China Poly Group Corporation, the Group will actively seek other potential and appropriate investment opportunities in the PRC and Hong Kong. Under this strategy, the Group strives to gradually build up an asset portfolio focusing on industrial, commercial and strategic investments. The Group intends to further widen, consolidate and strengthen its earning base for a steady and satisfactory yield, so as to maximise shareholders' returns.

Lastly, on behalf of the board, we express our gratitude for the full support of our shareholders and the dedication of our staff.

**WANG Jun**  
*Chairman*

**HE Ping**  
*Vice-Chairman*

23rd April, 2001