

I hereby present to the shareholders the annual report of China Apollo Holdings Limited (“the Company”) and its subsidiaries (the “Group”) for the year ended 31st December, 2000.

RESULTS

For the year ended 31st December, 2000, the Group’s turnover was approximately HK\$157,875,000 (1999: HK\$156,188,000), representing a marginal increase of 1% from the previous year. The loss attributable to shareholders amounted to HK\$117,224,000 as compared to a loss of HK\$24,207,000 for the same period last year.

FINAL DIVIDEND

The Directors have resolved not to recommend the payment of any final dividend for the year ended 31st December, 2000 (1999: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 21st May, 2001 to Thursday, 24th May, 2001, both days inclusive, during which period no transfer of shares can be registered.

In order to qualify for attendance at the forthcoming Annual General Meeting, all completed transfers forms, accompanied by the relevant share certificates, must be lodged with the Company’s share registrar in Hong Kong, Central Registration Hong Kong Limited at 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration by not later than 12:30 p.m. on Friday, 18th May, 2001.

BUSINESS REVIEW

A detailed review of operations is set out in the “Management Discussion and Analysis” section on page 10 of this report.



Chairman's Statement

PROSPECTS

Looking ahead, as the PRC will join the WTO in the near future, the economic development in Mainland China will become more and more prosperous. When the average income of the people in the PRC are getting higher, the demand for high quality health products will continue to increase in the long term. Apart from existing lines of health products, the Group will continue to launch high quality health products with higher profit margin in future. With the good recognition of “APOLLO” brand name and extensive distribution network in the PRC, the Group will have a competitive advantage in launching new products. Moreover, the Group will implement stringent cost control measures in order to restore its profitability.

PURCHASE, SALE OR REDEMPTION OF OWN SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31st December, 2000.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended 31st December, 2000 except that the Non-executive Directors are not appointed for specific terms as they are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with Article 87 of the Company's Bye-laws.

In March 1999, the Company established an Audit Committee (“Committee”) which comprise of two independent Non-executive Directors, Mr. Wu King Cheong and Mr. Goh Gen Cheung. In establishing the terms of reference for this Committee, the Directors have referred to the “Guide for the Formation of an Audit Committee” issued by the Hong Kong Society of Accountants. The main function of the Committee is to review the Group's financial reporting process and internal control procedures and discussed the audit report and comments with the external auditors of the Company before each results announcement.

APPRECIATION

On behalf of Directors, I would like to thank the management and all staff members for their hard work and dedication. In addition, I extend the Board's appreciation to our business partners and the shareholders for their continued support. With all of your support, I have confidence in the future development and prospect of the Group.

By order of the Board

Lok Fai

Chairman

Hong Kong, 19th April, 2001