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## **PROSPECTS**

In view of the high incidence of rheumatoid disease in the PRC and leveraging on the remarkable curative effects of the Group's anti-rheumatoid capsules and medicinal preparations for the treatment of rheumatoid and/or arthritis selling through its well-established distribution channels of hospitals across the PRC and the famous therapeutic treatment, Hou's Therapy (侯氏療法), the Group has decided to further extend its sales network and strengthen the existing strategic alliance with 94 hospitals by entering into agreements with them to establish the Rheumatic Treatment Centres and to provide technical assistance for the treatment of rheumatoid and/or arthritic conditions of their patients to promote the Group's pharmaceutical products and share the profit generated from such treatment. To this end, the Group has spent approximately HK\$165 million for the hospitals to set up and promote the Rheumatic Treatment Centres and to instal the necessary medical equipment for daily treatment activities. The Board believes that the investment in these Rheumatic Treatment Centres will enhance the long-term cooperation relationship with these hospitals and will lead to a prosperous reward in the near future.

The Group has finally decided to renovate factory premises of the present profit-making entity, Shanxi Zhengzhong Pharmaceutical Co., Ltd., to comply with the GMP standard. The details of the renovation plan will be decided in around June, 2002. The Board believes that the adoption of the GMP standards will substantially enhance the image of the Group and will have a positive effect on the Group's profitability.