

On behalf of the Board of Directors, 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 31 December 2001.

RESULTS

For the year ended 31 December 2001, the Group's turnover was approximately HK\$127,152,000 (2000 : HK\$157,875,000), representing a decrease of approximately 19% from the last financial year. The consolidated loss attributable to shareholders amounted to HK\$155,739,000 as compared to a loss of HK\$117,224,000 for the last financial year.

FINAL DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year ended 31 December 2001 (2000 : Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 16 May 2002 to Wednesday, 22 May 2002, 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 4:00 p.m. on Wednesday, 15 May 2002.

SUBSEQUENT EVENT — CHANGE OF CONTROL

On 11 January 2002, Vision Ocean Investments Limited ("Vision Ocean") has entered into a sale and purchase agreement with Mr. Lok Fai (the controlling shareholder and the chairman of the Group as at 31 December 2001) and Sunny Fortune Limited (the ultimate holding company of the Group as at 31 December 2001 which is beneficially owned by Mr. Lok Fai). Pursuant to the aforesaid sale and purchase agreement, Vision Ocean has acquired 415,000,000 shares of the Company, representing approximately 50.91% of the total issued share capital of the Company upon the completion of the sale and purchase agreement which took place on 25 January 2002.

Pursuant to the Hong Kong Code on Takeovers and Mergers, Vision Ocean has made an unconditional cash offer to acquire all the issued shares and outstanding options of the Company not already owned by Vision Ocean. Upon the closing date of the cash offer on 19 March 2002 and taking into account of the valid acceptances of the offer, Vision Ocean in aggregate interested in 415,230,000 shares in the Company, representing approximately 50.94% of the issued share capital of the Company.

Accordingly, Vision Ocean (which is beneficially owned by Ms. Lo Yuk Yee) became the controlling shareholder of the Company. On 19 March 2002, Ms. Lo Yuk Yee was appointed as an executive director and was elected as the Chairman of the Company on 20 March 2002.

BUSINESS REVIEW

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

PROSPECTS

As China has successfully been admitted into the WTO, it is expected that the economic development in mainland China will become more and more prosperous. With the average income of the people in the PRC 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. As the health awareness of the general population in China is increasing, the Group further sees immense opportunities in the biopharmaceutical market. Therefore, the Group will cooperate with those research institutes in China and foreign pharmaceutical companies to focus on developing pharmaceutical products in order to generate future revenues and enhance the profit margin of the Group. Hence, the board of directors of the Company has proposed to change its name to "MAXX Bioscience Holdings Limited" in order to better reflect those aspects of the business of the Company which the Directors expect will increasingly be its focus in future. A circular containing information on the proposed change of name together with a notice convening a special general meeting of the Company to approve the change of name will be despatched to shareholders of the Company as soon as possible.

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 31 December 2001.

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 (the "Listing Rules") during the year ended 31 December 2001 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.

APPRECIATION

On behalf of the Board of Directors, I would like to express our sincere appreciation to the management and all our staff for their efforts and contribution during the year and to our business partners and our bankers for their continued support to the Company.

Taking this opportunity, I would like to extend my warmest welcome to all new members of the Board and hoping that, with all our efforts, we can increase the value of the Company and generate a better return to the shareholders in the near future.

By order of the Board

Lo Yuk Yee

Chairman

Hong Kong, 22 April 2002