

For the year ended 31st December, 2001, the turnover of the Company and its subsidiaries (collectively the "Group") amounted to approximately HK\$312,340,000 and the loss attributable to shareholders was HK\$26,070,000. This was mainly attributable to the Group's share of approximately HK\$28,650,000 in the loss of a manufacturing subsidiary representing 55% of the total loss of approximately HK\$52,090,000.

During this financial year, the proportion of the Group's principal activities to turnover was :manufacturing 90%, financial services 5% and property and others 5%.

By geographical markets, 90% of turnover arose in the PRC while the remaining 10% derived from Hong Kong.

The prices in the PRC for chemical fibre declined sharply in 2001. This was the result of an imbalance between the aggregate supply and demand which lead to a price war between numerous PRC chemical fibre manufacturers. However, with PRC successfully entry as a full member of the World Trade Organisation ("WTO"), it is expected that prices will stabilise, as the amount of export will increase gradually. In other words, it is envisaged there will be a turnaround in the chemical fibre market in 2002.

The Hong Kong economy is expected to recover following the recovery of its U.S. counterpart. It will also benefit from the strong growth of the PRC economy. Following the PRC's successful entry into the WTO, the economy will continue to record sustained growth. The Group will continue to use Hong Kong as its base to spearhead its operations in the PRC. With the Group's thorough understanding on various aspects of the PRC market, coupled with its abundant resources, it can serve as a drive engine and create synergies with overseas corporations interested in venturing into the PRC market.

## CHAIRMAN'S STATEMENT

The Group, will actively pursue potential investment opportunities in the PRC and in Hong Kong. Under this investment strategy, the Group strives to gradually build up an asset portfolio comprising industrial, commercial and strategic investments. The Group intends to further widen, consolidate and strengthen its earnings base for a steady and satisfactory yield, so as to maximize shareholders return.

Last but not least, on behalf of the board, we would like to express our gratitude for the dedication and effort of our staff and support from our shareholders.

Hong Kong, 18th April, 2002