

## OUTLOOK

With Hong Kong's own deflationary pressures and the world witnessing a slowdown in economic activities, the general business condition was further exacerbated by the tragic event of 911. Despite the relative inelasticity of the demand on our traditional products, we, unfortunately, are not completely insulated from the downturn in market sentiments.

While the management of this company is committed to looking at every potential avenue to make the company leaner and better, we believe that a defensive strategy is only an option that we should consider but not necessarily take. Difficult times indeed bring challenges, but opportunities also follow.

As said, it is important to leave no stone unturned in difficult times to ensure the Company is at its peak of efficiency and competitiveness. Hence, we will spend less on advertising and promotion this year and be more focus on sales-generating (more efficient and effective) advertising or promotional campaigns. Further, all staffs had put in additional efforts in exercising cost cutting.

Perhaps, what is the most important is our commitment to Hong Kong, the global markets, shareholders, partners, customers and staff as evident in our 75 years history of manufacturing Hoe Hin Pak Fah Yeow (“和興白花油”) and investment in conducting more clinical studies and research. As such, we will continue to invest in a wise and prudent manner, ensuring the best interests of the Company to be thoroughly considered.

By Order of the Board  
**Gan Wee Sean**  
*Chairman*

Hong Kong, 24th September, 2002