

CHAIRMAN'S STATEMENT



On behalf of the board of directors (the "Directors") of Fujian Group Limited (the "Company"), I hereby present the annual report of the Company for the year ended 31 March 2002.

During the year, the sentiment of Hong Kong property market remained weak. For the year ended 31 March 2002, the Group's loss attributable to shareholders increased to approximately HK\$196 million from last year's approximately HK\$108 million. The Group's loss of approximately HK\$196 million for the current year was mainly due to the substantial decline in rental income and diminution in the value of property investment. At the year end date, the Group's shareholders' funds had a deficit of approximately HK\$418 million.

In spite of the persistent recession of local economy and the difficulties presently encountered by the Group, the Directors are full of confidence of the Group's development. Under the guidance of the management, the Group is committed in improving its financial position and recovering its vitality during the year by reducing costs and expenses, and promoting corporate reorganization and restructuring.

In this regard, the Directors are pleased to announce that the Company entered into a memorandum of understanding ("MOU") with the new investors Soundwill Holdings Limited ("Soundwill") and Turbo Success Ventures Limited, a subsidiary wholly owned by Soundwill's single major shareholder, Ms FOO Kam Chu Grace, on 29 May 2002. The purpose of this MOU is providing assistance to the Company in debt restructuring and future investments. The investors and the Company are in the process of negotiation with the major financial creditors in respect of the debt restructuring proposal. It is expected that the Group will resume normal had any constructive restructuring plan and terms are jointly accepted by the major financial creditors.

I would like to extend my heartfelt appreciation to the board members for their effort in maintaining the Group's smooth operation and look forward to the valuable contribution by the new members. I would also like to thank all the staff members for their dedication to the Group in this most difficult year.

HUANG Jian Guan

Chairman

Hong Kong, 27 September 2002