

CHAIRMAN'S STATEMENT

FINAL RESULTS

The Group's overall business environment continued to be challenging in 2002. Loss for the year amounted to HK\$36,380,000 compared to HK\$26,070,000 last year and was primarily due to the loss incurred by Hangzhou B.P. Chemical Fibre Co., Ltd. ("Hangzhou B.P."), a subsidiary engaged in the manufacturing and trading of chemical fibres. Loss per share were 3 cents (2001: 2.15 cents).

BUSINESS REVIEW AND PROSPECTS

Viscose rayon is a major product of Hangzhou B.P. and profit margin of such has remained low, coupled with the effect that impairment losses totalled HK\$25,042,000 have been recognised for certain of its manufacturing facilities, Hangzhou B.P. incurred a significant loss which accounted for a large part of the Group's loss for the year. In view of the fact that Hangzhou B.P. continued to incur losses in past years, in January 2003, the Group entered into an agreement with an independent third party to dispose of its entire interests in Hangzhou B.P. for a cash consideration of HK\$50,000,000. We believe that the disposal is in the best interest of shareholders as it will, following completion of the transaction, relieve the Group from the adverse financial impact of Hangzhou B.P..

For the year under review, the Group's other core investments included an investment property – Winsome Commercial Building in Yuen Long, the 30% interest in Shanghai Hong Qiao Friendship Shopping Center Co., Ltd. ("Shanghai Hong Qiao") and the newly acquired effective 37% interest in Xi'an Gaoxin Hospital Co., Ltd. ("Gaoxin Hospital"). Performance of the investment property and Shanghai Hong Qiao were relatively stable compared to last year, annual rental generated by Winsome Commercial Building decreased slightly by 5% to HK\$2,866,000 whereas the Group's share of profit of Shanghai Hong Qiao rose 4% to HK\$2,464,000. As for Gaoxin Hospital, its operating results have been very encouraging since commencement of its full-scale operation in July 2002. Nevertheless, a small post-acquisition loss was recognised by the Group due to the loss incurred by Gaoxin Hospital in December, albeit an overall profit was recorded by the hospital for the financial period ended 31st December, 2002.

At present, most of the Group's investments are in the Mainland with the balance in Hong Kong. It is currently the Group's investment strategy to actively pursue, while being cautious, business opportunities that are Mainland-related so as to take advantage of the country's robust economic growth. Our goal is to build a solid core business portfolio with strong recurrent earnings base that creates value and growth for shareholders, and the investment in Gaoxin Hospital represents our one step closer to achieving this. In 2003, we shall continue our effort to improve the results of the Group.

APPRECIATION

2002 was a challenging year for the Group. I would like to take this opportunity to thank all management and staff for their hard work and dedicated efforts throughout the year and look forward to their continuing support in the years ahead.

Suen Cho Hung, Paul
Chairman

Hong Kong, 23rd April, 2003