

Chairman's Statement

The deflationary environment has made year 2002 a trying time for most businesses both locally and abroad. In Hong Kong, the property market continues to shrink and the general economic conditions continue to deteriorate. In response to this, the Group disposed of its property portfolio to reduce its debt and discontinued its transportation business to cut expenses. As a result, bank borrowings and operating loss have been reduced significantly.

Although the business of GenePro Medical Biotechnology Limited, a research based specialty laboratory using advanced DNA biotechnology for disease diagnosis and human identification, is not yet profitable, it has a sustained growth in 2002 despite the difficult business environment. This confirms our belief that pharmaceutical/bio-pharmaceutical business has a lot of growth potential in the future.

In order to develop our core business, we believe that the most important task is to improve our financial position and strengthen our financial resources. To this end, we have been negotiating with our creditor banks in relation to a debt restructuring plan and soliciting potential investors to make investment in the Group. Upon finalisation of the above measures, the Group will be in a favorable position to pursue its business endeavors.

Finally, I would like to take this opportunity to thank our business partners, shareholders, professional advisers, creditor banks and employees for their support during the year.

Wan Kwong Kee

Chairman

Hong Kong, 23 April 2003