

Dear Shareholders,

I am pleased to report that 2003 was a year of progress and transformation for TechCap Holdings Limited and its subsidiaries ("the Group") and we have laid down much of the foundation for the Group's significant growth in the future.

REVIEW

The threat of wars and the change of global economy environment and local economic structure have much adverse effect to the Group. Despite these unfavourable situations, the Board had taken key steps and actions to build the global business connections; widen the customer base and continue the development of opportunities in cross border markets.

In 2003, the Group's turnover rose by 29.4% to HK\$245.4 million. The Board had laid down necessary procedures and reduced the total operating and finance costs by 32.2% to HK\$48.6 million. However, fierce price competition and the non-recurring allowances for loan receivables, impairment losses recognised in respect of investment in securities and loss on disposal of investment in securities resulted in a loss from operations of HK\$60.1 million for the year.

During the year, the Group had undergone several capital restructuring exercises including increase of authorised share capital, creation of new class of shares, capital reduction, share premium cancellation, adjustment of nominal value of ordinary shares, change in board lot size and issuance of convertible bonds. This series of activities helps to rationalise and strengthen the Group's capital structure and provides the essential backbone for the future development of the Group.

VISION

It is the Group's long-term vision to develop its competitive advantage in the knowledge-based economy, especially in areas of healthcare, medical, pharmaceutical and life science industries. While the Group's previous investment in life science is still developing, the Group has entered into a conditional acquisition agreement to invest into a medical device company with self-developed proprietary technology. The Group will keep on sourcing attractive investment opportunities particularly in medical and healthcare sectors and pharmaceutical projects in the PRC, and continue to position itself as the channel and platform for advanced technology and products and capital to enter into these spheres in the PRC. And I am confident that our strategic objective and effort will provide the Group with quantum growth and long term business franchise in coming years.

CORPORATE GOVERNANCE

Over the past year, the Board of Directors has reinforced qualitative aspects to ensure the practice of good corporate governance. We have applied consistent approaches to ensure prudent enhancement and management of shareholders' value. The Audit Committee has been set up for the review of the Group's internal control systems.

PROSPECTS

In the forthcoming year, the Board will continue to develop the Group's business and assets in accordance with the Group's strategic objective building upon the foundation of the year 2003. And at the same time, we shall put efforts on improving operational efficiency and increasing productivity and developing new opportunities. Notwithstanding of the present economic situation, we look forward to a very prosperous year of 2004 for the Group.

Last but not the least, I would like to thank the members of the Board for their continuous contributions and support to the Group. I would also like to express my appreciation to the Group's management and staff for their dedication and efforts in the past year.

Yours sincerely,

Dr. Li Zhong Yuan

Chairman

Hong Kong, 27th August, 2003