

## CHAIRMAN'S STATEMENT

For the year ended 31 March 2004, the profit of Fujian Holdings attributable to shareholders was HK\$448.9 million, an increase of HK\$521.2 million profit compared with the loss HK\$72.3 million in 2003. This significant increase is due to the successful waived of debts amount to HK\$525.3 million following the completion of the Debt Restructuring in December 2003. The success of debt restructuring enables Fujian Holdings to get ride of the status of financial crisis and severe losses. The Company is now financially robust with low leverage and stable cash, provide the company with good fundamentals to execute our future expansion plans.

Fujian Holdings is now seeking new business areas that could enhance the operations and profitability of the Group in order to broaden the Group's earning base. The Company is now considering taking the advantage of the strong business resources of the controlling shareholder of the Group, Fujian Investment and Development Company Limited, to search for new expansion opportunities to enhance the quality of funds, business scope and the cashflow of the Company. Simultaneously, the Company is planning to invest in certain high technology project with high incremental potentials, so as to achieve business diversification. With the support of the CEPA agreement, the new board believes that, taking the advantage of the resources from the PRC and coupled with the Group's healthy financial position, it will diligently, well positioned to capture all the upcoming business opportunities arising from Hong Kong and PRC, develop existing business and enhance asset quality to improve operating results.

On behalf of all the directors, I would like to thank our bankers and investors for their continued support; and to thank the staff of the Company and its subsidiaries and associates who have worked so hard in the last year. Their commitment to the Company and its future is the basis of our success.

**Wang Xiaowu**

*Chairman*

Hong Kong, 27 July 2004