

On behalf of the Board of Directors, I present to the shareholders the annual report of the Company for the year ended 31 December 2004.

RESULTS

The Board of Directors would like to report that for the year ended 31 December 2004, the Group achieved a consolidated turnover of approximately HK\$63,162,000, a decrease of 4.9% from the last financial year. Loss attributable to shareholders was approximately HK\$130,219,000 compared with approximately HK\$88,156,000 in 2003. Loss per share was HK\$0.65 (2003: HK\$0.60 per share as restated).

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2004 (2003: Nil).

REVIEW AND PROSPECTS

Because of the keen competition in health drinks and tonic drinks market in China and the fact that many of the existing products of the Group are experiencing the declining stage of their respective product life cycles, the sales of health products (which include tonic drinks products and other health products) continued to drop in the financial year.

The Group is aware of the growing opportunities in China for the market of diseases diagnosis as well as drug material for drug manufacturing. The Group's investment in the QuProbe Project is now still in the research and development stage. In previous years, the Group had also invested in the research and development works of a new anti-thrombosis drug, Cycloargatroban. However, after the conduction of those research works, the preclinical results of this anti-thrombosis drug candidate did not show effective pharmacology through oral administration. Since a range of effective anti-thrombosis injections dominate the market, the Group decided after the year end date to suspend the development of the drug candidate as it will be more efficient to employ the resources into other areas.

On the other hand, the Group had commenced business in the trading of securities in Hong Kong in the financial year in order to diversify the revenue bases of us.

Given that the equity base of the Group has been much improved after the recent open offer of shares by the Company completed in March 2005, the Group is better positioned to take up any new opportunity for development of our businesses. The Group has been actively seeking for partners in China for developing health care and pharmaceutical products in order to capture the enormous market there. In addition to those existing businesses, the Group will also look for any potential areas for business development which may complement the operations of the whole group.

In the coming future, the Group will continue to streamline the operation by cutting cost and down-sizing the unprofitable business and will actively seek for collaboration opportunities with pharmaceutical companies for diversifying its products and market. The Group is open to other business opportunities which will generate revenues and profits to optimize the Group's resources.

Chairman's Statement

ACKNOWLEDGEMENTS

I take this opportunity to thank all my fellow directors for their valuable contributions to the Group. I also like to express my deep appreciation to our shareholders, customers and business associates and partners, as well as our staff, for commitment and diligence during the year and I look forward to their continuous support and dedication to the Group.

By order of the Board

LO Yuk Yee

Chairman

Hong Kong, 25 April 2005