

C *CHAIRMAN'S STATEMENT*

Year 2001 was a year full of challenges. While the Group continued to restructure its business activities and rationalise its resources, it has made a step forward in the biopharmaceutical area by acquiring GenePro Medical Biotechnology Limited, a company specialised in DNA diagnosis.

The un-illustrious trading and economic conditions as well as the unfavorable market sentiment of Hong Kong during the year had adversely affected our river transportation and property businesses. Also, the Group suffered a temporary set back in funding because of the two incomplete fund-raising exercises that we did during the year. As a result, the pace of development of our pharmaceutical business and the reduction of bank borrowings was slowed down in contrast to what we originally planned. In this regard, improving the capital structure became a priority of the Group while we continue to explore other market opportunities to bring in more revenue.

Apart from the disposal of its non-core assets and property portfolio, the Group has commenced discussions not only with banks for debt restructuring but also with certain potential investors for injecting capital and / or assets into the Group. We believe that these measures, when done, will allow the Group to return to a clean and healthy financial position. On this basis, the Group will execute its business plans that will further strengthen its business position.

Finally, I would like to take this opportunity to thank our business partners, shareholders, professional advisers and employees for their support. Also a special thank would go to our creditor banks for their understanding and being so helpful.

Wan Kwong Kee
Chairman

Hong Kong, 24 April 2002