



Chairman's Statement

I am pleased to present to our shareholders, the annual results of Hong Kong Fortune Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st December, 2001.

■ RESULTS ■

The Group's turnover for the year ended 31st December, 2001 was HK\$39,656,000 (2000: HK\$7,072,000), representing an increase of 4.6 times over the corresponding period in 2000.

The Group's net loss from ordinary activities attributable to shareholders for the year ended 31st December, 2001 was HK\$4,025,000 (2000: HK\$44,977,000), representing a 91.05% decrease over the corresponding period in 2000.

■ OVERVIEW ■

The year of 2001 was a year of growth and improved performance for the Company, despite the challenging global business environment.

As stated in our annual report last year, the Group would adopt the strategy of diversifying into the potentially lucrative retail and wholesale industries. During the year, the Group's key expansion was the opening of a "Club" retailing outlet in Wuhan, People's Republic of China (the "PRC").

Meanwhile, as Shanghai's property market is now recovering steadily, in order to maximize returns for shareholders, the Group is examining a number of development plans for the Group's further development of its prime real estate in Shanghai, PRC.

■ PROSPECTS ■

The Group's business is concentrated in South-East Asia with a strong focus on the PRC. With the PRC's success in bidding the 2008 Olympic Games and joining the World Trade Organization, the potential growth of business in the PRC is beginning to be realized. The Group is in a strong position to take advantage of the economic boom in the PRC based on the Group's extensive experience and network in the PRC.



Chairman's Statement *(Continued)*

■ PROSPECTS ■ (Continued)

2002 will continue to be a challenging year. In the year ahead, the Group will continue to focus on developing its existing real estate business in the PRC as well as considering other opportunities in further diversifying into retail, wholesale and logistics businesses in order to strengthen its earning base. With the central government's determination to assist the development of real estate market in the PRC, an upcoming property boom is expected.

■ ACKNOWLEDGEMENT ■

I would like to express our gratitude to shareholders for their continued support to the Group and to the Directors and staff members of the Group for their commitments and dedicated services in past years.

Soopakij Chearavanont

Chairman

Hong Kong, 9th April, 2002