

# Chairman's Statement

## Dear Shareholders,

Being elected Chairman of the Company on 22 April 2002, I take great pleasure in making my first Chairman's Statement for the Company. It is my honor to have the opportunity to pass my knowledge, experience and commercial expertise in the area of life science and genomics to an already well established pharmaceutical distributor and manufacturing company. The Group's strong financial position achieved this year is testimony that we are now well positioned to enter into a new realm of genomic-based industry where abundant opportunities and growth potential can be tapped.



**Dr. Mao Yu Min**

*Chairman*

## Extrawell and United Gene

Joining Extrawell Pharmaceutical Holdings Limited ("Extrawell") in June 2001, a strategic "win-win" collaboration was envisioned. For United Gene Holdings Limited ("United Gene") — the Group's current largest shareholder and a biotechnology company with over 20 subsidiaries (collectively refer to as "United Gene Group") specializing in gene expression and sequencing technology, development and manufacturing of genechips. The synergy with Extrawell meant the possibility of transforming genomic knowledge and promising research technologies into pharmaceutical products. For Extrawell, a company with Good Manufacturing Practice compliance ("GMP") certification manufacturing plants, well established pharmaceutical distribution network in the PRC, good trading relations with suppliers including major pharmaceutical manufacturers all over the world; a collaboration with the Shanghai-based United Gene Group meant new opportunities for the Company to commercially tap onto new lines of specialized genetically researched medicinal products — a new area of pharmacogenomics.

## A Genomic Revolution — Prospect of Genomic-based Products and Drugs

Genes govern our life, birth, growth, illness and death susceptibility. Many diseases arise from abrupt genomic changes or abnormal genomic activities interacting with environmental factors. In other words, the understanding of gene functions and its DNA makeup would mean discovery of the factors leading to numerous diseases. Henceforth, cheaper, more effective, and personalized form of drug production can be catered to manage diseases. This is the Genomic Revolution.

The development of genomic engineering is a worldwide trend. Genomic-based products and drugs are widely used today in the areas of medical testing, medical diagnosis and DNA testing diagnosis. Personalized treatment methods can be adopted in the future by way of identifying the gene pattern of individual patients. Patients having the same illness may be treated with different drugs if their gene patterns differ from each other.

The genechip (基因芯片) business emerged in the 1990s. Genechip is an important tool in genomic research and genomic product development. A faster and more efficient investigation of the genomic functions can be carried out with the use of genechips. The benefits of genechip in terms of commercial values were soon materialized by big pharmaceutical companies, which have either begun their in-house technology development or formed strategic alliances with professional genechip companies.

### A Promising Future for Extrawell

Extrawell's recent proposed acquisition of companies as stipulated in the circular for major and connected transaction dated 21 June 2002, provide comprehensive genechip products and technology services for research, diagnosis, drug screening and sale of genechips are the first steps which may transforming the Company from being a mere traditional pharmaceutical product manufacturer and distributor to a potential biotech group, manufacturing and distributing its own genomic based drugs.

The Company's possession of commercial rights as to the development of genomic products will assist in procuring sales and purchases of gene patents—a new area of business opportunity for the Group in the near future.

The dramatic pace of change in the pharmaceutical industry in China after it joined the World Trade Organization sees greater product variety and heightened competition for pharmaceuticals in China, a market to which the Company has already found a comfortable niche in. Steps already taken to defend this niche include: producing quality manufactured products from our new GMP manufacturing plants, continue procuring overseas pharmaceutical manufacturers whose pharmaceuticals have proven efficacy and are in demand for distribution in the PRC. Defining new directions towards providing whole range of products and services in genomics to cater for growing demands internationally.

I believe these new areas of investment development will give Extrawell the competitive edge in both the pharmaceuticals and genomics for delivering sustainable growth.

Lastly, I wish to extend my gratitude and thanks on behalf of the Board to all our staff, shareholders, financiers, customers and business partners for their generous support and confidence, which played pivotal roles in achieving this year's excellent results.

We look forward to your continued support as we take bolder steps towards realizing Extrawell's new pharmaceuticals and genomics development directions and hope to share our enthusiasm of Extrawell's future prospects and success with you.

**Mao Yu Min**  
Chairman

Hong Kong, 4 July 2002