

# CHAIRMAN'S STATEMENT

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Year 2004 was a year of challenges and renewed opportunities.

Prolonged negotiations with creditors and the subscription of the Company's shares by an investor have ended in successful settlements of debts. The Company has now a cleared platform for further development. Investment monies after the debt restructuring provided the funding to rebuild the Company's fortune. Moreover, as a remedy for past deficiencies, a new Board of Directors was formed to increase the asset and revenue of the Company, and to safeguard the shareholders' interests. While the listing of the Company in the stock market was suspended in mid-2004, goals and plans were set for a speedy resumption of trading of its shares.

The Company has engaged in businesses that include property, transportation, sea-sand, finance and pharmaceutical/healthcare. However, we will concentrate for now on our current businesses, namely the property and pharmaceutical/healthcare businesses, because of the expertise and experience that we possess. Our plan includes expanding these businesses in the People's Republic of China (PRC), which represents a market of immense opportunity and potential. In this regard, we will continuously seek additional investment to fund our projects.

GenePro Medical Biotechnology Ltd, a wholly owned subsidiary of the Company specializing in R&D and service in nucleic acid diagnosis, has a sustained growth in 2004, despite an increasingly competitive environment. Furthermore, as several of its products are now targeted for commercialization in the very near future, a potentiating factor will thus be added to the Company's businesses.

In October 2004, the Company changed its name from China Bio-medical Group Limited to Sanyuan Group Limited. I believe this marked a new beginning and it should be a very positive one. In this regard, I would like to sincerely thank each and every one of you for your support in the past and your continuing support in the future.

**Wu Kwai Yung**  
*Chairman*

Hong Kong, 21 April 2005