

# Chairman's Statement

Annual Report 2002

On behalf of the Board of Directors, I am pleased to present the annual report of Gold Wo International Holdings Limited (the "Company") and its subsidiaries (the "Group"), and its audited consolidated results for the financial year ended 31 March 2002.

## RESULTS AND DIVIDENDS

The Group's turnover totaled HK\$156,162,000, representing a rise of 7% over that of the previous financial year. Profit attributable to shareholders was HK\$15,559,000, representing a decrease of 54% as compared with that of the previous financial year. Earnings per share were HK1.3 cents.

The Directors did not recommend a final dividend for the year ended 31 March 2002 and the retained profits will be used for the Group's future operations and business developments.

## REVIEW AND PROSPECT

2001 was a challenging year for the Group. In light of the down turn of the global economic environment and the resulting impact, the Group's results were affected adversely. However, due to our established and loyal customer base comprising industry giants and leaders, we were able to maintain steady income flow and shipment orders.

During the period under review, the Group experienced an increment in turnover. As the global economic slowdown that affected customers' demand for OEM premium and gift items, especially in the US, there was a change in our sales mix between ODM and OEM products. Although there was an increase in the demand of our lower-end ODM products, which are mainly sold to South East Asia and South America, the decline in sales of our high-end products affected the overall profit margin.

The Group takes pride of its unique melamine and silicon rubber products, because the two materials allow for flexibility and innovation in product design. The Group's extensive product range includes melamine tableware products and ashtrays as premium and gift items, soap dishes, melamine cases for clocks and silicon rubber keypads for electronic calculators, databanks, electronic organizers, remote controls for audio-visual equipment and mobile telephones. The Group has continuously enjoyed customer loyalty due to its ability to customise designs which are able to fulfill the requirements and needs of customers as well as to demonstrate creativity with quality. Valuable customers of the Group include the top fast-food chains, internationally renowned tobacco companies, leading soft drink manufacturers as well as popular cartoon product manufacturers.

The People's Republic of China (the "PRC") is a market that cannot be overlooked. The Group has already established cooperation with six retail shops in the PRC within five months – since it first penetrated the PRC market in November 2001 to the year ended 31 March 2002.

In the future, the Group will focus on exploring and developing the enormous PRC market with unlimited opportunities. By establishing a solid business foundation, an extensive worldwide customer base, efficient and effective production facilities, the Group will be well positioned and well prepared to capture all business potentials when the global economy resumes its confidence and recovers, and also with the gradual opening of the PRC market after its accession into the WTO.

Looking ahead, it aims to expand its PRC sales network to a total of 20 retail stores in various parts of the PRC, and also to seek for potential partnerships to promote the Company's brandname and to increase production capacity to fulfill the growing demand of melamine products.

## A NOTE OF APPRECIATION

On behalf of the Board of Directors, I would like to thank our staff for their continuous dedication and commitment, our shareholders for their vote of confidence and our valuable customers for their loyalty and faith in our prospects. Everyone in the Company has, and will continue to, reach for quantum growth and generate enviable returns as a token of our appreciation. We look forward to the bright future of tomorrow.

By Order of the Board,  
**Fu Chu Kan**  
*Chairman*

Hong Kong  
25 July 2002