

I am pleased, on behalf of the board of directors of I-Wood International Holdings Limited (the "Company") and its subsidiaries (the "Group"), to report to the shareholders the audited results of the Group for the year ended 30 June 2003.

BUSINESS REVIEW AND PROSPECTS

For the financial year ended 30 June 2003, the Group's consolidated turnover decreased by 6.6% to approximately HK\$141 million when compared to HK\$151 million for the fifteen months ended 30 June 2002. It is mainly due to the disposal of all of its furniture manufacturing and trading operations and the full year revenue contribution from provision of the passenger cruise ship services in the South-eastern China. The passenger cruise ship services have been provided through its subsidiary, Pacific Cruise (Hainan) Limited, which owns and operates Ming Fai Princess, a passenger cruise ship providing passenger cruise ship services between Haikou in Hainan, the PRC, via Beihai in Guangxi, the PRC, to Halong Bay in Vietnam.

Due to the continuous strong growth of the PRC economy and the ever-increasing standard of living in the PRC, the Group recorded a strong demand for the passenger cruise ship service of the Group. Notwithstanding the outbreak of Severe Acute Respiratory Syndrome, the Group recorded a profit attributable to shareholders of HK\$15,954,000 for the financial year ended 30 June 2003 when compared to a loss of HK\$26,829,000 reported for the fifteen months ended 30 June 2002.

During the year under review, the Group has suspended its manufacturing activities after the disposal of its furniture manufacturing and trading operations. The investment strategy of the Group is, and has always been, to actively pursue, while being cautious, business and/or investment opportunities that are PRC-related so as to take advantage of the robust economic growth of the country. This investment strategy has been proved to be successful to the Group for the financial year under review.

本人謹代表一木國際控股有限公司(「本公司」)及其附屬公司(「本集團」)之董事會，欣然向股東呈報本集團截至二零零三年六月三十日止年度之經審核業績。

業務回顧及展望

於截至二零零三年六月三十日止財政年度，本集團綜合營業額約為1.41億港元，較截至二零零二年六月三十日止十五個月之1.51億港元減少6.6%。營業額減少之主要原因為本集團已全部出售其傢俬製造及經銷業務，而全年收入依賴在中國東南部地區提供之郵輪客運服務。郵輪客運服務乃透過附屬公司太平洋(海南)郵輪有限公司提供，該公司擁有及經營明輝公主號，該艘郵輪提供由中國海南省海口市經中國廣西省北海市往越南下龍灣之客運服務。

受惠於中國經濟之持續強勁增長及國民生活水平不斷提升，對本集團郵輪客運服務之需求相當殷切。雖然爆發嚴重急性呼吸系統綜合症，本集團於截至二零零三年六月三十日止財政年度仍錄得股東應佔溢利15,954,000港元，而截至二零零二年六月三十日止十五個月則虧損26,829,000港元。

於回顧年度內，繼出售傢俬製造及經銷業務以後，本集團已暫時結束製造業務。本集團一直奉行之投資策略，是積極物色中國相關業務及／或投資機遇，以把握國家經濟高速增長之利好因素，同時不忘謹慎原則。在本回顧財政年度證明本集團這項投資策略十分成功。

We believe that the economic growth of the PRC will continue in the foreseeable future due to the good performance of its manufacturing sector. The Group will expand the market share of this passenger cruise business and continue to pursue its investment strategy and to identify appropriate business and/or investment opportunities in the PRC. On the other hand, the Group will reduce its costs and expenditures in its operation by strengthening its internal management and implementing a target management system in its subsidiaries, and to adopt measures to strictly control all costs and expenditures.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2003, net current assets and net assets of the Group amounted to HK\$29,569,000 and HK\$149,706,000 respectively, increased by HK\$20,041,000 and HK\$17,149,000 respectively as compared to 30 June 2002. The gearing ratio, which divides the financial indebtedness by the shareholders' equity, stood at approximately 0.08 as at 30 June 2003.

With respect to foreign exchange exposure, as the Group's earnings are primarily denominated in Renminbi and the exchange fluctuation between Renminbi and Hong Kong dollar was steady during the year under review, it has no significant exposure to foreign exchange rate fluctuations. During the year under review, the Group has not used any financial instruments for hedging purposes.

There were no significant capital commitments as at 30 June 2003 which would require a substantial use of the Group's present cash resources or external funding.

HUMAN RESOURCES

As at 30 June 2003, the Group employed 9 and 392 full-time staff in Hong Kong and the PRC respectively. The Group remunerates employees based on their performance, experience and prevailing industry practices.

吾等深信，中國經濟在製造業表現理想之利好因素下，於可見將來能保持增長。本集團將增加載客郵輪業務在市場之市場佔有率，並繼續追求實現其投資策略及在中國物色合適之業務及／或投資機會。另外，本集團將透過加強內部管理及對附屬公司實施目標管理系統，並會採取措施嚴格控制所有成本及開支，以降低營運成本及開支。

流動現金及財務資源

於二零零三年六月三十日，本集團之流動資產淨值及資產淨值分別為29,569,000港元及149,706,000港元，較二零零二年六月三十日分別增加20,041,000港元及17,149,000港元。於二零零三年六月三十日之資產負債比率（以財務負債除以股東權益計算）約為0.08。

就外匯風險而言，由於本集團之盈利主要以人民幣結算，加上人民幣及港元於回顧年度內之外匯波動相當穩定，因此並無重大外匯風險。於回顧年度內，本集團並無採用任何金融對沖工具。

於二零零三年六月三十日，本集團並無任何需要動用大量本集團目前現金資源或外來資金之重大資本承擔。

人力資源

於二零零三年六月三十日，本集團分別在香港及國內僱用9名及392名全職僱員。本集團根據僱員之表現、經驗及現行之行業慣例釐定僱員薪酬。

DISPOSAL OF SUBSIDIARIES

On 31 October 2002, the Group disposed of its shares in its then subsidiaries, Foundation Cast Limited and Ambro Investment Limited, and hence discontinued its furniture manufacturing and trading operations with the dividends, benefits and other rights accruing thereto with effect from 1 July 2002 at a consideration of HK\$46,000,000.

BANKING FACILITIES AND PLEDGE OF ASSETS

As at 30 June 2003, there were no banking facilities granted and assets pledged.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express gratitude to our shareholders, customers, banks and hard working colleagues for their support and contributions to the Group during the year.



Wu Yijian
Chairman

27 October 2003

出售附屬公司

本集團於二零零二年十月三十一日出售其當時附屬公司 Foundation Cast Limited 及 Ambro Investment Limited 之股份及其二零零二年七月一日起計之股息、利益及其他應計權利，代價為46,000,000港元，並因而終止經營其傢俬製造及經銷業務。

銀行融資及資產抵押

於二零零三年六月三十日，本集團並無獲授予任何銀行融資，亦無已抵押之資產。

鳴謝

本人謹藉此機會代表董事會向本公司股東、客戶、往來銀行及努力不懈之同僚衷心致謝，感謝彼等於過去一年內對本集團之支持及貢獻。

主席
吳一堅

二零零三年十月二十七日