

CHAIRMAN'S STATEMENT

I am pleased to present this annual report of Goldwiz Holdings Limited (the "Company") for the period from 1 April 2003 to 31 March 2004.

This year is a year of progress of the Group. During the year under review, the Group has recorded a turnover of approximately HK\$180 million (2003: HK\$27 million) and a net profit of about HK\$5.53 million (2003: loss of HK\$71.22 million). The substantial improvement was mainly due to the contribution from the operation of Harbour Plaza Kunming and the business of electronic products, both performances were consolidated by the Company during the year.

On top of its 23% interest in Smart Idea Enterprises Limited, in May 2003, the Group has further acquired the remaining stake in Smart Idea which is the holding company of Goldwiz Electric (Shenzhen) Limited and Goldwiz Electric Trading Limited. Currently, Goldwiz Electric is engaged in the design, development and distribution of electronic products, including mobile phones and accessories. During the year, Smart Idea has injected further capital of HK\$70 million into Goldwiz Electric Shenzhen to cater for its business operation. At current trend, the management feels that the PRC market for electronic products in both consumer and commercial applications are still very active and the Group will be able to benefit from it.

In addition to its 33.36% interest in Tongling Huarui Electronic Materials Co. Ltd, in September 2003, the Group entered into a conditional sale and purchase agreement with two independent third parties for the purchase of further 47% interest in Tongling Huarui. The sales of Tongling Huarui products, mainly copper clad laminate, are closely linked to the production scales of printed circuit board (PCB). PCB is a key material for electronic appliances and the advancement of technology places high demand for such kind of electronic products. The management believes that the future performance of Tongling Huarui, in particular with its expansion of production capacity, will help to improve its growth.

In February 2004, the Group further acquired 10% interest in Techwayson Holdings Limited from Otto Link Technology Limited, resulting in an increase of our direct ownership in Techwayson to 27.66%. Techwayson is now an associate of the Company. It is pleased to note that Techwayson has been awarded "Highest Growth Distribution in Fiscal 2003" by Rockwell. The demand of industry automation controller in China remains buoyant. According to a study made by Techwayson in Southern China Region, it is indicated that there is a strong demand for automation system from plant and equipment manufacturers.

For the year under review, Harbour Plaza Kunming contributed turnover and operating profit of HK\$50 million and HK\$6.9 million respectively to the Group. The management understands that the Hotel will continue to face keen competition and other challenges. However, with the recent "9+2" Pan Pearl River Delta economic cooperation, it is expected that it will bring benefit to Yunnan Province in respect of hospitality and other sectors, and the Hotel will be able to benefit and continue to lead the top tier in the future.

With the current macro adjustment policy implemented by the central government of China, the Group is cautious of its business expansion in the coming year. Finally I would like to express my thanks to our customers for their support and our staff for their contribution in work.

LIU Xue Lin

Chairman

Hong Kong, 26 July 2004