



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"), the Group's audited consolidated results for the financial year ended 31 March 2001. This is the first annual report after the Group's successful listing on the Main Board of the Stock Exchange on 12 April 2001.

FINANCIAL REVIEW

The Group's turnover and profit attributable to the shareholders for the year ended 31 March 2001 amounted to HK\$145,959,000 and HK\$33,565,000 respectively, which conformed with the profit forecast as stated in the prospectus of the Company dated 30 March 2001, and representing increases of approximately 42% and 46% respectively over the corresponding period in 2000. The earnings per share for the year were HK 10.2 cents.

The Directors did not recommend a final dividend for the year ended 31 March 2001.

BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of household products made of melamine and silicon rubber including tableware, ashtrays, soap dishes and clocks. During the year, the Group has recorded sales of melamine products of approximately HK\$120,335,000 (2000: HK\$78,818,000) and sales of silicon rubber products of approximately HK\$25,624,000 (2000: HK\$24,007,000), representing an increase of approximately 53% and 7% respectively over the previous year.

During the year under review, the Group experienced robust increment in turnover and profit due to the impressive growth of tableware sales. The stunning performance further strengthened its position as a major local manufacturer of household products made of melamine and silicon rubber.

The Group's products are mainly sold to Hong Kong, Southeast Asia, South America, Europe and other markets, which accounted for about 39.7%, 16.5%, 34.8%, 7.9% and 1.1% respectively of the Group's turnover for the year ended 31 March 2001. As a result of the outstanding performance and renowned goodwill of the Group, the Group is able to attract new customers and has received orders for producing melamine premiums gifts from international renowned cigarette, soft drink, popular cartoon products manufacturers and chain-store restaurants.

Despite the fact that the economy of Hong Kong is recovering and the Group faces keen competition within the industry, the Group still achieved impressive performance during the year, which were mainly attributable to increase in market demand and diversification of products which meet market demand. The Group also strives to look for new customers through working with agents which has long been the Group's marketing strategy.



INCREASE IN DEMAND FOR MELAMINE

At present, melamine market is booming with huge room for further growth and development. As one of the major local manufacturer of melamine products, the Group, with a strong foundation in the industry, had fully utilized its business opportunity to step up its production capacity to meet the market demand, which grows in line with the tremendous surge in the number of businesses.

Besides the increase in demand, the Group also considers that the surge in profit and turnover is due to the diversification of products which meet market demand. The Group has always been committed to provide an extensive range of household products made of melamine, which comply with the safety and health standards set by major countries in the world, such as FDA Title 21 of the United States and the EEC Directive of the European Union. The Group also believe that solid customer base is one of the key to success in this competitive market, thus it emphasizes the communication with its customers with a view to meet their demands. In addition, introducing new products with high quality and safety standard into the market helps the Group to keep on growing in terms of turnover and profit.

USE OF PROCEEDS

The Group was listed on the Stock Exchange on 12 April 2001, and raised HK\$36 million through issuing 72,000,000 new shares (the "New Shares") at an issue price of HK\$0.5 each. The net proceeds from the issue of New Shares, after deducting expenses to be borne by the Group, amounted to about HK\$25.5 million.

Subsequent to the balance sheet date and upon the listing of the Company's shares on the Stock Exchange, none of the proceeds has been utilised. As at the date of this announcement, the net proceeds are kept as banks deposits. The directors of the Company are of the opinion that the proceeds will be utilised in accordance with those set out in the Company's prospectus dated 30 March 2001.

FUTURE PLANS

Given the Group's well-built competitive edge and the promising growth in the market, the Group has devised master business plans tailored-made for its future development so as to optimize its advantage as an industry leader.

The Group decides to apply approximately HK\$17 million to acquire advanced machinery and equipment to upgrade its existing production lines and step up its production efficiency so as to assure the quality of products and stable product supply. At the same time, more resources will be put into research and development for ensuring the production of innovative products which are in line with the changing market demand. The Directors believes that the experienced management team and well-equipped production facilities can enhance the production capacity and lower the production cost in the long run.



ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our gratitude to the shareholders for their continued support of the Group. I am also grateful to our dedicated staff for their loyalty and efforts.

By Order of the Board
Fu Chu Kan
Chairman

Hong Kong
26 July 2001