

Chairman's Statement

On behalf of the Board of Directors (the "Directors"), I present the annual report and the audited financial statements for the year ended 31 March 2002 of Goldwiz Holdings Limited (the "Company", together with its subsidiaries, the "Group").

The year under review is a year of financial restructuring for the Group. The Group has managed to stop the substantial losses incurred by the toys operation in the past financial years by disposing the toys business in August 2001. With the improvement in liquidity from the sale of the toys business together with the continuous financial support from our major shareholder, Open Mission Assets Limited ("Open Mission"), the Group has managed to repay all outstanding banks loan and accrued interest during the year.

During the year under review, the Group further acquired 14 shop units at Level 3 of CTS Centre, Guangzhou, the PRC for long-term property investment. The Group intended to lease out all the acquired shop units to business tenants. However, upon receiving offers from certain local property agents and after careful consideration, the Group decided to take the opportunity to dispose of the shop units at a profit in order to improve further the liquidity position of the Group.

In December 2001, the Group acquired an interest of 33.36% in 銅陵華瑞電子材料有限公司 Tongling Huarui Electronic Materials Company Limited ("Tongling Huarui"), a sino-foreign joint venture enterprise established in the PRC, engaged in the production and distribution of copper clad laminate products, which are used mainly in the manufacture of printed circuit board industry. The business of Tongling Huarui offers a potential for expansion and the Group intends to increase its interest in Tongling Huarui. Thus the Group is exploring the possibility of acquiring further interest from other shareholders of Tongling Huarui. To date, no definitive terms have been reached.

As announced in January 2002, the Group has expressed its intention to participate in the proposed shareholding restructuring of Shenzhen Energy Group Company Limited ("SEC") which is a state-owned limited liability enterprise principally engaged in power generation business in the PRC. Up to date, the Company has not received any further details of the proposed share re-structuring from SEC.

On 24 July 2002, the Group has entered into an agreement to acquire from Hutchison Hotels Holdings (International) Limited, a wholly-owned subsidiary of Hutchison Whampoa Limited ("Hutchison"), 95% interests in Kunming Harbour Plaza Hotel (the "Hotel") in Kunming, the PRC, for a total consideration of HK\$310 million (the "Consideration"). The Consideration will be payable in cash for HK\$155 million and the balance of HK\$155 million by an issuance of Convertible Note. The Group shall acquire the balance of 5% interest in the Hotel subject to obtaining approval from the local relevant authority. If the Convertible Note is fully converted, Hutchison will become the second largest shareholder of the Group. Hutchison is a listed conglomerate with a wide range of business activities including ports and related services, telecommunications and e-commerce, property and hotels, retail and manufacturing, energy and infrastructure. Further details of the transaction are described in the "Post Balance Sheet Events" item under note 31 to the financial statements.

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The Company has always been exploring investment opportunities to improve the investment portfolio of the Group. It is confident that the acquisition of the Hotel represents a valuable investment opportunity for the Group in the PRC. The acquisition also offers a positive step forward for the Group to establish a business relationship with Hutchison and we look forward to maintaining a cordial relationship with Hutchison.

Business and financial restructuring is always a long and tedious process. The Group has taken steps in setting directions and formulating its business strategy. Extra attention has been paid to both operation and financial cost control. In this respect, Open Mission has agreed to waive charging the interest against the Company for the year under review.

Although the Group focuses its investment in the PRC, it does not neglect the development in the international market which may affect the local economic environment. After the happening of "US September 11" and the recent major US companies' debacles, the global economy is undergoing great changes. Investors' confidence have been shaken. A new situation has evolved that we must be aware of. Any turbulence in global capital flow will have different impact to each country. The entry of China into WTO will bring changes to the local economy creating competition and new challenges to the local companies. However, the recent events will affect investors' confidence which may slow down the local economy. It is not going to be an easy year ahead. However, the Company believes that opportunity is still there and it is taking a cautious approach in moving forward.

I would like to take this opportunity to thank all staff for their hard work and dedication in the past year.

LIU Xue Lin

Chairman