

It is my duty to submit to the Board of Directors ("Directors") of Anex International Holdings Limited (the "Company") the results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2002.

### RESULTS

The Group's turnover was increased by 3.7% to HK\$213 million whilst consolidated loss attributable to shareholders was reduced by 33.3% to HK\$15.8 million. The loss per share amounted to HK3.4 cents for the current year (2001: HK5.5 cents).

### DIVIDEND

The Directors do not recommend the payment of any dividend (2001: Nil) for the year ended 31 March 2002.

### BUSINESS REVIEWS

During the year under review, the Group has successfully restructured its non-core operations with a view to concentrate on its core business. The Company disposed the remaining 29% equity interest in the Cosmedia Group and realized a gain of approximately HK\$2 million on the disposal. The Group also ceased the operation of its business-to-customer ("B2C") website ([www.direct88.com.hk](http://www.direct88.com.hk)) in the first half of the financial year.

Due to worldwide economic slowdown, the turnover of the Group's core business in design and manufacture of electrical appliances experienced a slight decline of 3% from last year. However, we were able to improve our operating margin by 5% through application of supply chain management techniques with savings in better material costing from our suppliers. Meanwhile, operating expenses and production costs were lowered through stringent cost control.

We are pleased with the surge in the merchandise business through the trading division of the Group's subsidiary in Germany, which registered a substantial increase in turnover and profit contribution. It is the increase in turnover of this business that well offset the decline in the manufacturing division for the year under review.

### PROSPECTS

The Group is cautiously optimistic about the economic outlook as the US and European economies are beginning to show signs of recovery. For instance, our orders on hand for the core business has grown by 15% over the same time last year, and the current downward trend of the US dollars will certainly help us to compete for more orders from the European customers.

To stimulate demand, we will diligently launch 25 to 30 new products/models in the coming year, including such trendy items like Ultrasonic Toothbrush, Ice Cream Cone Waffle Maker, Garment Steamer and Deep Fryers, which should be well received by the market.

The Group will gear up sales efforts to increase market share, particular from the OEM customers with volume. As sales volume grows, we are confident to achieve better economy of scale and it would further leverage down our cost of operation.

In short, the restructuring of business operation and success in cost reduction during the year has strengthened the competitive edges of the Group to strive in the global market place. The Group will stay focused to improve profitability of its operations, and the management is dedicated to overcome any challenges on the way to its recovery in the coming year.

### APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to the management and staff for their contribution and dedication to the Company.

**Kwok Hon Ching**

*Chairman*

Hong Kong, 25 July 2002