

Chairman's Statement

I hereby present the annual report of Northern International Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st March, 2002.

FINANCIAL RESULTS

For the year ended 31st March, 2002, the Group recorded a turnover of HK\$75.3 million (2001: HK\$39.9 million), which was 89% higher than the previous year. The amounts of distribution costs and administrative expenses were reduced to HK\$4.1 million (2001: HK\$7.0 million) and HK\$13.1 million (2001: HK\$14.4 million) respectively. As a result, the profit from operations improved to HK\$5.8 million (2001: loss of HK\$20.6 million) and the net profit improved to HK\$1.6 million (2001: net loss of HK\$25.6 million).

REVIEW OF OPERATIONS

The cutter business performed well in the year as expected and the profit guarantee for the calendar year ended 31st December, 2001 was duly satisfied. There were also significant improvements in the consumer electronics business, even though its performance was constrained by the gloomy economic sentiment in the second half of the financial year. The financial position of the Group improved markedly in the year as a result of effective credit and cost control and improved business performance.

PROSPECTS

It is very likely that the results of the Group will improve further in the coming year. The cutter business will remain steady and continue to contribute to the Group. For the consumer electronics business, orders from our clients have started to surge since March, 2002. A number of new OEM and ODM products have been successfully developed and are now ready for production. The management is optimistic about the performance of the consumer electronics business in the coming year. The rental income generated from the two recently concluded long-term leases to rent out all of the Group's remaining vacant properties in Mainland China is also likely to have a significant impact to the Group's cash flow and net profit in the coming year.

Given the observable improvements in the Group's operation and financial position, the management is confident that our bankers in Mainland China will continue to give us financial supports by renewing or re-arranging the current credit facilities when they fall due. The continuous improvements in the Group's business will also provide additional financial resources to the Group.

GRATITUDE

On behalf of the board, I would like to take this opportunity to express my gratitude to all staff, customers and suppliers of the Group for their continuous support during the period.

CHONG SING YUEN

CHAIRMAN

Hong Kong, 19th July, 2002