

## *Chairman's Statement*

I am pleased to present the annual report of Northern International Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2003.

### **FINANCIAL RESULTS**

The Group recorded a turnover of HK\$107 million for the year ended 31 March 2003 (2002: HK\$76 million), representing an increase of 40% over the previous year. Gross profit margin was lifted to 30% (2002: 20%) and the net profit of the Group rose 68% to HK\$2.7 million (2002: HK\$1.6 million). Earnings per share improved to HK\$0.06 cents from HK\$0.04 cents in the previous year. The Group also successfully improved its liquidity and financial resources during the year and set the cornerstones for future growth.



*Chong Sing Yuen  
Chairman*

### **REVIEW AND PROSPECTS**

The electronics business performed well during the year. It recorded a 127% increase in turnover over the previous year and started to make positive contribution to the group. There were also significant improvement in inventory control and credit control. The turnaround of the electronics business is encouraging and the good performance of the electronics business is expected to continue in the current financial year.

The performance of the cutter business deteriorated slightly in the year ended 31 March 2003 with a moderate fall in turnover, mainly caused by the price adjustment in 2002 and unfavorable global economic environment. The profit margin of the cutter business was also affected, to certain extent, by high raw material prices related to the war in the Middle East. As expected, the sales volume of cutter products has gradually increased since the price adjustment. Together with a widening customer base and the successful launches of new cutter models, I am confident that the performance of the cutter business will improve this year in terms of sales and profitability.

The contracts to lease out the Group's vacant factory premises in Mainland China were successfully concluded in June 2002 and these long-term leases have provided a stable stream of income to the Group since then.

### **GRATITUDE**

I would like to take this opportunity to express my gratitude to the shareholders, board members, staff and business partners of the Group for their continuous supports during the year.

**CHONG SING YUEN**  
*CHAIRMAN*

Hong Kong, 22 July 2003