

## Chairman's Statement

I am pleased to present this annual report of Goldwiz Holdings Limited (the "Company") for the period from 1 April 2002 to 31 March 2003.

For the period under review, the Group has recorded a turnover of approximately HK\$27 million (2002: nil) and a gross profit of approximately HK\$11 million (2002: nil). The turnover represents the trading business in electronic products related materials and the consolidation of the business performance of Harbour Plaza Kunming since early November 2002. After taking into accounts of a higher provision for diminution in value of our long-term investment securities of approximately HK\$70 million, the Group incurred an audited loss attributable to shareholders of approximately HK\$71 million (2002: loss HK\$26 million).

In May 2003, the Group has taken entire control of Smart Idea Enterprises Limited and its subsidiaries, Goldwiz Electric (Shenzhen) Limited and Goldwiz Electric Trading Limited. Currently, Goldwiz Electric is engaged in the design, development, production and distribution of high-tech consumer electronic products, including mobile phones and accessories. The management is confident that there is still a niche in the PRC market for the expansion of such products and the Group will be able to take advantage of it.

In December 2002, the Group has entered into a joint venture with an independent third party for a property development project in Shanghai. The Company has a stake of 10% interest in it and expects that this investment will give a lucrative return.

The economy remained inert for the year under review. It was caused by a series of intermittent shocks, from accounting, corporate governance scandals, to the tension situation in the Middle East and the widespread of SARS attack in Hong Kong and China. These have undermined investors' confidence and further aggravated the economic malaise. Now, with the SARS epidemic behind us and the abatement of tension in the Middle East, we are seeing a consolidation of strength and a brighter prospect for the revival of the economy. The continuous growth of the PRC economy will certainly generate investment opportunities for investors and lay a solid foundation for the Group's business expansion.

Human resources is one of the most valuable assets of the Group. In order to meet the challenges ahead, the Group has to be a learning organization and to enhance its productivity. Thus, continual training will have to be provided to the management and employees to strengthen their management skills and marketing knowledge. The Company believes that training will raise the competitiveness of the Group as a whole. In this area, the Company has recommended introduction of the 5-S (Structurise, Systemise, Sanitise, Standardise and Self-discipline) practice in stages to the Group including its affiliated companies to assure work quality.

Finally, I would like to express my gratitude to our customers for their support and our staff for their hard-work. However, this statement will not be complete without our vote of thanks to the people who have come together, especially the doctors and nurses, to give their dedication in the fight against the SARS epidemic.

**Liu Xue Lin**

*Chairman*

Hong Kong, 15 August 2003