



Chairman's Statement

I am pleased to present the results of Wang Sing International Holdings Group Limited ("Wang Sing International" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2003.

For the period under review, the Group's turnover was HK\$242,738,000 (2002: HK\$343,642,000) and profit attributable to shareholders was HK\$12,095,000 (2002: HK\$25,673,000) representing an earning of HK3.6 cents per share.

2003 signified an important and challenging year for Wang Sing International. While the Company continued to expand its existing power tool business, it succeeded in developing a new business in air tools, and establishing a firm foundation in diversifying the Company's product portfolio. Through broadening its business coverage, customer base is enlarged and a new income stream is secured. An excellent platform for the future growth and development of Wang Sing International is also established. In order to cope with our development, several adjustments were made to the Company's business during the year. In addition to adapting the new marketing strategy of selling directly to major chain stores and famous brand names in the United States and Europe, the Company has also increased its proportion of self-manufacturing in order to fine tune its business model in power tools and air tools.

The outbreak of SARS in China during the first half of the year dealt a severe blow to various industries in China and the Company was of no exception. However, SARS did not slow us down; we actively expanded our production capacity, explored new markets and new clients, strengthened R & D and launched new products. We wholeheartedly promoted the manufacturing and launching of air tools. Our objective was to gain a firm foothold despite the adverse operation environment and be fully prepared for the dual development of power tools and air tools simultaneously in the future.

According to the figures published in the power tool magazine, the global demand for power tools grows by 5% annually. It is expected that the demand will increase to USD 25 billion by 2005, and the power tools exported from China only account for less than 10% of the global production, reflecting the huge potential for development. The global market size of air staplers in 2003 amounted to approximately USD 768 million with the United States being the largest market. The demand for the product is steadily increasing.

Following the completion of new plant's fittings, production efficiency is steadily improved and clients' orders are gradually confirmed; together with our ample trade experience and expert know-how, we are confident that the Company will make an encouraging progress in 2004. We will continue to strengthen corporate governance. Through the establishment of the operational management committee, we aim to enhance management system and improve the operational efficiency and management quality of the Group, so as to increase the utilisation rate of the new plant and to enhance the production capacity to 5,000,000 sets in 2004. With the increase in utilisation rate and the improved operational efficiency and production scale, we are confident that the gross profit margin and net profit margin will increase accordingly in the long run.



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Furthermore, we will actively provide training to create the best working environment for our staff and to improve their sense of belonging. Management will work hand in hand with all staff to promote the business of the Company, with the aim of establishing the leading position of Wang Sing International within the industry and to achieve outstanding results and bring fruitful rewards to shareholders.

The management would like to take this opportunity to express our heartfelt gratitude to all shareholders, business partners and staff for their support and contributions in the past year. We will keep up with our hard work as before to sustain our brilliant achievements in the future.

Chen Wai Yuk

Chairman

Hong Kong, 20 April 2004

Power Tools





Air Tools

