

Chairman's Statement

On behalf of the Board of Directors, I present to the shareholders the annual report for Wisdom Venture Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st March 2004.

GROUP RESULTS

For the year ended 31st March 2004, the Group's turnover increased from HK\$314 million to HK\$468.7 million whereas the profit from operations decreased from HK\$16.8 million to HK\$10.5 million respectively. The financial year was ended with a profit attributable to shareholders of HK\$3.4 million (2003: loss of HK\$4.4 million). The profit per share for the year was 0.34 Hong Kong cents when compared with a loss per share of 0.48 Hong Kong cents in last year.

DISTRIBUTIONS

The directors do not recommend the payment of any dividend for the year ended 31st March 2004.

BUSINESS REVIEW

During the year under review, the Group continues to concentrate on its two main lines of businesses: trading of petroleum products and manufacture and sales of paper packaging products. Detailed analysis of each of the Group's business segments are stated below.

Petroleum Products Business

For the year under review, the Group continued to engage in trading of fuel oil with customers in the PRC. The Group recorded a turnover of HK\$246.2 million for the year ended 31st March 2004 (2003: HK\$62.4 million) and operating profit of HK\$1.3 million for the same period (2003: loss of HK\$2.7 million). While taking a prudent approach, the Group had been progressively increasing its sales volume since its commencement of the trading business in early 2003. In view of intense competition within industry as well as continued economic growth in Guangdong Province, the Group will continue to adopt various marketing strategies to tap this market.

Paper Packaging Business

The contribution from the paper packaging business was continuously under severe pressure, it recorded a turnover of about HK\$222.5 million (2003: HK\$239.5 million) which representing a decrease of 7.1% as compared with previous financial year. The operating profit recorded a decrease of 16.8% to HK\$14.9 million (2003: HK\$17.9 million).

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The sales volume of the paper packaging business was comparable to last year. However, in order to maintain such sales volume and market share, the selling price of the corrugated packaging products to the customers was decreased. Therefore, the intense competition within the paper packaging industry brought severe pressure on the gross profit margin and resulted in a decrease in the operating profit.

Given the fierce competition of the paper packaging business and the current stagnant market condition, it is expected that the profit contribution of this segment will continue to consolidate in the coming year.

FUTURE PROSPECTS

The company intends to continue to pursue a business diversification policy for the benefits of its shareholders. To further develop its petroleum product trading business, in addition to the existing trading of fuel oil, the Group is considering expanding its trading products to cover other types of petroleum products and petrochemicals. Meanwhile, the Group will explore further business opportunities to diversify into other businesses which are with good business potential and growth prospects and/or are complementary to its petroleum products trading business. These may include the provision of petroleum & petrochemical logistics service in the PRC. Building on the experience of the directors, the Group is in a well position to capture these opportunities when they arise from time to time.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all of our customers, suppliers, and all the Group's staff for their support, loyalty, dedication, and contribution over the last year.

David An

Chairman

Hong Kong, 14th June 2004