

Chairman's Statement

The management of Wealthmark International (Holdings) Limited considered 2001 to be a challenging year. Because of the 911 terrorist attack in the United States of America ("USA") and the global economic slowdown, economic situation in Hong Kong deteriorated significantly. As a result, our business was inevitably affected. However, under such adverse global economic situation, we can still manage to achieve a net profit of approximately HK\$13.7 million.

During the year under review, the Group's profit attributable to shareholders of the Company decreased by 58% to approximately HK\$13.7 million over the previous year. The earnings per share were approximately HK6.9 cents, which represented a 66% decrease over previous year.

The management of the Group expected a slight recovery in the global economy in the coming years. In addition to the markets that we have developed in past few years, we plan to further develop the domestic sales market in the People's Republic of China ("PRC"). We believe consumer market in PRC is full of potential and opportunity.

In accordance with the announcement of the Company dated 7th November 2001, the Group decided to acquire a factory for production of the Group's products in the Kingdom of Cambodia ("Cambodia"). On the other hand, the Group also considered to expand the production capacity of the Group's factories in Hui Zhou, the PRC. In view of the above expansion plans, the Group has carried out renovation and construction work in both the PRC and Cambodian factories of the Group. However, the relevant renovation and construction contractors in both the PRC and Cambodia have not supplied sufficient document to the Group regarding the allocation of cost into the relevant construction and renovation projects. As a result, the auditors of the Group are not completely satisfied with the available evidences and documents.

However, the Group's management has appointed independent property valuers to provide indicative valuation reports on the relevant properties, and according to the valuation reports, there is no material difference between the market value of the relevant properties as at 31st December 2001 and the net book value in the consolidated balance sheet of the Group. Besides, the unused construction proceeds (totalling HKD3,480,000) has been refunded to the Group on 18th April 2002. The management of the Group considers that there should be no underestimation of the relevant asset value of the relevant properties in the consolidated balance sheet of the Group.

Finally, even though we have to face a lot of uncertainties and difficulties in the coming year, we are confident that through the efforts of all the staff in our Group we can maintain our competitiveness in the global market so as to face all the challenge in the years ahead.

WONG CHOR WO

Chairman

Hong Kong, 24th April 2002