

Dear Shareholders,

2002 was a challenging year for Global Tech (Holdings) Limited (the "Group"). It was also a year during which the mobile phone market was filled with intense competition, particularly during the second half of the financial year. The mobile handset industry has changed profoundly following the collapse of the "TMT bubble" and it is likely that mobile handsets have become a necessary commodity. As your new Chairman, I shall be responsible for and am confident in leading the Group to explore and profit from the rapid-changing environment. For the financial year ended 30th September, 2002, the Group recorded a turnover of approximately HK\$5,196 million, representing an increase of over 18.7% compared to HK\$4,373 million in the same period last year. Loss attributable to shareholders was approximately HK\$234 million, compared to a restated profit of HK\$355 million last year.

The Board of Directors does not recommend the payment of a final dividend. An interim dividend of HK\$0.018 per share was paid during the year. During the period under review, we achieved a modest growth in the first half of the financial year. But the second half of the financial year was adversely affected by the trading losses in several models. As a matter of prudence and in view of the over stocking problem faced by some domestic suppliers, a provision of HK\$210 million for doubtful debts and a provision of HK\$257 million for slow moving stock were made. The result was further affected by a full provision of HK\$57 million for long-term investments.

With the introduction of colour display and camera features in mobile handsets, we expect substantial demand will be generated from the replacement market segment. As mentioned earlier, the substantial increase in the inventory levels and the impending releases of numerous new models by certain domestic and foreign suppliers may further squeeze our profit margin in 2003.

It is forecast that the worldwide demand for mobile handsets will reach 440 million units in 2003. With the introduction of colour display and digital cameras in mobile handsets, it is expected that further demand will be generated from the high-end replacement market from the existing 800 million GSM mobile phone users.

On the development of hardware, mobile handsets have become a commodity as leading chip-set suppliers are offering total solutions for the development of mobile handsets with dedicated features specified by customers. The Group intends to capture this golden opportunity by expanding our businesses into telecommunication related products such as mobile PDAs, based on our intimate knowledge of the mobile telecommunications markets in Greater China.

Finally, I would like to take this opportunity to thank our staff and fellow directors for their hard work and dedication during this difficult year. I must, of course, express appreciation to the contributions of our former Chairman, Mr. SZE Tsang Fai, Johnny without whom we could not have built on such a solid foundation. Last but not least, I am committed to dedicating all my efforts to consolidate our existing distribution business and I am confident that we can prosper on our product development programs not just for the markets in Asia, but all over the world.

By Order of the Board

**SY Ethan, Timothy**

Chairman

[Hong Kong, 28th January, 2003](#)