

Chairman's Statement

On behalf of the Board of Directors, I would like to present the annual results of Wang Sing International Holdings Group Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2006.

For the Year under review, the Group's turnover was HK\$233,571,000 (2005: HK\$263,406,000) and loss attributable to shareholders was HK\$116,546,000 (2005: HK\$9,538,000), while the loss per share was HK31.1 cents (2005: HK2.5 cents.).

2006 was a very difficult year for the Group's operation. During the year under review, prices of raw materials rose continuously, in particular copper price surged 39% as compared to that of previous year, greatly burdening the global manufacturing industry. Adding to the pressure was "the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Regulations" (RoHS Regulations) introduced by European Union this year, which aims at ensuring long-term robust industry growth. As a result, power tools manufacturers' performance was adversely affected amid muted order growth in short term.

Apart from the unfavorable global market environment, the PRC market factors also dragged the performance of power tools and air tools manufacturers. High prices of raw materials, notably copper, aluminum and plastic, boosted the overall production costs. Moreover, the appreciation of Renminbi mounted operating cost pressure to export business and had adverse impact to the Group's operation.

Facing internal and external challenges, the Group maintained its prudent development strategy. During the year under review, the Group further fine-tuned the production mix with a focus on mid- to high-end varieties. Meanwhile, the Group also strengthened its cooperation with clients through direct product co-development with renowned international tools brand owners and chain stores. The results were encouraging with 6 new clients added into our existing client portfolio and further expansion of client base is expected.

On the other hand, the Group endeavored to enhance product development capability and technology. In addition to the launch of new power tools and air tools products, the Group increased investment in its professional laboratories which have been successfully producing quality products that meet the international standards, and this laid down a strong foundation for penetrating the Europe market.

Looking ahead, the Group expects that the raw materials prices will be maintained at a high level and the general operating environment will continue to be challenging. The Group will implement stringent cost control, reduce personnel cost and enhance production efficiency to improve overall effectiveness and profitability. With the launches of more sophisticated professional tools to the market, the Group will continue to seek cooperation with professional brands and chain stores to co-develop new professional tools. Furthermore, the Group plans to increase production capacity to enrich product portfolio and diversify income sources.

Leveraging on our clear product development strategy, R&D strength and extensive client base, we expect our operation to improve in the coming years and will continue to enhance competitiveness in order to overcome challenges and increase our profit.

Lastly, on behalf of the Board of Directors, I would like to take this opportunity to express our heartfelt gratitude to all the shareholders and business partners for their support and trust during the past year and to all staff members for their diligence and dedication. We are determined to become one of the foremost manufacturers in the PRC. Our goal is to lead the market and surpass other manufacturers. Together with our customers and shareholders, we will stride into a more prosperous future.

Ms. Chen Wai Yuk

Chairman

Hong Kong, 24 April 2007