

RESULTS

For the millennium year ended 31st December, 2000, the Group registered a considerable growth in turnover to approximately HK\$118,385,000, which represented an increase of approximately 38.1% over last year. The profit attributable to shareholders was approximately HK\$4,153,000, which was a significant improvement as compared to the loss of approximately HK\$9,110,000 recorded for last year.

DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2000.

BUSINESS REVIEW

Manufacturing

On 31st July, 2000, Ryder Properties Limited, a wholly-owned subsidiary of the Company, disposed of its 51% interest in Vitelic (Hong Kong) Limited ("VHK") for a consideration of approximately HK\$15,790,000. Owing to the deteriorating conditions of certain facilities and high overhead cost of the fabrication plant, VHK continued to operate at a loss despite all the efforts made by its management over the years. Numerous re-engineering schemes were launched and implemented for the past few years with the aim of improving VHK's productivity and competitiveness. The results of such efforts, however, were still far from satisfactory. As such, the directors considered that the Group should take advantage of the favorable market conditions of 2000 to dispose of the plant. A gain of approximately HK\$8,444,000 was recorded on such disposal. For the seven months ended 31st July, 2000, VHK recorded an operation loss of approximately HK\$2,278,000 for its manufacturing front.

Agency Business

The sales agency agreement between VHK and Mosel Vitelic Inc. ("MVI") was terminated on 1st April, 2000 and VHK had not received any commission income thereafter. Prior to the termination, VHK recorded a commission income of approximately HK\$1,832,000.

Integrated Circuits Design

Following the disposition of VHK, the Group has focused its business direction on the development of integrated circuits design and related activities.

For the year under review, Shanghai SyncMOS Semiconductor Company Limited (“SSSC”) recorded a profit of approximately HK\$2,109,000. To cope with its expansion plan, SSSC recruited additional engineers in 2000 to strengthen its design team. By the end of 2000, SSSC had built up a design team of 37 engineers and developed 9 proprietary products. It had also designed 5 products for its clients and of which it has manufacturing rights. Apart from product design, SSSC was also involved as an agent in the marketing and sale of integrated circuits products in the PRC for other design houses. In the third quarter of 2000, SSSC set up a representative office in Shenzhen to exploit the market potentials and sales channels of the southern part of the PRC.

The design house established under the name of SyncMOS Technologies, Inc. (“SyncMOS”), Taiwan Branch, has commenced operation since June 2000. For the seven months in operation, the Branch recorded a loss of approximately HK\$2,461,000. In view of the limitation of a company which had no prior experience in the Taiwan market, the directors considered that it would be for the long-term benefit of the Group to team up with a local partner, particularly one which had been well established in both technical background and sales connection. Accordingly, SyncMOS entered into a subscription agreement with Mao-Fu Investment Co., Ltd. (“MF”), a subsidiary of MVI, on 8th January, 2001 to subscribe for 55% interest in 新茂國際科技股份有限公司, a joint venture which was to be incorporated in Taiwan, (“the JV Co.”). Based on the subscription agreement, MF subscribed for 10.94% interest in the JV Co.. The subscription agreement together with other related agreements, were approved in the Company’s special general meeting on 12th March, 2001. Through the co-operation with MVI, which is an established foundry provider in Taiwan, the directors believe that the establishment of the joint venture will be advantageous for the Group to exploit the Taiwan market. It is intended that the existing operation of the Taiwan Branch will be phasing out in 2001 upon the incorporation and issue of business license of the JV Co., which is expected to be completed by the end of May 2001. The subscription amount paid by SyncMOS for the 55% interest in the JV Co. amounted to approximately HK\$ 41,900,000, which was financed by bank borrowing and fully paid on the subscription date.

Investment Property

The investment property located in Chai Wan continued to provide a stable source of income to the Group. A gross rental income of approximately HK\$6,433,000 was registered for 2000 with an average occupancy rate of 93%.

FUTURE PLANS AND PROSPECTS

Looking ahead, the Group will continue to focus on the design and sale of its proprietary integrated circuits products. With the expertise and sales network of MVI in Taiwan, it is believed that the establishment of the joint venture will be beneficial for the Group to expand its business operations and market share in the region. For the PRC market, the engineering and marketing teams will keep on striving for developing new products and expanding customers' base. It is projected that approximately 9 new products will be taped out and introduced to the market in 2001. In light of the positive general outlook for the global semiconductor industry for 2001 and the years that follow, the directors trust that the Group is heading the right direction and are confident of its future development in the integrated circuits market.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all of our shareholders for their continuing support and all our staff members for their dedication and contributions to the Group throughout the year.

By Order of the Board

Seto Yee Woon, John
Chairman

Hong Kong, 26th April, 2001