

### PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited consolidated net profit for the first half of 2001 amounted to HK\$23,423,000. Earnings per share were 4.58 cents.

### INTERIM DIVIDEND

The Board resolved to declare an interim dividend for 2001 of 1.50 cents per share (2000: an interim dividend of 2 cents per share and a special interim dividend of 18 cents per share) to shareholders whose names appear on the Register of Members of the Company on 26th October, 2001. The dividend will be paid on 5th November, 2001.

### BUSINESS REVIEW

#### Electric Fans: Ceiling Fans and Table Fans

There was a slight decrease in the sales of the Group's electric fans for the first half of the year with an overall performance in terms of profit over sales similar to that of the same period last year. Sales of ceiling fans were affected by the slowdowns both in the American and European markets. However, there was a slight increase in sales in the Middle East and African markets. Facing the expected continuous slowdown in the second half of the year together with increasing price competition, the Group will maintain tight cost control for improving its competitive edge. Orders for table and stand fans received from America registered a slight increase while facing the continuous keen price competition. The Group will develop new designs both to attract new customers and enhance its sales to existing customers.

#### Household Vacuum Cleaners

Fierce price competition in Household Vacuum Cleaners has caused the Group to lower the unit sales price in order to boost its sales. Keen competition from China also continues to exert price pressure on unit sales price, thus resulting in negative performance in the first half of the Year 2001. It is anticipated that the performance will gradually improve in the second half of the Year 2001 with a cost reduction scheme in place.

#### Steel Processing and Trading

Due to the prevailing reduction in steel prices coupled with general unsatisfactory economic environment in first half of the year, customers' demand for steel produced by the Group's 70% joint venture steel-processing factory in Huang Pu China with Shinsho Corporation of Japan did not increase. It is expected that the steel processing business will continue to be affected by price competition.

#### Cables Business

The performance of Guangdong Macro Cables Company Limited, in which the Group holds 98% interest, is still unsatisfactory. Thanks to the reduction in raw material prices, the impact coming from the decrease in product selling price was mitigated. The Group is endeavored to advance the engineering skills for increasing the product competitiveness.

### Stainless Steel Welded Tubes Products

Loss was still recorded in Shunde Hua Feng Stainless Steel Welded Tubes Limited in which the Group holds 90.1% equity interest. Facing the market dumped with unsatisfactory grading of steel welded tubes, the company had not yet commercialized its products for the wide acceptance by prime customers although the company had successfully transferred advance technology and imported machinery for the manufacturing of high quality welded products. The Group is targeting at enhancing the business development activities for introducing the products and thus increasing market share.

### Taxi Operations

Guangzhou SMC Car Rental Company Limited in which the Group holds 85.5% equity interest, registered continuous expansion in the fleet based in Guangzhou. The company owned 267 taxi licenses as of 30th June, 2001 and recorded both increases in business turnover and profitability. Basically, all the taxi had been upgraded to equip with environmental friendly engines. Through the fostering of business alliances with companies of similar size and common objectives, the company has established foothold in the Guangzhou car taxi industry.

### Real Estate Investment & Development

The Group holds 20% equity interest in CITIC Plaza in Guangzhou (a property complex comprising an 80-storey Grade A office tower, two 38-storey luxury service apartment towers and a shopping arcade). Reorganization on the management was completed with a significantly improvement in the quality of service for the tenants. During the first half year of 2001, the property complex had installed Gigabit class internet service and became the pioneer in providing such office communication service in Guangzhou. In the meantime, CITIC Plaza donated the largest fountain with greenery being built in the Guangzhou City as part of its corporate citizen duty and as a token for fine lining the landscape in Guangzhou. CITIC Plaza was honored as the "bright spot" of Guangzhou and new lighting would be installed on the surroundings.

The 30,000 square meters of high tech industrial building in Mainland China wholly owned by the Group had been completed for leasing. Satisfactory rental guaranteed by bank issued irrevocable letter of credit had been arranged which would bring in stable rental to the Group going forward.

The first phase of the 130,000 square feet office and commercial premises located at Livermore in California United States had been fully leased and the second phase is expected to complete by the third quarter of year 2001 according to schedule. The Group had signed a long term lease agreement with a major tenant that would occupy 75% of the total 110,000 square feet premises of phase 2. It is expected that a stable lease rental income will be generated starting from the first quarter of year 2002 upon the commencement of the lease.

### Liang Xing Highway

With the complete opening of the Liang Xing Highway in which the Group holds 52% interest in the owner and operator, Shunde Shunyue Highway Construction Ltd., an average daily traffic of 18,000 vehicles was registered using the highway, representing a moderate increase over last year. The operator is endeavoring to increase revenue and to control costs with a view to improving the overall performance.

## Chairman's Statement (continued)

### Technology Investment Projects

Amidst the downturn of American technology stocks, the Group had already made provisions for the investment projects under Sybond Venture Limited. Meanwhile, Sybond had strengthened its control and management on the invested technology projects during the first half of the year, and is looking for chances to reinforce cooperation with the investment partners and associates under the current economic doldrums.

#### *Internet Server*

The Group was interested in about 27% in Neutility Corporation in the United States and the company had restructured the management team for reducing costs and expanding sales, resulting in a timely control on the operating loss. The company is inviting partners for developing a new version of controlling systems.

#### *SI & Software Development*

The Group was interested in 41% in the Hong Kong incorporated company, Modem Devices (China) Limited which developed the Enterprise Operation Support System (EOSS). The company recorded significant increases both in turnover and profits for the first six months in year 2001 due to widespread adoption of the system by major telecommunication and securities companies in China. It is expected that the company will maintain growth in double digits during the second half of the year.

#### *Broadband Communication IC*

The Group was interested in about 43% in Rainmaker Technologies, Inc, a company incorporated in the United States and had successfully launched its broadband communication IC prototype for transmitting television signals through a single telephone wire. The company is still in the research and development phase and required additional funding for continuing the development of communication related application-specific integrated circuit (ASIC) before launch.

#### *Others*

Given the prevailed investment climate, the Group will continue to monitor the investment projects positively with a view to bringing in additional profits to the Group.

### Securities Investment

Despite the downturns in all the world's major stock markets in the first half of the year, the Group's investment in securities managed to record a gross profit for HK\$23,062,000 and the Group's holding of listed investment securities as of 30th June, 2001 amounted to HK\$134,381,000.

By Order of the Board  
**YUNG YAU**  
Chairman

Hong Kong, 18th September, 2001