

RESULTS

For the year ended 31st December, 2001, the turnover of the Group decreased by approximately 21% as compared to last year to approximately HK\$93.0 million and the Group recorded a consolidated net loss attributable to shareholders of approximately HK\$68.7 million.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31st December, 2001.

BUSINESS REVIEW

The Group has been engaging in three main business segments, namely, (1) Design and trading of integrated circuits, provision of agency services and distribution of products; (2) Investment property holding; and (3) Investment holding.

Design and trading of integrated circuits, provision of agency services and distribution of products

In the year, the market condition of semi-conductor industry was harsh and the tragic events of 11th September, 2001 in the United States had further weakened the business environment. On consolidated level the turnover of this business segment dropped approximately 22% to approximately HK\$86.5 million and a loss from operations of approximately HK\$15.2 million was recorded.

The business in Taiwan contributed the bulk of the turnover of this segment and the operations managed to earn a gross profit of approximately HK\$10.9 million. However, after deducting the substantial overhead costs incurred during the period, a loss from operations of approximately HK\$15.0 million was recorded.

The business in China also encountered similar difficulties as the Taiwan business. The sales dropped approximately 34% as compared to last year and the business recorded a loss from operations of approximately HK\$0.2 million.

During the year, the management carried out a structural enhancement plan in order to reduce the operating costs and overheads and strengthen the sales and marketing channels.

Investment property holding

The investment property in Hong Kong continued to provide a steady revenue and cash flow to the Group. During the year, the total rentals received amounted to approximately HK\$6.4 million, more or less the same as that of last year. The average occupancy rate remained at a high level of approximately 93%.

Investment holding

The major other investment held by the Group is the shares of ChipMOS Technologies (Bermuda) Limited ("ChipMOS"), which is listed in NASDAQ. An unrealized provision of approximately HK\$52.3 million on this investment was made for the year under review. The unrealized loss was the difference between the market value of the shares as at 31st December, 2001 and the cost of the shares. Such loss represented approximately 72 % of the Group's loss before tax for the year.

FUTURE PLANS AND PROSPECTS

Although the semi-conductor industry experienced a very difficult year, the demand for integrated circuit products has been improving after the year end. Reported forecasts generally predict that the semi-conductor industry will have a single digit growth for the coming year.

Within the Group, a structural enhancement plan has been carried out to improve operational efficiency in both of its China and Taiwan operations. The management believes that our efforts in the last year will enhance our growth for the coming year.

In the longer term, the Group will continue to focus its sales market in the fast growing Greater China region. For products, we shall concentrate our efforts in developing MCUs and flash memories, which have higher demand and profit margin in comparison to other products.

The commitment of the employees to the Group, together with the recovery of the semi-conductor industry, the Directors are confident that the performance of the Group will improve considerably in the coming year.

APPRECIATION

I would like to take this opportunity to thank our employees for their efforts taken in the last year and our shareholders for the continued support to our Group.

By order of the Board
Seto Yee Woon, John
Chairman

Hong Kong, 19th April, 2002