

LOSS FOR THE YEAR

The Group's audited consolidated net loss after taxation for the year ended 31st December, 2002 amounted to HK\$60,462,000. Loss per share was 12.01 cents.

DIVIDEND

The Board recommends the payment of a final dividend of 1 cent per share, payable to shareholders whose names appear in the Register of Members of the Company on 6th June, 2003. This dividend, together with the interim dividend of 1 cent per share already paid, will make a total distribution of 2 cents per share for the full year. Subject to shareholders' approval at the Annual General Meeting, warrants for the final dividend will be posted on 11th June, 2003.

BUSINESS REVIEW

Electric Fans: Ceiling Fans and Table Fans

Results of ceiling fans recorded moderate growth in year 2002. Noticeable growth was recorded in the Middle East, Africa and Australia markets. Asia and America markets were stable and the Europe market was affected by weather conditions. Market competition was keener resulting in reduction in prices. The Group's new product designs and control on costs have shown results. There are still rooms for future growth and increasing market share expected in the coming year.

Sales of table fans recorded increases in both value and quantity in year 2002. Facing continuous keen market competition, the Group has planned to launch more advanced models next year for capturing the middle to high end market segment.

Household Vacuum Cleaners

Facing the very keen market competition on household vacuum cleaners, this product category was unable to achieve profitability for the Group in year 2002. The cost cutting restructuring of this division was completed. We expect to breakeven in year 2003.

Electric wire and cable

Due to fluctuations in prices of raw materials and keen market competition, there was a slight decrease in business turnover over the prior year for the Group's investment in Guangdong Macro Cables Company Limited. The company recorded a small profit for the year as a result of tight cost control. Despite the over-supply market situation, the company is looking to develop the business steadily going forward.

Stainless Steel Welded Tube Products

Losses were recorded in Shunde Hua Feng Stainless Steel Welded Tubes Limited in which the Group holds 90.1% equity interests, as a result of a market flooded with low grade products. As the trade embargoes on international steel trading ease, the prices of stainless steel shall tend to stabilize thus improving the business environment.

Steel Processing and Steel Trading

Sales increased over last year in the Group's 70% joint venture steel-processing factory with Shinsho Corporation of Japan in Huang Pu in mainland China. Continuous reduction in supply by the major steel manufacturers has caused prices to escalate. Results improved gradually due to a higher gross profit margin coupled with lower operating cost benefited under a low interest rate environment. As demand continues to exceed supply in the coming year opportunities for business growth are expected and additional efforts are required.

Taxi Operation

The Group holds 95% equity interest in Guangzhou SMC Car Rental Company Limited. The City Government of Guangzhou started tightening market order control in the taxi industry in 2002 and the company also strengthened the management of drivers. The company acquired more taxi licenses in 2002 and it is expected that the taxi business will develop steadily in the coming few years thus rendering a more effective scale of operation achievable.

Real Estate Investment & Development

The Group holds equity interest in Hong Kong Construction SMC Development Limited. The company developed CITIC Plaza at Tien He District, Guangzhou, a property complex comprising an 80-storey Grade A office building, two 38-storey deluxe service apartment blocks and a shopping arcade. Both sales and leasing of the CITIC Plaza were satisfactory, rental revenue improved by 14% over the past year. The Group indirectly holds office premises and shopping arcade areas in CITIC Plaza of 24,000 square meters and 6,300 square meters respectively, and vacancy rates are below 3% and 30% accordingly. The Group expects occupancy to improve in year 2003.

The long leasing contract for the Group's wholly-owned 30,000 square meters clean room high-tech manufacturing facility in Shenzhen China is expected to generate stable leasing income for eight years until the beginning of year 2011.

The Group's commercial property complex in Livermore, California had been slightly affected by the dwindling technology business in the Silicon Valley. Rental and occupancy rates declined slightly in the second half of year 2002.

Liang Xing Highway

Persistent growth was recorded in year 2002 on both income and traffic by the Group's 52% subsidiary, Shunde Shunyue Highway Construction Ltd., the owner and operator of Liang Xing Highway. Average daily traffic of 21,000 vehicles and 21% increase in toll income were recorded. The City Government of Fushan ordered in late February, 2003 to restructure the toll charging system in Fushan. The order involved temporarily suspending toll collections at 28 toll stations including the company's Sin Chun station on Liang Xing Highway. Based on the assurance by the City Government of Fushan that the interests of investors will not be damaged, the Sin Chun station has temporarily ceased toll operation from midnight of 15th March, 2003. The company has been discussing with the relevant Government departments concerning compensations due to the temporary suspension of the toll station.

Technology Investment Projects

Internet Server

In 2002, the subsidiary of the Group's Galactic Computing Corporation in Shenzhen has completed development of the second generation product for the internet server project and production planning has commenced. Discussions are underway with prospective partners for joint business promotion.

Systems Integration and Software Development

Since the introduction of Singapore based Frontline Technologies Corporation Ltd. in year 2001 as a major shareholder of MDCL-Frontline (China) Limited in which the Group holds 28% equity, the company has been concentrating on corporate and management reorganization by employing modern management to cope with future growth. Results in year 2002 have been unsatisfactory due to reduction in business turnover of its business partners and keen competition in the software market.

Broadband Communication IC

Rainmakers Technologies Inc was renamed Broadband Physics, Inc and a new CEO was appointed in December, 2002. Amid the difficult venture financing environment, a rationalized program had been implemented which focused immediate resources to validate the company's technology in specific application areas in order to enhance its core intellectual property value. A number of technology evaluation partnerships have been engaged and are in progress. Secured bridge financing are being extended carefully by the Group to fund the company's immediate development program.

Electronic Integrated Rectifier Chips

APD Semiconductor, Inc., a Group invested portfolio company, experienced delay in its pilot run program; the company was still unable to achieve the desirable yield rate and uniformity on the wafers. It is expected that the production problems will be resolved and the company will start booking revenues in the second half of year 2003.

Automatic Internet Migration Software for Enterprises

After all the hard work in 2002, Appeon Corporation, a Group invested portfolio company has successfully developed the first generation product for market launch and has concluded a marketing distribution contract with an international reputable software company. The product is expected to be launched in the second half of year 2003 by approximately 2,500 sales agents around the world. The company plans to partner with one of the world's largest corporation in year 2003 to develop other software products.

Securities Investment

Since 2000, the world's major equity markets have depressed three years in a row. Facing the unfavorable investment climate, the amount of securities investment has reduced over the last year. The Group's loss in securities investment for the year ended 31st December, 2002 amounted to HK\$45,902,000 and the market value of the Group's holding of listed securities investment amounted to HK\$100,036,000 at the year end date.

On behalf of the Board

YUNG YAU

Chairman of the Board

Hong Kong, 15th April, 2003