

PROFIT FOR THE YEAR

The Group's audited consolidated net profit after taxation for the year ended 31st December, 2004 amounted to HK\$137,883,000. Earnings per share were 31.05 cents.

DIVIDEND

The Board recommends the payment of a final dividend of 7 cents per share in respect of the year ended 31st December, 2004, such dividend to be satisfied in cash, with an alternative to shareholders to elect to receive such final dividend (or part thereof) in the form of new shares in lieu of cash, payable to shareholders whose names appear on the Register of Members of the Company on 11th May, 2005. This dividend, together with the interim dividend of 3 cents per share already paid, will make a total distribution of 10 cents per share for the full year.

The scrip dividend proposal is subject to : (1) the approval of the proposed final dividend at the Annual General Meeting to be held on 11th May, 2005; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

In relation to the calculation of the number of new shares to be allotted and issued pursuant to the proposal, the issue price of a new share will be the average closing price of one share of the Company on The Stock Exchange of Hong Kong Limited for the five consecutive trading days (on which such price is available) up to and including 23rd May, 2005.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for scrip dividend on or about 17th May, 2005. It is expected that share certificates for the new shares and/or cheques for cash dividend will be despatched to shareholders on or around 8th June, 2005.

BUSINESS REVIEW**Electrical Household Appliances: Ceiling Fans, Table Fans and Vacuum Cleaners**

In 2004 only modest result improvements were recorded for the ceiling fans business. The export business was more difficult compared to prior years. Lowered export tax rebate rates effected early in the year and rising material prices added to higher production costs pressure. The kind of difficult operating environment will continue to overshadow performance in 2005. The Group has started to develop higher value product series to preserve product margins.

The table fans business result was stable. Under fierce competition and high material costs pressures, the operating environment became increasingly difficult. The Group achieved modest price increases in orders from established relationship clients but such enhancements could only maintain an already narrow margin. A much challenging period is anticipated ahead.

Continuing material cost escalations and a competitive market that preempts sale price increases have affected both sales and profit performance for the vacuum cleaners business. The Group has secured two new private label vacuum cleaner OEM contracts for 2005, however, the ongoing material cost increases will continue to narrow profit margins.

Optics and Imaging

The laser scanner EMS business continues to enjoy strong growth. In 2005, the expected design completion of additional advanced models with low cost characteristics will drive double digit production growth. The fuser production was affected by start-up technical problems in 2004. We expect production will be smooth in 2005 and we are working on expansion plans to add three additional production lines.

Electric Wire and Cable

The Group's 98% owned Guangdong Macro Cable company recorded small revenue growth in 2004. The disposal of the land previously occupied by the company's factory was completed in early 2005 and the new cable factory has also commenced operation; the elimination of the associated land amortization expenses will help to enhance future profit performance. Raw material prices are expected to maintain at high levels; on the other hand the operations consolidation with the Group's stainless steel welded tube business shall create synergy benefits and the company's business can continue to develop.

Stainless Steel Welded Tubes Products

The Group's 90.1% owned Hua Feng Stainless Steel Welded Tubes company continued to report losses. Following the consolidation of resources with the Group's wire and cable business, operating expense savings shall result; the company has also planned for equipment additions to relieve the small tube capacity limitation to expand market penetration and improve operation performance.

Steel Processing and Steel Trading

During the year, the Group disposed of its 70% interest in the joint venture steel processing business with Shinsho Corporation of Japan in Guangzhou China. The disposal is in line with the Group's plan to reorganize its non-core activities and consolidate resources to strengthen its market positions in its strategic businesses.

Taxi Operation

The Group's 95% owned Guangzhou SMC Taxi company continues its stable growth and it contributes steady monthly cash flow to the Group. The company owns 775 taxi licenses. The company has strengthened the operation management team to further improve performance.

Real Estate Investment & Development

The 80 storeyed and 395 meters high Citic Plaza, the 7th tallest building in the world, continues to attract quality tenants from multinational and Fortune 500 companies. Lease renewals have also enjoyed stable rate increases. In 2004, the Group's Citic Plaza property portfolio generated rental income growth of approximately 20%.

The long term lease for the hi-tech clean room factory facility in Shenzhen continues to provide stable rental contribution.

Rental from the office complex in Livermore, California is still suffering from over supply conditions in the neighborhood market. Management is trying hard to recruit new tenants by offering more incentives.

The Group has also completed an investment for a 20% interest in a five-star hotel, office and retail integrated property development project located near Citic Plaza in Guangzhou. The project is under construction and is expected to complete by the first quarter of 2007. The final design will have a total of 130,000 m² of gross floor space consisting of approximately 60,000 m² of a five-star hotel, 34,000 m² of an office block, 8,000 m² of retail commercial space and the remaining in a 6-level underground parking lot and other supporting facilities. The project is expected to generate reasonable return for the Group.

Liang Xing Highway

The Group has completed the disposal of the 52% equity interest in the Liang Xing Highway investment to Shunde City Heng Shun Communication Investment Management Corporation in September 2004. Total sums of Rmb353,420,000 were received which included US dollar remittances for the equity interest consideration net of withholding taxes and repayment of related loans and associated interests. Pursuant to the agreements, the remaining loans of Rmb81 million and interests will be repaid in three installments over three years ending 31st December, 2007. The details of the agreements were covered in the circular of 11th March, 2004 and the announcement of 28th June, 2004.

Technology Investment Projects

Internet Automatic Migration Software for Enterprises

Appeon Corporation released the new version of its software in 2004 and received good responses. The company has recruited a seasoned software business executive having extensive experience in the US, Europe, Asia Pacific and China markets to be the new CEO; new breakthroughs in sales development are anticipated. In 2005, the Group has entered into agreements to acquire certain shares of the company from the founders which will increase the Group's interest to approximately 91.97%.

Super Blade Computing System (formerly referred as "Internet Server")

With the world renowned expert authority in the computing community Dr. Steve Chen joining as full time CEO, Galactic Computing Corporation has achieved significant publicity in China. In late 2004, the company successfully hosted a product and technology presentation forum in the Great Hall of the People's Congress. The company's 256 CPU High Performance Computer (HPC) demo machine delivering one tera-flop (1 trillion floating point operations per second) performance has been ranked among the Top Ten High Performance Computers in China. The demo machine has earned tremendous acclaims from various PRC government departments and other HPC users. The company is pushing hard the HPC strategy to open up the PRC market and revenue growth opportunities in 2005.

System Integration and Software Development

The low end hardware trading business that commenced in the second half of 2003 by the Group's invested MDCL-Frontline (China) Limited has started to come on track and has successfully secured major customer accounts in 2004. The company made a modest profit contribution to the Group in 2004. The company has planned to organize its software development outsourcing business in 2005 and double digit growth is being targeted for the year. In early 2005, the Group's interest in the company was increased to approximately 26.66%.

Broadband Communication IC

In June 2004, Broadband Physics was awarded its seventh patent based on its Sub-band Division Multiplexing technology by the US Patent and Trademark Office. During the year, a number of technical engineering problems were encountered which affected progress of the validation tests for the company's Field Programmable Gate Array (FPGA) implementation. These problems are gradually being resolved and the collaboration tests with other industry partners are expected to proceed as planned. Interim secured bridge financing by installments are being extended carefully by the Group.

Electronic Integrated Rectifier Chips

The Taiwan branch office of the Group's invested APD Semiconductor company in the US has commenced operation in 2004; the marketing and engineering teams have also expanded to drive the business development and marketing programs for APD's SBR™ integrated rectifier IC products. Sales are developing gradually. Utilizing the company's patented technology the SBR™ products deliver unique characteristics that minimize heat dissipation and provide superb advantages in power device applications and other electronics products.

Financial Investments

During the year the world's major stock markets have risen just over about 10%; for the year ended 31st December, 2004 the Group's financial investment activities have recorded profits of approximately HK\$75,222,000 and the market value of the Group's financial investment holdings amounted to HK\$205,338,000. The Group will continue to manage these investment activities in a prudent manner in 2005.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Peter Wong Chung On has accepted the appointment of Independent Non-Executive Director of the Company effective 30th March, 2004. Mr. Wong is a practicing solicitor in Hong Kong, an associate member of both the Institute of Chartered Secretaries and Administrators and the Chartered Institute of Management Accountants of the United Kingdom.

In addition, Mr. Peter Lam has also accepted the appointment of Independent Non-Executive Director of the Company with effect from 6th September, 2004. Mr. Lam holds a Bachelor of Science degree in Civil Engineering from Lehigh University, Pennsylvania, U.S.A and a Master of Science degree in Construction Management from Stanford University, California, U.S.A. Mr. Lam is currently the President and the Project Director of Lam Construction Group and the Registered Manager of Building Contractors' Association School.

DEATH OF DIRECTOR

Dr. Yung Yau, Group Honorary Chairman and Executive Director passed away on 2nd May, 2004. Dr. Yung has made tremendous contributions to the Group's development and has successfully led the Group's growth in its evolution since inception. The Board and all management and staff of the Group express greatest sadness and regrets for the leaving of Dr. Yung.

By Order of the Board

BILLY K YUNG

Chairman

Hong Kong, 6th April, 2005