

CHAIRMAN'S STATEMENT

Results

For the year ended 31st December 2004, the Group recorded a turnover of approximately HK\$164.0 million, as compared to that of last year of approximately HK\$121.7 million. The net loss attributable to shareholders was approximately HK\$91.4 million for the year ended 31st December 2004 as compared to a net profit of approximately HK\$216.7 million for the year ended 31st December 2003.

Dividend

The Directors do not recommend the payment of any dividend for the year ended 31st December 2004.

Business Review

Design, distribution and trading of integrated circuit products and provision of related agency services

With the continued improvement in market demand, the Group recorded a turnover in this business segment of approximately HK\$160.1 million for the year ended 31st December 2004, an approximately 36% growth as compared to approximately HK\$117.4 million for the year ended 31st December 2003.

The gross profit of this segment was approximately HK\$42.1 million for the year ended 31st December 2004 as compared to approximately HK\$35.6 million for the year ended 31st December 2003, representing a growth of approximately 18%.

With effective control in general and administrative costs, the business segment achieved a net profit from operations of approximately HK\$15.4 million for the year ended 31st December 2004 as compared to approximately HK\$5.6 million for the year ended 31st December 2003.

Investment property holding

For the year under review, the rental income generated from the investment property in Hong Kong was approximately HK\$3.9 million (2003: approximately HK\$4.3 million).

In November 2004, the Group entered into a provisional sale and purchase agreement to sell the investment property to an independent third party at a cash price of HK\$51.7 million. The sale was completed in March 2005.

Investment holding

The Group is holding approximately 4.0 million shares of ChipMOS Technologies (Bermuda) Limited ("ChipMOS"), which is listed in NASDAQ. ChipMOS is a leading provider of semiconductor testing and assembly services to customers in Taiwan, Japan and the United States.

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CHAIRMAN'S STATEMENT

Business Review *(Continued)*

Investment holding *(Continued)*

The quoted market price of ChipMOS as at 31st December 2004 was approximately US\$6.37 per share as compared to that as at 31st December 2003 of approximately US\$9.39. The fluctuation in share price resulted in an unrealised loss recorded by the Group of approximately HK\$94 million for the year under review.

Future Plans and Prospects

Looking ahead, the Group will continue to focus on the development of its main business in design and trading of integrated circuit products.

Reported forecasts generally predict that the semi-conductor industry will have a moderate single digit growth for the coming year. We believe that, with efforts of the management and our staff, we are able to meet the future challenges in the semiconductor industry.

Appreciation

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

On behalf of the Board

Seto Yee Woon, John

Chairman

Hong Kong, 25th April 2005

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