

PROFIT FOR THE YEAR

The Group's audited consolidated profit attributable to the equity holders of the Company for the year ended 31st December, 2005 amounted to HK\$157,171,000. Earnings per share were 33.07 cents.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of 8 cents per share (2004: 7 cents per share) in respect of the year 2005 to shareholders whose names appear on the Register of Members of the Company on 30th May, 2006. Warrants for the final dividend will be posted on 5th June, 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 25th May, 2006 to Tuesday, 30th May, 2006, both days inclusive, during which period no transfer of the Company's shares will be effected. In order to qualify for the proposed final dividend, all share certificates with the duly completed transfer forms must be lodged with the Company's Registrars, Standard Registrars Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 24th May, 2006.

BUSINESS REVIEW

Electrical Household Appliances: Ceiling Fans, Table Fans and Vacuum Cleaners

In 2005, profit margin of the ceiling fans business is comparable to the prior year. Sales to the Europe and North America markets have recorded slight decline while markets in the Middle East, Africa and Asia markets have generated growth. The higher value product series is gaining gradual market acceptance. This has helped to the maintenance of a reasonable profit margin amid prevailing high material price levels and the Group will continue to develop this market to improve sales and profit margin performance.

Turnover of the table fans business is comparable to that in the prior year; however profits have declined due to high material costs and currency impacts. Competitions and high material price levels are expected to remain key challenges and the Group maintains a cautious optimistic stance.

The vacuum cleaners contract manufacturing business has improved in the second half of the year with the addition of two new models under OEM contract. Production volume is expected to continue to grow in 2006 however, profit margin may tighten as plastics material costs have increased.

Optics and Imaging

Over the year, the EMS business recorded increases in laser scanner and fuser shipments by 45% and 90% respectively. Two additional fuser production lines are being installed and a new lower cost fuser model is expected to go into mass production in the second quarter of 2006. Due to the phase out of an old model a sales dip in the first quarter is expected however, over 2006 healthy revenue growth and modest profit improvement will be anticipated.

Electric Wire and Cable

The Group's 98% owned Guangdong Macro Cable company has returned to profitability in 2005. The sale of the company's factory land was completed and the factory facility in the new location had commenced operations. The re-location and the associated asset rationalization shall reduce depreciation and amortization costs and improve profit performance. During the year, costs of primary materials reached record highs and margins were affected. These prices are expected to stay at high levels during 2006 and the company shall further strengthen efficiency to maintain competitiveness.

Stainless Steel Welded Tubes Products

The Group's 90.1% owned Hua Feng Stainless Steel Welded Tubes company reported a small profit from operations for the year. In November, the company completed the disposal of its production equipment and the transfer of its operation staff team to an independent third party; its factory premise has also been leased to the buyer. This business divestiture is in line with the Group's strategy to rationalize its resources and focus on strengthening its strategic market position in its core businesses.

Taxi Operation

The Guangzhou SMC Taxi company had a stable year of operation. Due to the continuing government order for the temporary suspension of registration for transfer of taxi licenses, the number of licenses in the Group's portfolio is maintained at 775. Under collaborative team efforts, the company's assessment by the industry has improved.

Real Estate Investment & Development

During the year, Citic Plaza continued to attract quality tenants from multi-national and Fortune 500 companies and lease renewals have also recorded stable rate increases. The Citic Plaza Station on the Guangzhou Number Three Subway Line has opened and has further enhanced the convenience for visitors and tenants of the building. Rising 80 storey and 395 meters high, Citic Plaza maintains the seventh tallest building standing in the world. The Group has taken advantage of the strong market for high end offices and captured profits through a series of office unit disposals in 2005. The Group will continue to monitor the market and take advantage of opportunities in the rising trend.

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

The over supply conditions in the regional market continued to affect rental performance of the Group's office complex in Livermore, California. Several new leases are under negotiation and the Group expects to reduce the target vacancy rate from 25% to 20% in 2006.

In January 2005, the Group invested in 20% interest in a property project in Guangzhou. The project will include a five-star "Westin" hotel in one tower, an office tower and a shopping mall covering total gross floor area of about 127,000 m². The structural construction composing 46 storeys has been completed in January 2006. The office block is expected to complete for occupation by the forth quarter of 2006 and the hotel shall commence operation by the first quarter of 2007.

In June 2005, the Group completed the acquisition of a 56% indirect interest in China Ever Bright Real Estate Development Limited, a property development company in the PRC. The acquisition represents a strategic addition and will greatly enrich the Group's business opportunities in the PRC property sector. At completion, the company's project portfolio primarily consisted of six developments in progress located in Guangzhou, Beijing, Hefei and Shanghai. Total gross floor area from projects under development and projects held for future development is approximately 1.3 million m² and is composed of various residential, office, and commercial property projects. Subsequently, three new projects have been added that greatly expanded the land bank reserve of the company. These projects are progressing according to plan, based on current market conditions the company is expected to make significant profit contribution to the Group as each of these projects complete between 2007 and 2010.

Technology Investment Projects

Internet Automatic Migration Software for Enterprises

Appeon Corporation continues to make progress on the execution of the four stack value proposition strategy to service the Independent Software Vendor (ISV) and enterprise solution customers as well as building a viable installed base for future product and service revenue. The four stack value proposition strategy consists of offering a Web migration service platform; solution migration service; on-going maintenance and support services for the migrated solution; and new solution module development. The successful execution of this strategy during the year has enabled Appeon to grow its revenue and installed base many times throughout the world. The introduction of the Appeon for Power Builder 3.0 product gained great market acceptance and enabled the product license revenue to grow at a much faster pace than prior year. Appeon will introduce additional products in 2006 as well as introducing service platforms for the Java and .NET market. The company has put in place a professional services team to enable the company to offer Information Technology Outsourcing (ITO) services to the current installed base. The Company is confident to meet the sales target in 2006 through the product and service value-add strategy.

Super Blade Computing System

Galactic Computing has launched its GT4000 supercomputing blade product series; in June 2005 the company's 4.0 Teraflops supercomputing blade model achieved the World's 100th fastest ranking on the TOP500 List of supercomputers. The GT4000 series customers include research institutes and government departments in the Mainland and Hong Kong and these computers have been deployed for use in the high performance application area including biomedical research, medical picture archive and communication system, weather forecasting, newsgroup and high volume data hosting. The company also achieved ISO 9001:2000 certification and the Shenzhen High-tech Enterprise title in 2005. In 2006, Galactic's total product strategy will include extending the product offering from supercomputing to mid-range and entry-level computer servers, server management software and data storage system. The company projects to achieve significant revenue growth and maintains prospect for profit break even in 2006.

System Integration and Software Development

The Group's 26.66% owned MDCL-Frontline (China) Limited continues to develop its low end hardware trading business and expand its distribution network. The company maintained profitability in 2005 and recorded moderate growth. Its application systems and software services business has successfully launched the complete software product.

Broadband Communication IC

Fund raising efforts for a new equity round to support this company's continual operation has proceeded continually throughout the year however no commitment has resulted. In March 2006, the company ran into unendurable insolvency condition and has to be dissolved. The company's assets are secured to the Group for the bridge funding extended and the Group is taking actions to close the company and take over its intellectual property assets including its patents and technology.

Electronic Integrated Rectifier Chips

During the year, APD has continued to expand its product range to meet the broader product needs of customers and has also improved its customer sample request response time. Market awareness for the company's SBR™ integrated rectifier IC products is expected to improve. In 2006, a new generation of products for high temperature applications in the high voltage (300V, 400V, 500V and 600V) range is expected to be introduced. This will be a new unique product range empowering high power product applications such as computer servers, large size LCD and Plasma displays etc. and its strong performance and price advantages shall further strengthen APD's unique and distinctive technology edge in the market.

Financial Investment

During the year, the world's major stock markets had a weighted average rise of about 9%. For the year ended 31st December 2005, the Group's financial investment activities recorded profit of approximately HK\$43,732,000 and the market value of the Group's financial investment holdings amounted to HK\$106,829,000.

By Order of the Board

BILLY K YUNG

Chairman

Hong Kong, 20th April, 2006