PROFIT FOR THE YEAR

The Group's audited consolidated profit attributable to the equity holders of the Company for the year ended 31st December, 2006 amounted to HK$138,833,000. Earnings per share were HK$0.277.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.08 per share (2005: HK$0.08 per share) in respect of the year 2006 to shareholders whose names appear on the Register of Members of the Company on 29th May, 2007. Warrants for the final dividend will be posted on 5th June, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 23rd May, 2007 to Tuesday, 29th May, 2007, 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 Tuesday, 22nd May, 2007.

BUSINESS REVIEW

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

Due to severe material price inflation during the year, the Group's ceiling fans business margin dropped compared against the year before. The North America and Europe markets margins were the most affected; the Middle East, Africa and Asia markets maintained profitability. With material prices moderating and selling prices improving this year business shall be stable.

Table fans business results last year were desirable despite continual material price escalations; profits were higher than the prior year. With the 20-year term agreement with the production partner expiring, this business will be downsized next year.

Although material price increases affected profits, the vacuum cleaner contract manufacturing business achieved steady growth during the year. Production of a new product, the rechargeable work light project is expected to start in the second quarter of 2007, and a compact model of the product will be launched in the forth quarter of 2007.

Optics and Imaging

During the year the EMS business recorded increases in laser scanner and fuser shipments by 30% and 300% respectively, the growth was attributable to high volumes of low end models production. This trend is expected to continue. Profit margin is expected to decrease due to a higher proportion of low end models contributions in the coming year. However, overall profit will still enjoy handsome growth.

Electric Wire and Cable

The Group's 98% owned Guangdong Macro Cable Company reported profit growth for the year. Higher selling prices realized for the company's inventory stock also resulted in higher gross margin for the year. As major materials' prices have receded from high levels since 2006, business is expected to stabilize in 2007.

Taxi Operation

The Guangzhou SMC Taxi company had another stable year of operation in 2006 and maintained the number of taxi licenses at 775. The Group is in the process of reorganizing the taxi joint venture company structure to facilitate future expansion. The Group is also acquiring the remaining 5% interest from its joint venture partner and the transaction is anticipated to be completed by mid of 2007.

Real Estate Investment & Development

In 2006, the Group's Citic Plaza properties portfolio recorded stable average rental price increases for its office properties. Citic Plaza's retail properties were fully leased and generated double digit income growth. The Group also took advantage of strong market demands for high end office properties and captured profits through the sales of certain office unit holdings.

The long term lease for the hi-tech manufacturing facility in Shenzhen continues to provide stable rental contribution. The Group has commenced study for an expansion development phase for this property to increase its income potential. It is expected that the total GFA of this property can be increased by a maximum of 47,000 m^2.

The US property rental market in 2006 was better than expected and the Group's office property complex in Livermore, California was 95% leased. If the conditions are favorable, the Group may consider realizing this investment in 2007.

The Group invested in a 20% interest in a Guangzhou property development project in January 2005. The project includes office and retail facilities with a five-star international hotel comprising total GFA of about 127,000 m^2; construction is near completion. The Group entered into a conditional sales and purchase agreement on 2nd March 2007 for the disposal of this 20% equity interest and the related shareholders' loan. The total consideration is about HK$177,000,000. The sale is expected to be completed on or before 10th May 2007 and a gain on disposal of about HK$55,644,000 will result.

In December 2006, the Group increased its interest in China Ever Bright Real Estate Development Limited ("EBRE") from 56% to 70%. The Group continues to develop the company according to the original plans, EBRE's major projects are as follows:

EBRE owns 100% interest in a Beijing commercial property development project comprising three office towers with total GFA of about 148,000 m^2 (saleable GFA of about 110,000 m^2). Installation of equipment has been completed at the end of 2006 and delivery for usage is expected in the second quarter of 2007. Two of the three towers were sold under pre-sale agreements, the relevant sales are expected to be recognized in the first half of 2007. The remaining tower will be held for lease.

EBRE holds 50% interest and the Group holds another 8% interest in the Guangzhou Guangda Huayuan multi-phase residential and retail development project located in Haizhu district in Guangzhou. Phase E of the development project comprises total GFA of 250,000 m^2. Over half of the construction of the apartment units in phase E composing saleable GFA of 194,000 m^2 was completed, pre-sale percentage had also reached about 60%. The pre-sold units will be delivered in August 2007. Under favorable prevailing market conditions, design features are being upgraded and the average selling prices have also been increasing accordingly. The company is evaluating various design plans for the next phase F2 development which comprises a site area of 129,000 m^2 with total GFA of about 360,000 m^2, of which the saleable GFA of the residential and retail properties will be about 290,000 m^2. The final plan will strive to achieve the best possible profitability results while also meeting the new government policies and market demand expectations.

EBRE owns 100% interest in a multi-purpose development project in Hefei which comprises total GFA of about 110,000 m^2 (saleable GFA of about 95,000 m^2). The properties were nearly half sold and revenue were recognized in 2006. The remaining properties will be sold subsequently. The remaining land of the project is under construction for a retail commercial and hotel property.

EBRE owns 65% interest in an R & D office development project in the ZhangJiang High-tech Zone in Pudong, Shanghai. The project comprises total GFA of about 17,000 m^2 (saleable GFA of about 14,000 m^2), installation of equipment was completed at the end of 2006. Delivery for possession is expected to be in the second quarter of 2007. The project is planned to be held for lease.

EBRE owns 100% interest in another development project located in Haizhu district in Guangzhou. The land parcel under the project covers an area of about 43,000 m^2 and is connected to an inter-change station of the Guangzhou – Foshan light rail line and a Guangzhou subway line. The development prospect is quite attractive. The total GFA of the project is about 234,000 m^2 and a large scale retail complex combined with residential development with estimated saleable GFA of about 150,000 m^2 is under plan.

The Guilin project which EBRE owns 49.7% interest has obtained land use rights for 343,000 m^2 of land in Guilin. The company plans to develop a high class hotel resort and residential community for the project.

EBRE owns 80% of a land development project company in Hohhot, Inner Mongolia. The project company is obtaining government permission to commence work for the primary development of about 975 mu (about 650,000 m^2) of rural land. Income will be generated through auctioning of the resultant saleable land parcels after the infrastructure for the land is completed by the company. Development franchise and permission for the remaining 8,625 mu (about 5,750,000 m^2) of land for primary development is anticipated to be obtained gradually over multiple years and stable income will be generated from the development.

EBRE holds 50% interest in an exhibition centre development project company in Guangzhou and disputes have arisen between EBRE and the other 50% shareholder over issues concerning the operations and financing management for the company. EBRE has concerns over the other shareholder's improper management behavior. EBRE is engaging in both negotiation and legal proceedings to settle the disputes in order to protect the Group's interest.

Technology Investment Projects

Internet Automatic Migration Software for Enterprises

Notwithstanding increase in revenue generation, Appeon continued to make considerable losses during the year. The company's performance has lagged behind budget substantially and its financial targets have repeatedly lapsed. In an effort to end such prolonged losses, the Group took actions to restructure Appeon's operations in early 2007 to result in a leaner organization in the future. The Group has made a provision of HK$393,000 as re-structuring costs for Appeon.

Super Blade Computing System
Galactic Computing continued to win government and institutional tenders in the mainland and Hong Kong, including contracts for the installation of Galactic's supercomputing blade system, mid-range computing servers, data storage systems, system management software and associated professional services. The company achieved revenue growth in 2006. To meet rapidly growing data storage market demand, the company has focused on data storage systems and associated software development. The storage products are expected to increase the company revenue and profit margin.

System Integration and Software Development
The Group owns 26.66% of MDCL-Frontline (China) Limited. The company's low end hardware trading business was stable and its enterprise services business recorded desirable growth. As profits from the latter business is relatively higher, the company maintained profitability in 2006 and its turnover has grown slightly as per the unaudited accounts of the company.

Electronic Integrated Rectifier Chips
APD entered into an agreement with an independent buyer in October 2006 and has sold substantially all its assets including its intellectual property, outstanding orders and customer accounts portfolio. It is a cash installment sale composed of initial payments and deferred payments based on revenue earn-outs for the 2007 and 2008 calendar years. Following the assets sale, APD will liquidate its remaining assets and distribute periodic payments to its shareholders as the assets sale installment payments are received. Since completion of the assets sale, SMC has received US$5,254,000.

Financial Investment
During the year, the world's major stock markets had a weighted average rise of about 19%. For the year ended 31st December 2006, the Group's financial investment activities recorded profit of approximately HK$59,101,000 and the market value of the Group's financial investment holdings amounted to HK$187,948,000.

By Order of the Board
BILLY K YUNG
Chairman

Hong Kong, 26th April, 2007