

RESULTS

For the year ended 31st December 2002, the Group recorded a turnover of approximately HK\$76.2 million as compared to approximately HK\$93.0 million last year. The net profit attributable to shareholders was approximately HK\$11.9 million as compared to the loss of approximately HK\$68.7 million last year.

DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31st December 2002.

BUSINESS REVIEW

The Group have been engaging in three main business segments, namely, (1) Design and trading of integrated circuits, provision of agency services and distribution of semi-conductor parts of third parties; (2) Investment property holding; and (3) Investment holding.

Design and trading of integrated circuits, provision of agency services and distribution of semi-conductor parts of third parties

The market demand in this business segment remained sluggish during the year. The turnover of this business segment dropped approximately 21% to approximately HK\$70.1 million. During the year, efforts were made in order to improve the yield of our products. Measures were taken to control the quality of goods from suppliers, back-end processing and testing procedures were reviewed and non-performing product lines were terminated. Considerable improvements have been obtained in yield percentage and back-end costs savings since the fourth quarter. With tight control on other overhead costs and staff headcounts, the operating loss in this business segment was reduced to HK\$13.7 million as compared to approximately HK\$19.0 million last year.

Investment property holding

The total rentals received during the year amounted to approximately HK\$6.1 million, more or less the same as that of last year. Profit from operations for this segment decreased to approximately HK\$3.4 million (2001: approximately HK\$4.5 million), mainly attributable to additional maintenance works carried out during the year. The occupancy rate dropped to approximately 74% as at 31st December 2002, due to terminations of some leases near the year end.

Investment Holding

The major other investment held by the Group is the shares in ChipMOS Technologies (Bermuda) Limited, which is listed in NASDAQ. For the year under review, an unrealised gain of approximately HK\$17.5 million (2001: loss of approximately HK\$52.3 million) was obtained as a result of mark-to-market valuation as at 31st December 2002.

FUTURE PLANS AND PROSPECTS

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

During the year, the Group has successfully strengthened its competitiveness by improving its processing efficiency and products quality. Furthermore, reported forecasts generally predict that the semi-conductor industry will have a positive outlook in 2003.

The Group will continue to focus on development of MCUs and flash memories products with emphasis on the Greater China region. In addition, the management will look for appropriate investment opportunities that can enhance the Group's main business.

With the expected improvement in the semi-conductor industry, we are confident that the performance of the Group's main business of design and trading of integrated circuit products, will further improve in the coming year.

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.

By Order of the Board
Seto Yee Woon, John
Chairman

Hong Kong, 8th April 2003