

Forward

On behalf of MAE Holdings Limited (the "Company") and its subsidiaries (the "Group"), I present herewith the annual report of the Group for the year ended 30th April, 2003.

Business review and prospects

2002/03 was a difficult year for majority of the businesses of the Group. The global economic conditions remained weak in 2002. The market was worsened with the war in Iraq and the outbreak of SARS in many countries, especially in the People's Republic of China (the "PRC") and Hong Kong in the first half of the year 2003. The global economy continues to be weak and the recovery is uncertain. The markets for power supply and electrical products are highly competitive as a result of overseas investors entering into the China market. However we believe that the demand for quality products and services prevails in the long run and we continue to dedicate ourselves to bring quality products and services to our customers.

During the year we continue to build up new strategic business partners and strengthen our relationships. In addition to our Original Equipment Manufacturer ("OEM") services in electrical appliance products as well as musical equipment and sound reinforcement system, we have successfully established our Electrical Manufacturing Services ("EMS").

We continue our product diversification strategy and have met our customers' demand. We have secured new customers to whom we had developed and designed products for their specific markets.

We also focus on the China market where consumption of quality appliances and components is increasing. Through our wholly owned subsidiary in the PRC, we continue to build up new connections and networks for the promotion and sale of our products and services.

We have taken measures to streamline our investments and have disposed the non-profitable investments to focus more on investments with growth potential.

We believe our strategy in quality products and services would prevail in the long run and the business will rebound when the world economy recovers.

Chairman's Statement ►

Conclusion

On behalf of the Board of Directors (the "Board"), I would like to thank all of our shareholders, customers, suppliers and staff for their contribution and support throughout the year. With full commitment, we are confident of the strength of the Group and shall prosper in the years to come.

By order of the Board

Lo Wai Shing, Felix
Chairman

Hong Kong
29th August, 2003