

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, 2004.

Business review & prospects

The beginning of 2003/04 financial year was difficult due to the world and economic setback following the outbreak of severe acute respiratory syndrome ("SARS"). The customers' call for price cuts together with increase in commodity price for raw materials. The business recovered gradually in the year and the turnover was increased by over 70% compared with last year, contributed largely from Electrical Manufacturing Services ("EMS") in musical equipment and sound reinforcement businesses.

We have successfully launched our Original Design Manufacturer ("ODM") home appliance products in the year. The Group will continue to develop and design quality appliance products to meet customers' demand.

The management keeps on tightening the control over costs, streamlining business structure, strengthening credit risk management, and broadening product range and customer base. Non-profitable products are discontinued in the year to allow for more resources for profitable businesses. The Company's directors are developing sales and marketing plans to secure new customers.

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.

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
26th August, 2004