

On behalf of the Board of Directors (the "Directors"), I am pleased to report the annual results of the Company together with the subsidiaries (collectively the "Group") for the year ended 31 December 2005.

## FINANCIAL RESULTS

For the year ended 31 December 2005, the Group's turnover reached HK\$388.1 million, representing an 11.1% increase over the previous year. Overall gross profit decreased from approximately HK\$78.7 million (as restated) in the previous year to approximately HK\$76.8 million this year. Profit attributable to shareholders was approximately HK\$13.7 million (2004: HK\$17.0 million (as restated)).

Basic earnings per share for the year ended 31 December 2005 amounted to HK5.16 cents (2004: HK6.55 cents as restated) per share.

## BUSINESS REVIEW

The Group's core businesses including consumer electronic products and precision parts and components collectively had another successful year. The Group's turnover for the year under review achieved another new record level since the incorporation of the Company. As in the previous year, the growth in turnover resulted from a combination of several factors including sales revenue generated by new products, increased turnover to certain existing customers and to new customers.

Escalated raw material costs, increased workers' wages in the PRC and appreciation of Reminbi have created challenges to us. The increases in raw material and production costs have led to a decrease in gross profit margin of certain existing products. As a result, despite the growth in turnover of the Group's core businesses, the overall gross profit dropped by 2.7% from last year.

The segmental results of the precision parts and components segment improved from approximately HK\$19.5 million in the last year to approximately HK\$22.2 million this year. This improvement is attributable to the increased demand for our precision components by telecommunication and other high technology industries.

However, the segmental results of the consumer electronic products segment turned into a loss in the current year. The poorer in operating results of the consumer electronic products segment stems mainly from increased operating costs related to our new subsidiary in the United States of America (the "USA"), to the research and development, and sales and marketing human resources. Certain complaints filed by a third party against the Group in the United States had further affected the segmental results unfavorably.

本人欣然代表董事會（「董事會」）提呈本公司及其附屬公司（統稱「本集團」）截至二零零五年十二月三十一日之全年業績。

## 財務業績

截至二零零五年十二月三十一日止年度，本集團之營業額達388,100,000港元，較去年上升11.1%。整體毛利，由去年約78,700,000港元（重列）下降至本年約76,800,000港元。股東應佔溢利約為13,700,000港元（二零零四年：17,000,000港元（重列））。

截至二零零五年十二月三十一日止年度，每股基本盈利為5.16港仙（二零零四年：6.55港仙（重列））。

## 業務回顧

本公司的核心業務，包括電子消費品及精密零部件的整體業務於本年度再創佳績。本集團於年內的營業額創出本公司註冊成立以來的新紀錄。一如往年，營業額上升主要由於多項因素所致，包括新產品帶來銷售收益及來自若干現有客戶及新客戶的銷售額增加。

原材料成本上漲、中國工人工資上升及人民幣升值為本集團帶來挑戰。原材料及生產成本上升令若干現有產品的毛利率下降。故此，雖然本集團核心業務營業額有所增長，但整體毛利比去年下降2.7%。

精密零部件的分類業務的業績由去年約19,500,000港元改善至本年約22,200,000港元。改善之原因為電訊及其他高科技行業對本集團的精密零部件的需求上升。

然而，電子消費品分類業務的業績則於本年度轉盈為虧。電子消費品分類業務的經營業績轉遜，主要由於包括來自美國（「美國」）新附屬公司，關於研發之開支，以及銷售與人力資源方面的經營成本增加。美國一名第三者對本集團提出若干申訴，亦對分類業務的業績造成不利影響。

A USA company (the "Complainant") filed a patent infringement complaint with the United States District Court (the "USDC") against our Company and two of the Company's subsidiaries on 18 February 2005. The Complainant also filed the same patent infringement complaint with the United States International Trade Commission (the "ITC") against the Company and the same subsidiaries on 15 March 2005. The Complainant claimed that certain features of the Group's weather forecasting products imported into the USA infringed certain of the Complainant's patents.

On 9 August 2005, the Complainant motioned to withdraw its complaint, without prejudice, filed with the ITC. Moreover, on 11 August 2005, the Complainant voluntarily dismissed its complaint, without prejudice, filed with the USDC. Since the said complaints were withdrawn on a "without prejudice" basis, the Company has received legal advice that the Complainant may possibly take action again in the future. The Group has sought legal and licensed patent counsel's opinions on the patent infringement as claimed by the Complainant and been advised that the features of the Group's weather forecasting products do not infringe the patent rights held by the Complainant.

The abovementioned legal actions have affected our planned expansion of sales into the North American market. The growth in sales to the North American market for the current year was 12%, which is below the level initially planned. However, we expect that our sales to the North American market will improve from year 2006 onward.

The European market has always been the major market of our consumer electronic products segment. In order to better our service being rendered to our customers and hence to derive higher sales revenue from this market, we have engaged a representative in Europe to serve the customers of this market and provide solutions to them timely.

During the year under review, we launched several new products with value added features and these products have been well accepted by the market. Given the success of our newly developed products, we have applied patents for these products so as to protect our intellectual property rights.

### Investments

#### *Disposal of Investment in an associate YQUEAL TTI Limited ("YTTI")*

YTTI was established with the principal business of manufacture and sale of mobile phone keypads. Though the customers of YTTI are global renowned cellular phone manufacturers, YTTI had incurred substantial operating losses since its incorporation in late 2002. In the year under review, the Company and YTTI's major shareholder also hold different views regarding the future plan for the operation and expansion of YTTI.

一間美國公司(「投訴人」)於二零零五年二月十八日向美國地區法院提出一項針對本公司及其兩間附屬公司的專利侵權投訴。並於二零零五年三月十五日就同一項專利侵權向美國國際貿易委員會投訴本公司及其上述附屬公司。投訴人聲稱本公司進口美國的天氣預測產品之若干功能侵犯投訴人的專利權。

於二零零五年八月九日，投訴人以無損其現有利益向美國國際貿易委員會動議撤銷其投訴。並於二零零五年八月十一日，投訴人自願向美國地區法院以無損其現有利益撤銷其投訴。因投訴人撤銷其投訴以無損害其現有利益為基礎，本公司已收到法律意見，指投訴人可能在未來的日子再次採取行動。本集團經已就投訴人聲稱的專利侵權指控尋求法律及特許專利權律師的意見，並獲知會該項天氣預測產品的功能並無侵犯投訴人所持有的專利權。

上述的法律行動影響到本集團擴展北美市場銷售的計劃。於本年度，北美市場銷售增長12%，比原先計劃數字為低。然而，本集團預期於北美市場的銷售會於二零零六年以後改善。

歐洲市場一向是本集團電子消費品分類業務的主要市場。為了提升本集團為客戶提供的服務，藉此提高本集團在此市場的銷售營業額，本集團在歐洲委聘了代表，以服務在此市場的客戶，並及時解決客戶的疑難。

於回顧年度，本集團推出了若干具增值功能的新產品，並且得到良好的市場反應。有見本集團的新開發產品獲取成功，本集團已為這些產品申請專利以保護本集團的知識產權。

### 投資

#### *出售聯營公司唯一科力有限公司(「YTTI」)的投資*

YTTI成立之主要業務為製造及銷售流動電話按鍵。儘管YTTI的客戶乃國際知名的電話製造商，但YTTI自二零零二年末成立以來蒙受重大的營運虧損。於回顧年度，本公司與YTTI之主要股東對YTTI日後之業務營運及擴展計劃亦持不同的意見。

Accordingly, on 14 July 2005, the Company and YTTI's major shareholder entered into an agreement in relation to the sale of the Group's 41% equity interest in YTTI and of its loan of US\$615,000 due from YTTI (the "Shareholder's Loan") to YTTI's major shareholder (the "Disposal") at an aggregate cash consideration of US\$4,715,000 (approximately HK\$36,777,000) (the "Consideration"). The Consideration is equal to the aggregate value of the Company's total investment cost in and the Shareholder's Loan to YTTI. The Disposal was approved by the Company's shareholders at the special general meeting held on 14 September 2005 and was completed on 20 September 2005.

The Group recorded a gain on the Disposal of approximately HK\$16.3 million in the current financial year.

#### Other investment

On 31 December 2005, the Group also disposed of its other investment, that is an interest in an unlisted investment at cost for HK\$2.5 million to a third party.

#### FUTURE PLAN AND PROSPECT

As in the previous year, we will continue our focus on developing our core businesses that include consumer electronic products and precision parts and components. Moreover, we would also allocate more resources in developing OEM/ODM businesses so as to enhance our Group's business growth further.

The licensing of "HONEYWELL" trademark for the North American market is an important strategic move for our consumer electronic products segment. We believe that this licensed trademark would enable us to penetrate into the North American market and will bring positive contribution to the Group in the long run.

During the year under review, the production capacity of the precision parts and components segment could not meet the requests of our customers occasionally. In order to cope with the continuous business growth, we have planned to expand our production capacity in the current and coming years for this segment. We intend to construct a new manufacturing facility on the land in Zhongshan, the PRC that we acquired in 2002. Based on our current planning, construction costs of the new manufacturing facility are estimated at HK\$25 million and the facility will be completed in early 2007. Funding of this new manufacturing facility that includes utilizing our internal cash resources and obtaining external financing would be arranged where appropriate.

於二零零五年七月十四日，本公司及YTTI的主要股東訂立協議，以總代價4,715,000美元（相等於約36,777,000港元）（「代價」）出售本集團持有YTTI的41%股權及轉讓YTTI欠本集團615,000美元之股東貸款（「股東貸款」）予YTTI的主要股東（「該出售事項」）。該代價相等於本公司於YTTI之總投資成本及借予YTTI之股東貸款。該出售事項已經於其後二零零五年九月十四日所舉行的股東特別大會上通過及已在二零零五年九月二十日完成。

本集團因此出售事項於本財政年度錄得約16,300,000港元的盈利。

#### 其他投資

本集團於二零零五年十二月三十一日向第三方以成本價2,500,000港元出售一項非上市投資的權益。

#### 未來計劃及展望

誠如往年，本集團將繼續致力發展核心業務，此包括電子消費品及精密零部件。此外，本集團亦會投放更多資源發展原設備製造商／原設計製造商業務，以進一步加強本集團的業務發展。

於北美市場取得特許商標「HONEYWELL」是本集團的電子消費品業務的重要策略行動。本集團相信此特許商標有助本集團打入北美市場，並為本集團帶來長期貢獻。

於回顧年度，精密零部件業務的生產量偶爾未能滿足本集團客戶的要求。為了配合持續增長的業務，本集團計劃於年內及來年提升此業務的生產能力。本集團計劃於二零零二年購入位於中國中山的土地興建新的生產設施。根據本集團目前的計劃，該新設施的興建成本估計為25,000,000港元，竣工日期估計為二零零七年初。本集團將適當地運用內部現金資源及取得外界融資作為此新生產設施的注資。

Our production facility for the consumer electronic products segment is located in Shenzhen, the PRC. We anticipate that the production costs in Shenzhen region would increase continuously in the foreseeable future. One of the measures to reduce the production costs of our consumer electronic products is to relocate our production facility to a lower production cost region. As a result, subsequent to the year end date, we have entered into an agreement with a third party for acquiring the land use right of a piece of land in Qingyuan, the PRC, for the future relocation of the Group's production facility for the consumer electronic products segment. This land use right was acquired for a cash consideration of approximately RMB6.4 million.

Rising raw material and production costs have always been challenges to us. We would continue our efforts to improve our production efficiency and implement effective cost control and reduction measures to mitigate the impact arising from increased costs. During the year, the Group acquired the licensed right of an ERP system. We anticipate that our resources planning, operational efficiency and cost controls would further be better and strengthened with the implementation of the newly acquired system.

Our strategy is to develop new products with value added features, implement cost control and reduction measures and improve our production efficiency. We have planned to phase out the low end products and add new product lines for our consumer electronic products segment. Moreover, after disposal of our interest in the associate YTTI, we have reorganised the management structure and realigned the marketing strategy so as to reduce the corresponding operating costs.

We anticipate that the above strategies and measures would enable us to maintain the momentum for growth in turnover and profitability and to lessen the effect of rising production costs.

### APPRECIATION

I would like to take this opportunity to thank the directors and senior management of the Group who have expressed their support to the Group.

Moreover, on behalf of the Board, I would like to express my thanks and gratitude to all our staff for their loyalty and hard work and to our suppliers, customers and shareholders for their continued support.

**Lai Pei Wor**  
Chairman

Hong Kong, 25 April 2006

本集團的生產電子消費品設施位於中國深圳市。本集團預期深圳區的生產成本將繼續提高。其中一項降低本集團的電子消費品生產成本的措施是將本集團的生產設施遷移至生產成本較低的地區。因此，在年結日後，本集團已與第三方達成協議，購入中國清遠一幅土地的使用權，讓本集團可於未來遷移其電子消費品業務的生產設施。購入此土地使用權的現金代價約為6,400,000人民幣。

原材料成本及生產成本持續上升一直對本集團構成威脅。本集團將繼續致力提升本集團之生產效能，並實施有效措施控制及削減成本，以減低成本增加所帶來之影響。於本年度，本集團已購入一ERP系統之特許權利。本集團預計，啟用新購入之系統後，將可進一步改善和加強其資源計劃、營運效率及成本控制。

本集團的策略是開發具有增值功能的新產品，實施控制和降低成本措施及改善本集團的生產效率。本集團計劃淘汰低檔產品，並為我們的電子消費品業務增設新的生產線。此外，在出售本集團於聯營公司YTTI的權益後，本集團已重組管理架構，並調整市場策略以降低相關的營運成本。

我們預期以上策略及措施將令我們的營業額及盈利持續增長，並減輕生產成本上漲帶來的影響。

### 致謝

本人藉此機會感謝本集團之董事及高級管理人員對本集團的支持。

同時，本人代表董事會，謹就本集團各員工之忠誠服務及貢獻以及供應商、客戶及股東之持續支持向彼等亦致以衷心感謝。

主席  
賴培和

香港，二零零六年四月二十五日