

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries comprise the manufacture and sale of precision parts and components (comprising keypads, synthetic rubber and plastic components and parts, and liquid crystal displays ("LCDs")), and the design, manufacture and sale of consumer electronic products (comprising time, weather forecasting and other products). There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2005 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 32 to 115.

An interim dividend of HK0.5 cent per ordinary share was paid on 31 October 2005. The directors recommend the payment of a final dividend of HK0.5 cent per ordinary share in respect of the year, to shareholders on the register of members on 14 June 2006. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheet.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 116. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE LOAN NOTES

Details of movements in the Company's convertible loan notes, share capital and share option scheme during the year, together with the reasons therefor, are set out in notes 29, 31 and 32 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

董事會謹提呈本公司及本集團截至二零零五年十二月三十一日止年度之經審核財務報告。

主要業務

本公司之主要業務為投資控股。

各附屬公司主要業務包括製造及銷售精密零部件(其中包括按鍵、合成橡膠及塑膠零部件、及液晶顯示器)、及設計、製造及銷售電子消費品(包括時計、天氣預測及其他產品)。本集團之主要業務於年內並無改變。

業績及股息

本集團截至二零零五年十二月三十一日止年度之溢利及本公司與本集團於該日之財政狀況載於第32頁至第115頁之財務報告。

中期股息每股普通股0.5港仙已於二零零五年十月三十一日派付。董事建議就本年度向於二零零六年六月十四日名列股東登記冊之股東派發末期股息每股普通股0.5港仙。此項建議已載入財務報告內，作為資產負債表內權益項目下保留溢利分配。

財務資料概要

本集團於過往五個財政年度之業績及資產與負債概要載於第116頁，該概要乃節錄自經審核財務報告(並經適當重列/重新分類)。該概要並不是經審核財務報告之部份。

物業、廠房及設備

有關本集團於本年度之物業廠房及設備之變動詳情載於財務報告附註14。

股本、購股權及可換股貸款票據

本公司的可換股貸款票據、股本及購股權之詳情分別載於財務報告附註29、31及32。

優先購買權

本公司之公司細則或本公司註冊成立地點百慕達之法例並無載列有關強制本公司按比例向現有股東發售新股之優先購買權之規定。

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2005, the Company's reserves available for cash distribution and/or distribution in specie, as computed in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK\$56,886,635 (2004: HK\$56,019,246 as restated), of which HK\$1,327,524 (2004: HK\$2,655,048) has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK\$50,541,281 (2004: HK\$50,541,281) may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 27.9% of the Group's total turnover for the year and sales to the largest customer included therein amounted to approximately 8.16%. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for both of the current and prior years.

As far as the directors are aware of, neither the directors, their associates, nor those shareholders which to the best knowledge of the directors own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers and five largest suppliers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Lai Pei Wor
Chan Yau Wah
Chung Yik Cheung, Raymond

Independent non-executive directors:

Kung Fan Cheong
Leung Man Kay
Li Yuen Kwan, Joseph (appointed on 24 August 2005)
Tsao Kwang Yung, Peter (deceased on 5 June 2005)

購買、贖回或出售本公司之上市證券

本公司或其任何附屬公司概無於年內購買、贖回或出售任何本公司之上市證券。

儲備

本年度內本公司及本集團儲備變動之詳情分別載於財務報告附註33(b)及綜合權益變動表。

可分派儲備

於二零零五年十二月三十一日，根據百慕達一九八一年公司法（經修訂）計算，可供本公司以現金及／或實物分派之儲備為56,886,635港元（二零零四年：56,019,246港元已重列），其中1,327,524港元（二零零四：2,655,048港元）於今年已撥為末期股息。本公司之股份溢價賬50,541,281港元（二零零四年：50,541,281港元）可以以繳足紅股方式分派。

主要客戶及供應商

於本回顧年度，本集團五位最大客戶佔有關年度之本集團總銷售額約27.9%，而其中最大客戶之銷售額約佔8.16%。本集團五位最大供應商佔有關年度及前年度之總採購額約少於30%。

就董事所知，各董事、其聯繫人士或任何股東（據董事所知擁有本公司股本5%以上者）概無於五位最大客戶及供應商實益擁有任何權益。

董事

本公司於本年度之董事如下：

執行董事：

賴培和
陳友華
鍾奕昌

獨立非執行董事：

孔蕃昌
梁文基
李沅鈞 (於二零零五年八月二十四日委任)
曹廣榮 (於二零零五年六月五日辭世)

In accordance with bye-law 87(1) of the Company's bye-laws, Messrs. Lai Pei Wor and Kung Fan Cheong will retire by rotation and pursuant to bye-law 86(2) of the Company's bye-laws, Mr. Li Yuen Kwan, Joseph shall hold office only until the forthcoming annual general meeting and will retire by rotation, and both of them, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Messrs. Kung Fan Cheong, Leung Man Kay and Li Yuen Kwan, Joseph, the independent non-executive directors, are appointed for a period of two years. The Company has received annual confirmations of independence from Messrs. Kung Fan Cheong, Leung Man Kay and Li Yuen Kwan, Joseph and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICS

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 19 to 21 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service contract with the Company for a term of three years commencing from 1 January 2006, and thereafter until terminated by either party giving to the other not less than six months' notice in writing.

Apart from foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

根據本公司之公司細則第87(1)條，賴培和先生及孔蕃昌先生將輪席退任即將舉行之股東週年大會及根據公司細則86(2)條，李沅鈞先生任期僅任職至即將舉行之股東週年大會。彼將輪席退任，但彼等均合符資格並願意於即將舉行之股東週年大會上膺選連任。

獨立非執行董事孔蕃昌先生、梁文基先生及李沅鈞先生任期為兩年。本公司已收到孔蕃昌先生、梁文基先生及李沅鈞先生就其獨立性每年向本公司所發出的確認書，於本年報刊發日期，本公司一直認為彼等均屬獨立人士。

董事及高級管理人員之簡歷

本公司董事及本集團高級管理人員之簡歷詳情於本年報第19至21頁。

董事之服務合約

每位執行董事均與本公司訂立服務合約，由二零零六年一月一日起計，為期三年，並於其後繼續有效，直至任何一方向對方發出不少於六個月之書面通知後終止。

除上述外，於即將舉行之股東週年大會上重選連任之董事概無與本公司訂立不可於一年內終止而毋須支付賠償（法定賠償除外）之服務合約。

董事酬金

董事之袍金須待股東於股東大會上批准。其他酬金由本公司董事會經參考董事之職務、責任及表現，以及本集團業績後釐定。

董事之合約權益

各董事概無於年內之任何於本公司或其任何附屬公司為其中一方且對本集團業務重大之合約中直接或間接擁有重大實益權益。

SHARE OPTION SCHEME

The directors have estimated the values of the share options granted during the year, calculated using the binomial option pricing model as at the date of grant of the options:

Grantee 授與人	Number of options granted during the year 年內授出之 購股權數目	Theoretical value of share options 購股權 理論價值 HK\$ 港元
Employees other than the directors 非董事之僱員	2,500,000	126,000

The binomial option pricing model is a generally accepted method of valuing options, which was developed to estimate the fair value of American style share options. The significant assumptions used in the calculation of the values of the share options were:

- Risk-free rate of return – the yield of 8-year Exchange Fund Notes of Hong Kong
- Expected volatility of share price – annualised volatility for one year immediately preceding the grant date
- Expected dividend yield – annual dividend for the most recent financial year and the closing price on the grant date.

The measurement dates used in the valuation calculations were the dates on which the options were granted.

The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself.

The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

購股權計劃

董事根據二項式購股權定價模型及授出購股權日期之資料計算，估計於年內授出之購股權計劃之價值。

二項式購股權定價模型的設計旨在評估美式購股權的公平價值，是眾多購股權定價模型中普遍接納的一種。購股權採用下列重大假設數據計算：

- 無風險回報率 – 8年期香港外匯基金票據之孳息率
- 股價預期波幅 – 緊接授出日期前一年內之每年波幅率
- 預期股息回報率 – 最近財政年度之年息及授出日期之收市價

用以估值之計算日期為授出購股權之日期。

二項式購股權定價模型承受若干基本限制，因其需要運用非常主觀之假設，及有關日後表現之若干假設數據之不穩定性及此模型本身之若干內在限制。

購股權之價值隨着不同之主觀假設而變動。各項主觀假設之變動均會對購股權公平價值之估計構成嚴重影響。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2005, the interests of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of the Company:

Name of director	董事姓名	Number of shares held, capacity and nature of interest 所持股份數目、身份及權益性質			Percentage of the Company's issued share capital 佔本公司已發行股份之百分比
		Directly beneficially owned 直接實益持有	Through controlled corporation 所控制公司之權益	Total 總數	
Lai Pei Wor	賴培和	2,500,000	97,242,000*	99,742,000	37.57
Chan Yau Wah	陳友華	7,700,000	—	7,700,000	2.90
Chung Yik Cheung, Raymond	鍾奕昌	2,652,000	—	2,652,000	1.00
		12,852,000	97,242,000	110,094,000`	41.47

* Details of Lai Pei Wor's other interests are set out in the section headed "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares" below.

Save as disclosed above, as at 31 December 2005, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

董事於股份及相關股份之權益及短倉

於二零零五年十二月三十一日，根據證券及期貨條例（「證券及期貨條例」）第352條之規定而存置之登記冊所記錄或按董事根據上市發行人董事進行證券交易的標準守則知會本公司及香港聯合交易所有限公司（「聯交所」），董事於本公司或其相聯法團（定義見證券及期貨條例第XV部）之股份權益如下：

本公司普通股之長倉：

Name of director	董事姓名	Number of shares held, capacity and nature of interest 所持股份數目、身份及權益性質			Percentage of the Company's issued share capital 佔本公司已發行股份之百分比
		Directly beneficially owned 直接實益持有	Through controlled corporation 所控制公司之權益	Total 總數	
Lai Pei Wor	賴培和	2,500,000	97,242,000*	99,742,000	37.57
Chan Yau Wah	陳友華	7,700,000	—	7,700,000	2.90
Chung Yik Cheung, Raymond	鍾奕昌	2,652,000	—	2,652,000	1.00
		12,852,000	97,242,000	110,094,000`	41.47

* 賴培和先生之其他權益詳載於下文之「主要股東、其他人士於股份及相關股份之權益及短倉」。

除上文所披露者外，於二零零五年十二月三十一日，根據證券及期貨條例第352條之規定而存置之本公司登記冊所記錄，或根據上市發行人董事進行證券交易的標準守則知會本公司及聯交所，各董事在本公司或其任何相聯法團之股份或相關股份或債券概無擁有任何權益或短倉。

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the heading "Directors' interest and short positions in shares and underlying shares" above and in the share option scheme disclosures in note 32 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries, a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

董事認購股份之權利

除於上述「董事於股份及相關股份之權益及短倉」及財務報告附註32購股權計劃之披露事項所披露者外，本公司於年內任何時間概無授予任何董事或彼等各自之配偶或未成年子女藉收購本公司之股份或債券而取得利益之權利，而彼等亦無行使任何該等權利；本公司或其任何附屬公司於年內概無參與訂立任何安排，致使董事可於任何其他法人團體獲得此等權利。

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2005, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

主要股東及其他人士於股份及相關股份之權益及短倉

於二零零五年十二月三十一日，按照本公司根據證券及期貨條例第336條之規定須予存置之權益登記冊所載，以下股東擁有本公司已發行股本5%或以上之權益：

Long positions:

長倉：

		Number of shares held, capacity and nature of interest 所持股份數目、身份及權益性質				Percentage of the Company's issued share capital 佔本公司已發行股本百分比	
Name	姓名	Directly beneficially owned 直接實益持有人	Through spouse or minor children 配偶或未成年子	Beneficiary of a trust 信託之受益人	Total 總計		
Chan Yuk Lin (Note a)	陳玉蓮 (附註a)	-	2,500,000	97,242,000	99,742,000	37.57	
Celaya Limited (Note b)	Celaya Limited (附註b)	-	-	97,242,000	97,242,000	36.63	
Trident Corporate Services (B.V.I.) Limited (formerly known as "Ansbacher (BVI) Limited") (Note c)	Trident Corporate Services (B.V.I.) Limited (前稱 "Ansbacher (BVI) Limited") (附註c)	-	-	97,242,000	97,242,000	36.63	
Lai Yiu Chun (Note d)	賴耀鎮 (附註d)	1,866,000	21,450,000	-	23,316,000	8.78	
Lam Lin Chu, Winnie (Note d)	林蓮珠 (附註d)	23,116,000	200,000	-	23,316,000	8.78	

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Notes:

- (a) Chan Yuk Lin, spouse of Lai Pei Wor, was deemed to be interested in the shares.
- (b) Celaya Limited holds 97,242,000 shares in its capacity as trustee of The Lai Family Unit Trust, of which all units are held by Trident Corporate Services (B.V.I.) Limited (formerly known as "Ansbacher (BVI) Limited") in its capacity as trustee of The Lai Family Trust, a discretionary trust of which Lai Pak Hung (son of Lai Pei Wor) and Lai Yee Man (daughter of Lai Pei Wor and under the age of 18) and Chan Yuk Lin (wife of Lai Pei Wor) are discretionary objects.
- (c) The shares referred to herein relate to the same parcel of shares referred to in note (b) above.
- (d) Lam Lin Chu, Winnie is the wife of Lai Yiu Chun, who is a brother of Lai Pei Wor. Both Lam Lin Chu, Winnie and Lai Yiu Chun are declaring interests in the same parcel of shares.

Save as disclosed above, as at 31 December 2005, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had no connected transactions and continuing connected transactions as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

主要股東及其他人士於股份及相關股份之權益及短倉 (續)

附註:

- (a) 陳玉蓮為賴培和之配偶，因而被當作持有該等股份權益。
- (b) Celaya Limited以賴氏家族單位信託之受託人身份持有97,242,000股股份。賴氏家族單位信託所有已發行單位由Trident Corporate Services (B.V.I.) Limited (前稱「Ansbacher (BVI) Limited」)以賴氏家族信託(一全權信託，其中賴栢鴻(賴培和兒子)及賴綺雯(賴培和十八歲以下之女兒)及陳玉蓮(賴培和妻子)乃全權信託受益人)之受託人身份持有。
- (c) 此欄所指之股份與附註(b)所指之同一批股份有關。
- (d) 林蓮珠為賴耀鎮之妻子，而賴耀鎮與賴培和則屬兄弟關係。林蓮珠及賴耀鎮申報同一批股份之權益。

除上文所披露者外，於二零零五年十二月三十一日，本公司概無獲知會有任何人士(不包括本公司董事之權益，載於上文「董事於股份及相關股份之權益及短倉」)在本公司股份及相關股份中擁有任何根據證券及期貨條例第336條之規定而須記錄於本公司存置之登記冊之權益或短倉。

公眾持股量充足

根據本公司獲得的已公開之資料及就董事所知，於本年報刊發日期，本公司之全部已發行股本中有至少25%由公眾人士持有。

關連交易及持續關連交易

本集團於本年度並沒有進行由聯交所證券上市規則(「上市規則」)定義之關連交易及持續關連交易。

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in note 40 to the financial statements.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Lai Pei Wor
Chairman

Hong Kong
25 April 2006

結算日後事項

本集團於結算日後所發生的重大事項詳情已載於財務報告附註40。

核數師

安永會計師事務所任滿告退，於即將舉行之股東週年大會上將提呈決議案，再度委任其為本公司之核數師。

承董事會命

主席
賴培和

香港
二零零六年四月二十五日