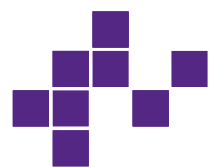




Seek for ahead

力求卓越 時刻向前



主席報告書

股息

於二零零六年，本公司已支付中期股息每股港幣0.02元（二零零五年：無）。董事現建議於二零零七年六月十五日（星期五）派付末期股息每股港幣0.03元（二零零五年：港幣0.02元）予二零零七年六月六日（星期三）名列於股東名冊之股東。

本公司將由二零零七年五月三十一日（星期四）至二零零七年六月六日（星期三）止（包括首尾兩日）暫停辦理股份過戶登記手續。如欲獲派上述股息，務須於二零零七年五月三十日（星期三）下午四時前，將所有過戶表格連同有關股票，一併送達本公司之股份過戶登記處標準證券登記有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓，以辦理登記手續。

業務回顧

本集團於二零零六年之銷售收入及除稅前溢利較二零零五年分別上升34.4%及55.8%，主要由於電子製造服務部門（「EMS部門」）之銷售出現強勁增長所致。

以全年計，EMS部門之銷售收入較二零零五年增加33.8%。該部門位於深圳沙井之廠房之銷售收入增長34.2%，其位於蘇州之廠房之銷售收入亦錄得13.7%增長。兩家廠房在二零零六年之盈利能力均錄得顯著增長，乃因為在某些主要開支方面（如工資成本）得享規模經濟效益。

雖然EMS部門於二零零六年之經營業績增長令人滿意，惟其經營環境依然欠佳。未來數年之工資及其他成本（尤其是在深圳）將持續飆升，而人民幣亦似乎會繼續升值。另外，現時於沙井之廠房已不敷應用。

CHAIRMAN'S STATEMENT

DIVIDENDS

The Company paid an interim dividend of HK\$0.02 per share (2005: Nil) for 2006. The Directors now recommend the payment of a final dividend of HK\$0.03 (2005: HK\$0.02) per share on Friday, 15th June, 2007 to the shareholders on the Register of Members on Wednesday, 6th June, 2007.

The Register of Members will be closed from Thursday, 31st May, 2007 to Wednesday, 6th June, 2007, both days inclusive, during which period no further transfer of shares will be effected. To qualify for the above dividend, all transfers accompanied by the relevant certificates must be lodged with the Company's registrars, Standard Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 30th May, 2007.

REVIEW OF BUSINESS ACTIVITIES

Sales revenue and profit before taxation of the Group for 2006 increased by 34.4% and 55.8%, respectively, compared with 2005. This was primarily because of strong growth in the Electronic Manufacturing Service Division (the "EMS Division").

Sales revenue in the EMS Division increased by 33.8% overall compared with 2005. The sales revenue of its factory in Shajing, Shenzhen grew by 34.2% and the factory in Suzhou also increased in sales revenue of 13.7%. The profitability of the two factories increased significantly for 2006 because of economies of scale being achieved on some major items of expenditures such as payroll costs.

Whilst the results of the EMS Division showed satisfactory growth for 2006, the operating environment remains very unfavourable. It appears that wages and other costs, especially in Shenzhen, will continue to rise rapidly in the next few years and the Renminbi is likely to carry on appreciating in value. There is also insufficient space in the current factory in Shajing.



主席報告書

業務回顧(續)

為因應預計中之經營成本上升，亦為協助改善邊際利潤，EMS部門將竭力加強其預算監控機制，並改善製造工序之生產力及效能，另亦將集中向客戶提供更能提高價值之工程服務。

EMS部門亦正發掘將某些生產移往較低成本地區之可行性。

原設計及市場推廣部門(「ODM部門」)繼續集中開發及推廣擁有SD(保密數碼)槽之流動RFID(無線射頻識別器)讀取器、寫入器及儲存終端。二零零六年間，數以百計樣本及超過100份開發組件已售予系統集成商、開發商及OEM，以供評價及開發應用方案，而ODM部門亦已與多家大公司訂立試行及／或開發協議。部門預期，應用開發一旦完成，將有第三方人士發出大額訂單。利用GPS(全球定位系統)及GSM(環球移動通訊系統)技術(「BOX GPSM」)開發的小型汽車追蹤裝置已延遲至二零零六年最後一季付運。

BOX GPSM之延誤，加上流動RFID終端延遲接獲大額訂單，導致ODM部門在整體上錄得虧損。然而，虧損已較二零零五年明顯減少。

位於半山區之住宅發展項目(「項目」)方面，截至二零零六年十二月三十一日，尚有19所住宅及4所店舖尚未售出。雖然在二零零六年下半年並無售出任何住宅，惟於二零零七年一月有4所住宅以滿意價格售出。董事決定不就有關項目先前於二零零五年底作出之撥備作更多調整。

CHAIRMAN'S STATEMENT

REVIEW OF BUSINESS ACTIVITIES (Continued)

In order to counter these expected increases in operating costs and help improve profit margins, the EMS Division will endeavour to strengthen its budgetary control systems and improve the productivity and efficiency in its manufacturing processes. It will also focus on providing more value-added engineering services to the customers.

The EMS Division is also exploring whether it is feasible to transfer some production to lower cost areas.

The Original Design and Marketing Division (the "ODM Division") continued to focus on the development and marketing of mobile RFID (radio frequency identification) reader, writer and storage terminals with SD (secure digital) slots. During 2006, hundreds of samples and more than 100 development kits were sold to system integrators, developers and OEMs for evaluation and application development, and the ODM Division also entered into trial run and/or development agreements with a number of large companies. The Division expects third parties will place orders in volume once they have completed their application development. The initial shipment of the compact vehicle tracking device using GPS (global positioning system) and GSM (global system for mobile communications) technologies ("BOX GPSM") was delayed to the last quarter of 2006.

The BOX GPSM delay and the delay in receiving volume orders for the mobile RFID terminals contributed to an overall loss for the ODM Division. However, the loss was significantly reduced compared with 2005.

As for the residential development in the Mid-levels (the "Project"), as at 31st December, 2006, 19 apartments and 4 shops remained unsold. Whilst there was no sale of apartments in the second half of 2006, 4 apartments were sold at satisfactory prices in January 2007. The Directors decided not to make any further adjustment on the provision previously made against the Project at the end of 2005.

主席報告書

財務

於二零零六年十二月三十一日，本集團之銀行借貸淨額約港幣219,800,000元（二零零五年：港幣317,000,000元），佔該日之股東權益32.6%（二零零五年：50.4%）。

本集團大部份銷售均以美元進行，成本及開支則主要以美元、港幣、日元及人民幣計算。遠期外匯合約於有需要或實際可行時用以對沖風險。

資本結構

自二零零五年十二月三十一日以來，本集團之資本結構並無變動。

僱員

於二零零六年十二月三十一日，本集團聘用約6,800名僱員，其中約5,300名為生產部工人。除提供年終花紅、醫療及人壽保險外，本集團亦會因應僱員之表現發放酌情花紅。本集團之酬金政策及福利計劃會不時檢討。

本集團亦向其員工提供內部及外間培訓計劃。

CHAIRMAN'S STATEMENT

FINANCE

As at 31st December, 2006, the Group had net bank borrowings of about HK\$219.8 million (2005: HK\$317.0 million), representing 32.6% (2005: 50.4%) of the shareholders' equity at that date.

Most of the Group's sales are conducted in US dollars and costs and expenses are mainly in US dollars, Hong Kong dollars, Japanese Yen and Reminbi. Forward contracts are used to hedge foreign exchange exposures where necessary or practicable.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since 31st December, 2005.

EMPLOYEES

As at 31st December, 2006, the Group employed approximately 6,800 employees of whom approximately 5,300 were production workers. In addition to the provision of annual bonuses, medical and life insurances, discretionary bonuses are also available to employees based on individual performance. The remuneration packages and policies are reviewed periodically.

The Group also provides in-house and external training programs to its employees.



主席報告書

前景

根據現有之手頭訂單及預計從客戶獲得之訂單，董事有信心EMS部門於二零零七年將達到溫和之銷售收益增長。即使成本上升及人民幣升值，EMS部門將透過提升效率及生產力，以及實行嚴控成本措施，盡其所能改善盈利能力。

董事亦預期ODM部門於二零零七年之流動資金得以自給自足。

本人謹此代表各董事衷心感謝客戶、供應商及業務夥伴一直對本集團信任及支持。本人亦謹此特別感謝員工之忠誠、勤奮及為本集團提供專業服務。

王忠秣

主席兼行政總裁

香港，二零零七年四月十九日

CHAIRMAN'S STATEMENT

PROSPECTS

Based on the level of orders received and forecasts provided by customers, the Directors expect that the EMS Division will have moderate sales growth in 2007. Notwithstanding rising costs and the appreciation of the Renminbi, the EMS Division will endeavour to improve its margin by enhancing efficiency and productivity and by implementing stringent cost controls.

It is the Directors' target that the ODM Division will achieve break-even in terms of cashflow in 2007.

On behalf of the Directors, I would like to sincerely thank our customers, suppliers and business partners for their continued confidence in and support to the Group. I would also like to pay a special tribute to all of our employees for their loyal, diligent and professional services to the Group.

WONG CHUNG MAT, BEN

Chairman and Chief Executive Officer

Hong Kong, 19th April, 2007