

On behalf of the Board of Directors (the "Board"), I am pleased to report the annual results of the Company together with the subsidiaries (collectively the "Group") for the year ended 31 December 2006.

## FINANCIAL RESULTS

For the year ended 31 December 2006, the Group's turnover reached HK\$392.4 million, representing 1.1% increase over the previous year. Overall gross profit increased from approximately HK\$76.8 million in the previous year to approximately HK\$79.8 million this year. Profit attributable to equity holders was approximately HK\$1.4 million (2005: HK\$13.7 million).

Basic earnings per share for the year ended 31 December 2006 amounted to HK0.52 cent (2005: HK5.16 cents) per share.

## BUSINESS REVIEW

The Group's core businesses including consumer electronic products and precision parts and components have faced some challenges during the year 2006. Despite the local electronics sector slowed down during the year under review, the Group's total sales turnover of the year under review has increased slightly from the previous year and has achieved another new record level since the incorporation of the Company.

The sales turnover of the consumer electronic products segment of our Group increased by 6.9% from HK\$182.3 million of last year to HK\$194.9 million this year. As in previous years, the overall growth in sales turnover resulted from a combination of several factors including sales revenue generated by new products, increased turnover to certain existing customers and to the new customers. The sales to the North American market have been growing. Although the total sales turnover to the North American market for the year is below the target level, it has increased by approximately 68% from last year.

The sales turnover of the precision parts and components segment decreased by 4.0% from HK\$205.8 million of last year to HK\$197.6 million this year. The drop in the sales turnover of this segment is partly caused by the decrease in demand of the local electronics sector. Moreover, during the year, we have ended certain low end products so as to improve the gross profit margin of this segment. As a result, the total sales to both local and the People's Republic of China ("PRC") market decreased by HK\$25.6 million from last year. However, we have expanded our marketing activities for the overseas markets and are pleased to report that the sales to overseas customers increased by 35% from HK\$49.6 million last year to HK\$66.9 million this year.

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」)截至二零零六年十二月三十一日之全年業績。

## 財務業績

截至二零零六年十二月三十一日止年度,本集團之營業額達392,400,000港元,較去年上升1.1%。整體毛利由去年約76,800,000港元上升至本年約79,800,000港元。權益持有人應佔溢利約為1,400,000港元(二零零五年:13,700,000港元)。

截至二零零六年十二月三十一日止年度,每股基本盈利為0.52港仙(二零零五年:5.16港仙)。

## 業務回顧

於二零零六年度,本公司的核心業務包括電子消費品及精密零部件面對一些挑戰。雖然本地電子行業於回顧年度有放緩跡象,但本集團於年內的整體營業額較上年有輕微上升,並且創出本公司自註冊成立以來的新紀錄。

本集團的電子消費品分類業務的營業額增加了6.9%,由去年的182,300,000港元上升至本年194,900,000港元。一如往年,整體營業額增長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。於北美市場的銷售正在增長中。雖然北美市場於本年的整體營業額比目標水平為低,但亦已較往年上升約68%。

精密零部件的分類業務的營業額下跌了4.0%,由去年205,800,000港元下跌至本年197,600,000港元。此分類業務的營業額下跌之部份原因是因為本地電子行業需求減少。此外,本集團於本年度為了改善精密零部件分類業務的毛利率,終止出售一些低檔次的產品。因此令本地及中華人民共和國(「中國」)市場之整體銷售額較去年下跌25,600,000港元。然而,本集團增加海外市場之推廣活動,董事欣然報告本集團之海外顧客銷售額增加了35%由去年的49,600,000港元增加至今年的66,900,000港元。

Similar to the previous years, we have been facing with challenges of escalated production costs in particular the increased workers' wages and appreciation of Reminbi. The segmental results of both of the consumer electronics products and the precision parts and components for the year 2006 are unsatisfactory. The results of the precision parts and components segment decreased from HK\$22.2 million for the last year to HK\$16.3 million this year. On the other hand, the consumer electronic products segment enhanced its results by HK\$2.8 million but still incurred a loss of HK\$4.6 million for the current year.

The increases in production costs have led to decrease in gross profit margin of certain existing products. However, we have launched certain new products with better gross profit margin into the market in the second half of year 2006. As a result, the overall gross profit margin of the Group has been improved from 19.8% of last year to 20.3% of the current year.

During the year, we entered into an agreement with a third party for acquiring the land use right of a piece of land in Qingyuan, the PRC. This land use right was acquired for a cash consideration of RMB6.4 million. This piece of land would be used for future expansion of the Group's production facilities.

In June 2006, a USA company (the "Complainant"), that filed a patent infringement complaint against the Company and two of the Company's subsidiaries and then subsequently withdrew its complaints in 2005, filed another patent infringement complaint (the "Complaint") with the United States District Court (the "USDC") against the Company and two of the Company's subsidiaries on the ground as before. In October 2006, the Complainant and the Group have agreed to dismiss the Complaint voluntarily without prejudice (the "Dismissal"). Moreover, it was further agreed that no further action shall be initiated until the earlier of (a) a reexamination of the patents is concluded; (b) a reissue patent is issued or (c) the expiration of eighteen months from the date of the Dismissal. Subsequent to the year end in 2007, the United States Patent and Trademark Office has been requested by a subsidiary of the Company and it has agreed to reexamine the patents that were involved in the Complaint. In the prior year, the Group has sought legal and licensed patent counsel's opinions on the patent infringement as previously 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.

與去年情況相約，本集團持續面對生產成本逐步上升的挑戰，尤其是工人工資上升及人民幣升值。二零零六年的電子消費品及精密零部件的分類業績都不如理想。精密零部件的分類業績由去年22,200,000港元下降至本年16,300,000港元。另一方面，電子消費品分類業務的業績雖有2,800,000港元的改善，但本年仍出現4,600,000港元的虧損。

因生產成本上漲，若干現有產品之毛利率因此下降。然而，本集團於二零零六年下旬推出若干有較佳毛利率的新產品到市場。因此，本集團整體毛利率由去年19.8%改善至本年20.3%。

於本年內，本集團與第三方訂立協議收購一塊位於中國清遠的土地之使用權。此土地使用權是以現金代價6,400,000人民幣購入。土地將會被用作未來擴充本集團生產設施。

於二零零六年六月，一間曾經提出一項針對本公司及其兩間附屬公司的專利侵權投訴，而其後於二零零五年撤銷其投訴的美國公司（「投訴人」），再次以同一理由向美國地區法院提出對本公司及其兩間附屬公司的專利侵權投訴（「該投訴」）。在二零零六年十月，投訴人及本集團同意以無損現有利益下自願地撤銷該投訴（「該撤銷」）。此外，雙方並同意不會再提出起訴行動，直至以下情況出現，以最早計：(a)專利複審結束；(b)發出補發專利或(c)從該撤銷的日子計十八個月後。年結後，於二零零七年，本公司的一間附屬公司已向美國申辦專利及商標辦事處要求，並獲其同意複審該投訴相關之專利。本集團經已就投訴人之前聲稱的專利侵權指控尋求法律及特許專利權律師的意見，並獲知會本集團之天氣預測產品功能並無侵犯投訴人所持有的專利權。

## FUTURE PLAN AND PROSPECT

Though the sales turnover for the year under review has not grown satisfactorily in accordance with our business plan, we strongly believe that our core businesses has room for expansion. We will continue our focus on developing our core businesses and explore opportunities to expand it further.

With the dismissal of the Complaint in the USA, we expect that our sales of consumer electronic products under the licensed brand "HONEYWELL" and our own brands to the North American market will further improve. Moreover, the new products launched in the second half of 2006 have been well accepted by the market and shipment of these new products orders have started since the launch dates. Accordingly, we believe that the results for the consumer electronic product segment will turn around in year 2007.

The products of the precision electronic parts and components segment comprise keypads, synthetic rubber, plastics components and parts, and liquid crystal displays. We have been providing "One Stop Shopping" solution to our customers of the precision electronic parts and components segment in a way that they can procure more than one kind of precision components and parts effectively through us. In order to improve our services to our customers and hence to develop more business opportunities, we have planned to streamline and reorganize the group structure of this segment to meet our mission.

Construction of the new manufacturing facility in Zhongshan, the PRC has progressed smoothly. The construction costs of the new manufacturing facility are in line with our plan and the facility will be completed in the third quarter of 2007. Once the new facility is brought into use after its completion, the expanded production capacity of the precision parts and components segment will provide a strong support to our business growth plan.

Subsequent to the year end in April 2007, the ERP system for the electronic consumer products segment has been implemented. We have also planned to implement an ERP system for the electronics parts and components segment later. With the implementation of the ERP system, our strengthened resources planning, operational efficiency and cost controls would enable us to mitigate partly the impact arising from increased production and operating costs.

## 未來計劃及展望

雖然於本回顧年度之銷售收入並未如本集團之業務計劃滿意地增長，但本集團堅信其核心業務有擴展的空間。本集團會繼續發展其核心業務並且發掘出更多機會以進一步提升其業務。

隨著在美國該投訴之撤銷，本集團期望有特許商標「HONEYWELL」品牌及本集團自有品牌之電子消費產品於北美市場之銷售額將進一步改善。此外，於二零零六年下旬推出市場之新產品被市場廣泛地接受，客戶所訂購該新產品亦自推出日以來陸續付運。因此，本集團相信在二零零七年電子消費品業務的業績將會轉虧為盈。

精密零部件業務之產品包括按鍵、合成橡膠、塑膠零部件及液晶顯示器。本集團提供「一站式購物」之方案予精密零部件業務之客戶，使他們可以有效地透過本集團採購多於一種零部件。為了給客戶提供更佳的服務並發展更多商業機會，本集團計劃簡化及重整此業務的架構以達至本集團之目標。

於中國中山的新生產廠房設施之興建正順利進行。根據本集團目前的計劃，該新設施的興建成本與預算相符，而新廠房將會於二零零七年第三季竣工。當廠房於竣工並開始啟用後所提升之精密零部件分類業務的生產能力，將可支持本集團的業務拓展計劃。

年結後，於二零零七年四月，ERP系統已在本集團的電子消費品分類業務啟用。本集團亦已計劃稍後於精密零部件分類業務實施ERP系統。隨著ERP系統的實施，本集團加強後的資源策劃、營運效率及成本控制，可助本集團舒緩部份因增加生產及營運成本而引起的影響。

**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, 24 April 2007

**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，二零零七年四月二十四日