

OPERATIONS REVIEW

The following highlights the Group's results for the year ended 31 December 2006.

- Turnover increased by 1.1% from the prior year to HK\$392.4 million for the year.
- Gross profit slightly increased by approximately HK\$3.0 million from 2005 to approximately HK\$79.8 million for the year
- Profit from operating activities before the finance costs was HK\$11.5 million, decreased by HK\$11.9 million from last financial year
- Finance costs increased by HK\$0.3 million from last year to HK\$7.9 million
- Profit for the year was approximately HK\$1.4 million

In the year under review, sales turnover of the precision parts and components segment has decreased by approximately 4.0% as compared with the previous financial year. On the other hand, the consumer electronic product segment has achieved approximately 6.9% increase in sales turnover from the previous year.

The Group's overall gross profit has improved by approximately 3.9% from the previous year.

The Group's finance costs increased to HK\$7.9 million from the prior year due to the increased market interest rate and the Group's borrowings.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers and other financial institutions in Hong Kong.

The total borrowings from banks and financial institutions include long term loans, finance leases, overdraft, import and export loans, amounted to approximately HK\$77.0 million as at 31 December 2006, of which HK\$60.5 million is repayable in 2007.

營運回顧

以下是本集團於截至二零零六年十二月三十一日止年度主要業績概況。

- 營業額比去年上升1.1%至本年之392,400,000港元。
- 毛利相比二零零五年輕微上升約3,000,000港元至本年約79,800,000港元。
- 經營業務溢利於未計及融資成本為11,500,000港元，較上財政年度下跌11,900,000港元。
- 融資成本比去年增加300,000港元至7,900,000港元。
- 本年度溢利約為1,400,000港元。

回顧本年度，精密零部件事業之銷售營業額與上財政年度相比下降約4.0%。另一方面，電子消費品業務之銷售營業額與去年相比增長約6.9%。

本集團整體毛利較去年改善約3.9%。

本集團融資成本較去年上升至7,900,000港元原因是市場利率及集團借貸較去年上升。

流動資金及資金來源

本集團一般以內部產生之現金流量及其香港主要往來銀行及其它財務機構所提供之銀行備用信貸作為其營運資金。

於二零零六年十二月三十一日，銀行及財務機構借款總額，包括長期貸款、融資租賃、透支及進出口貸款約為77,000,000港元，其中60,500,000港元將於二零零七年償還。

The Group's financial position remains healthy. At the balance sheet date, the aggregate balance of cash and cash equivalents of the Group amounted to approximately HK\$41.6 million.

The Group's borrowings are on a floating rate basis and are mainly denominated in either Hong Kong dollars or United States dollars. These match with the principal currencies in which the Group conducts its business. Therefore, the Group does not have any significant foreign exchange risk.

The gearing ratio on the basis of total debts to total assets as at 31 December 2006 is 52.7% (2005: 55.6%).

CHARGE ON THE GROUP ASSETS

As at 31 December 2006, none of the bank borrowings are secured by charges over the Group's assets.

CONTINGENT LIABILITIES

Except for corporate guarantees given to banks and other financial institutions in relation to facilities granted to the subsidiaries, the Company has no other contingent liabilities as at the balance sheet date.

CAPITAL STRUCTURE

As at 31 December 2006, the Company had approximately 265.5 million shares in issue with total shareholders' fund of the Group amounting to approximately HK\$136.6 million.

Pursuant to the share option scheme, the Board of Directors granted share options to certain supplier of services, senior executives and employees of the Group. The exercise in full of those share options granted but remaining not exercised would result in the issue of 3.2 million additional shares and proceeds of approximately HK\$0.81 million.

FUND RAISING

Other than obtaining additional general banking facilities to finance the Group's trading requirements, we arranged an instalment loan of HK\$25 million with one of our principal bankers during the year 2006 for financing the construction of the new manufacturing facility in Zhongshan, the PRC.

本集團的財務狀況維持健康。於結算日，本集團之現金及現金等值項目之總額約41,600,000港元。

本集團之貸款按浮動息率並以港元或美元結算為主，而名下之業務營運亦以該等貨幣為主，因此本集團並沒有重大的匯兌風險。

於二零零六年十二月三十一日，根據總債項相對總資產基礎計算之負債率為52.7%（二零零五年：55.6%）。

本集團已抵押資產

於二零零六年十二月三十一日，沒有銀行借款是以本集團的資產作抵押。

或然負債

除了公司給予銀行及其它財務機構有關附屬公司的貸款擔保外，本公司於結算日並沒有其他或然負債。

資本結構

本公司於二零零六年十二月三十一日之已發行股份約為265,500,000股，本集團之總股東權益約為136,600,000港元。

按本公司購股權計劃，董事會授予本集團部份服務供應商、資深行政人員及僱員購股權。全面行使已授出但未獲行使之購股權將會導致3,200,000額外股份之發行以及約810,000港元之收入。

籌集資金

除了取得額外一般銀行備用信貸以支付本集團之買賣要求外，本集團於二零零六年內與我們其中一間主要銀行安排了一項25,000,000港元之分期貸款作為在中華人民共和國中山市建設新的生產設施之融資。

EMPLOYEES

As at 31 December 2006, the Group had a total workforce of approximately 3,400 of which approximately 90 were based in Hong Kong, approximately 15 were based overseas and approximately 3,295 were based in the PRC.

The Group remunerates its employees largely based on the prevailing industry practice and labor laws. Since December 1996, the Company has adopted a share option scheme for the purpose of providing incentives and rewards to the employees of the Group.

Moreover, under the Mandatory Provident Fund Scheme Ordinance of Hong Kong, the Group has operates a defined contribution Mandatory Provident Fund retirement benefits scheme for all its Hong Kong employees. For overseas and PRC employees, the Group is required to contribute a certain percentage of its payroll costs to the central pension scheme operated by the respective local government.

僱員

本集團於二零零六年十二月三十一日共有約3,400名僱員，其中約90名駐香港，15名駐海外及約3,295名駐中國。

本集團主要根據目前業內慣例及勞工法例釐定僱員薪金。本集團自一九九六年十二月以來已實行一項購股權計劃，目的是提供獎勵及報酬予本集團僱員。

此外，本集團根據香港強制性公積金計劃條例，為於香港之所有僱員實施一項定額供款強制性公積金計劃。至於海外及中華人民共和國的僱員，本集團須要按照其當地政府所營辦的中央公積金，以僱員薪金的若干百分比作供款。