

Chairman's Statement

主席報告

OPERATION RESULT

During the Year 2006, the Group's small electrical home appliances business has undergone a major diversification in product mix as traditional small appliances have seen a continual decline in gross profit margin despite a more modest increase in commodity and oil prices when compared with 2005. The US and European retail environment continues to be not favorable for small home appliances. To maintain reasonable margins, the Company successfully launched a series of new air filtration systems and beverage product lines during 2006, while sales of some small home appliances have declined over the same period. With the renowned international accreditation of "ISO9001" and "ISO14001" and "ISO13485 – for medical device products" and compliance with HACCP standard on air filtration, medical devices and beverage safety and monitoring system, Raymond Industrial Limited has successfully diversified its product lines to the Better Lifestyle Brand categories. The Company expects to further diversify to the Better Lifestyle Brand categories and higher margins product lines in 2007/2008. We also expect these Better Lifestyle products would help both our turnover and margins in coming years.

In late 2005, to counter the eroding margins of old product lines, the Group began substantial investment in Research & Development. Our investment has paid off with several innovative higher margin products in production. Our dedication to innovation, creativity and intellectual property (IP) management was recognized by the Hong Kong Productivity Council and Guangdong Provincial Intellectual Property Office, and our Company was awarded the Innovation Knowledge Enterprise Award in 2006 for having several patented innovative products in the market.

Our achievement was further recognized by the magazine "Economic Digest" and our Group was acknowledged as one of the Hong Kong Outstanding Enterprises in 2006, a year after our Group was named by Forbes Asian magazine as one of the Top 200 Smaller Companies in Asia – Best under a Billion in 2005.

業績概要

於二零零六年，集團的小家庭電器產品品種發生了重大轉變，與二零零五年相比雖然物價和油價稍有上漲，但傳統的小家庭電器產品的毛利仍然持續下降，美國和歐洲的小家電零售業仍然疲弱。為保持合理的利潤，公司於二零零六年成功地推出了一系列新的空氣過濾產品以及一家大飲品公司的系列產品，但同時一些小家庭電器產品的銷量也下降了。集團在通過了一系列國際標準認證之後，成功地將產品品種轉型為休閒生活品牌產品。這些國際認證包括，「ISO9001」，「ISO14001」，「適用於醫療產品的ISO13485」和適用於空氣過濾產品、醫療產品、以及飲品和監控系統的HACCP國際標準。預計於二零零七年和二零零八年將進一步向休閒生活品牌產品和利潤較高的產品轉型。公司期望這些休閒生活品牌產品能提高來年的營業額和利潤。

於二零零五年底，針對一些舊產品的利潤不斷下降的趨勢，集團在產品研發方面開始重大投資。我們的投資已經得到回報，幾個較高利潤的新技術產品已經投產。我們的革新、創造、以及知識產權管理的成果得到了香港生產力促進局和廣東省知識產權局的認可，獲得二零零六年技術革新企業獎，因為我們的幾個專利產品已投放在市場。

我們的成績還得到了《經濟一週》(Economic Digest)雜誌的進一步認可，集團被列入二零零六年香港傑出企業名單，這是繼二零零五年集團名列《福布斯亞洲》(Forbes Asia)十億以下小企業二百強之後的又一次殊榮。

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Since the joint venture with Trierenberg Holding AG (“TBG”) was called off, Cheung Fung Technology (Holdings) Limited (“Cheung Fung”)/Sichuan Jinfeng Paper Company Limited (“Jinfeng”) continued to struggle as sale of specialty paper/cigarette paper products was slower than anticipated for China domestic market. As a result, Cheung Fung suffered a loss of which HK\$1.14 million was attributable to the Group. On 16th August 2006, T1 Paper Group AG (formerly known as Trierenberg Holding AG) issued an Exercise Notice exercising the Put Option granted by Mr. Wong, Kennedy Ying Ho and Mr. Wong, Raymond Man Hin to TBG pursuant to the option agreement (according to the Circular issued on 10th August 2005 “MAJOR AND CONNECTED TRANSACTION Disposal of 5% interest in a subsidiary to an Independent Third Party with a Put Option to sell the 5% interest to Directors of the Company) made between the two Mr. Wong and TBG dated 2nd September 2006. The Exercise Notice relates to 10,000,000 Class B Cheung Fung shares of HK\$0.50 per share in the issued share capital of Cheung Fung held by TBG through its wholly-owned subsidiary Papierfabrik Wattens GmbH & Co. KG. The consideration monies totaling HK\$8,920,800 has been produced to T1 Paper Group AG’s solicitors by solicitors for the two Mr. Wong on the Completion Day, namely 15th September 2006. The financial position of the Group was not affected by this transaction and Cheung Fung was still classified as an Associate Company of the Group after the Put Option transaction was completed.

Since the Group has a cash balance of HK\$383 million (excluding HK\$197 million of special dividends already paid out in 2006) at year end and it has incurred no debt and could not find appropriate investment for the said sum during 2006, a special dividend would be proposed in the coming Annual General Meeting. Our management will continue to seek new business opportunities to increase our shareholders’ value.

For the financial year ended 31st December 2006, the Group’s consolidated turnover was HK\$955 million compared with HK\$1,009 million in the previous year, representing a decrease of 5.3% in turnover, mainly due to the deconsolidation of the paper division.

We are pleased to announce that our net profit was HK\$48.2 million for 2006, representing profit per share of 12.4 HK cents (Our net profit in 2005 was HK\$161.02 million, with profit per share of 43 HK cents). The Group’s net profit decreased 70.4%, mainly because profit derived from investment property revaluation was no longer available after the sale of 410 Kwun Tong Road in January 2006.

由於取消與Trierenberg Holding AG(「TBG」)的合作，祥豐科技(集團)有限公司(「祥豐」)／四川錦豐紙業有限公司(「錦豐」)仍繼續努力在中國市場銷售特種紙／煙紙業務，但銷售比預期為低。因此，集團承受祥豐造成的虧損港幣一百一十四萬元。於二零零六年八月十六日，T1 Paper Group AG(前稱為Trierenberg Holding AG)發出認股期權通知通知內容依據二零零五年八月十日之「主要及關連交易－出售一間附屬公司5%權益予一名獨立第三方連同可出售該5%權益予本公司董事之認股權」為準並於二零零六年九月二日由黃英豪先生和黃文顯先生執行回購股份協議，涉及TBG透過其全資附屬企業Papierfabrik Wattens GmbH & Co. KG.持有的一千萬股祥豐B股，每股面值港幣零點五元。成交總金額港幣八百九十二萬零八百元由兩位黃先生的律師於二零零六年九月十五日付給T1 Paper Group AG的律師，並完成交易。本集團的財政狀況不受此交易的影響，交易完成之後祥豐仍屬本集團的聯營公司。

於二零零六年底，集團現金餘額為港幣三億八仟三百萬元(不包括二零零六年已經派發的特別股息港幣一億九仟七百萬元)，集團概無負債和未能找到合適的投資項目。特別股息事宜將於即將到來的股東週年大會上討論。集團管理層將繼續積極尋求合適的投資機會以提高股東的回報。

截至二零零六年十二月三十一日財政年度，本集團的綜合營業額為港幣九億五千五百萬元，與上年度的港幣十億零九百萬元相比，下降了百分之五點三，主要原因是煙紙業務的不再作綜合財務計算。

本集團欣然宣布二零零六年純利為港幣四仟八百二十萬元，每股溢利港幣十二點四仙(二零零五年純利為港幣一億六仟一百零二萬元，每股溢利港幣四十三仙)。集團的純利相比下降了百分之七十點四，主要因為二零零六年一月出售官塘道410號投資物業之後，不再有資產物業重估的收益。

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DIVIDEND

The Board of Directors is recommending the payment of a final dividend of 11 HK cents, making a total payout of 16 HK cents per share for 2006 and a special dividend of 10 HK cents per share. (2005: total of 16 HK cents per share and a special dividend of 50 HK cents per share). The total amount of dividend appropriated, based on the number of shares in issue, is HK\$102.4 million (2005: HK\$253.5 million).

The book of transfers and register of member will be closed from 28th May, 2007 to 1st June, 2007, both days inclusive during which period no transfer of shares will be registered. In order to qualify for the final dividend and special dividend, lodging of all transfers accompanied by the relevant share certificates must not be later than 4:00 p.m. on 25th May, 2007 with the Company's share registrars, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The final dividend and special dividend are payable on 14th June, 2007 to members on register on 1st June, 2007.

FINANCIAL POSITION

The liquidity position of the Group remains sound. Its current ratio was 3.91 as of 31st December 2006, against 4.57 as of 31st December 2005.

During the year, the Group's Accounts Receivables turnover stood at 53 days in year 2006, compared with 63 days of the previous year. The inventory turnover decreased from 56 days in year 2005 to 44 days in year 2006.

Bank balances and cash were HK\$383.1 million as of 31st December 2006, representing an increase of HK\$332.5 million over that of the previous year.

There are no bank borrowings as of 31st December 2006.

The Group had no contingent liabilities as of 31st December 2006.

股息

董事會建議派發末期股息為每股港幣十一仙，二零零六年度總股息為每股港幣十六仙及特別股息為每股港幣十仙（二零零五年總股息為每股港幣十六仙及特別股息每股港幣五十仙）。根據發行的股票數量，本年度股息總額為港幣一億零二百四十萬元。（二零零五年股息總額為港幣二億五仟三百五十萬元）。

本公司將於二零零七年五月二十八日至二零零七年六月一日（包括首尾兩天）暫停辦理登記過戶手續。如欲收取末期股息及特別股息，所有過戶文件連同有關股票須於二零零七年五月二十五日下午四時正前送抵過戶處，香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心46樓。末期股息及特別股息將於二零零七年六月十四日派發予於二零零七年六月一日登記在名冊上之股東。

財政狀況

本集團的資金流動保持強勁。於二零零六年十二月三十一日，本集團之資金流動率為三點九一，二零零五年十二月三十一日為四點五七。

於二零零六年度，本集團的應收帳項周轉期為53天，上年度為63天。庫存周轉期從二零零五年的56天下降至二零零六年的44天。

於二零零六年十二月三十一日，銀行結餘及現金額為港幣三億八仟三百一十萬元，比去年同期增加了港幣三億三仟二百五十萬元。

於二零零六年十二月三十一日，本集團概無銀行貸款。

於二零零六年十二月三十一日，本集團概無或然負債。

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As of 31st December 2006, the Group had commitments for capital contribution to subsidiaries (authorised but not contracted for) of HK\$130 million and commitments for construction cost (contracted but not provided for) of HK\$0.9 million.

CHARGES ON ASSETS

The Group has no charges on assets as of 31st December 2006.

FUTURE PROSPECTS

The core business of the Group has shifted from small home appliances to better lifestyle products manufacturing. In light of the continual up-trend of raw material costs, increasing labor and utilities costs in China, appreciating Renminbi, and a less favorable business environment for traditional small home appliance product line, the Group would streamline production processes and material control to improve production efficiency by introducing higher degree of automation and strengthened our supply chain by choosing good quality, reliable suppliers. Our strategy remains to concentrate on developing better lifestyle products. We have also begun development on two medical devices. It is not easy to enter the medical devices market because of the more stringent quality and reliability demanded for such products. It may be sometimes before such products can contribute to turnover and profit.

In light of the fact that Cheung Fung's financial position continues to deteriorate, our management sees no immediate turn around in the specialty paper/cigarette paper business in terms of turnover and profits. Therefore, our Group is actively looking for a strategic investor to improve the capital structure of this business. Alternatively, we may consider sale of this investment so the Group can better focus in its other core businesses. Our investment in Cheung Fung was valued at HK\$52,868,402 in the audited financial statement as of 31st December 2006.

於二零零六年十二月三十一日，注資予附屬公司之資本承擔(已批准但未簽約)為港幣一億三仟萬元及建築成本之資本承擔(已簽約但未撥備)為港幣九十萬元。

資產抵押

於二零零六年十二月三十一日，本集團概無資產抵押。

前景

集團的核心業務已從製造小家庭電器轉型為休閒生活品牌產品。由於原材料價格的不斷上漲、勞動力和水電等費用的增加、人民幣升值、以及疲弱的傳統小家庭電器市場，集團選擇優質可靠的供應商，加強供應鏈，導入自動化程度更高的生產工藝，提高生產效率，簡化生產工序和物料控制。我們的策略仍然是集中精力開發休閒生活品牌產品。另外，我們還開始了發展兩個醫療產品。但進入醫療產品市場並不容易，因為此類產品在質量和穩定及可靠性要求特別嚴格。此類產品創造收益可能需要一段較長的時間。

由於祥豐的財政狀況每況愈下，管理層預料特種紙／煙紙業務短期將不會為本集團的營業額和純利帶來直接回報，所以集團一直在尋求策略性的投資以改善其資本結構。另外，我們也會考慮出售此項投資，集中精力於集團的核心業務。根據核數師在二零零六年十二月三十一日已審核的財政報告，本集團在祥豐的投資價值為港幣五仟二百八十六萬八仟四百零二元。

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STAFF

The Group currently employs approximately 60 Hong Kong staff members and operates the Mandatory Provident Fund Scheme and defined contribution pension schemes. Our factory in Mainland China employs about 400 staffs, and workers employed directly or indirectly varied from 4,000 to 5,000 persons during the period. Remuneration is determined by reference to the qualifications, experience and performance of the staff.

On behalf of the Board, I would like to extend the Board's appreciation to all our staff for their hard work and dedication throughout the year.

PURCHASE, SALE OR REDEMPTION OF OUR SHARES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

By Order of the Board

Wong, Wilson Kin Lae

Chairman

Hong Kong, 19th April 2007

職員

本集團現僱用香港職員約六十人，並為其提供強積金及界定供款退休計劃。我們在國內開設的廠房於年內僱用職員約四百人，季節性僱用的工人約四千人至五千人。薪酬乃根據職員之學歷、經驗及工作表現釐訂。

本人謹代表董事會對所有職員在過去一年內的勤奮及所作出之貢獻深表謝意。

購買、出售或贖回股份

本公司及其任何附屬公司於期內並無購買、出售或贖回本公司之股份。

承董事會命

主席

黃乾利

香港，二零零七年四月十九日