

RESULT OVERVIEW

The year 2004 marked a milestone for the Group, the turnover during this eighteen months reporting period reached approximately HK\$559.9 million with a net profit attributable to shareholders at approximately HK\$48.4 million which improved substantially from a loss of approximately HK\$5.8 million in 2003.

DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.03 per share for the period ended 31 December 2004, subject to the approval by shareholders at the forthcoming Annual General Meeting. This proposed final dividend together with the interim dividend will make a total of HK\$0.04 per share for the period from 1 July 2003 to 31 December 2004.

BUSINESS REVIEW

In March 2004, the Company has acquired 100% in Key Legend Limited ("KL"). The subsidiaries of KL are engaged in the manufacturing and trading of high-ends electronic components. As a result of the acquisition, the production capacities for the both the DIP leaded-series and SMD melf-series of diodes has greatly enhanced. The result and performance of KL justified the Group's decision on the acquisition and it is anticipated that the segment would form an important source of revenue for the Group in the coming years and to rely less on the low profit margin lighter business.

During the reporting period, the company has successfully conducted two fund raising exercises by way of "top-up" placing, the net proceeds generated amounted to approximately HK\$40.4 million, the Company has applied the proceeds for the addition of machinery, equipment and electricity generators, the reduction of bank loan facilities as well as the provision of general working capital. During the latter half of the period, the Group has repaid all bank loan and overdrafts which had been utilized and the Group is now free from any bank borrowing.

The Group is always concern about environmental conservation, the electronic components manufacturing plant has successfully obtained the ISO14001 accreditation in September 2004. The group considers the ISO14001 accreditation is beneficial to many parties. On one hand, the Group can secure the orders from world-renowned customers who have insisted on having sound environmental conservation policies, measures and facilities by their suppliers and on the other hand, the Group can help to improve the living environment for the workers and the general public for the area where its plant located.

FUTURE OUTLOOK

With the decline in the profit margin in the lighter business due to severe competition, we will, on one hand, streamline the operation in the lighter business as well as putting further effort on cost control, and on the other hand, we will keep our focus on the established direction in the electronic components industry in the coming years. Apart from the increase in production capacities in DIP leaded-series and SMD melf-series diodes after the acquisition of KL, we have put a lot of research and development effort in the SMD SOD-series diodes, which are much smaller size diode in the market that fit the requirement of miniaturization of electronic devices. These SMD SOD-series components products are widely used in smaller size sophisticated home appliances, telecommunication products, computer and consumable electronic handheld devices. The growth in demand for those sophisticated electronic products in the telecommunication and consumer market such as 3G-mobile phone, plasma and LCD TV as to the world revolution from traditional analogue TV to digital TV, together with the replacement cycle of PC for notebook, sub-notebook and PDA in coming years, provide a good opportunity for the Group to tap and capture the worldwide market growth. We expect that the first phase of the SMD SOD-series will be launched in the early 2005 and we will continuously devote more research and development resources in coming years for the second phase higher ends SMD SOD-series products.

Looking ahead, the Group will continue to cautiously emphasize not only on the existing on-going business, but also to leverage its management skills to grasp and synchronize any potential business opportunities, so as to excel the Group's results and competitive position with an objective to maximize value for our shareholders.

ACKNOWLEDGEMENTS

For and on behalf of the Board, I would like to thank my fellow directors, dedicated employees, supportive shareholders and our customers and suppliers for their confidence and continued support for the Group in the past year, the delightful performance and achievement could not been accomplished without their wholehearted devotion and commitment.

Lam Yat Keung

President

Hong Kong

16 March 2005

