



Mr. Lam Ping Kei
Chairman and executive director

2004 saw thriving global economy which brought along strong growth momentum in consumer electronic products. Thanks to the forward thinking of our management team, the Group commenced its expansion of production scale and diversification into value-added products since 2003. The Group stood to benefit from the resurgence of economy in 2004 and recognized magnificent results during the year under review. Turnover and profit attributable to shareholders were HK\$486.8 million and HK\$100.0 million respectively during the year under review, representing a marked increase of 15% and 76% respectively compared with HK\$421.7 million and HK\$56.9 million last year. The spectacular growth in 2004 underpinned the Group's initiative to transform itself into the leading consumer electronic products manufacturer globally.

The Board of directors recommended a final dividend of HK1.2 cents for the year ended 31 December 2004. (2003: HK1.2 cents)

Strategically Planned Production Blueprint to Boost Production Scale

The Group's management had a profound understanding on the vibrant opportunities unfolded by the surging global demand of consumer electronic products. During the year under review, the Group strategically mapped out the production blueprint and largely expanded the production scale to enjoy the maximum benefits on the economies of scale. In addition to the expansion of Putian headquarters in 2003, including two factories premises and one office and staff quarter complex, the Group set up another large-scale production base in Xianyou, Fujian Province. The Group also



reserved area of approximately 100,000 sq.m. adjacent to the Putian headquarters to cope with future expansion needs. Investment in building up a new production base in Huaxian, Henan Province was also committed to meet with our future business development initiatives strategically.

Expanded Vertical Production Line to Enhance Profit Margin

Behind the Group's sound business model for years was our concerted efforts in deepening the vertical production line, as well as strict cost control and quality assurance measures. During the year under review, the construction of moulding sub-factory was completed and the development of ITO glass production line was underway. These enabled the Group to further reduce the reliance on external components, and enhance product profit margin to sharpen the Group's competitive edge. The Group's unwavering commitment to enlarging the production capacity, in par with the vast vertical production line, had earned the Group a leading position in the export and manufacture of consumer electronic products in the PRC.

Harness Market Potential to Enhance Product Value and Variety

The global demand on consumer electronic products was evolving rapidly. In response to the varied customers' needs, the Group strived to enrich product offering and enhance product value. During the year under review, the Group eyed on the burgeoning market potential of developing countries. The Group had already established an extensive sales network spanning across Asia, Africa, Western Europe, Middle East and North America, etc.. More than that, the sales of last-year-launched value-added multifunctional water resistance watches and household telephones continued to progress well to broaden the Group's revenue source.

The Group had established the value-added TN-LCD production lines since 2001 to provide components for its own products to accommodate with the global demand on high-tech consumer electronic products. During the year under review, the Group completed the construction of STN-LCD factories and production facilities. The pilot run of the STN-LCD production lines was also accomplished to facilitate the Group to actively pursue in this business arena which will target overseas electrical appliances and office equipment manufacturers. The Group boldly believed that STN-LCD will become the Group's future revenue growth driver.

Looking ahead, the Group will continue to boost the production scale so as to build up its consumer electronic products empire in the PRC. The Group has planned to develop another massive production base in Henan which will largely raise the Group's production capacity within a short period of time. The expanded capacity will propel the Group to develop into more value-added consumer electronic products and tap into more prospective high-growth markets. The Group is confident to become the top-notch consumer electronic manufacturer globally.



2004 offered far more prominence to the Group's business development. The Group not only strengthened its edge and fundamentals, but also fixed a clear business development direction in the future. The versatile experience of our management, our competitive advantages, professional employees and our market leadership position will help realize our long term vision and mission – to seize the immense opportunities driven by the global mounting demand on consumer electronic products.

The Group's remarkable performance in 2004 is the result of the concerted efforts of all the management and staff. I would like to take this opportunity to devote my vote of thanks to all of the colleagues.

Mr. Lam Ping Kei

Chairman

15 April 2005

