

## CHAIRMAN'S STATEMENT

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With the general shortage in power and labour supply in Southern China, 2004/2005 turned out to be a difficult year. A review of the Group's performance is set out in the section headed Management Discussion and Analysis. While an interim dividend of HK1.0 cent paid on 18th January, 2005, no final dividend for the year under review is recommended.

The Group has taken measures to improve the performance of the Dongguan and Shanghai plant by introducing new management concepts. Efforts have also been made to satisfy customer's demand. To alleviate any further adverse impact from the power shortage problem in Southern China, the Group has acquired new power generators to minimize any disruptions in production. In view of the increase of labour costs and labour shortage in Southern China, the Group has automated

certain manual hand assembly procedures and set up effective staff training programmes to improve its efficiency. Meanwhile, the recently set up New York and Beijing office are still in development stage, nevertheless, they are expected to further expand the customer base and bring in new orders for the Group. The Group will continue to search for opportunities to enhance the Group's competitiveness and the Directors remains optimistic on the long term prospect of the Group.

Finally, I would like to take this opportunity to extend our gratitude to the dedicated staff of the Group for their hard work and contributions during the year under review. On behalf of the Board, I would also like to express our sincere thanks to the shareholders of the Company for their continued support.

**So Chau Yim Ping**

*Chairman*

Hong Kong, 15th July, 2005