

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

The Group showed significant improvement in operating profit and had a recorded growth in profit for year 2005. The Group's revenue increase was driven mainly by stronger demand in its military, aerospace, high reliability, medical, telecommunications and power conversion markets. Growing unit volume and stable revenues at the Group indicate a continuation of the recovery in overall electronics markets. The directors believe that it is reflecting the continued success of the Group's efforts to design for a new variety of customized components and its manufacturing efficiency.

For the year ended 31 December 2005, the Group's turnover was approximately HK\$208.6 million which represented an increase of approximately 13% over year 2004. The Group has also reported a net profit attributable to shareholders of approximately HK\$60.8 million or HK\$0.19 per share, as compared to approximately HK\$0.126 per share with turnover of approximately HK\$184.5 million for year 2004.

The Group continues to expand its technology and technical know-how to develop and re-design existing products to create higher quality, more competitive components to assist and bridge its customers to new technology.

It is the Group's strategy and efforts to increase its market share and strengthen its market position through direct sales and sales representative forces. The directors believe that our aggressive cost-down activities, high productivity, efficiency and technological know-how have positioned us very well in the future. The directors also believe that its cost structure and low overheads will allow the Group to produce strong operating margin and create a more valuable enterprise for our shareholders. The Group continues to invest in equipment and machinery for high automation in production to reduce manufacturing costs and to improve efficiency and productivity.

The Group has maintained its good position and strong balance sheet. The Group will continue paying unwavering attention to the balance sheet, minimizing inventories and compressing cash cycles. Our cash flow objective is to fund the dividend plus internal capital spending.

ACKNOWLEDGMENT

I hereby express my gratitude to all directors, executive teams, staff members and employees around the world for all their contributions and hard work.

SIU Paul Y.

Chairman

Hong Kong, 16 March 2006