

# Chairman's Statement

Dear Shareholders,

I am pleased to present our first annual report since our listing on the Main Board of The Stock Exchange of Hong Kong Limited on 14 December 2005.

For the year ended 30 June 2006, our turnover increased to HK\$1,797 million, up 10.4% from the previous financial year. Gross profit and net profit amounted to HK\$234 million and HK\$166 million, down 3.6% and 13.4% respectively. During the year, we increased our investment in human resources to meet increased orders and to prepare for the expansion of production capacity, which led to a decrease in both gross profit and net profit. Also affecting our profits were a rise in the minimum wage in Guangdong province and an one-off expense related to our initial public offering (IPO).

Earnings per share for the year was HK\$0.19.

The Board of Directors proposes paying a final dividend of HK2 cents per share to our shareholders for their support. Together with an interim dividend of HK3 cents per share, the total dividend for the year will be HK5 cents.

As stated in our prospectus dated 30 November 2005, the net proceeds from the IPO are to be used for the expansion of production capacity to meet growing market demand. Recently, we selected a location in Suzhou, Jiangsu province, for the construction of a new plant. To meet the rapid growing demand from clients, we have also leased production facilities with a floor area of over 7,200 square metres in Suzhou during the year, which went into operation in August 2006. This leased plant assembles high-end PC motherboards for Asustek and will start trial production for

Japanese OEMs in November 2006. We also made progress in expanding our production facility in Shajing, Guangdong province where our existing Futian plant will be relocated by late 2006.

During the year, we spent HK\$37.1 million to acquire new machinery and, as of September 2006, had invested a further HK\$60.5 million on new machinery and equipment for our leased Suzhou plant.

We continue to enjoy good relationships with top-tier customers such as Toshiba. During the year, we remained Toshiba's major supplier for the assembly of hard disk drive controllers, and we also gained a new order for assembling the mainboard of their popular new HD DVD player. Moreover, we secured a renowned Japanese OEM customer and expanded our product range to include LCD TV power supply boards. These developments are evidence of our capability to be the partner of choice for top-tier OEMs.

Seeing the persisting trend towards global outsourcing, especially among Japanese OEM companies, we are optimistic about the long-term outlook of our business. This trend is expected to continue to benefit EMS companies in China, such as Fittec, that are capable of producing superior quality products.

On behalf of the Board, I would like to take this opportunity to thank the management and staff for their dedication and contributions during the year. My gratitude also goes to our shareholders, investors and customers for their trust and support over the years.

Lam Chi Ho  
*Chairman*

Hong Kong, 18 October 2006

