

Chairman's Statement

On behalf of the board of directors, I am pleased to present the shareholders the annual results of Yorkey Optical International (Cayman) Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31st December 2006 for their consideration.

Annual Results

I am also pleased to report to our shareholders that the Group recorded a turnover and profit attributable to equity holders of approximately US\$82,220,000 and approximately US\$22,656,000 respectively, representing an increase of approximately 4% and 13% respectively as compared with that of 2005.

Dividends

The board of directors of the Company (the "Board") recommended a final dividend of HK\$0.123 (approximately US1.58 cents) per share amounting to HK\$102,090,000 (approximately US\$13,088,000) in respect of the year ended 31st December 2006.

Including the special interim dividend of HK\$0.047 per share paid to shareholders on 20th July 2006, total dividend paid to the shareholders in respect of the year ended 31st December 2006 will be HK\$0.17 per share, bringing a dividend payout ratio of approximately 80%.

Business Review and Outlook

The Group's business has entered into a new era after the successful listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10th February 2006 (the "Listing Date").

Since then, production facilities in various business divisions of the Group were further enhanced, and so were the Group's production capability and market competitiveness, that laid a strong foundation for the Group to become a leading manufacturer in the optical and opto-electronic parts and components industry.



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During the past year, the Group maintained a good relation with well-known customers, such as Canon, Nikon, Olympus, Pioneer, Pentax, Ricoh and Fujifilm. The Group's ability in providing high quality and timely "one-stop" solutions to customers has been the main consideration factor for customers in selecting manufacturers. The support from our loyal customers, especially those aforementioned reputable customers, for all these years has been evidence of worldwide recognition of our services. And, it is always our honour to maintain this long term relationship with them.

The Group plans to implement an Enterprise Resources Planning ("ERP") system. Not only can the system optimize the Group's internal operations, it can also improve and streamline the logistics procedures between companies. In addition, the new system can provide the Group's Management with information resources that are accurate, timely and convenient.

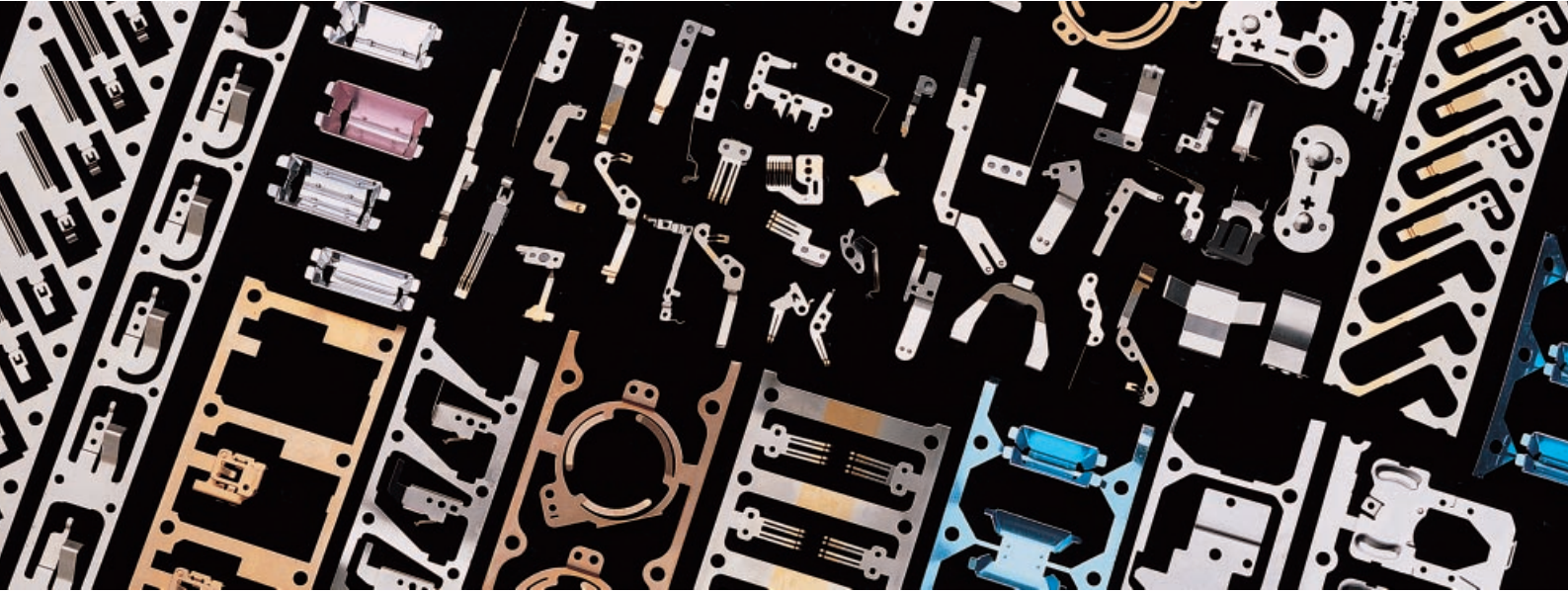


The Group will continue to focus on allocating considerable resources into various areas including product development, enhancement of production facilities and strengthening of the sales force in order to explore new markets and business opportunities.

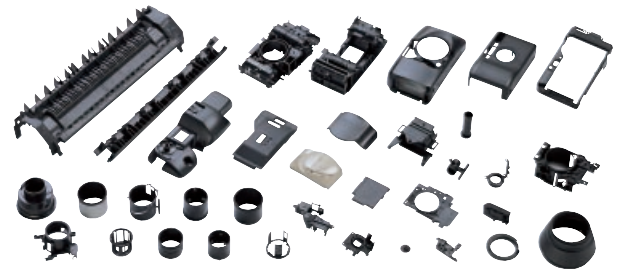
Diversified Quality Products



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The Group is confident that the business will continue to grow in the future and generate better returns to our shareholders. We believe that our experienced management team will utilize all our competitive advantages to consolidate the Group's position in the industry and will continue to strive for operational success.



Acknowledgement

On behalf of the Board, I would like to take this opportunity to extend my sincere thanks to our shareholders, customers and suppliers for their continuous support, as well as the management team and the staff of the Group for their hard work and contributions in the past year.

Liao Kuo-Ming
Chairman