



Chairman's Statement

Dear shareholders:

On behalf of the Board of Directors, I am pleased to present the annual report of Global Flex Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2006.

BUSINESS REVIEW

The Company's principal activity is investment holdings whilst its subsidiaries are mainly engaged in manufacturing and trading of printed circuit boards. During the financial year of 2006, the Group recorded a total turnover of approximately US\$315.5 million, representing an increase of 78.35% from 2005. For flexible printed circuit boards assemble ("FPCA"), rigid printed circuit boards assemble ("PCBA"), flexible printed circuit boards ("FPC") and rigid printed circuit boards ("PCB"), turnover grew by 67.10%, 494.10%, 12.27% and 38.49% respectively. The increase in turnover from FPCA was mainly attributable to more orders received from existing customers as well as an increase in the unit price. In addition, for FPC solutions, the customers developed in 2005 have continually contributed to the Group's turnover. The increase in turnover from PCB was mainly attributable to the increased order from existing customers and an increase in the sales of new products (HDI boards and automobile circuit boards). The significant growth in turnover from PCBA was attributable to the development of new customers by Forever Jade Electronics (Suzhou) Co., Ltd. ("Forever Jade (Suzhou)"), which was established during the year, in the aspect of assembled finished products. Net profits for the year amounted to approximately US\$12.4 million (2005: US\$14.2 million).

Nevertheless, with the development of new businesses, the Group took vigorous action to strengthen its production facilities and provide more integrated and comprehensive solutions to its customers. While becoming a leading player in FPC in China, the Group has enhanced the production capacity and the improvements of operating team, management and corporate structure to increase the efficiency. Besides, it also imposed stringent control over expenses and budgets so as to create a favorable platform for the future development of the Group.

FUTURE PROSPECTS

Given the continued fast growth in the market demand for compact, thin, multi-functional and portable electronic devices, the Group will focus on the production, sales and assembly of FPC and PCB. Being one of the leading enterprises in the FPC industry, the Group has professional designers and unique production technologies to manufacture the most advanced multi-layer air-gap FPC to meet customers' demand for more advanced products. Meanwhile, as a result of the research and development undertaken by the Group on the production technology of FPC products as well as the acquisition of new facilities and equipment during the year, the quality and production volume of FPC with fine line have been increased substantially. The fine line products represent products having under 0.003" line spacing. It mainly used in LCD, camera modules and harddisk. This would be quite beneficial to the Group's technical competitiveness as well as product and customer diversification. The Group expects the market demand for fine line and spacing of FPC to increase in the coming years.



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With the commencement of the operation of Forever Jade (Suzhou) in June 2006, the Group has expanded its scope of operation to the assembly of electronic component modules and supporting finished products, with an aim to expand the Group's one-stop services offered to its existing and new customers. The major products assembled by Forever Jade (Suzhou) include modules and supporting finished products for mobile phones, digital cameras and switches. It is anticipated that it will contribute considerably to the Group's profits when it attains scale of economy in the coming year.

A newly constructed plant of another wholly owned subsidiary of the Company, Global Flex (Suzhou) Plant II Co., Ltd (formerly named as Suzhou Intellicircuit Solution Technology Co., Ltd.) (蘇州佳茂科技有限公司) ("Global Flex (Suzhou) Plant II"), is close to completion. For more effective plant planning, it is intended that all PCB facilities of Global Flex (Suzhou) Co. Ltd. ("Global Flex (Suzhou)") will be transferred to Global Flex (Suzhou) Plant II. Global Flex (Suzhou) will mainly focus on the production of FPC solution products while Global Flex (Suzhou) Plant II will be engaged in the production of PCB products. With more procurement of better equipment and facilities, Global Flex (Suzhou) Plant II will be able to manufacture PCB products of a higher level in terms of both quality and quantity. To make more effective use of the funds, up to the moment, Global Flex (Suzhou) Plant II has not started to purchase any new facilities. To ensure the stability of orders and upgrade its technologies, the Group does not rule out the possibility of seeking strategic partners for cooperation.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my gratitude to business partners, customers and shareholders of Global Flex for their support. On behalf of the Board of Directors, I would like to express by heartfelt thanks to the Global Flex staff team for their loyalty and dedication and wish we will achieve even greater success together.

For and on behalf of the Board

Lin Cheng Hung

Chairman

Hong Kong, 19 April 2007