

Business Review & Outlook

業務回顧與展望

A LEADING INPUT DEVICE MANUFACTURERS

We are one of the leading input device manufacturers in the world and the PRC in terms of production volume in 2006. We focus on the design and manufacture of silicone rubber input devices, which are mainly used in (i) consumer electronic devices, (ii) keypads for desktop computers and notebooks, (iii) mobile phone handsets and (iv) automotive peripheral products. According to the CAITEC World Report and CAITEC PRC Report, we produced approximately 345 million pieces of silicone rubber keypads in 2006, representing 9.9% and 14.6% of the total production volume in the world and the PRC respectively.

領先的輸入裝置製造商

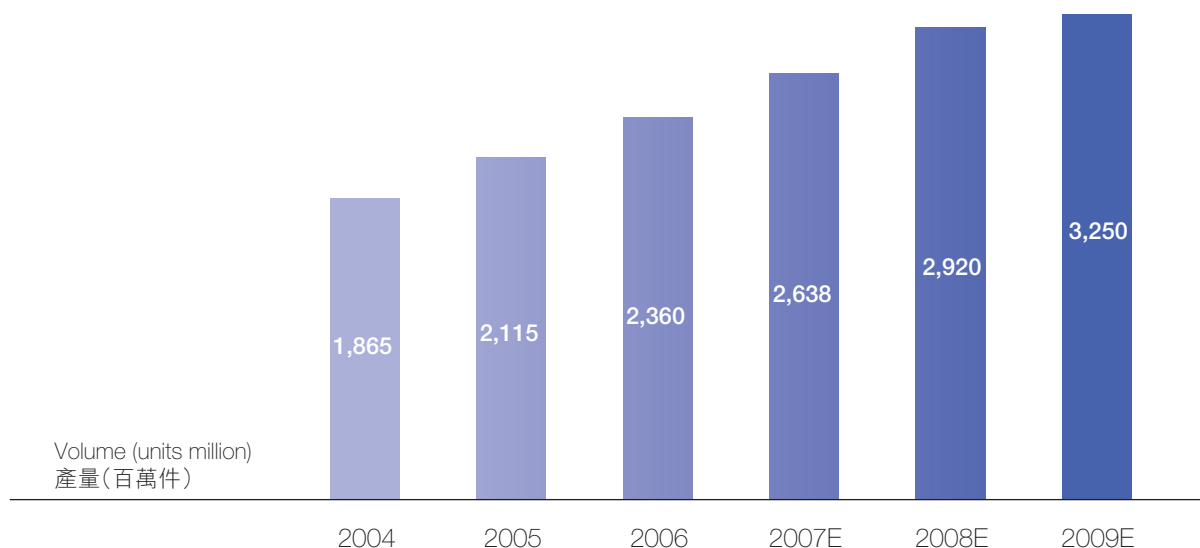
按二零零六年的產量計算，本集團乃全球及中國領先的輸入裝置製造商之一。本集團專門設計及製造矽膠輸入裝置，主要用於(i)消費性電子產品、(ii)桌上型電腦與筆記型電腦按鍵、(iii)手機及(iv)汽車週邊產品。根據中國商務部研究院世界報告及中國商務部研究院中國報告，於二零零六年，本集團已生產約3.45億件矽膠按鍵，分別約佔全球及中國總產量的9.9%及14.6%。

PRC silicone rubber keypads production volume (2004–2009)

中國矽膠按鍵產量(二零零四年至二零零九年)

Source: CAITEC PRC Report, January 2007

資料來源：中國商務部研究院的中國報告，二零零七年一月



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INDUSTRY REVIEW

Pursuant to the growth demand of the 3C products globally, it is expected that the supply of silicone rubber keypads for consumer electronic devices, mobile phones, personal computers and notebooks and peripheral components will increase by CAGR of 12.7%, 13.7%, 6.4% and 36.5% respectively.

According to the CAITEC PRC Report, there is a mismatch in the supply and demand of silicone rubber keypads in the PRC market with the supply deficiency amounted to approximately 200 million pieces of keypads, 267 million pieces of keypads and 400 million pieces of keypads in 2004, 2005 and 2006 respectively, representing great market potential for suppliers of silicone rubber keypads in the PRC. The increasing demand for silicone rubber keypads was resulted from the increase in demand for end-user products such as mobile phones, household electronic devices and information technology products due to introduction of new products of model grades.

行業回顧

根據全球對3C產品的需求增長，預期用於消費性電子產品、手機、個人電腦及筆記型電腦及週邊部件的矽膠按鍵需求將分別以12.7%、13.7%、6.4%及36.5%的年複合增長率增長。

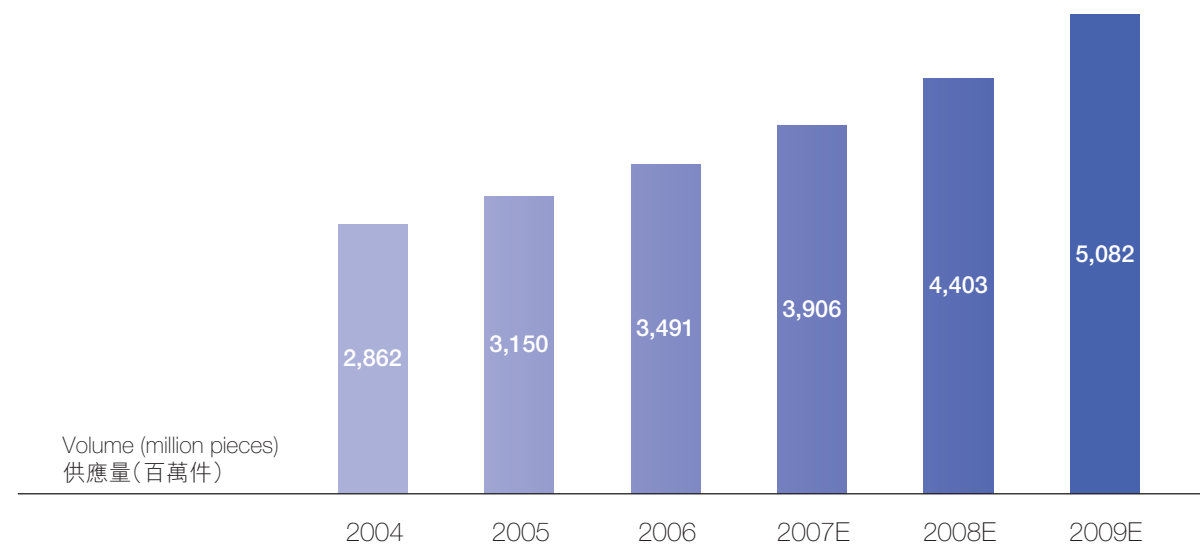
根據中國商務部研究院中國報告，中國市場上矽膠按鍵供求錯配，二零零四年、二零零五年及二零零六年的按鍵供應短缺分別達約2億件、2.67億件及4億件，表示中國矽膠按鍵供應商擁有巨大市場潛力。由於引進新產品或型號級別更新換代，致使終端用戶產品(如手機、家用電子裝置及資訊科技產品)需求增加，令矽膠按鍵需求不斷攀升。

Worldwide silicone rubber keypads supply volume (2004–2009)

全球矽膠按鍵供應量(二零零四年—二零零九年)

Source: CAITEC World Report, January 2007

資料來源：中國商務部研究院的世界報告，二零零七年一月



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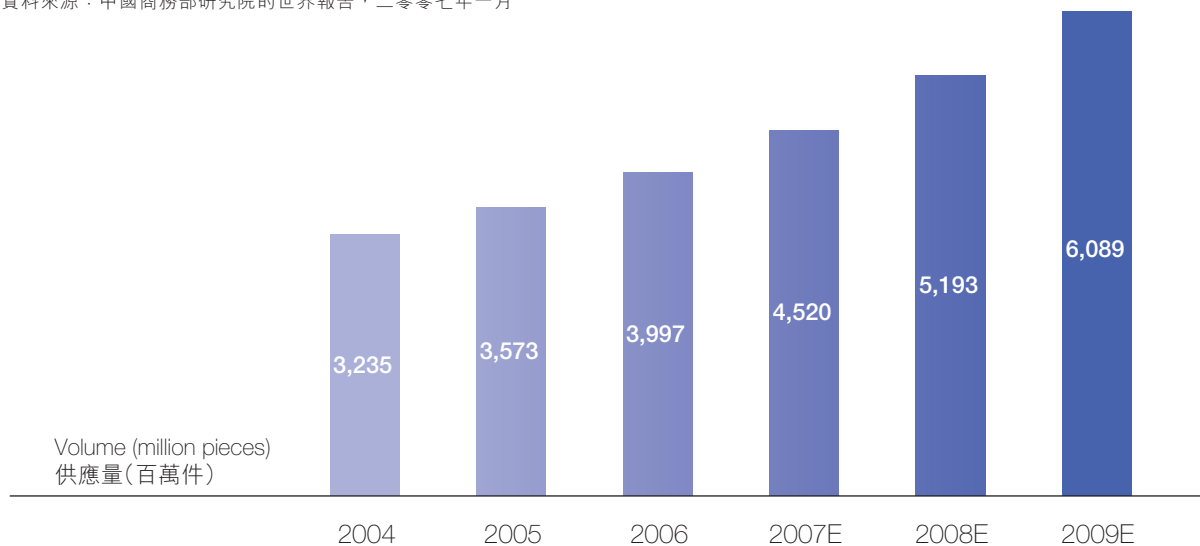
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Worldwide silicone rubber keypads demand volume (2004–2009)

全球矽膠按鍵需求量(二零零四年—二零零九年)

Source: CAITEC World Report, January 2007

資料來源：中國商務部研究院的世界報告，二零零七年一月



BUSINESS REVIEW

We are one of the leading input device manufacturers in the world and the PRC in terms of production volume in 2006. We recorded continuous growth in our income in 2007, with turnover increased by 8.7% to HK\$629.8 million in 2007, compared with HK\$579.6 million in 2006. The growth was primarily attributable to the successive rapid growth in demand for products incorporating silicone rubber input devices all over the world, namely consumer electronic devices, personal computers and notebooks, mobile phones and automotive peripheral products. Leveraging on our edges in research and development of raw materials, one-stop manufacturing service and large-scaled production, the Group has achieved competitive edge through adding value to its customers on planning stage.

業務回顧

按二零零六年的產量計算，本集團乃全球及中國領先的輸入裝置製造商之一，本集團二零零七年收入持續錄得增長，營業額由二零零六年 579,600,000 港元上升 8.7% 至二零零七年的 629,800,000 港元，主要受惠於全球消費性電子產品、個人電腦及筆記型電腦、移動電話、汽車週邊產品各類涉及矽膠輸入裝置的產品的持續高速增長所致。其中本集團利用原材料研發、一條龍製造及龐大的生產規模等優勢，於客戶仍處於產品計劃階段便為其增值，成就了本集團的競爭優勢。

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During the financial year ended 31 July 2007, the Group continued to expand its management team and maintained a database which contained customer's product requirements to satisfy their ever-changing demands.



During the year, the Group completed the construction of new production plant in Dongguan and Huzhou for the production of mobile phone keypads and computer and notebook

keypads respectively. Therefore, our existing production facilities of the Group have an aggregate production capacity to manufacture approximately 561 million pieces of keypads annually. Our scale of production and capability to produce new material enable us to achieve economies of scale such that we can produce and sell our products at a more competitive price to capitalize on the growing demand for silicone rubber input devices.

OUTLOOK

With the fast growth in the notebook and mobile phone industry globally and the great market potentials presented for these industries, we would continue to expand our production of highly value-added products. With the increasing popularity of these products and the latest trend of introducing low-cost computers and notebooks, it is a great opportunity to expand our business.

In future, the Group will continue to strengthen development of new technologies and new products of silicone rubber so as to further expand our product range. The Group will utilize its resources to expand its scope of the business of the Group.

於截至二零零七年七月三十一日止財政年度，本集團繼續擴大管理層團隊，並維持一個載有客戶產品規格的資料庫，以迎合客戶不斷變化的需求。

年內，本集團完成位於東莞及湖州分別用以生產手機按鍵及電腦和筆記型電腦按鍵的新生產廠房建設工程。因此，本集團現時的生產設施製造按鍵的總年產能約達561,000,000件。我們的生產規模及生產新材料的能力讓本集團得享規模經濟的優勢，以更具競爭力的價錢生產及銷售產品，把握矽膠輸入裝置需求增長之機遇。

展望

在全球筆記型電腦及手機行業迅速增長的機遇，以及行內面對的優厚市場潛力下，本集團將繼續擴大高增值產品的生產。隨著此等產品漸受擁戴，市場最近亦傾向推出低價電腦及筆記型電腦，本集團認為此乃擴充業務的良機。

未來，本集團將繼續加強開發矽膠的嶄新技術及產品，藉以進一步增加本集團的產品系列。本集團將運用其資源拓展其業務範圍。

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We believe that building strategic relationships with our customers is crucial to our success. Accordingly, the Group intends to concentrate our sales efforts on increasing our market shares in different categories of our products by expanding our customer base and increasing the variety of products that we manufacture. We also intend to strengthen our research and development capabilities to enable us to increase the quality, extent and frequency of our participation in our customers' development of improved of new products. Through collaboration with our customers, we believe that we will be able to better anticipate their further needs.

本集團相信與客戶建立策略性合作關係，為本集團的成功之道。因此，本集團擬透過擴大客戶基礎及增加產品組合，藉以專注提升本集團各類產品的市場佔有率。本集團亦擬加強研發能力，以更貼進客戶需求，提升研發之配合度及廣度。透過比客制化的合作開發，本集團認為將能夠就客戶需要作出更佳的預測，為未來合作奠定良好基礎。