

### RESULTS

- The Group recorded a turnover of HK\$883,083,000 for the year ended 31 December 2005, representing an increase of 1.4% as compared with last year.
- Gross profit and gross profit margin of the Group recorded HK\$116,103,000 and 13.1%, representing an increase of HK\$5,030,000 and 0.3% respectively as compared with last year.
- Profit for the year attributable to shareholders was HK\$19,988,000, representing an increase of 0.7% as compared with last year.
- Basic earnings per share was HK3.0 cents, representing an increase of 3.4% as compared with last year.
- The Board does not propose any payment of dividend during the year.

### LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group finances its operations from internally generated cash flows, term loans and trade finance facilities provided by banks in Hong Kong and the PRC. At 31 December 2005, the Group had bank balances and cash of approximately HK\$81,454,000 (31.12.2004: HK\$95,816,000) and had interest-bearing bank borrowings of approximately HK\$338,601,000 (31.12.2004: HK\$357,527,000). The Group's interest-bearing bank borrowings mainly carry interests at Hong Kong Inter-Bank Offering Rate plus a margin. In considering the fluctuation risk of the floating interest rate, the Group had used interest rate swap contracts for hedging purpose in order to reduce its interest rate risk exposure. The Group's total banking facilities available as at 31 December 2005 amounted to HK\$738,250,000; of which HK\$348,174,000 were utilised (utilisation rate was at 47.2%).

The Group continued to conduct its business transactions principally in Hong Kong dollars, US dollars and Renminbi. During the year, fluctuations in foreign currency exchange did not have any material impact on the Group's operations or liquidity.

At 31 December 2005, the Group had current assets of approximately HK\$548,684,000 (31.12.2004: HK\$569,774,000). The Group's current ratio was approximately 1.3 as at 31 December 2005 as compared with approximately 1.5 as at 31 December 2004. Total shareholders' funds of the Group as at 31 December 2005 increased by 4.3% to HK\$821,328,000 (31.12.2004: HK\$787,352,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 31 December 2005 was 0.64 (31.12.2004: 0.67).

### CHARGES ON ASSETS

Certain leasehold land and buildings, investment properties and properties held for sale with an aggregate net book value of HK\$116,054,000 were pledged to banks for general banking facilities granted to the Group.

### STAFF AND EMPLOYMENT

At 31 December 2005, the Group employed a total workforce of about 4,560 (31.12.2004: 4,800) including 390 permanent staff and 4,170 contracted staff in our factories located in the PRC. The total staff remuneration (excluding directors' remuneration) incurred during the year was HK\$86,695,000 (31.12.2004: HK\$84,821,000). It is the Group's policy to review its employee's pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industries. It is the Group's policy to encourage its subsidiaries to send the management and staff to attend training classes or seminars that related to the Group's business. Tailor made internal training program was also provided to staff in our PRC factories.