

Results

The turnover of the Group was HK\$430,930,000 (2004: HK\$606,826,000), representing a decrease of 29% as compared with last year. The profit attributable to shareholders was HK\$13,413,000 (2004: HK\$58,766,000). The basic earnings per share was HK3.15 cents (2004: 17.26 cents).

Capital Structure, Liquidity and Financial Resources

As at 31st December 2005, the Group had net assets of HK\$243,644,000 (2004 restated: HK\$227,139,000). The gearing ratio was 45.8% (2004: 45.5%). This gearing ratio is calculated by dividing total liabilities of HK\$212,099,000 (2004 restated: HK\$ 197,191,000) over total assets of HK\$462,716,000 (2004 restated: HK\$433,278,000).

As at 31st December, 2005, the Group had HK\$ 64,182,000 of cash on hand, including both pledged bank deposits and unpledged bank balances (2004: HK\$70,024,000), net current assets value being HK\$115,247,000 (2004 restated: HK\$109,356,000) and short-term bank loan amounted to HK\$28,900,000 (2004: HK\$16,823,000).

As at 31st December, 2005, the Group has pledged its buildings in PRC with an aggregate net book value of approximately HK\$7,500,000 (2004 restated: HK\$39,000,000) and bank deposits of approximately HK\$6,000,000 (2004: HK\$5,900,000) to secure banking facilities of approximately HK\$84,560,000 (2004: HK\$39,000,000) to the Group. Out of the secured facilities available, the Group has utilized approximately HK\$42,960,000 as at 31st December, 2005.

Most of the bank borrowing is charged at prevailing prime rate in the countries where the Company's subsidiaries are operating in.

Most of the assets and liabilities in the group were mainly dominated in US dollars and HK dollars. Since HK dollars are backed against US dollars, the Group is subject to low risk of foreign exchange exposure.

Contingent Liabilities

As at 31st December, 2005, the Company has guarantee of approximately HK\$81,800,000 (2004: HK\$24,000,000) to banks in respect of banking facilities granted to a subsidiary of the Company. The amount utilized by the subsidiary was approximately HK\$40,200,000 (2004: HK\$4,900,000).

Dividend

No interim dividend (2004: nil) was recommended during the year. The Board does not recommend a final dividend for this year (2004: nil).

Chairman's Statement

Employee and Remuneration Policies

As at 31st December, 2005, the Company has approximately 840 employees. Remuneration for its employees is based on industry practice and performance of individual employees.

Appreciation

On behalf of the Board, I would like to thank our customers, bankers, suppliers and friends for their continued confidence in and support for the Company. In particular, I would like to extend our warmest thank to our staff at all levels for working with our management teams over the year.

By Order of the Board

Lam Kwok Hing

Chairman and Managing Director

Hong Kong, 24th April, 2006