

CHAIRMAN'S STATEMENT

DIVIDEND

The Board of Directors recommends a final dividend of 2 cents per share be paid in respect of the year ended 31st December 2004. The proposed final dividend will be payable on 28th June, 2005, subject to approval at the Annual General Meeting, to shareholders whose names appear on the Register of Members of the Company on 30th May, 2005.

BUSINESS REVIEW

Following a strong performance in year 2003, the Group achieved record turnover of HK\$4,280 million for the year 2004, representing an increase of approximately 43% compared to last year. The Group's profit attributable to shareholders was HK\$122.5 million, representing an increase of approximately 175% compared to the same period last year.

主席報告書

股息

董事會建議就截至二零零四年十二月三十一日止年度派付末期股息每股2仙。待於股東週年大會批准後，建議末期股息將於二零零五年六月二十八日支付予二零零五年五月三十日名列本公司股東名冊之股東。

業務回顧

繼二零零三年之強勁表現後，本集團於二零零四年度錄得營業額為港幣四十二億八千萬港元，較去年增加約43%。本集團股東應佔溢利為港幣一億二千二百五十萬元，較去年同期增加約175%。



Vitronics Soltec MR933 Lead Free Reflow Soldering Oven
無鉛回流焊接爐

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Yamaha YG100 Modular High Precision Mounter
模塊式高精度貼片機

Trading and Distribution

With the highest sales in the Group's history during the second half of 2004, the Group's Industrial Product Trading Division reported record sales of HK\$2 billion for the year 2004, representing a 58% increase over 2003. The excellent performance was the result of the Group's expansion into a wide range of industrial products catering for customers' needs and the Group's timely reaction to the rebound in the electronics industry. The Group's superior sales force and customer service have developed expertise in providing total solutions for our customers, which we believe has contributed to pushing up revenue. Benefiting from the continuous flow of foreign investment into China, the trading of electronic products in China registered significant growth of 70% in turnover as compared to 2003. The trading of electronic products in Hong Kong continued to perform well in the second half of 2004 and contributed a major part of the Group's profit. The Group's operations in Taiwan also had an outstanding performance in 2004 and contributed significantly to the Division's profit. Following a turnaround to profit last year, the operations in Singapore continued to grow and contributed record profit to the Group in 2004, driven by the strong demand for the electronic products distributed by the Division. The trading and distribution operations in Thailand and the Philippines also made positive contributions to the Group's results this year.

貿易及分銷

由於本集團於二零零四年下半年之銷售錄得歷史性新高，本集團之工業產品貿易部於二零零四年度錄得港幣二十億元之創新高銷售額，較二零零三年增加58%。本集團擴展工業產品之類別以迎合顧客需求和及時回應電子行業復甦之有利環境，令本集團取得驕人之成績。本集團出色之銷售團隊及顧客服務，為客戶提供全面解決方案，令收益得以增加。在外國投資不斷湧入中國之利好情況下，中國電子產品貿易之營業額較二零零三年大幅增長70%。香港電子產品貿易於二零零四年下半年持續表現理想，並為本集團溢利之主要部份。本集團於台灣之業務在二零零四年亦表現突出，對貿易部門之溢利作出重大貢獻。承接新加坡去年之業務轉虧為盈，並在分銷電子產品需求強勁之推動下為該部門持續錄得增長，並對本集團二零零四年之溢利作出記錄性貢獻。泰國及菲律賓之貿易及分銷業務亦對本集團本年度之業績作出正面貢獻。



Koh Young KY-3030 VAL 3D Solder Paste Inspection System
三維錫漿檢測儀



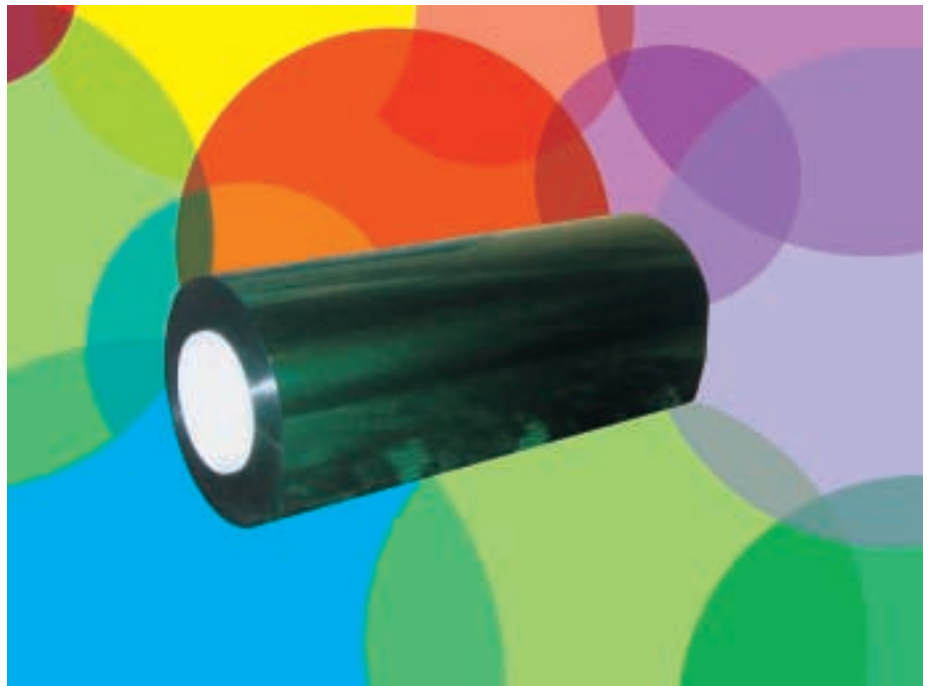
Flying Probe Testing System
Dual-Sided Bare Board Tester 1117
飛針測試系統：雙面光板測試機

Manufacturing

The OEM Manufacturing Division achieved record sales of HK\$2.2 billion in 2004, representing an increase of 31% over the year 2003. In spite of the operating losses in the first half of 2004, the Division registered operating profits for the whole year, driven by the substantial growth in the volume of production orders secured in the second half of 2004 as a result of the Group's consistent efforts in exploring business opportunities and improving technology. The Group successfully obtained a number of industry accreditations and standards for its manufacturing division which also enabled the Group to secure more orders from customers who demand high standards. However, profit margins have been under severe pressure mainly due to keen competition and increases in material prices as a result of the rise in the oil price.

製造

原產品製造部於二零零四年之銷售額錄得港幣二十二億元，較二零零三年增加31%。雖然該部門於二零零四上半年錄得經營虧損，但本集團在發掘商機及提升技術方面不遺餘力，在二零零四下半年之生產訂單數量大幅增長之帶動下，令該部門全年錄得經營溢利。本集團生產部門成功獲得多項行業認證及達標認可，令本集團獲得更多要求甚高客戶之訂單。然而，由於競爭激烈以及油價上升令原料價格增加，邊際利潤仍受沉重壓力。



CCP Longlite Dry Film
長春乾膜



TL-RU4B II PCB Router
印刷電路板成型機

FINANCE

The Group has committed bank facilities and other financing facilities totaling HK\$1,133 million, of which HK\$685 million were drawn down as at 31st December 2004.

As at 31st December 2004, the Group's consolidated net borrowings amounted to HK\$500 million and its shareholders' equity amounted to HK\$675 million, resulting in a gearing ratio of 74%.

Most of the Group's sales are conducted in the same currencies as the purchase transactions. Foreign exchange contracts were entered into to hedge against exchange rate exposures where necessary.

財務

本集團已獲取銀行及其他財務融資合共港幣十一億三千三百萬元，於二零零四年十二月三十一日已動用其中港幣六億八千五百萬元。

於二零零四年十二月三十一日，本集團之綜合借貸淨額為港幣五億元，其股東權益則為港幣六億七千五百萬元，因此資本負債比率為74%。

本集團大部份銷售以購買交易所用之貨幣單位進行。並已訂立外匯合約以在需要時候對沖匯率波動。

EMPLOYEES

As at 31st December 2004, the Group had a total of 5,145 employees, of whom 278 were based in Hong Kong, 4,640 in the PRC and 227 overseas. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account current industry practices. In addition to the provision of a provident fund scheme, medical allowance, in-house and external training programs, discretionary bonuses are also available to employees based on their performance. The remuneration policy and packages of the Group's employees are reviewed regularly.

PROSPECTS

After a record year in 2004 as a result of the recovery of the electronics industry, the Group's Trading and Distribution Division expects a tougher market environment in 2005 mainly because of the sales cycle. However, the Division will continue its efforts in expanding into more sophisticated product ranges, with a view to diversifying sales and improving profit margins.

僱員

於二零零四年十二月三十一日，本集團共有5,145名僱員，其中278名駐香港，4,640名駐中國，227名駐海外工作。本集團主要根據僱員之工作表現及經驗，以及考慮現行業內慣例釐定僱員薪酬待遇。除提供公積金計劃、醫療津貼、內部及外間培訓課程外，本集團亦會視乎僱員之工作表現給予酌情花紅。本集團會定期檢討僱員之薪酬政策及薪酬水平。

前景

在電子行業復甦為本集團於二零零四年取得記錄性的成績後，由於銷售週期，本集團貿易及分銷部預料在二零零五年之市場環境可能會更形嚴峻。然而，該部門將繼續擴展更精確之產品系列，務求令銷售多元化及改善邊際利潤。

With its advanced technology and flexible production lines, the Group's OEM Manufacturing Division will continue to broaden its product range to focus on high-end products in order to improve profit margins. The Division will also increase marketing efforts to approach new customers, and capture market share by offering value-adding services to customers. It is expected that additional sales will be brought in for year 2005.

On behalf of the Board, I wish to thank all employees for their dedication, support and hard work throughout the year.

By Order of the Board

Senta Wong

Chairman

Hong Kong, 11th April 2005

為改善邊際利潤，本集團原產品製造部將以先進技術及靈活之生產線，持續擴大產品系列，集中發展高階產品。該部門亦將更積極進行市場推廣，以招徠新客戶，並向客戶提供增值服務，增加市場佔有率。本集團預期於二零零五年度將獲得更高銷售。

本人謹代表各董事對本公司員工於全年度之克盡職守與努力及其對本集團之忠誠服務，致以衷心感謝。

承董事會命

王忠桐

主席

香港，二零零五年四月十一日