

CHAIRMAN'S STATEMENT

主席報告

Dear Shareholders,

On behalf of the Board, I am pleased to present the final results of the Group for the year ended 31 December 2018. During the year, the Group recorded a profit of approximately HK\$88,752,000. After deducting non-operating items, the overall operating performance of the Group increased slightly as compared to that of last year.

2018 was a year full of challenges to the Group. In April 2018, the 25% import tax imposed by the United States on products exported to the United States from the PRC, such as the machinery, electrical appliance and equipment etc., amounting to approximately US\$50 billion pursuant to section 301 of the Trade Act of 1974 of the United States unveiled Sino-US trade frictions. As the sales volume of the Group's products accounted for an insignificant proportion in the US market, the impact of import tax imposed by the United States to the Group was limited. However, the United States subsequently imposed 10% import tax on other Chinese products amounting to US\$200 billion, the operating businesses of relevant customers were forthwith severely hammered, which brought far-reaching impact on the business environment.

Under economic downturn in Mainland, although the PRC government promulgated a range of measures to support the real economy, especially to reduce operating costs of small and medium-sized enterprises, the outcome was still to be observed. Numerous enterprises were directly or indirectly affected by Sino-US trade frictions, at the same time faced loan financing challenges in Mainland and the increase of operating costs as a result of the capital spent on additional environmental equipment to align with the stringent environmental regulations under "Pollution Prevention" plan, one of the "Three Tough Battles" of the PRC.

致各股東：

本人謹代表董事會，欣然提呈本集團截至二零一八年十二月三十一日止年度之末期業績。本集團於本年度錄得溢利約為88,752,000港元，扣除非經營項目後，本集團整體經營業績與去年相比，錄得輕微上升。

二零一八年是本集團充滿挑戰的一年。二零一八年四月美國根據其《1974年貿易法》第301條向中國出口至美國約值500億美元的機械、電器、儀器等產品加徵25%進口稅，揭開了中美貿易磨擦的序幕，本集團的產品在美國市場銷量佔比不多，因此美國加徵進口關稅對本集團的影響有限。然而，美國隨後對價值2,000億美元的其他中國產品加徵10%進口稅，令相關客戶之經營業務備受重大打擊，對營商環境帶來深遠的影響。

內地經濟下行，儘管中國政府推出多項措施扶持實體經濟，尤其是降減中小企業之營運成本，惟效果尚有待觀察。不少企業直接或間接受到中美貿易磨擦的影響，同時面對內地融資困難及為配合國家三大攻堅戰之一的「污染防治」計劃推出嚴苛的環保規例而投放資金添置環保設備，導致營運成本增加。

Confronted with the tough operating environment, the Group continues to streamline its organizational structure, enhance the effective usage of capital in the supply chain, exert stringent control over production cost, implement the "Industry 4.0" operational plan and focus on the development of higher-margin products and the associated customer groups. During the year under review, all member companies launched new products and services to the market, which expanded new drivers for profit growth of the Group. The Group acquired additional capital through allotment and issue of new Shares during the year, which allowed the Group to invest more resources for developing business further, increasing its investments in product research and development, developing new products and enhancing the quality, function and efficiency of the existing products.

At the end of December 2018 the Central Economic Work Conference advocated two of the missions for the year to be "Promoting High-quality Development in the Manufacturing Industry" and "Fostering a Strong Domestic Market". The PRC has recently promulgated the "Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area" specifying the "Promotion of the Transformation and Upgrade of Traditional Industries". The outline laid out the development objectives and strategic positioning of the Guangdong-Hong Kong-Macau Greater Bay Area. The Greater Bay Area will become one of the most competitive markets in the world. With certain production plants of the Group are located in the Greater Bay Area, we will definitely seize the development opportunities arisen and strive for all opportunities for business expansion.

面對艱辛的經營環境，本集團繼續精簡其組織架構、加強供應鏈資金的有效運用、嚴格控制生產成本、開展「工業4.0」營運計劃，並專注發展較高利潤之產品和相關客戶群。於回顧年度內，各成員公司皆有新產品和服務推出市場，開拓了集團的新利潤增長點。本集團在本年度配發及發行新股份而增添額外資金，使集團投放更多資源以進一步發展業務，並增加產品研發的投資、開發新產品及提升現有產品質量、性能和效率。

於二零一八年十二月底的中央經濟工作會議所指引本年重點工作任務的其中兩項為「推動製造業高質量發展」及「促進形成強大國內市場」。國家最近頒布之《粵港澳大灣區發展規劃綱要》明確了「推動傳統產業轉型升級」，此綱要勾劃出粵港澳大灣區的發展目標和戰略定位，大灣區將成為全球最具競爭力的市場之一，本集團部分生產基地位於大灣區，我們定當抓緊當中之發展機遇，爭取任何潛在業務擴展的機會。

CHAIRMAN'S STATEMENT (CONTINUED)

主席報告 (續)

2019 will still be a tough and challenging year. As the deadline for reaching an important trade agreement between the PRC and the United States approaches, it is possible that the two sides may reach a temporary truce. The Group shall also pay close attention and remain full alert to the extension effect of "Brexit" by the United Kingdom from the European Union and spread of populism across the countries in Europe and the United States in recent years. The Group will adhere to the prudent financial management, keep the debt ratio at a low level and reserve sufficient cash flow in order to face the severe challenges in 2019 in a prudent and optimistic manner. Meanwhile, the Group utilizes its existing financial resources, continues to invest in research and development and innovation, and constantly launches superb products with outstanding functions and quality services in respond to market demands in order to deliver increasing value for Shareholders.

The Board, the management and all staff members of the Group continue to devote best effort and face challenges ahead with indomitable determination to strive for outstanding results for the Group. I would like to express my greatest appreciation to all Directors, Shareholders, customers and cooperation partners for the continuous trust and support given to us.

Tang To

Chairman

Hong Kong, 28 March 2019

二零一九年將仍是艱辛和極富挑戰的一年。隨着中美兩國達成重要貿易協議的最後期限臨近，中美兩國可能暫時休戰。本集團亦須密切關注與高度警惕英國脫離歐盟以及民粹主義近年在歐美多國興起的引伸效應，本集團將秉持穩健之財務管理、維持借貸比率於低水平及儲備足夠現金流，審慎樂觀應對二零一九年嚴峻的挑戰。同時，本集團運用現有之財政資源，對研發創新持續投資，不斷推出卓越性能的優異產品與優質服務以應對市場的需求，為股東創造持續增長之價值。

董事會、本集團管理層及全體同事將繼續盡心盡力，以不屈不撓之精神，應對來年的挑戰，為本集團爭創佳績。本人對各位董事、全體股東、客戶與合作夥伴的持續信任和支持，致以衷心感謝。

主席

鄧燾

香港，二零一九年三月二十八日