

● Mr. Chau Cham Wong, Patrick
Chairman





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CHAIRMAN'S STATEMENT



Dear Shareholders,

Financial year 2005 marked another successful year for Peace Mark and we have demonstrated considerable progress in all areas of our operations and business. I am pleased to announce that our Group achieved excellent results with record-breaking revenue and profit this year, the credit for which goes to the successful acquisitions made during the year under the leadership of our visionary management team. Underlying our success is our continuous commitment to enhance shareholders' value by making sound business decisions that are in line with our long-term strategic plans.

We have yet another cause for celebration. Since June 2005, Peace Mark has been included in the MSCI (Morgan Stanley Capital International) Hong Kong Small Cap Index Series, which demonstrates the recognition of our overall performance by the financial community.

As a reputable timepiece company with a global perspective, much effort was put into further strengthening our presence in China. Today, our business in Mainland China is stronger than ever and we will continue to establish ourselves in the timepiece distribution and retail businesses. We have made steady progress with our long-term strategies, building up our points of sale network to 590 by means of mergers and acquisitions as well as organic growth. With our impressive points of sale network, we are able to serve as a springboard for major fashion and watch brands wishing to penetrate the China market. Backed by strong financial resources and a solid manufacturing setup, the Group is in an ideal position to provide a full range of retail, distribution and manufacturing services to customers from around the world.

Our outlook for Financial Year 2006 and onwards remains robust and we expect growth in all areas. With our enhanced production capabilities, strong brand portfolio and well established downstream business, we are poised for further expansion.

On behalf of the Board of Directors, may I take this opportunity to thank the people who support us: our shareholders, customers, strategic partners and employees. Together we have strengthened the Group's platform for future growth, moving yet closer to our goal of becoming the most admired timepiece company with core competences in design, manufacturing, distribution and retail.

Sincerely,
