

CHAIRMAN'S STATEMENT

I present on behalf of the Board of Directors the Annual Report of the Company for the year ended 31st December, 2005.

Results

2005 remained a year full of challenges and difficulty. Fierce market competition has put a continuous pressure on the selling prices of the Group's products. It inevitably lowered our profit margin even though we have endeavoured to compensate by great efforts on cost and overhead control. Turnover of the Group for the year dropped by 15.73% to approximately HK\$747,483,000. The loss attributable to shareholders for the year amounted to approximately HK\$13,031,000 whereas in 2004 a profit of approximately HK\$3,031,000 was recorded. Loss per share for the year was HK2.73 cent, compared with the earning per share of HK0.63 cent in 2004 .

Final Dividend

The Board has resolved not to pay any final dividend for the year ended 31st December, 2005 (2004: HK0.5 Cent).

Operations Review

Turnover generated from trading and household products manufacturing during the year both decreased by 15.12% and 17.29% to approximately HK\$226.33 million (2004: HK\$266.64 million) and HK\$102.36 million (2004: HK\$123.76 million) respectively. Turnover generated from others manufacturing also decreased by 15.67% to approximately HK\$418.79 million (2004: HK\$ 496.61 million). Segment results for trading and household products manufacturing both increased by 2.07% and 74.44% to approximately HK\$21.73 million (2004: HK\$21.29 million) and HK\$14.74 million (2004: HK\$8.45 million) respectively. Segment result for others manufacturing decreased by 73.77% to approximately HK\$8.11 million (2004: H\$30.92 million).

Bigfield Goldenford Holdings Limited

Bigfield Goldenford Holdings Limited, a non-wholly owned subsidiary of the Group, recorded a turnover of approximately HK\$427,587,000, representing a decrease of 17.47% from that of the previous year of HK\$518,114,000. Net loss for the year increased by 53.03% to approximately HK\$14,640,000 as compared to a loss of approximately HK\$9,567,000 in 2004. The decline in turnover was mainly due to business discontinuation with certain buyers and consolidation of its sales and marketing team. The enlarged loss was primarily attributable to fixed cost of production remaining high and the profit margin getting lower.

Frankie Dominion (Holdings) Limited

Frankie Dominion (Holdings) Limited has recorded a decline in business operations for the year. Turnover decreased by 16.63% to approximately HK\$344,924,000 in 2005. Benefiting from the robust economic growth in the Mainland, the management expects development in its China trade will enable restoration of steady growth with stable contribution to the Group in 2006.

CHAIRMAN'S STATEMENT

Prospect

The outlook for the household products manufacturing industry continues to be extremely challenging. The labour supply in the Mainland is still unstable, resulting in a gradual rise in our wages and human capital expenditures. The Group plans to procure additional machinery to increase cost effectiveness and minimize labour intensiveness in the manufacturing process in order to enhance its competitiveness. The Group also continues to minimize non-production related costs with an aggressive cut in administrative expenditures and by simplifying the operating cycle.

The anticipated upward trade growth in the Mainland will help drive merchandise and service export activities. Against this backdrop, we will strengthen our Guangzhou office position as an international trading center in China and focus to provide more value-added agency services to our customers.

The directors believe that the Group will be able to surmount its challenging environment and to deliver respectable results from its core business of manufacture and sale of household products through continuous efforts and intensification of its activities in overheads control, cost reduction and marketing. The directors are confident that the outlook for the Group is still promising.

Audit Committee

The Audit Committee is composed of three independent non-executive directors. It has reviewed with management the accounting policies and practice adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the consolidated financial statements of the Group and the auditors' report for the year ended 31st December, 2005.

Post Balance Sheet Event

On 31st March, 2006, Dominion Trading Ltd. ("Dominion Trading"), being an indirect wholly owned subsidiary of the Company entered into an agreement with Mr. Lee Kun ("Mr. Lee") whereby Dominion Trading agreed to purchase and Mr. Lee agreed to sell the Sale Shares representing 16.67% of the issued share capital in Big Field (B.V.I.) Ltd. ("Bigfield") at the consideration of HK\$5 million. Mr. Lee also agreed to grant the call option to Dominion Trading to purchase the option shares representing his remaining 20.83% shareholding in Bigfield at the total exercise price of HK\$6.25 million. The call option can be exercised by the Company on or before 30th September, 2006. Bigfield is an investment holding company and beneficially owns the entire issued ordinary share capital of Bigfield Goldenford Holdings Ltd.

On behalf of the Board, I would like to express my sincere gratitude to our customers, business associates and shareholders for their loyal patronage and support through the years and, in particular, to our team of dedicated staff for their invaluable service and contribution in this period of transition.

Lam Po Kwai, Frankie

Chairman

Hong Kong, 13th April, 2006