

主席報告

各位股東：

回顧年度，本集團錄得股東應佔虧損淨額44,000,000港元，較為令人失望。年初，我們預期經濟復甦及香港迪士尼樂園開幕會帶來豐碩的一年，因而致力擴展零售網絡，以迎接內地消費者增多與本地消費者購買力增多的預期。同時一眾其他零售商亦抱同樣觀點，令整體零售市場氣氛過於樂觀，導致租金飆升。然而，事與願違，營業額增長與原來預期大有差距。

我們在發現策略部署錯誤後，已即時作出補救行動，包括整頓零售網絡、調整佣金計劃及重訂訂價政策，藉以提升已支出成本的效率，優化銷售的盈利率。同時，我們以二零零五年之經驗作為教訓，定期檢營商環境及公司策略，以確保我們能因應市場的持續改變制訂最適當的業務策略。

儘管業績未如理想，我們對前景仍充滿信心。本集團亦具備強大的競爭力。雖然零售市場的增長不及物業市場，但仍有穩定增長，而中國市場仍然為我們的零售及美容業務帶來龐大商機。在作出所需調整後，我們無疑很快便會重拾增長。本集團仍會遠放眼光，以無比朝氣建立強大的盈利能力，為客戶提供最優質美容產品與服務，穩固良好信譽。

儘管美容服務市場仍然競爭激烈，市況相對零售市場仍屬穩定。美容服務部於二零零五年錄得虧損，現金流入淨額仍成功維持於正數。我們將繼續穩定擴展美容服務。透過更嚴格控制成本，我們深信，美容服務部將在不久將來轉虧為盈。

主席
葉俊亨

香港，二零零六年四月二十一日

二零零五年年報

Chairman's Statement

Dear Shareholders,

It was quite disappointing for us that we sustained a net loss attributable to shareholders of HK\$44.0 million for the year under review. At the beginning of the year, we were foreseeing that with the recovery of the economy and the opening of the HK Disneyland, we would have another prosperous year. Based on this expectation, we have committed to expand our retail network so that we could be well prepared for the increasing number of inbound tourists and local consumers with increasing spending power. Many other retail players shared the same view, and thus, the overall retail market sentiment became too optimistic in general. Consequently, it pushed the rental increased at a staggering rate. Unfortunately, this optimistic forecast had not come to reality, the turnover increase was far behind from what we originally expected.

As we realize that we have made the wrong strategic move, we immediately take remedy actions, which include restructuring the retail network, re-engineering the commission scheme, and re-adjustment of the pricing policy. All these actions aim at increasing the efficiency of the cost spent and the profitability of the sales generated. At the same time, we take what happened in 2005 as a valuable lesson. We constantly review the business environment and our strategy to ensure that we can formulate the best business strategy for the continuous changing market.

In spite of the dismal results, we do not lose confidence in our future. The Group's competitiveness edges are still there. The retail market, though has not grown as fast as the property market, is growing steadily so far. The China market is still a great opportunity for us to expand both of our retail and beauty services businesses. With all the necessary adjustments made, we have no doubt that we can be back on the growth track again very soon. We will keep our corporate vision to bring the Group to be a dynamic profitable company, which have the reputation of providing the best beauty products and services to customers.

Although the beauty services division is still operating in a highly competitive market, the market conditions are relatively stable when comparing to the retail market. The beauty services division recorded a loss in 2005, but there was a positive net cash inflow during the year. We will continue to expand our beauty services in a steadily fashion. By controlling the operating cost more tightly, we are confident that the beauty services division will be profitable soon.

Ip Chun Heng, Wilson
Chairman

Hong Kong, 21 April 2006