

# Chairman's Statement

## 主席報告書

We shall put our best efforts into building commercial success with a growing line up of premium lifestyle brands of products, capitalising on the high annual growth of luxury products in PRC and Hong Kong.

吾等將致力提升多個時尚生活品牌的銷售，抓緊中港兩地奢侈產品之年度高增長勢頭，締造商業上之成功。

Richard Man Fai LEE  
Executive Chairman & CEO

李文輝  
執行主席兼行政總裁

Your Board of Directors is pleased to announce that a consolidated profit of HK\$7.1 million was recorded for the year ended December 31, 2006. Turnover also increased by 12.8% to HK\$786.6 million. The growth in turnover represents the strength of our core business; the decline in profit only reflects the various non-recurring costs we had to bear in an important year of restructuring. In fact, profit margins were maintained at a similar level to last year.

No interim dividend was paid during the year (2005: nil) and the Directors do not recommend a final dividend (2005: nil). These decisions were based on our continuous building-up of resources for strong business growth.

Cash flow remained healthy during the year and our long term gearing ratio was kept to a relatively low level of 13.8% (2005: 16.1%). These were achieved even though the Group expanded in turnover and acquired new businesses.

In the year, our real estate holdings increased in value; rental income also increased substantially. We also disposed of a Chinese subsidiary which resulted in a significant write-back of provisions.

董事會欣然宣布，於截至二零零六年十二月三十一日止年度，本集團錄得綜合盈利港幣7,100,000元。營業額亦增加12.8%，達港幣786,600,000元。營業額上升反映本集團核心業務穩健；而利潤下跌乃由於吾等須在這進行重組之重要一年支付多項非經常性開支。事實上，利潤率保持在與去年相若的水平。

吾等認為需要為未來業務的強勁增長而繼續累積資源，所以決定年內不派付中期股息（二零零五年：無），董事並不建議派付末期股息（二零零五年：無）。

年內，儘管本集團營業額有所增加及收購了新業務，現金流量仍保持穩健，長期負債比率保持在13.8%之相對較低水平（二零零五年：16.1%）。

年內，本集團持有之房地產價值上升，租金收入亦大增。本集團亦出售一間中國附屬公司，並產生巨額撥備撥回。

The Group also did a share exchange with a US company listed on the Over-The-Counter Bulletin Board, which resulted in a 40% shareholding of the US company and the Group becoming its largest shareholder. This company subsequently changed its name to “China Premium Lifestyle Enterprise, Inc.”, to reflect its commitment to build a platform for the fast-growing lifestyle business in Hong Kong and the People's Republic of China (“PRC” (Note)) – luxury cars, motor yachts, prestigious branded fashion and accessories. The Group also secured the exclusive importership of Italian “Ferretti” motor yachts in Southern China, of Taiwanese “Horizon” motor yachts in PRC, Hong Kong and Macau, and of Italian “Alfa Romeo” cars in Hong Kong and Macau. China Premium Lifestyle Enterprise, Inc. is also in progressive discussion with premium Italian, French and American fashion brands, either for joint-venture or exclusive distribution in PRC, Hong Kong and parts of Asia.

In the year, I was also very honoured to have been bestowed by the Italian Prime Minister, the Honorable Romano Prodi, as Commander of the Order of the Star of Italian Solidarity. This was in recognition of my contribution to promote Italian culture and business in China and Hong Kong. I strongly believe this should be an honour for the Group which has been conducting more and more Italian business since 1993, including bringing in the first “Ferrari” and “Maserati” luxury sports cars to PRC.

The motor car business of our Group achieved yet another excellent year of sales and profit growth. This was a result of our success in getting more allocation and the introduction of fabulous new models. We are still building our order book of over two years for “Ferrari” cars and we expect very strong growth in the future. “Maserati” cars will also see strong growth with the introduction of its new automatic sedans and new coupe.

The air-conditioning and electrical appliances business performed satisfactorily in profit, despite high competition. The audio-visual business was scaled back to avoid the deep price drop of LCD TV. This business will be rebuilt to be high margin in a niche market as we shall celebrate the 60th Anniversary of our own British “Rogers” brand in 2007.

For 2007, the progress in rationalising the Group will continue. This will put us into a very dynamic and competitive position.

本集團亦與於美國場外電子櫃檯交易系統上市的一家美國公司進行股份交換交易，令本集團持有該美國公司40%股權，成為其最大股東。該公司隨後亦將名稱變更為「China Premium Lifestyle Enterprise, Inc.」，以反映其致力於香港及中華人民共和國（「中國」（附註））兩地構建快速增長的時尚生活業務（如豪華汽車、機動遊艇、國際品牌時裝及配飾）之平台。本集團亦取得意大利「法拉帝」機動遊艇於華南、台灣「嘉鴻」機動遊艇於中國、香港及澳門，及意大利「愛快•羅蜜歐」汽車於香港及澳門之獨家進口權。China Premium Lifestyle Enterprise, Inc.亦正與意大利、法國及美國高檔時裝品牌就於中國、香港及部份亞洲地區成立合營公司或出任上述地區的獨家代理進行積極磋商。

年內，本人有幸獲意大利總理羅馬諾•普羅迪頒發「意大利團結星級司令勳章」，以表揚本人於中港兩地推廣意大利文化及商務所作出之貢獻。本人深信此榮譽應歸於本集團。一九九三年起，本集團所經營的意大利業務蒸蒸日上，包括率先將「法拉利」及「瑪莎拉蒂」高級跑車引入中國。

本集團之汽車業務本年度又再創佳績，盈利大幅攀升，此乃由於吾等成功獲得更多配額及推出極佳的嶄新型號汽車。吾等已累積超過兩年之「法拉利」汽車訂單，而且情況仍然持續，預期未來增長勢頭將會非常強勁。隨著推出新款自動轎房車及雙門轎跑車，「瑪莎拉蒂」汽車之銷售亦將會有強勁增長。

儘管競爭激烈，空調及電器業務之利潤表現理想。為避免受液晶電視價格大幅下跌拖累，影音產品業務的規模已縮減。吾等將於二零零七年為慶祝自身英國品牌「樂爵士」成立六十週年重整此項業務，集中拓展利潤較高之高檔消費市場。

於二零零七年，本集團會繼續精簡業務架構，令吾等成為充滿活力及具有高度競爭力之機構。

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## 主席報告書

Our operations in Singapore and Malaysia achieved another year of profit growth and we expect continuous success in these markets.

We have disposed of our 50% holding in Jinling Electrical Co., Ltd., which had been losing money for our Group for the last few years. We are confident that this disposal to a good Italian washing machine company, Candy Elettrodomestici S.r.l, will prove to be a win-win transaction.

In the future, we shall put our best efforts into building commercial success with a growing line up of premium lifestyle brands of products, capitalising on the high annual growth of luxury products in PRC and Hong Kong. Such business will provide higher profit margins to our Group and enhance our shareholders' value.

On behalf of the Board of Directors, I would like to express our gratitude to Mr. Wing Sum LEE ("Mr. LEE") for his exceptional leadership and contributions to the Group for the past five decades. Mr. LEE, who is the founder, the Honorary Chairman and the Executive Director of the Company, has indicated his intention not to offer himself for re-election as an executive director but to retain the title of Honorary Chairman upon his retirement by rotation from the Board of Directors at the annual general meeting of the Company to be held on May 31, 2007. I would also like to thank Mr. Sammy Chi Chung SUEN ("Mr. SUEN") for his exceptional devotion and contributions to the Company. Mr. SUEN, who has been our Executive Director during the past 10 years, has also indicated his intention to resign effective on April 19, 2007 as he has reached retirement age. Finally, I would like to express my utmost gratitude and sincere appreciation to our shareholders, bankers and very loyal team of staff for their unfailing support and contributions, in the past and in the future.

**Richard Man Fai LEE**

*Executive Chairman*

Hong Kong, March 30, 2007

Note: For the sole purpose of this Annual Report, PRC excludes Hong Kong and Macau Special Administrative Regions.

吾等於新加坡及馬來西亞之業務今年再次錄得盈利增長，吾等預期該等市場會繼續取得理想成績。

吾等已出售於金羚電器有限公司之50%股本權益，該公司於過去幾年一直為本集團帶來虧損。吾等深信，向優良的意大利洗衣機公司Candy Elettrodomestici S.r.l出售這項權益，將會證明為一項雙贏交易。

展望將來，吾等將致力提升多個時尚生活品牌的銷售，抓緊中港兩地奢侈產品之年度高增長勢頭，締造商業上之成功。此業務將為本集團貢獻較高的利潤及提升股東價值。

本人謹代表董事會，感謝李永森先生（「李先生」）於過去五十年來之優秀領導及對本集團所作之傑出貢獻。李先生為本公司之創辦人、榮譽主席及執行董事，彼已表示於本公司二零零七年五月三十一日舉行之股東週年大會上輪席退任後不擬膺選連任為執行董事，唯仍留任榮譽主席一職。本人亦感謝孫志冲先生（「孫先生」）對本公司之熱誠投入及優秀貢獻。孫先生在過去十年來一直擔任本公司執行董事一職，彼已表示因已屆退休年齡，將於二零零七年四月十九日起辭任上述職務。最後，對於過去以至將來一直鼎力支持本集團並作出之貢獻之所有本集團股東、銀行及各忠心耿耿之員工，本人謹此致以萬分謝意。

*執行主席*

**李文輝**

香港，二零零七年三月三十日

註：就本年報而言，中國不包括香港及澳門特別行政區。