



Results of Operations

Turnover

For the year ended December 31, 2006, Group turnover continued to record a double-digit growth of 12.8% to HK\$786.6 million, compared with HK\$697.5 million last year (as restated). Despite the unsatisfactory performance of the audio visual products business, we were able to maintain an overall upsurge due to the robust growth of our booming car operations.

Gross Profit

Our gross profit margin fell slightly by 0.7% from 21.2% last year (as restated) to 20.5% this year whilst our gross profit increased by HK\$13.5 million to HK\$161.6 million (2005: HK\$148.1 million as restated).

Distribution Costs and Administrative Expenses

Distribution costs were up by 9.3% to HK\$55.1 million (2005: HK\$50.4 million), approximately the same rate of increase of gross profit compared to last year.

經營業績

營業額

截至二零零六年十二月三十一日止年度，本集團營業額達港幣786,600,000元，較去年之港幣697,500,000元(重列)繼續錄得12.8%之雙位數增幅。儘管影音產品業務表現欠佳，但由於本集團汽車業務之蓬勃發展，本公司仍能維持整體升勢。

毛利

毛利率由去年21.2%(重列)微降0.7%至今年之20.5%，然而本集團之毛利增加港幣13,500,000元至港幣161,600,000元(二零零五年：港幣148,100,000元(重列))。

分銷費用及行政費用

分銷費用增長9.3%至港幣55,100,000元(二零零五年：港幣50,400,000元)，與毛利增長率大致相若。



The increase in administrative expenses of HK\$25.1 million from HK\$95.1 million of last year to HK\$120.2 million this year is mainly attributed to the increased turnover in 2006 compared to last year as well as the various non-recurring transactional costs, including professional fees, incurred to effect the share exchange between our car subsidiary and China Premium Lifestyle Enterprise, Inc. (formerly known as Xact Aid, Inc.) last November.

In order to maintain a cost-effective platform, drastic measures of restructuring for the purpose of cost reduction at both management and operational level will start at the beginning of this second quarter.

Profit from Operations

The Board is pleased to announce that profit from operations was HK\$27.7 million (2005: HK\$76.3 million). This was less than 2005 due to the one-off gain on settlement of a loan in 2005 coupled with the non-recurring costs in 2006 as mentioned above.

去年行政費用為港幣95,100,000元，今年增加港幣25,100,000元至港幣120,200,000元，主要由於二零零六年之營業額較去年增長以及為實施本公司汽車附屬公司與China Premium Lifestyle Enterprise, Inc. (前稱為Xact Aid, Inc.) 於去年十一月之股份交換而產生之各項非經常性交易費用(包括專業費)所致。

為維持成本效益，將於第二季度初開始實施數項大幅的重組措施，以於管理及經營兩方面減省成本。

經營盈利

董事會欣然宣佈，經營盈利錄得港幣27,700,000元(二零零五年：港幣76,300,000元)。盈利較二零零五年為低，主要由於二零零五年清償貸款產生一次性收益，以及上文所述二零零六年之非經常性費用所致。

Other operating income of HK\$16.2 million (2005: HK\$3.0 million as restated) was mainly attributed to a gain arising from the negative goodwill of HK\$8.0 million in relation to the share exchange with China Premium Lifestyle Enterprise, Inc. (formerly known as Xact Aid, Inc.) as well as the non-recurring gain of HK\$5.9 million on disposal of “product distribution rights” associated with the disposal of our associated company in Jiangmen.

A property-related net profit of HK\$25.2 million (2005: HK\$13.1 million) reflected the upward adjustment arising from revaluation of properties as well as the loss incurred on disposal of investment properties.

Profit Attributable to Shareholders

The board is pleased to deliver a profit attributable to shareholders of HK\$7.1 million (2005: HK\$35.5 million) as further explained below.

Finance costs increased by HK\$4.7 million from HK\$6.7 million to HK\$11.4 million due to the need to maintain a higher inventory and other working capital in our expanding car business.

“Gain on disposal of a subsidiary” reflects the gain on disposal of Che Chuen Development Ltd amounting to HK\$28.6 million. The effect of this was to some extent reduced by the loss of HK\$15.9 million on disposal of a subsidiary in relation to the share exchange with China Premium Lifestyle Enterprise, Inc. (formerly known as Xact Aid, Inc.), together with the loss of HK\$9.7 million arising from the disposal of our associated company in Jiangmen.

“Share of results of associates” recorded at a net loss of HK\$7.8 million (2005: HK\$20.7 million), reflects the share of loss of our associated company in Jiangmen of HK\$10.6 million (2005: HK\$23.4 million) as well as a share of profit of HK\$2.8 million (2005: HK\$2.7 million) made by our joint-venture car trading company in Shanghai.

其他營業收入為港幣16,200,000元(二零零五年：港幣3,000,000元(重列))，主要由於與China Premium Lifestyle Enterprise, Inc. (前稱為Xact Aid, Inc.)之股份交換產生負商譽港幣8,000,000元之收益以及在出售吾等於江門之聯營公司而出售有關之「產品代理權」產生非經常性收益港幣5,900,000元。

物業相關純利為港幣25,200,000元(二零零五年：港幣13,100,000元)，反映重估物業之價值上調，及出售投資物業產生之虧損。

股東應佔盈利

董事會欣然向股東呈報，股東應佔盈利為港幣7,100,000元(二零零五年：港幣35,500,000元)，詳述如下。

財務費用增加港幣4,700,000元，由港幣6,700,000元增至港幣11,400,000元，乃由於擴展中之汽車業務需維持較高之存貨及其他營運資金水平。

「出售一間附屬公司之收益」反映出售Che Chuen Development Ltd所得港幣28,600,000元之收益。出售之影響在若干程度上受有關與China Premium Lifestyle Enterprise, Inc. (前稱為Xact Aid, Inc.)之股份交換而出售一間附屬公司時產生港幣15,900,000元之虧損以及出售江門之聯營公司產生之港幣9,700,000元虧損相抵銷。

「應佔聯營公司業績」錄得虧損淨額港幣7,800,000元(二零零五年：港幣20,700,000元)，反映應佔吾等於江門之聯營公司虧損港幣10,600,000元(二零零五年：港幣23,400,000元)以及吾等應佔上海之汽車貿易合營公司之盈利港幣2,800,000元(二零零五年：港幣2,700,000元)。

A net charge of income tax amounting to HK\$1.1 million (2005: HK\$11.5 million) was recorded due to the relatively lower charge on deferred tax in the current year.

Financial Condition

The Group was financed by a combination of its equity capital base, cash flow generated from operations and bank borrowings. As usual, bank and other liabilities were being met upon their maturities in the normal course of business.

Cash and cash equivalents at December 31, 2006 were HK\$22.0 million (2005: HK\$18.6 million), reflecting the ability of the Group to generate or raise funds.

The Group had total borrowings at December 31, 2006 amounting to HK\$134.0 million (2005: HK\$83.1 million). The Group's long term gearing ratio stood at 13.8% (2005: 16.1%), based on non-current liabilities (excluding deferred tax) of HK\$42.0 million (2005: HK\$48.4 million) and shareholders equity of HK\$304.0 million (2005: HK\$301.0 million). The current ratio was 1.1 (2005: 1.0), based on current assets of HK\$368.2 million (2005: HK\$242.4 million) and current liabilities of HK\$340.8 million (2005: HK\$241.6 million).

It is the Group's management practice to hedge foreign currency transactions with the objective to stabilise the cost via the pegging of the exchange rates with bankers. Accordingly, the Group was not exposed to material fluctuations in exchange rates and related hedges during the year under review. At December 31, 2006 the total outstanding foreign exchange contracts purchased with banks amounted to HK\$7.0 million (2005: HK\$3.9 million).

由於本年度遞延稅項開支較低，所得稅開支淨額為港幣1,100,000元(二零零五年：港幣11,500,000元)。

財務狀況

本集團之融資途徑，乃綜合其權益股本，經營產生之現金流量及銀行貸款。銀行及其他負債均如常於經常業務下，於其到期日前獲得清償。

於二零零六年十二月三十一日，現金及現金等值物為港幣22,000,000元(二零零五年：港幣18,600,000元)，反映本集團產生或籌集資金之能力。

本集團於二零零六年十二月三十一日之貸款總額為港幣134,000,000元(二零零五年：港幣83,100,000元)，本集團之長期負債比率為13.8%(二零零五年：16.1%)，乃根據非流動負債(不包括遞延稅項)港幣42,000,000元(二零零五年：港幣48,400,000元)及股東權益港幣304,000,000元(二零零五年：港幣301,000,000元)計算。根據流動資產港幣368,200,000元(二零零五年：港幣242,400,000元)及流動負債港幣340,800,000元(二零零五年：港幣241,600,000元)計算，流動比率為1.1(二零零五年：1.0)。

根據本集團之慣常管理方式，對於外匯交易，本集團會透過對沖方式與銀行鎖定匯率以控制成本。因此，於回顧年度，本集團並無面臨匯率重大波動及相關對沖之風險。於二零零六年十二月三十一日，所購買而未到期履約之外匯合約總額為港幣7,000,000元(二零零五年：港幣3,900,000元)。

The Group had trading facilities at December 31, 2006 amounting to HK\$288.8 million (2005: HK\$200.1 million) of which HK\$186.1 million (2005: HK\$107.9 million) was utilised. Certain of the Group's properties, inventories, trade receivables, bank deposits and all assets of a subsidiary were pledged at year ended 2006 in an aggregate amount of HK\$385.1 million (2005: HK\$305.6 million) to secure facilities granted by our bankers.

At December 31, 2006, the Group had contingent liabilities of approximately HK\$1.2 million (2005: HK\$1.3 million) in respect of proceedings involving a subsidiary in India and HK\$11.0 million (2005: nil) in respect of a bank guarantee issued to the purchaser of the disposed associate in Jiangmen by a subsidiary. At December 31, 2005, the Group had contingent liabilities of approximately HK\$10.3 million arising out of the grant of option to a connected person. The option was terminated in year 2006.

Business Review

Cars and Car Accessories

The business consists mainly of the import, distribution and after-sales service of Italian "Ferrari" and "Maserati" cars and spare parts in Hong Kong and Macau together with the retailing of these products in our newly-opened dealership in Dalian, PRC.

Sales increased by 45.7% to HK\$550.6 million (2005: HK\$377.8 million), driven by strong "Ferrari" new and used car sales and a strong increase in workshop service income.

本集團於二零零六年十二月三十一日之貿易信貸額為港幣288,800,000元(二零零五年：港幣200,100,000元)，當中已動用港幣186,100,000元(二零零五年：港幣107,900,000元)。於二零零六年年終，本集團若干物業、存貨、貿易應收賬款、銀行存款及一間附屬公司之全部資產合共港幣385,100,000元(二零零五年：港幣305,600,000元)已被抵押以獲取銀行授出貸款。

於二零零六年十二月三十一日，本集團之或然負債約港幣1,200,000元(二零零五年：港幣1,300,000元)，乃印度之一間附屬公司所牽涉之法律程序而產生以及一間附屬公司就已出售江門聯營公司而授予買方一項銀行擔保之港幣11,000,000元(二零零五年：無)。於二零零五年十二月三十一日，本集團因向一位關連人士授出購股權而產生之或然負債約港幣10,300,000元。該購股權已於二零零六年終止。

業務回顧

汽車及汽車配件

此業務主要包括意大利「法拉利」及「瑪莎拉蒂」汽車及配件於香港及澳門之進口、分銷及售後服務，及該等產品於中國大連新設的特許經銷商之零售業務。

受惠於「法拉利」新車及二手車銷售額大幅攀升及汽車服務中心服務收入大增，銷售增長45.7%至港幣550,600,000元(二零零五年：港幣377,800,000元)。

Strong sales increases also resulted in strong profit growth. Higher allocation of cars for Hong Kong represented the support from the “Ferrari” factory to cater for the exceptional demand in Hong Kong and also in recognition of the growing size and importance of the Hong Kong market. Our successful marketing and sales initiatives created strong desire for all “Ferrari” models, including the F430, F430 Spider, 612 Scaglietti and Challenge Pista. The launch of the 12-cylinder, 599 GTB Fiorano, was a phenomenal success. This resulted in a quick build-up of orders which like the 8-cylinder F430, has a delivery time of over two years. It was a proud achievement to attain close to a 60/40 ratio between 8 and 12 cylinder “Ferrari” car sales. “Ferrari” captured over 50% of its market segment in Hong Kong due to the Group’s successful implementation of strategy. Sales of “Maserati” cars also increased with the launch of the Quattroporte Sport and Executive GT sedans, GranSport LE and GranSport Spyder.

Various co-promotions were completed between “Maserati” and other Italian life-style brands to enhance its position as an icon in the luxury market.

September 2006 was also the occasion of the grand opening of the Group’s new “Ferrari” and “Maserati” dealership in Dalian, PRC. A total of 24 cars were shipped to the North East for the celebrations, which culminated in a fast-moving, four-day tour for the cars and their owners from Dalian to Harbin. The whole event captured the imagination and attention of nationwide media and the public.

The Group also began its new “Alfa Romeo” business setup, having been appointed the exclusive importer of Italian “Alfa Romeo” cars in Hong Kong and Macau in the second half of 2006.

銷售額大幅攀升亦帶來可觀的盈利增幅。為滿足香港市場而額外增加汽車配額，顯示「法拉利」汽車廠對本集團的支持，亦表現其認同香港市場不斷增長，且日益重要。本集團成功的市場推廣及銷售策略已令「法拉利」所有型號汽車（包括F430、F430 Spider、612 Scaglietti及Challenge Pista）需求大增。剛推出之12汽缸599 GTB Fiorano型號銷售成績斐然，短時間內已接獲大量訂單，交貨期更愈兩年之久，尤如8汽缸F430一樣成功。8汽缸與12汽缸「法拉利」汽車的銷售額已接近60/40之比率，為本集團引以為豪之成就。「法拉利」於香港同類汽車的市場佔有率逾50%，乃歸功於本集團成功之策略。隨著Quattroporte Sport及Executive GT轎房車、GranSport LE及GranSport Spyder跑車的推出，「瑪莎拉蒂」汽車的銷售額亦有所增長。

「瑪莎拉蒂」與其他意大利時尚生活品牌舉辦了各種聯合促銷活動，有助提升其於高檔奢侈消費市場的指標地位。

二零零六年九月，本集團於中國大連舉行本集團「法拉利」及「瑪莎拉蒂」新經銷店的盛大開幕儀式。合共有24輛汽車運送至東北參與慶典，整個慶典的高潮是該等汽車及車主參與從大連巡遊至哈爾濱歷時四天的創舉。整項盛事吸引了全國各地的傳媒及公眾的注意。

本集團亦開始建立「愛快•羅蜜歐」新業務，於二零零六年下半年，本集團獲委任為意大利「愛快•羅蜜歐」汽車於香港及澳門的獨家進口商。

Electrical Appliances

The business consists of marketing and distribution of a wide range of consumer and commercial air-conditioning products from several major brands, namely “MHI” (Mitsubishi Heavy Industries of Japan), American “Frigidaire”, Chinese “GREE”, Korean “Daewoo”, Japanese “Sansui” and our own “Bodysonic” and audio-visual products of our own, being “Rogers” and “Bodysonic”, Japanese “Marantz”, “Denon” “Sansui”, American “Boston Acoustics” audio-visual products, and Japanese “Alpine” car electronics. These product ranges are well placed in the marketplace to suit the needs of different market segments.

Sales were HK\$225.4 million, a 27.3% decrease from last year. The decrease was mainly due to the unsatisfactory sales performance of the audio visual products. The Group made a strategic decision to scale back the audio-visual business, especially in view of the cut-throat price competition of LCD TV's. Instead, this business was re-focused on the lower turnover yet higher margins segment of audiophile equipment. Together with drastic cost cuttings and relocation of the business headquarters to Shenzhen, PRC, we were able to minimise the loss in the second half year and steer towards the direction of stable profitability.

Overall gross margins of air-conditioning products were maintained, despite severe price competition, due to successful introduction of higher margin products like “Frigidaire” wine coolers. Cost rationalising of this business also contributed to stable profitability.

Sales and profitability also improved in the commercial air-conditioning segment with a strengthened engineering team and continued growth of the Hong Kong and Macau infrastructure and property development markets.

電器

此業務包括對數個主要品牌（「三菱重工」（日本三菱重工業株式會社）、美國「北極牌」、中國「格力」、韓國「大宇」、日本「山水」及本集團自身品牌「先力」）不同系列之消費產品及商用空調產品，本集團自身品牌「樂爵士」及「先力」影音產品，日本「馬蘭士」、「天龍」、「山水」及美國「Boston Acoustics」影音產品，及日本「阿爾派」汽車電子產品之市場推廣及分銷。該等產品各有不同檔次，種類繁多，可滿足不同市場之需求。

銷售額為港幣225,400,000元，較去年減少27.3%，其主要原因是影音產品銷售表現欠佳。尤其在液晶體電視割喉式價格競爭環境下，本集團作出策略性決定，縮減影音業務規模，並將業務重新集中於營業額較低但毛利較高之高端音響設備。加上大幅削減成本及將業務總部搬遷往中國深圳，吾等於下半年得以盡量減少虧損，並朝平穩盈利的方向邁進。

儘管價格競爭激烈，但由於成功引入如「北極牌」酒櫃等高毛利率的產品，空調產品整體毛利率得以保持。此業務之成本控制亦有助盈利表現平穩。

隨著工程隊伍的增強及港澳兩地基建及物業發展市場的持續增長，商用空調分部的銷售及盈利能力亦有改善。

The business of “Alpine” car electronics in Singapore and Malaysia declined slightly due to weakened OEM sales and price competition of entry-level models. However, a higher share of aftermarket sales contributed to higher profits in these markets.

By the end of 2006, the Group was appointed by Japanese “Denon” as the exclusive distributor of its audio-visual products in Malaysia.

Properties Leasing

A new business department was formed in September to focus on the leasing of the Group’s properties, mainly the Wo Kee Hong Building in Hong Kong and several smaller properties in mainland China. Besides leasing by our own subsidiaries, total monthly rental income received from outside tenants increased by over 50%. This was achieved with successful increases in occupation, rental rates and improved building management.

Other businesses

During the year, the Group also started the distribution of luxurious Italian “Ferretti” motor yachts in South China and of luxurious Taiwanese “Horizon” motor yachts in PRC, Hong Kong and Macau. Achievements were made in setting up the distribution, logistics and promotion of these brands.

The Group also started its release and distribution of musical CD/DVD under its own label, “Rogers Music”. The businesses of internet music promotion and artist management were also initiated.

由於原設備生產銷售疲弱及入門型號產品價格競爭，新加坡及馬來西亞的「阿爾派」汽車電子產品業務輕微下跌。然而，後加汽車音響市場銷售的佔有率上升亦令該等市場享有較高利潤。

於二零零六年底，本集團獲日本「天龍」委任為其影音產品於馬來西亞的獨家總代理。

物業租賃

本公司於九月成立新的業務部門，專注租賃本集團物業，主要以香港的和記行大廈及位於中國大陸的若干較小型物業為主。除本集團附屬公司承租外，自外界租戶收取之每月租金收入總額增長逾50%。此有賴於成功提升租用率、租值及改善大廈管理。

其他業務

年內，本集團亦開始在華南地區分銷意大利「法拉帝」豪華機動遊艇及於中國、香港及澳門分銷台灣「嘉鴻」豪華機動遊艇。該等品牌的分銷、物流及推廣活動亦取得進展。

本集團亦開始以自身品牌「Rogers Music」出版及發行音樂CD/DVD，並開展網上音樂促銷及藝人管理業務。

PERSONNEL

At the end of 2006, the total number of employees of the Group, excluding associates, was 365 (2005: 316), representing a 15.5% increase in headcount. This was mainly due to the expansion of our car business group and the creation of new business units for distribution of “Alfa Romeo” cars as well as “Horizon” motor yachts.

The management is committed to staff motivation and training so as to ensure our employees remain committed as well as competitive in the marketplace. With the continued expansion in PRC and in the direction of securing more luxurious brands for distribution, we encouraged offices to recruit local staff. Together with the continuous organizational improvements led by our committed management team, we are confident that our businesses and the employees will develop together for the benefit of the Group in the years to come.

PROSPECTS

Looking into 2007, the management has plans for significant increases in turnover and profit. We are confident of the continuous growth of the markets in which we operate, particularly in Hong Kong and PRC.

We expect excellent growth in our car business, with the launches of new models by “Ferrari” and “Maserati” and the addition of “Alfa Romeo” cars, which is planned to group under our associated company, China Premium Lifestyle Enterprise, Inc., a U.S. OTCBB listed company. Due to the confirmed waiting list of some models, a major proportion of the sales is very much secured for 2007.

員工

於二零零六年年終，本集團（不包括聯營公司）總員工人數為365人（二零零五年：316人），總人數增加15.5%，主要乃汽車業務部擴張及為分銷「愛快•羅蜜歐」汽車及「嘉鴻」機動遊艇而開設新的業務部所致。

管理層致力加強員工士氣及培訓，構建一個穩定且具市場競爭力的員工團隊。隨著在中國業務持續擴張及在獲取分銷更多高級品牌的方向指引下，吾等鼓勵各辦事處聘任當地員工。加上由吾等克盡職守的管理隊伍所領導下持續改善組織結構，吾等相信集團業務和員工一定能夠共同成長，為本集團未來的利益作出貢獻。

展望

展望二零零七年，管理層已為營業額和盈利的大幅增長定出計劃。吾等營運所在的市場將持續增長，特別是在香港和中國，吾等對此充滿信心。

隨著「法拉利」及「瑪莎拉蒂」新車型號面世，加上「愛快•羅蜜歐」汽車（計劃該業務將歸於吾等的一間在美國場外電子櫃檯交易系統上市聯營公司 China Premium Lifestyle Enterprise, Inc. 旗下）的加盟，吾等預期汽車業務將出現大好增長。由於已確認一些汽車型號的輪候訂單，二零零七年大部份銷售應已穩操在握。

With the continuation of cost rationalization, the Group will be able to lower the operational expenses at percentage of sales level and hence increase profit.

The electrical appliances business will remain stable and profitable. The audio-visual business will be scaled down to minimise costs in a very competitive marketplace.

We will also see good momentum to be generated by our new motor yachts business and forthcoming prestigious branded fashion and accessories businesses. As we have achieved a three years trend of profitability from 2004 to 2006, we are very confident that this trend of profitability and sales growth will continue in 2007 and beyond.

隨著持續改善成本，本集團將有能力降低營運開支佔銷售額的百分比，從而提升盈利。

電子產品業務將保持穩定及產生盈利。影音業務將會相應縮減，以在高度競爭的市場中將成本降至最低。

吾等的新機動遊艇業務及即將開展的國際品牌時裝及配飾業務亦會產生強勁動力。鑒於吾等已經取得自二零零四年到二零零六年連續三年的盈利勢頭，吾等充滿信心在二零零七年及以後將這種盈利勢頭及銷售增長持續下去。