

CHAIRMAN'S STATEMENT

I present on behalf of the Board of Directors the Annual Report of the Company for the year ended 31st December, 2006.

Results

The cost pressures and operational challenges that we encountered in the first half of 2006 had continued to affect us in the second half. For the year ended 31st December, 2006, the turnover of the Group was approximately HK\$714,731,000, representing a decrease of approximately 4.38% as compared to the previous year. Despite increasing raw materials costs, energy prices, rise in wages in the PRC, appreciation of the Renminbi and fierce competition in the household products business environment, the Group's profit attributable to shareholders for the year amounted to approximately HK\$18,912,000 whereas in 2005 a loss of approximately HK\$13,031,000 was recorded. The profit was primarily due to the non-operating income from the discount on acquisition of additional interest in a subsidiary, which totaled HK\$28,222,000, which helped the Group to perform better than last year. Earning per share for the year was HK3.96 cents, compared with the loss per share of HK2.73 cents in 2005.

Final Dividend

The Board has resolved not to pay any final dividend for the year ended 31st December, 2006 (2005: Nil).

Operation Review and Prospect

Turnover generated from trading and others manufacturing during the year both decreased by 15.76% and 1.65% to approximately HK\$190.66 million (2005: HK\$226.33 million) and HK\$411.89 million (2005: HK\$418.79 million) respectively. Turnover generated from household products manufacturing increased by 9.58% to approximately HK\$112.17 million (2005: HK\$ 102.36 million). Segment results for others and household products manufacturing both increased by 116.96% and 1.09% to approximately HK\$17.60 million (2005: HK\$8.11 million) and HK\$14.90 million (2005: HK\$14.74 million) respectively. Segment result for trading decreased by 54.81% to approximately HK\$9.82 million (2005: H\$21.73 million).

Bigfield Goldenford Holdings Limited

Bigfield Goldenford Holdings Limited ("Bigfield") recorded a turnover of approximately HK\$404,998,000, representing a decrease of 5.28% from that of the previous year of HK\$427,587,000. Net loss for the year dropped by 65.82% to approximately HK\$4,897,000 as compared to a loss of approximately HK\$14,329,000 in 2005.

The Company completed the acquisition of the remaining interest of 20.83% in Bigfield on 31st August, 2006. The management has focused on consolidation and merger of the Group's business operations and administrative activities after Bigfield has become a wholly owed subsidiary of the Group.

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Operation Review and Prospect *(Continued)*

On 23rd January, 2007, Bigfield entered into a provisional agreement for sale and purchase with Hang Tai Stationery Company Limited in relation to the disposal of a property for a consideration of HK\$7,700,000. The property to be disposed is the Factory Units A, B, C & D on the 7th Floor of Yally Industrial Building, 6 Yip Fat Street, Wong Chuk Hang, Hong Kong (the "First Property"). The gross floor area of the First Property is 10,756 square feet. Completion for the sale and purchase of the First Property is expected to take place on or before 22nd April, 2007.

On 10th March, 2007, Bigfield entered into a provisional agreement for sale and purchase with Formable Industrial Limited in relation to the disposal of a property for a consideration of HK\$2,320,000. The property to be disposed is the Factory Unit B on the 8th Floor of Yally Industrial Building, 6 Yip Fat Street, Wong Chuk Hang, Hong Kong (the "Second Property"). The gross floor area of the Second Property is 3,028 square feet. Completion for the sale and purchase of the Second Property is expected to take place on or before 15th May, 2007.

On 12th March, 2007, Bigfield also entered into a provisional agreement for sale and purchase with Cheung Hguy Khim, the ultimate beneficial owner of Formable Industrial Limited, in relation to the disposal of another property for a consideration of HK\$1,980,000. The property to be disposed is the Factory Unit D on the 20th Floor of Yally Industrial Building, 6 Yip Fat Street, Wong Chuk Hang, Hong Kong (the "Third Property"). The gross floor area of the Third Property is 2,350 square feet. Completion for the sale and purchase of the Third Property is expected to take place on or before 15th May, 2007.

Frankie Dominion (Holdings) Limited

Frankie Dominion (Holdings) Limited recorded a decline in business operations for the year. Turnover decreased slightly by 6.46% to approximately HK\$322,653,000 in 2006.

Prospect

The Group expects that price fluctuation of raw materials, soaring wages in the PRC and the sustained appreciation of the Renminbi will continue to put pressure on its gross profit margin. Facing these challenges, the management will endeavour to lead all staff to dedicate themselves for work with a view to improving the Group's operating performance in all aspects to resist the sustained pressure on costs.

The Group will step up its investments in people development and strategic human resources initiatives are underway to strengthen its talent pool and to develop leaders for the future to steer the Group towards continued success. Other programs are also being designed to enhance the Group's ability to attract, nurture and retain talents to support future development. With our production capabilities, product excellence and industry expertise, the directors believe that the Group is able to manage the tough market situation, and strive for a brighter future.

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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, 2006.

Appreciation

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, 2007