

Chairman's Statement

K.P.I. COMPANY LIMITED 港佳控股有限公司 2006 Annual General Meeting 二零零六年股東週年大會



CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board"), I am pleased to present to the shareholders the annual report of K.P.I. Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2006.

This year marks an important year for the Group and our intention to becoming an important player within the retail industry in PRC is gradually becoming a reality. The Group has gained a strong foothold and positioned itself one of the leading retailers in hypermarket business in Shanghai and convenience stores business in Beijing. Backed by solid financial fundamentals and support by our business partners, we are in a position to pursue new opportunities and to acquire new businesses to further enhance our shareholders' value. It is the intention of the Group to further acquire one or two famous brand name food production and distribution enterprises in Beijing. The proposed acquisition would be completed in 2007, though no material terms in relation to the proposed acquisition have been agreed upon.

Professional Management

The Group continues to pursue new opportunities to reward our shareholders for their sincere support.

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Our outlook for the year 2007 and onwards is optimistic and we believe our prudent expansion strategies over the years are on track and meticulously carried out. In the future, we will continue our efforts to improve profitability, and capture invaluable market opportunities through acquisition of related business with growth potential or expansion of the Group's existing operations. We are confident that the Group will sustain continuous business growth and enhance operational efficiency of each business.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our supporters, strategic partners, shareholders and employees for their dedication to the Group's success during the year.

Cheung Siu Lam

Chairman and Chief Executive Officer

Hong Kong, 23 April 2007



GMS's outlet

