

主席報告

各位股東：

自年初採取一系列措施以來，本集團欣然看到整頓零售網絡、調整佣金計劃及重訂訂價政策等多方面努力已收取豐碩成果。本集團之業績成功取得重大改善，走出二零零五年之困境，其中下半年之成績尤其突出。儘管本年度上半年度錄得股東應佔虧損18,200,000港元，本集團在下半年取得股東應佔溢利23,000,000港元，按全年計成功轉虧為盈。

本集團之業績得以扭轉，主要有賴毛利率由二零零五年之35.97%好轉至二零零六年之40.01%。由於本集團體驗到毛利率出現任何改變均會對其業績構成重大影響，因此我們著力密切留意毛利率之變化，並採取一切所需措施以確保毛利率將會維持現行走勢繼續上升。

二零零六年租賃市場大致回復冷靜。年內續訂之所有租約均並無出現租金大幅上調。然而，由於大部分高成本租約均在二零零五年訂立，本集團在二零零六年仍承受著異常高昂之租金成本。為減輕高成本對盈利造成之影響，我們已採取一連串措施以提升成本效益。儘管個別措施對本集團在二零零六年上半年導致短期性的負面影響，但長遠而言，本集團之營運效率得以顯著優化。鑑於所採取行動之效果良好，我們將於二零零七年繼續推行措施提升成本效益。幸而，該等行動將不會擾亂集團營運，因而不會如二零零六年般導致任何短期損失。

Chairman's Statement

Dear Shareholders,

With all the actions taken since the beginning of the year, by restructuring the retail network, re-engineering the commission scheme, and re-adjusting the pricing policy, we are pleased to see that our effort has paid off. The Group's performance was significantly improved comparing to the dismal results of 2005. The improvement was actually much more prominent in the second half of the year. As we sustained a loss attributable to shareholders of HK\$18.2 million in the first half of the year, the Group has successfully reversed the loss position and become profitable for the whole year, which represents that the Group earned a profit attributable to shareholders of HK\$23.0 million for the second half of the year.

The change in the Group's performance was largely derived from the change of the gross profit margin, which increased from 35.97% in 2005 to 40.01% in 2006. As we realize that there will be great impact on the Group's performance for any changes in the gross profit margin, we are closely monitoring this margin and use all necessary measures to ensure it will stay at its present upward trend.

The rental market has become much more rational in 2006. All the leases renewed during the year did not result in any sharp increase in rental cost. However, we were still bearing abnormally high rental cost in 2006 because most of the high cost leases were entered in 2005. In order to mitigate the high cost influence on profitability, we took a series of actions to increase the cost efficiency. In spite of the fact that some of these actions led to short-term negative impact on Group's profitability in the first half of 2006, the Group's operating efficiency has significantly increased in the long-term. Given the effectiveness of the actions taken, we will continue to take actions to increase cost efficiency in 2007. Fortunately, such move will not cause any interruption of operation and thus, will not lead to any short-term loss as in 2006.

主席報告 (續)

集團毫無疑問已脫離逆境，即將重新邁向輝煌。本集團努力克服阻困，成功將集團企業策略回歸光明之路，令企業實力與競爭力得以大大優化。本集團期待，只要現時租金成本異常高昂之租約在未來數月屆滿後，本集團之盈利能力即可望獲得大幅改善。然而，本集團將不會因目前所取得之成功而固步自封。我們深明面對市場激烈競爭與變化不定，本集團必須為未來挑戰時刻作好準備，努力不懈把握每個機會將集團推向成功未來。

由於本集團剛於二零零六年下半年轉虧為盈，我們須採取審慎之股息政策。然而，當本集團之收入回復正常水平後，我們必定重新依從慣常之股息派發政策。

主席
葉俊亨

香港，二零零七年四月二十日

Chairman's Statement (continued)

There is no doubt that our worst time is over and we are going to prosper again. As we have overcome so many difficulties and reshaped our corporate strategy back on the right direction, our corporate strength and competitiveness have been largely enhanced. We can anticipate that our profitability will be dramatically improved once the extra high rental cost leases are expired in the coming months. Nevertheless, we will not be easily satisfied with the improvement we have achieved so far. We know that we are operating in a highly competitive and dynamic market, and thus, we need to prepare ourselves to be able to deal with all the upcoming challenges whenever they emerge. We will continue to seek opportunities to bring success to our Group in the future.

Since our Group has just returned to profit in the second half of 2006, we have to be prudent in our dividend policy. Yet, we will definitely resume to follow our usual dividend payout policy, once our Group's profit level is back to normal.

Ip Chun Heng, Wilson
Chairman

Hong Kong, 20th April 2007