

### OPERATING RESULTS

The net profit from ordinary activities attributable to equity holders of the parent amounted to approximately HK\$11,373,000 in 2004, while the audited net loss attributable to equity holders of the parent for the year was approximately HK\$43,275,000. It was mainly due to the increase in operating loss of Seti Timber Industry (Shenzhen) Company Limited ("Seti Timber"), a wholly-owned subsidiary of the Group during the year.

### BUSINESS REVIEW

During the year under review, despite the PRC Government's macro control policies, continuous rising price of international crude oil and raw materials, as well as the increasingly intense market competition, the business environment of the Group's timber business continued to be difficult and operating losses were recorded, nevertheless the property development business and watches and timepieces business, the remaining two core businesses of the Group, still achieved satisfactory operating results.

### PROPERTY BUSINESS

During the year under review, Beijing Jing Guan Property Development Co. Ltd. ("Beijing Jing Guan"), a wholly-owned subsidiary of the Group, achieved satisfactory operating results. In 2005, affected by the land policy introduced in 2004, Beijing property market also suffered from the impact of the PRC Government's macro control policies implemented in the beginning of the year, the momentum of the rapid growth in the property price had been suppressed by the PRC Government's macro control policies and the initiatives adopted for the promotion of rational spending. Such measures resulted in a more healthy, rational and steady development for Beijing property market.

### 經營業績

與二零零四年錄得本公司權益持有人應佔一般業務純利約11,373,000港元比較，年內經審核本公司權益持有人應佔虧損淨額約43,275,000港元。主要原因由於本集團之全資附屬公司森帝木業(深圳)有限公司(「森帝木業」)全年之經營虧損增加。

### 業務回顧

回顧年內，縱使在國家政府宏觀調控、國際原油價格不斷攀升、原材料價格持續高企及市場激烈競爭等因素下，令木材業務之經營環境持續困難及錄得經營虧損，本集團其餘兩個主營業務－房地產開發業務及鐘錶業務仍然取得了理想的經營業績。

### 地產業務

回顧年內，本集團之全資附屬公司北京京冠房地產開發有限公司(「北京京冠」)取得了良好的經營業績。於二零零五年，北京房地產市場在經歷了二零零四年土地政策影響之後，繼續承受了年初國家系列宏觀調控政策的影響，房地產價格快速增長的勢頭已受到國家宏觀調控政策及提倡理性消費等措施所遏制。這些措施剛好令北京房地產市道有著更加健康、理性及穩定的發展。

Apart from deploying substantial efforts in team building and corporate culture development, Beijing Jing Guan further standardized its internal corporate management. It also actively extended efforts on its property development project, "Sunpalace Mercury Garden". During the year under review, block nos. 1, 2, 3 and 5 of Mercury Project were completed and delivered for occupancy. The Company also committed itself to speed up works on its "Guangqumen Project", redevelopment of old buildings situated on Guangqumen South Street, Chongwen District in Beijing. Significant progress has been achieved in the planning and design, preparation for demolition and relocation and fund raising.

### WATCHES AND TIMEPIECES BUSINESS

The revenue of EBOHR Luxuries International Company Limited ("EBOHR Luxuries"), a wholly-owned subsidiary of the Group, increased by approximately 16% in 2005 over the previous year. The growth was mainly attributable to the constant introduction of innovative design, craftsmanship and materials, and the combined sales strategies of the brand operating centre and design development centre, which enhanced the success rate of new products launched; the calm reaction to the severe price war raised by its competitors on EBOHR watches; and its competitive edge and its leading position in the bulk purchases business, sales performance surpassed expectation.

北京京冠在搞好團隊建設和企業文化發展的基礎上，進一步規範企業各項內部管理，加大發展「太陽星城水星園」項目建設的開發力度，於回顧年內實現了水星園1、2、3及5號樓的順利交房入住。與此同時，還致力加快進行了位於北京市崇文區廣渠門南街舊建築物重建工程項目「廣渠門項目」的運作，使規劃設計、拆遷準備和資金籌備等各項工作均取得了有效進展。

### 鐘錶業務

本集團之全資附屬公司依波精品（深圳）有限公司（「依波精品」）在二零零五年度之銷售收入比二零零四年度增長約16%，增長之主要原因為設計、工藝和材質不斷創新，實施了品牌營運中心和設計研發中心的整合營銷策略，新產品投放的成功率得以有效提升；冷靜應對競爭對手針對依波鐘錶的惡性價格戰；及繼續保持了團購業務的競爭優勢和在同業產品中的領先地位，銷售業績超過了預期指標。

### TIMBER BUSINESS

Timber business still experienced very tough condition in 2005. Under the PRC Government's macro control policies, rising prices of international crude oil and raw materials, together with the increasingly intense market competition, operating environment of Seti Timber, a wholly-owned subsidiary of the Group, remained difficult. Given the changes in timber market in 2004, Seti Timber adopted timely measures in 2005, including restructure of the product mix, improving quality control management, enhanced monitoring on the process of target achievement and reducing in production cost, to minimize sales loss. However, due to fierce competition, the decreased production cost failed to catch up with the decreasing speed of market selling price. As a result, unsatisfactory performance with an operating loss was recorded during the year of review.

### ENAMELLED COPPER WIRES BUSINESS

Fuzhou Dartong M&E Co., Ltd., a 49% owned joint venture of the Company, has commenced production of enamelled copper wires used in colour television panels, colour picture tubes, transducers and air conditioner compressors in the fourth quarter of 2005. During the year under review, with only four months of production and sales, fixed cost was inevitably high and thus generated no profit. However, the Group believes that as the production scale of the enamelled copper wires enhances, the performance of the sector is expected to improve in 2006.

### 木材業務

二零零五年木材業務仍是非常艱難的一年。國家政府宏觀調控、國際原油價格及原材料價格持續高企及市場競爭日益激烈等因素，令本集團之全資附屬公司森帝木業之經營環境持續困難。根據二零零四年木材市場情況的變化，森帝木業於二零零五年及時採取措施，儘量減少市場銷售損失，當中包括調整產品生產結構、提升質量監督管理、加強指標監督及降低生產成本等工作。然而，由於競爭激烈，造成生產成本的下降跟不上市場銷售價格下滑的速度。最終於回顧年內錄得經營虧損，表現未如理想。

### 漆包線業務

由本公司持有49%權益的合營企業－福州大通機電有限公司於二零零五年第四季正式開始投入適用於電視彩色顯示屏幕及彩色顯像管，以及變頻機及空調壓縮機之漆包銅線之生產。由於在回顧年內生產銷售只有四個月的時間，固定成本相對必然會偏高，因而未能產生盈利。惟本集團相信隨著二零零六年生產規模之擴大，情況將會有所改善。

### OUTLOOK

According to available statistics, there are signs revealing a continued upward growth of the economy of the PRC. Coupled with the implementation of currency policy, rising growth in spending and positive returns from fixed asset investments will result in an expected economic growth of 8%-9% for the year of 2006.

Moreover, 2006 is the first year of the Eleventh Five-year Plan of the national economy and social development. As the State introduced measures to achieve economic growth from the boost of the internal demand and the increasing national wealth, improving living standard, gradual upgrading of spending structure, persistent growth of disposable income and acceleration of urbanization, the mainland economy is believed to be beneficial to the development of the property industry. Therefore, grasping the mainland property development opportunity in the next two to three years is the main direction for the development of the Group.

For the watches and timepieces business, in 2006, other than the continuous development of the recurring business with strong foothold, EBOHR Luxuries has been devoting efforts in expanding sales network and agent and distribution business for "FILA" watches. In addition, the company will strive to establish cooperation with famous international brands. Leveraging on the company's edge on its sales network and the awareness of the international brands, it will explore a win-win development model and seek for new heights for its business growth.

### 展望

多項數據均指出二零零六年年初中國經濟再度增長的勢頭持續，加上貨幣政策的配合、消費增長上升及固定資產投資回升均有利於中國經濟於二零零六年有持續8至9%的增長。

此外，二零零六年將是國民經濟和社會發展第十一個五年規劃的開局之年。隨著國家強調內需拉動經濟增長措施的推出，以及人民財富的不斷增加，生活品質的普遍提高，消費結構的逐步升級，可支配收入的不斷增加，及城鎮化進程加快，相信內地經濟形勢有利於房地產行業的發展。因此，抓緊未來二至三年國內房地產業務的發展商機是集團的主要發展路向之一。

在鐘錶業務而言，二零零六年除在既有鞏固根基之經常業務上持續發展外，依波精品將致力拓展「FILA」手錶的銷售網路和代銷及經銷業務，以及積極開發與國外知名品牌的合作關係，利用公司銷售網絡優勢和國外品牌的知名度，共同探索雙贏的發展模式，尋求新的業務增長點。



## CHAIRMAN'S STATEMENT 主席報告

On 6 April 2006, the Company entered into a joint venture agreement with Citychamp Dartong Company Limited and 江蘇清江電機股份有限公司 (Jiangsu Qingjiang Electrical Holdings Company Limited) in respect of establishing a joint venture company – 江蘇大通機電有限公司 (Jiangsu Dartong M&E Co., Ltd.) (“Jiangsu Dartong”) in which the Company contributed RMB25,000,000 and thus holds 25% of interest therein. Jiangsu Dartong is engaged in the production and sales of electrical wires and cables, machineries with common usage, mechanical and electrical appliances, mechanical equipments, including the utilization of advanced technology with international standards in operations, production and sales and marketing of special enamelled copper wires products.

The operation strategy of Jiangsu Dartong ahead is to achieve internal growth and expand externally, aiming at bringing additional capital investment to the Company by way of introduction of foreign investors as its strategic partners, so as to strengthen its economic and future capabilities and business development. The Company will implement various measures to enhance production scale and reduce operation cost. These measures are in line with the Group's long-term development strategy requirements, and also serve to speed up the development of the Group's diversified business and strengthen its business development and competitiveness.

In the past few years, the PRC enamelled copper wires industry developed rapidly. Such rapid growth was mainly attributed to the PRC accession to WTO and the gradual shift of world manufacturing base to the PRC. As a result, the PRC predominates in global production and sales of home appliances, automobiles, motors, electronic information and communication, turning China into the largest sales and production of enamelled copper wires in the world. In view of these, the Group will focus on the production and sales of enamelled copper wires business in 2006 and the coming years.

本公司於二零零六年四月六日與冠城大通股份有限公司及江蘇清江電機股份有限公司簽訂合資經營合同，成立合資經營公司—江蘇大通機電有限公司（「江蘇大通」），當中本公司注資2,500萬元人民幣於江蘇大通，使其持有江蘇大通25%股權。江蘇大通於國內經營電線電纜、普通機械、電機、電工器材的生產製造及銷售（包括採用國際先進的技術和科學的經營管理辦法，生產和銷售特種漆包線等產品）。

有鑒於江蘇大通今後的發展思路採取內部擴張和外部擴張相結合的發展道路：通過引入外資戰略投資者，增加公司的資本金，增強公司的經濟實力和發展後勁；不斷擴大經營規模及降低經營成本。這正好配合了本集團長遠發展策略要求，並加快推進集團多元化業務的發展速度及增強集團的發展後勁和競爭力。

漆包線行業於國內在過去數年間有著極速的發展，這種快速發展得益於中國加入世界貿易組織之後，世界製造中心逐步轉移到中國，使家電、汽車、電機電器、電子信息、通訊等行業成為世界的生產和銷售大國，也一舉帶動漆包線生產銷售量進入世界第一。有鑒於此，生產及銷售漆包銅線將會是集團在二零零六年及未來數年重點發展業務之一。



## CHAIRMAN'S STATEMENT 主席報告

As to timber business, based on the market development, the Group will establish its corporate development target and plan, implement stringent cost control, strengthen the boost among the employees and focus on the recruitment and training of competent staff in 2006, aiming at making a turnaround aggressively.

In 2006, the Group will be committed in the development of existing property development business, production and sales of watches and timepieces and timber business, as well as to capitalise business opportunities arising from enormous demand for enamelled copper wires in the PRC and continue to identify potential development opportunity, so as to diversify the Group's businesses, expand the Group's revenue source, and bring about satisfying returns to shareholders.

### APPRECIATION

I would like to take this opportunity to express my sincere gratitude to all members of the board of directors, all departments of the Group and staff of all our subsidiaries for their dedication and contribution during the year.

**Hon Kwok Lung**  
*Chairman*

Hong Kong, 26 April 2006

於木材業務方面，集團於二零零六年將根據市場發展形式，確立企業發展整體目標和計劃，嚴格控制成本，增強員工的凝聚力，著重對人才的引進和培訓，積極扭轉逆勢。

在二零零六年，集團的發展路向是在致力於現有房地產開發業務、鐘錶生產和銷售及木材業務的同時，儘量把握國內漆包線龐大需求的契機，並不斷努力尋求優質發展項目，使集團業務更具多元化，從而擴闊集團的收益來源，為股東帶來理想回報。

### 致意

本人謹藉此機會，對董事會同仁、集團各部門及各個附屬公司員工年內之竭誠服務及貢獻，深表謝意。

主席  
**韓國龍**

香港，二零零六年四月二十六日