

# CHAIRMAN'S STATEMENT

## 主席報告

I am pleased to announce that the performance of China Haidian Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") in 2006 was healthy with steady growth. Revenue (continuing and discontinued operations) increased by HK\$97,875,000 to HK\$717,711,000 while profit attributable to equity holders increased by HK\$65,622,000 to HK\$22,347,000 in 2006. Earnings per share hurdled from loss per share of HK2.80 cents in 2005 to earnings per share of HK1.44 cents in 2006.

The steady growth in performance was primarily underpinned by four factors. Firstly, EBOHR Luxuries International Company Limited ("EBOHR") achieved growth in operating revenue and net profit after tax due to its expanded product lines and markets. The newly developed product lines comprise 18K gold and sports watch series with new markets being developed in PRC institutional sales and export sales. Secondly, the Group expanded the enamelled copper wires segment through its joint venture and associated company, which contributed higher revenue as a result of increased capacity in 2006. Thirdly, Beijing Jing Guan Real Estate Development Limited ("Beijing Jing Guan") recognized the sales of two blocks, thus generating revenue of HK\$266,781,000. Fourthly, the loss incurred by Seti Timber Industry (Shenzhen) Company Limited ("Seti Timber") was reduced significantly, in particular, in the last quarter of 2006. Finally, returns on the Company's securities portfolio benefited from the buoyant Hong Kong stock market during 2006.

During 2006, the following measures were adopted by the Group in developing various business segments:

Firstly, on 3 August 2006, the Group conditionally agreed to dispose of the entire issued share capital of Beijing Jing Guan in exchange for the 16.4% of the issued share capital of Citychamp Dartong Company Limited ("Citychamp Dartong"), which is engaged in property development in the PRC with management expertise. Subsequent to completion, the Group will have an indirect investment in premium quality property projects in the PRC through its equity interests in Citychamp Dartong without the need of funding their development. Such investment will benefit our Group in the years to come.

Secondly, EBOHR has further developed its watch designs and sales network; and teamed up with international brands for access to manufacturing and distribution opportunities.

本人欣然宣布，中國海澱集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）於二零零六年的業績穩步增長。二零零六年的來自持續經營業務及已終止經營業務收入增加97,875,000港元至717,711,000港元，而權益持有人應佔溢利則增加65,622,000港元至22,347,000港元。二零零六年的每股盈利狀況有所改善，由二零零五年每股虧損2.80港仙轉為錄得每股盈利1.44港仙。

業績穩步增長主要受四項因素推動。其一，依波精品（深圳）有限公司（「依波精品」）的經營收入及除稅後純利因增加產品系列及擴展市場而有所增長。新開發產品包括18K金及運動系列手錶，而新開發的市場則為中國機構銷售及外銷。其二，本集團透過其合營企業及聯營公司擴展漆包銅線業務。合營企業及聯營公司於二零零六年的產量增加，因而提供較高收入。其三，北京京冠房地產開發有限公司（「北京京冠」）已入賬兩幢樓宇的銷售交易，產生收入266,781,000港元。其四，森帝木業（深圳）有限公司（「森帝木業」）的虧損顯著減少，以二零零六年最後一季尤其明顯。最後，本公司所持證券組合的回報因港股於二零零六年表現理想而受惠。

於二零零六年，本集團就拓展各項業務採取以下措施：

其一，於二零零六年八月三日，本集團有條件同意出售北京京冠全部已發行股本，以換取冠城大通股份有限公司（「冠城大通」）16.4%已發行股本。冠城大通於中國從事房地產開發業務，具備豐富的管理專長。於完成後，本集團將透過持有冠城大通的股本權益而間接擁有中國多項優質房地產項目投資，但卻毋須提供開發該等項目所需資金。上述投資將於未來數年為本集團帶來利益。

其二，依波精品進一步開發手錶設計及銷售網絡，並夥拍國際品牌開拓製造及分銷商機。

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Thirdly, in view of the additional investment in raising production capacity and development of customer base for enamelled copper wires, both the joint venture and associated company are expected to bring favourable contributions to the Group. The Group is currently exploring opportunities for acquiring and/or teaming up with other players in targeting aggressive growth and becoming one of the market leaders in the PRC.

Looking forward, our Group will continue to grow into a conglomerate by developing not only its existing businesses but also exploring new businesses with an aim to maximize its shareholders value and sustain long-term development. At the same time, our Group strives to further strengthen corporate governance and internal control.

On behalf of the Board, I would like to express my heartfelt gratitude to our business partners, customers and shareholders. In addition, I would like to take this opportunity to thank all our staff members for their valuable contribution during the past year.

其三，由於已就提高漆包銅線的產量及擴大其客戶基礎作出額外投資，預期合營企業及聯營公司為本集團帶來的進賬將日益豐厚。本集團現正物色機會購入及／或夥拍其他漆包銅線生產商，做強做大漆包線業務，成為領導中國漆包銅線業界的一份子。

展望未來，本集團將繼續發展為一個綜合企業，不僅銳意發展現有業務，亦積極開拓新業務，以盡量提高股東價值及維持長遠發展為目標。與此同時，本集團致力進一步加強企業管治及內部監控。

承蒙本集團的業務夥伴、客戶及股東鼎力支持，本人謹代表董事會衷心致謝。此外，過去一年全體職員為本集團作出寶貴貢獻，本人亦藉此機會向他們表達謝意。