

管理層討論及分析

業務回顧

本集團回顧

截至二零零六年十二月三十一日止年度，本集團錄得營業額1,098,300,000港元（二零零五年：1,033,800,000港元），較去年上升6.2%。鑑於本集團有策略地集中改善盈利能力及營運效率、放慢擴充步伐，營業額之增長乃主要由於營運效益提升，本地經濟整體轉好及到訪香港旅客消費增加所致，體現本集團之策略取得成功。儘管營業額之增長僅屬溫和，惟本集團成功由去年之股東應佔虧損淨額44,000,000港元轉虧為盈，於年內錄得股東應佔純利4,800,000港元。本集團業績能夠在短期內迅速反彈，全賴盈利能力有所改善。毛利率由二零零五年之35.97%增至二零零六年破紀錄之40.01%。

除毛利率外，管理層亦採取實際行動務求削減租金成本。多餘空間已獲租出或由零售轉型作美容店用途，令整體成本效益得以提升。廣告及宣傳成本亦控制在遠低於二零零五年之水平，有助刺激本集團之盈利能力。

零售及批發部

零售及批發業務於二零零六年帶來1,001,900,000港元營業額（二零零五年：960,000,000港元），增長4.4%。本集團重整零售網絡以提升地面空間效率，因而令本集團全資擁有之零售專門店數目下降至二零零六年底之29間。

零售及批發業務之毛利率由二零零六年初29.5%之低水平反彈，逐漸增加至二零零六年底約36.0%，年度平均毛利率約為34.6%，成為本集團盈利能力回復至目前較穩健水平之主因。取得此佳績主要由於本集團推行有效措施改革訂價政策、產品組合、獎勵計劃及宣傳策略所致。

Management Discussion and Analysis

Operations Review

Group Review

For the year ended 31st December 2006, our Group recorded a turnover of HK\$1,098.3 million (2005: HK\$1,033.8 million), representing an increase of 6.2% compared to last year. As this was our strategy to focus on profitability and operation efficiency rather than putting effort on expansion, the growth in turnover was mainly derived from the increased operation efficiency, the overall improvement in local economy and the increase spending of tourists visiting Hong Kong. This strategy was successful. Though there was only a moderate increase in turnover, our Group succeeded in turning our last year net loss of HK\$44.0 million to a net profit attributable to shareholders of HK\$4.8 million during the year. The improvement in profitability is the major reason why the Group's performance can be turnaround so quickly. The gross profit margin has increased from 35.97% in 2005 to 40.01% in 2006, which is a new record.

Besides the gross profit margin, the management took actions to cut down the rental cost. Extra space has been leased out or transformed from retail to salon so that the overall cost effectiveness increased. Controlling the advertising and promotion cost at a much lower level than that in 2005 also helped to revive the profitability of the Group.

Retail and Wholesale Division

The retail and wholesale business contributed a turnover of HK\$1,001.9 million in 2006 (2005: HK\$960.0 million), representing a 4.4% increase. We restructured the retail network to increase the effectiveness of floor space, and as a result, the number of retail outlets wholly owned by the Group decreased to 29 by the end of 2006.

The gross profit margin of the retail and wholesale division has rebounded from a low level of 29.5% at the beginning of 2006 and increased gradually to around 36.0% in late 2006. The average gross profit margin for the year was around 34.6%. This was the main force to boost the Group's profitability to the existing healthier level. We could achieve this result as we have imposed effective measures to reform our pricing strategies, product mix, motivation schemes and promotion tactics.

管理層討論及分析 (續)

業務回顧 (續)

零售及批發部 (續)

隨著本地經濟繼續穩步增長，消費者信心亦回復至多年以來之高位。同時，內地旅客之消費力亦由於中國經濟蓬勃發展而大大提升。該兩個外來因素均惠及本集團之營業額及邊際溢利，使其得以有所增長。

儘管租金成本仍佔營運成本之大部分，惟二零零六年之每月租金並無大幅增加。二零零六年租金成本相對二零零五年為高，主要反映二零零五年所租賃零售專門店之全年租金成本。事實上，將一間美容服務中心遷往一間原本出現虧損之零售專門店地點後，營運效益經已有所提升。

在策略方面，本集團已收購一間業務針對到訪旅客之合營企業之少數股東權益，使其成為本集團之全資附屬公司。此外，亦收購一間新聯營公司以接管一間專門服務內地到訪旅客之零售專門店。該等改變令本集團得以在無損來自此市場部分之盈利下，亦能降低經營開支。

按本集團之年終存貨及年內銷售額計算，銷售之存貨週期為38日（二零零五年：45日）。就零售業務而言，在供應與需求兩方面均難以預測下，此存貨週期水平實屬非常理想。此乃管理層即使在追求更高邊際溢利時，仍一直致力維持存貨量於低水平之直接成果。

網店

網上銷售持續取得良好業績。二零零六年之銷售額接近二零零五年之3倍。透過引入更多物流夥伴，本地、中國、東亞及英國市場之付運時間經已縮短。付運成本亦大幅下降，其中以香港市場尤其顯著。「凡購物滿150港元即免費本地送貨」之優惠令本地訂購增加80%。中國及東南亞之運送費用亦平均降低40%。

Management Discussion and Analysis (continued)

Operations Review (continued)

Retail and Wholesale Division (continued)

While the local economy continued to grow steadily, the consumer confidence was boosted to a high level which has not been felt for many years. At the same time, the mainland tourists' spending power has also increased considerably because of the booming China's economy. These two external factors also contributed to the increase in turnover as well as the profit margin for the Group.

Though the rental cost still accounted for the major portion of the operating cost, there was no significant increase in the monthly rental during 2006. The increase in rental cost in 2006 compared to 2005 was mainly a reflection of a full year rental cost of those outlets leased during 2005. In fact, the operating efficiency was increased after relocating one beauty salon to a retail outlet location which was originally in a loss position.

For strategic purpose, the Group bought out the minority interest of the joint venture business targeting inbound tourists and accordingly, the joint venture has become a wholly-owned subsidiary of the Group. While at the same time, a new associated company was acquired to takeover one outlet serving inbound mainland tourists. As a result of these changes, the Group's operating expenses were lowered but without sacrificing the profitability from this market segment.

The inventory turnover period on sales was 38 days (2005: 45 days) which was calculated based on the Group's closing inventory and sales for the year. It was a very healthy level for retail business, especially when supplies and demands could not easily be predicted. This was a direct outcome of our management long-term commitment to keep the inventory level at such a low level, even when we were in the process of pursuing higher profit margin.

E-Shop

The online sales continuously feed back with a promising result. The 2006 sales demonstrated nearly 3 times more of 2005 sales. By introducing more logistics partners, the delivery time for local, China, East Asia and UK market was shortened. The delivery cost was much lowered, especially for Hong Kong market. The offer of "free local delivery with a purchase of HK\$150.00 up" increased local orders by 80%. The courier charges to China and South East Asia were averagely lowered by 40%.

管理層討論及分析 (續)

業務回顧 (續)

網店 (續)

隨著 bonjourhk.com 之英文版本推出後，兩個付款途徑 Paypal 及 Moneybookers 隨後已加設美元付款，並於增設後一直運作順暢。同時，中文版本亦加設 Union Point 網上途徑。付款途徑、電子直接郵件、網上推廣及網上優惠之管理亦獲投入更多技術支援。電子新聞通訊定期寄發至貴賓會員及其他有興趣之客戶。

美容服務部

美容服務部在二零零六年錄得分類虧損 1,800,000 港元 (二零零五年：17,700,000 港元)。二零零六年上半年之虧損為 9,900,000 港元，惟虧損額已於年終前大幅收窄。二零零六年上半年，一間美容服務中心重新裝修成為第二間足部按摩中心，而另一間美容服務中心則搬遷至原本為零售專門店之位置，令營運需暫時停止而導致營業額下降。隨著營運於下半年恢復正常，加上成本效益增加，美容服務部在本年度下半年實現 8,100,000 港元收益。

廣告費用大幅減少亦是美容服務部在下半年轉虧為盈之另一關鍵。鑑於傳統美容服務市場已日相對轉趨成熟，投放大額投資於廣告以帶動需求實屬不明智。反之，本集團集中多元化服務，務求透過提供更多新服務刺激新需求。

針對高檔次客戶之全新足部按摩服務品牌「水云莊」已在短短一年間穩定確立。二零零六年底已設有兩間「水云莊」服務中心，兩者均已錄得溢利。以全新主題設計之「悅榕莊」服務中心設有全面修甲服務，深受顧客歡迎，佔新設服務中心所帶來營業額之重大部分。為提升本集團整體美容服務中心之形象，現有服務中心已在本年度轉用「悅榕莊」之全新主題設計。

Management Discussion and Analysis (continued)

Operations Review (continued)

E-Shop (continued)

Following the launch of English version of bonjourhk.com, the two payment gateways, Paypal and Moneybookers, were subsequently installed for US\$ payments. Both gateways worked smoothly so far after installation. At the same time, the Union Point online gateway was installed on Chinese version. More technical support was assigned to the management of payment gateways, e-DM, online marketing and online promotional offers. The E-newsletter was distributed regularly to our VIP members and other interested customers.

Beauty Services Division

The beauty services division recorded a segment loss of HK\$1.8 million for 2006 (2005: HK\$17.7 million). The loss for the first half of 2006 was HK\$9.9 million, which was largely reduced towards the end of the year. In the first half of 2006, one beauty salon was renovated to become the second foot massage center and another beauty salon was relocated to a location which was originally a retail outlet. These moves had caused temporary shutdown of operation and led to a drop in turnover. As the operation resumed to normal and the cost effectiveness increased in the second half of the year, the beauty services division achieved to a gain of HK\$8.1 million in the second half of the year.

The huge reduction of advertising expense was another major reason why the beauty services division could turnaround to profit in the second half of the year. As the market for traditional beauty services has become relatively mature, it would be hard to justify huge investment in advertising to induce demand. Rather, we concentrated our effort on diversification by providing more new services to create new demand.

The new foot massage service brand "Top Comfort" targeting high end customers was well established in the market within one year. There were two Top Comfort salons by the end of 2006 and both of them were making profit. The full range nail bar service, which was introduced in our new thematic look "About Beauty" salon, was also well received by consumers and accounted for a significant portion of turnover for the new salon. To upgrade our overall beauty salon image, existing salons were changed to new thematic look "About Beauty" during the year.

展望

零售及批發部

零售及批發部之盈利能力獲顯著改善，令人鼓舞。鑑於所採取措施之成效已獲印證，本集團將遵行並在適當時加強現行之策略：

1. 整頓零售網絡，透過(i)出租若干專門店之部分多餘面積及(ii)在租約期滿時結束現時或在新租約下無利可圖之專門店，以降低租金成本及提升樓面空間之效率。
2. 調整佣金計劃，激勵銷售隊伍更有效創造銷售及提升每宗交易之盈利。
3. 訂定行政措施，將銷售組合推向更有利可圖之產品。
4. 針對更多顧客在經濟大為好轉後已由重視價格轉向品牌因素之心態，為優質、形象良好之高檔次產品及品牌採取更積極之訂價策略。
5. 更進一步推行現有之嚴謹成本控制措施，將租金以外之經營成本保持與本集團之營業額水平一致。
6. 透過與供應商磋商新條款或轉用成本較低之新供應商，降低購貨成本。

儘管預期來年之毛利率增幅有如二零零六年實在不切實際，然而本集團展望毛利率將有所增長。然而，即使在目前之高昂租金環境下，保持現時之毛利率就可令本集團之盈利能力得以確保。

本集團觀望利好之經濟環境將可於二零零七年持續。因此，倘租金成本合理並仍有擴展空間下，本集團將擴大零售網絡。本集團預期營業額將按二零零六年相若之溫和速度增長。

Outlook

Retail and Wholesale Division

We are encouraged to see that the profitability of the retail and wholesale division has dramatically improved. As the actions taken were shown to be effective, we will follow and when necessary, reinforce the strategies that we are using:

1. Restructure the retail network to lower the rental cost and increase the effectiveness of floor space by (i) leasing out part of the area for some shops with extra shop space and (ii) closing down shops which are unprofitable or will not be profitable with new rentals when leases expired.
2. Re-engineer the commission scheme to motivate the sales team to generate sales more effectively and increase the profitability of each transaction.
3. Impose administrative measures to shift the sales mix towards higher margin products.
4. Adopt a more aggressive pricing strategy for high end products and brands with good quality and image, given the fact that more and more consumers shift from price conscious to brand conscious after the economy is much improved.
5. To strengthen the existing stringent cost control measures to keep the operating cost other than the rentals aligned with the Group's turnover.
6. To lower the cost of procurement by negotiating new terms with suppliers or simply shift to new suppliers with lower cost.

It is unrealistic to predict that the gross profit margin would increase in the coming years as much as in 2006. But we expect the margin will increase gradually. Nevertheless, the Group's profitability is assured with the existing profit margin even under the present high rental cost environment.

We are optimistic that the favourable economic conditions will prevail in 2007. Therefore, we will expand our retail network as long as the rental cost is reasonable and there is still space for expansion. We foresee that the turnover will grow at a moderate rate as in 2006.

管理層討論及分析 (續)

展望 (續)

零售及批發部 (續)

租金市場現已相對穩定下來。儘管本集團仍在異常高昂之租金成本下營運，惟當現時無利可圖但租金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。

業務分類中到訪旅客之部份已日趨成熟、穩定。繼全面收購合營企業及投資於新聯營公司後，本集團將可透過與聯營公司之新業務夥伴合作，進一步發揮協同效益。本集團深信，此項業務將成為本集團最有利可圖之業務分類之一。

網店

目標市場之當地合作夥伴

一項公開預測估計中國信用卡付款市場將於二零一零年達致5,000,000,000美元。針對中國信用卡持卡人數目之增加，本集團將努力物色合適銀行合作夥伴參與聯辦推廣。在銀行合作夥伴之支持下，預期網上信用卡銷售額將大幅飆升。本集團將邀請銀行以外之其他會員計劃合作夥伴參與聯辦推廣，並透過合作夥伴發放推廣電子新聞通訊，務求大力提升網上流量及推廣本集團之品牌名稱。

網絡推廣

鑑於市場潛力龐大，本集團將投放更多資源進行不同形式之網絡推廣，包括搜尋器推廣、搜尋器最優化及登記列入指南等。

架構管理

為使網上業務環境更方便客戶使用，本集團將更進一步提升網上購物網站之基礎架構。其中一項優化項目為網上關鍵字搜尋、產品分類及產品說明，以提升內置搜尋引擎或Google、百度及Yahoo等外置搜尋引擎之網上搜尋能力。

Management Discussion and Analysis (continued)

Outlook (continued)

Retail and Wholesale Division (continued)

Rental market is relatively stable at present. Though we are still operating under abnormally high rental cost situation, we can expect the Group's profitability will be greatly enhanced when the leases of those unprofitable high rental outlets are going to expire in the coming months.

The business segment targeting inbound tourists becomes more and more mature and stable. After the buy out of the joint venture and the investment in a new associated company, we can create more synergy from the cooperation with the new business partners of the associated company. We are confident that this line of business will be one of the profitable business segments of the Group.

E-shop

Local Partners in Targeted Market

A public forecast of China's credit card payment market is estimated to reach US\$5 billion in 2010. Focusing on increasing number of credit card holders in China, the Group will pay effort to identify suitable bank partners to take part in joint promotions. It is expected that the online credit card sales will be elevated massively with support from bank partners. More membership club partners other than banks will be invited for joint promotions. Promotion e-newsletters will be distributed via partners in order to maximize the online traffic and promote the Group's brand name.

Web Marketing

Given the big market potential, the Group will allocate budget on different forms of web-marketing, i.e. search engine marketing, search engine optimization and directory listing etc.

Infrastructure Management

To facilitate our online business environment friendly to our customers, more effort will be put to upgrade the basic infrastructure of our online shopping website. There will be an enhancement project on online keyword search, product categories and product descriptions to enhance the online searching ability of built-in search engine or external search engines, i.e. Google, Baidu and Yahoo etc.

管理層討論及分析 (續)

展望 (續)

網店 (續)

新產品上網

本集團網上購物組合將加入更多富創意之新產品，以滿足顧客對新產品之期待。產品數量預期將增至3,000項，而本集團預期更廣泛之產品選擇將可吸引更多網上交易。

客戶關係

為進一步提升顧客滿意度及忠誠度，本集團將在未來一年為網上客戶推出網上會員計劃。該積分會計劃擬為方便顧客使用而設。本集團預期選擇成為會員之客戶將帶來更多網上消費及再次訂購。

美容服務部

一如零售及批發部，本集團將於二零零七年繼續整頓網絡以減低租金成本、增加樓面空間之效率。一間美容服務中心已於二零零七年初遷往新位置。降低租金成本但沒有損害收益，令本集團之盈利能力在長遠而言得以提升。

按照本集團之多元化策略，周邊美容保健服務將成為本集團業務擴展之重點。在聘請足夠美容師之前提下，本集團計劃於未來十二個月開設兩至三間修甲服務中心。

技術創新仍為銷售額增長之主要推動力。本集團不斷引進全新先進美容設備及纖體儀器。預期美容纖體服務之整體需求未必會大幅增長，惟客戶通常會受新技術所吸引。此外，隨著技術進步，美容服務之平均成本將有所下降，因而帶動需求上升。

Management Discussion and Analysis (continued)

Outlook (continued)

E-shop (continued)

New Products Online

New and innovative products will be added to our online shopping list to meet with customers' expectation on new products. It is expected that the number of products will be increased up to 3,000 items. The Group expects that the wide selection of products will attract more online billings.

Customer Relationship

To further maximize customer satisfaction and loyalty, the Group will launch an online membership program in the coming year for online customers. The point club program is intended to be customer friendly. The Group expects more online spending and returned orders from customers who choose to join as member.

Beauty Service Division

As what we are doing for retail and wholesale business, we will continue to restructure the network in 2007 to lower the rental cost and increase the effectiveness of floor space. One beauty salon has been relocated to a new location in early 2007. The Group's profitability has increased in the long run, since the rental cost has been decreased without any loss in revenue as tradeoff.

Following our diversification strategy, peripheral beauty and health services will be the core of our business expansion. We plan to open two to three new nail bar service centers in the next twelve months as long as we can recruit sufficient number of beauticians.

Technology innovation is still the primary drivers for sales growth. We constantly bring in new advanced beauty equipment and slimming machines. We expect the overall demand for beauty and slimming services may not increase dramatically, but customers are usually attracted by new technology. Also, as technology advances, the average cost for the beauty services will decrease and consequently, induce the demand to increase.

管理層討論及分析 (續)

展望 (續)

美容服務部 (續)

本集團無懼市場競爭激烈，並認為本集團現時僅佔整體美容服務市場一小份額，故深信本集團之未來增長潛力優厚。憑藉美容服務部已建立之穩固基礎，本集團對於未來數年爭取顯著更大之市場份額充滿信心。

財務回顧

流動資金及財務資源

本集團繼續採取審慎管理財務資源之方針，流動資金及財務資源水平仍然保持穩健。於二零零六年十二月三十一日，本集團之現金及銀行存款為29,600,000港元（二零零五年：38,400,000港元）。於二零零六年十二月三十一日，本集團之銀行借款為1,100,000港元（二零零五年：7,600,000元），當中300,000港元（二零零五年：6,600,000港元）須於未來12個月內償還。因此，本集團於二零零六年十二月三十一日之淨現金結餘（手頭現金減總銀行借款及銀行透支）為21,800,000港元（二零零五年：27,200,000港元）。

於二零零六年十二月三十一日，本集團之資產負債比率為0.01（二零零五年：0.10），該比率乃根據本集團之銀行借款及股東資金79,600,000港元（二零零五年：73,100,000港元）計算。總負債對股東資金比率為237.2%，較去年之294.5%有所改善。二零零六年之流動比率為0.95（二零零五年：0.99）。

Management Discussion and Analysis (continued)

Outlook (continued)

Beauty Service Division (continued)

Regardless of the highly competitive market, we believe that there is still a high potential for us to grow, since we account for only a small percentage of the whole beauty service market at present. As we have built solid foundation for our beauty service division, we are very positive that we are able to reap a much bigger portion of the market in the coming years.

Financial Review

Liquidity and Financial Resources

Liquidity and financial resources position remain strong as the Group continues to adopt a prudent approach in managing its financial resources. As at 31st December 2006, the Group's cash and bank deposits amounted to HK\$29.6 million (2005: HK\$38.4 million). The Group's bank borrowings as at 31st December 2006 were HK\$1.1 million (2005: HK\$7.6 million), out of which HK\$0.3 million (2005: HK\$6.6 million) were repayable within the next 12 months. Therefore, the Group had a net cash balance (total cash on hand minus total bank borrowings and bank overdrafts) of HK\$21.8 million as at 31st December 2006 (2005: HK\$27.2 million).

As at 31st December 2006, the Group's gearing ratio was 0.01 (2005: 0.10), and was calculated based on the Group's bank borrowings and shareholders' funds of HK\$79.6 million (2005: HK\$73.1 million). Total liability to shareholders' fund improved to 237.2% as compared to 294.5% in last year. The current ratio is 0.95 in 2006 (2005: 0.99).

管理層討論及分析 (續)

展望 (續)

現金流量

經營業務現金流入由二零零五年之24,400,000港元減少10,400,000港元至二零零六年之14,000,000港元。除稅前溢利為4,600,000港元。非現金項目總額為27,300,000港元(主要為折舊及以股份支付之僱員酬金開支)。該項目受營運資金減少11,200,000港元(主要因遞延收益減少所致)所抵銷。

投資活動所產生現金流出由二零零五年之34,900,000港元減少15,300,000港元至二零零六年之19,600,000港元。減少之原因大致上為減少購買物業、廠房及設備。

融資活動之現金流出由二零零五年之18,900,000港元減少12,700,000港元至二零零六年之6,200,000港元。減少主要由於年內並無派付股息所致。本年度之現金流出主要為償還銀行借款。

或然負債

本集團於結算日之或然負債詳情載於財務報表附註36。

外匯風險

由於本集團大部份資產、收款及付款均以港元、美元及日圓計算，故外匯波動風險很低。於二零零六年十二月三十一日，本集團所有銀行借款均以港元為單位。本集團之銀行借款按浮動息率計息，息率為銀行最優惠利率或短期銀行同業拆息利率。本集團將繼續監察其外匯狀況，如有需要將訂立遠期外匯合約對沖外匯風險。

Management Discussion and Analysis (continued)

Financial Review (continued)

Cash Flow

Cash inflow from operating activities decreased by HK\$10.4 million from HK\$24.4 million in 2005 to HK\$14.0 million in 2006. The profit before taxation was HK\$4.6 million. The total amount of non-cash items amounting to HK\$27.3 million (mainly the depreciation and share-based compensation expense) was net off with the decrease in working capital of HK\$11.2 million resulting mainly from decrease in deferred revenue.

Cash outflow from investing activities decreased by HK\$15.3 million from HK\$34.9 million in 2005 to HK\$19.6 million in 2006. The decrease was largely due to a decrease in purchase of property, plant and equipment.

Cash outflow from financing activities decreased by HK\$12.7 million from HK\$18.9 million in 2005 to HK\$6.2 million in 2006. The decrease was mainly because no dividend was paid during the year. The cash outflow for this year mainly represented repayment of bank borrowings.

Contingent Liabilities

Details of contingent liabilities of the Group at the balance sheet date are set out in Note 36 to the financial statements.

Foreign Exchange Exposures

The Group has minimum exposure to foreign exchange fluctuations as most of its assets, receipts and payments are in Hong Kong dollar, US dollar and Japanese Yen. As at 31st December 2006, all of the Group's bank borrowings were denominated in Hong Kong dollar. The Group's bank borrowings were on floating rate basis at either bank prime rate or short-term inter-bank offer rates. The Group will continue to monitor its foreign exchange position and, if necessary, will hedge its foreign exchange exposure by forward foreign exchange contracts.

管理層討論及分析 (續)

展望 (續)

股本架構

於回顧年度，本公司之已發行及繳足股份數目並無變動。於本報告日期，本公司之已發行及繳足股份總數為225,608,000股。

本集團資產抵押

於二零零六年十二月三十一日，本集團若干賬面值約2,044,000港元（二零零五年：2,081,000港元）之土地租賃溢價及樓宇經已抵押，作為本集團若干銀行借款之擔保。

重大之收購及出售投資及附屬公司以及持有之重大投資

截至二零零六年十二月三十一日止年度，並無重大之收購或出售附屬公司，亦並無持有重大投資。

人力資源

本集團深信，對於任何企業而言，員工皆為最寶貴的資產之一。在回顧年度內，本集團為加強全體前綫員工之客戶服務技巧，特別提供了一系列培訓課程，並邀請專業顧問擔任講員，豐富培訓內容。本集團又向高級行政人員及一般僱員授予購股權，藉以獎勵及挽留管理團隊中之優秀人才。同時，本集團亦為各級員工制訂可觀之薪酬方案及業績達標花紅。此等獎勵計劃有助於加強員工士氣，提高工作效率，令董事更加相信，採納此一策略方針乃明智決定。

於二零零六年十二月三十一日，本集團在香港及澳門約有860名（二零零五年：960名）全職及兼職僱員。高級管理人員團隊共有19人，其中約半數已在本集團任職超過5年。本集團視人才為寶貴之人力資源，並認為本集團如要繼續獲得成功，必須吸引優秀人才留任。

Management Discussion and Analysis (continued)

Financial Review (continued)

Capital Structure

During the year under review, there was no change in number of issued and fully paid shares of the Company. The total number of issued and fully paid shares of the Company as at the date of this report is 225,608,000 shares.

Charges on Group Assets

As at 31st December 2006, certain lease premium for land and buildings of the Group with carrying amount of approximately HK\$2,044,000 (2005: HK\$2,081,000) was pledged as security for certain bank borrowings of the Group.

Material Acquisitions and Disposals of Investments and Subsidiaries and Significant Investments Held

There were no material acquisitions or disposals of subsidiaries and no significant investment held during the year ended 31st December 2006.

Human Resources

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. During the year under review, the Group provided a series of training courses to enhance the customer service skills of all our frontline staff by inviting professional consultants as lecturers to enrich the scope of this program. The Group also offers share options to the senior executives and general staff, as a means to reward and retain high caliber of the management team. In the meantime, competitive remuneration packages and goal-oriented bonuses are paid to different levels of staff. These rewarding packages strengthen the morale among the staff and led to high efficiencies, which further reinforced the confidence of the Directors' decision to adopt this strategic direction.

As at 31st December 2006, the Group had approximately 860 (2005: 960) full-time and part-time employees in both Hong Kong and Macau. The senior management team consisted of 19 people, in which about half of them had been with the Group for over 5 years. The Group treasures people as valuable human resources and recognizes the importance of attracting and retaining high quality staff for the Group's continuous success.