

Chairman's Statement

主席報告

TO ALL SHAREHOLDERS

On behalf of the board of directors (the "Board") of Artfield Group Limited (the "Company"), I present herewith the audited consolidated final results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2007.

CHANGE OF CONTROLLING SHAREHOLDER AND MANAGEMENT

On 2 May 2007, Marigold Worldwide Group Limited ("Marigold"), Golden Glory Group Limited ("Golden Glory") and Mr. Liang Jin You, being 100% of the beneficial owner of Golden Glory, entered into a Sale and Purchase Agreement whereby Marigold agreed to purchase and Golden Glory agreed to sell 119,184,300 shares of the Company, representing approximately 39.14% of the entire issued share capital of the Company. The Sale and Purchase Agreement was completed on 2 May 2007 and Marigold has become the substantial shareholder of the Company since then.

Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers, Marigold and parties acting in concert with it were required to make a mandatory conditional cash offer for all the issued shares of the Company other than those already owned by Marigold and parties acting in concert with it (the "Offer"). Since the Offer did not result in Marigold and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offer did not become unconditional and lapsed at 4:00 p.m. on 4 July 2007.

The Board announced on 13 June 2007 the appointment of Mr. Leung Heung Ying, Alvin as a Managing Director, Ms. Chung Oi Ling, Stella as an executive director and Mr. Wong Ngao San, Marcus as an independent non-executive director of the Company with effect from 14 June 2007. As a result of the change in controlling shareholder of the Company, Mr. Liang Jin You resigned as the executive director, Chairman, and Managing Director of the Company; Ms. Li Kwo Yuk resigned as executive director and Deputy Chairman of the Company; and each of Mr. Leung Kin Yau, Mr. Ou Jian Sheng and Mr. Deng Ju Neng resigned as executive director, all with effect immediately after the close of

致各位股東

本人謹代表雅域集團有限公司(「本公司」)董事會(「董事會」)欣然向各股東提呈本公司及其附屬公司(統稱「本集團」)截至二零零七年三月三十一日止年度經審核之綜合末期業績。

控股股東及管理人員變動

Marigold Worldwide Group Limited(「Marigold」)、Golden Glory Group Limited(「Golden Glory」)與Golden Glory之全資實益擁有人梁金友先生，於二零零七年五月二日訂立一項買賣協議，據此，Marigold同意購買而Golden Glory同意出售119,184,300股股份，約佔本公司全部已發行股份之39.14%，買賣協議於二零零七年五月二日完成後，Marigold便成為本公司之主要股東。

根據香港公司收購及合併守則第26.1條，Marigold及與其一致行動之人士，須就本公司所有已發行股份(已由Marigold及其一致行動之人士擁有者除外)提出強制有條件之現金收購建議(「建議」)。由於該建議未能令Marigold及與其一致行動之人士持有本公司半數以上之投票權，故有關建議並於二零零七年七月四日下午四時未能成為無條件，並告失效。

董事會於二零零七年六月十三日宣佈委任梁享英先生為本公司董事總經理、鍾愛玲女士為本公司執行董事及王傲山先生為本公司獨立非執行董事，自二零零七年六月十四日起生效。由於本公司之控股股東出現變動，梁金友先生已辭任本公司之執行董事、主席及董事總經理；李戈玉女士辭任本公司之執行董事及副主席；而梁健友先生、歐健生先生與鄧巨能先生亦分別辭任本公司之執行董事一職，所

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the Offer on 4 July 2007. On 11 July 2007, the Company further announced the resignation of Mr. Chen Vee Yong Frederick and Mr. Lee Sang Yoon as executive directors of the Company with effect from 11 July 2007.

Notwithstanding the aforesaid, Mr. Liang Jin You, Ms. Li Kwo Yuk, Mr. Leung Kin Yau and Mr. Ou Jian Sheng remain as directors of the principal operating subsidiaries of the Company with a view to ensure the continuity of the management of the Group's existing businesses.

REVIEW OF OPERATION AND PROSPECT

During the year under review, the Group restructured its business activities with a view to streamline its businesses and diversify to other area. It included the following :

1. Disposal of the entire issued share capital of City Bright International Limited which engaged in the manufacturing and trading of lighting products in June 2006.
2. Disposal of the manufacturing and the electroplating operations and facilities of the Group involving Royal Success Enterprises Limited (mainly engaged in the manufacturing of wooden products); Artfield Industries (Shenzhen) Limited (mainly engaged in the manufacturing of clocks and other office related products) and Ultra Good Electroplating Limited (mainly engaged in the provision of electroplating services) in March 2007. The Group has entered into two Supply Agreements with Royal Success Enterprises Limited, Ultra Good Electroplating Limited and Artfield Industries (Shenzhen) Limited for an initial term of 2 years in order to maintain a steady source of supply of finished goods for its customers and for the Group to further develop supply chain in the future.

Following the aforesaid disposals, the Group's business operations mainly comprise of marketing and trading of clock, timepieces, gift and premium and other office related products and trading of metals. The Group owns 3 brand names "Wehrle", "KLIK" and "Artex" and established overseas sales networks in the UK, Germany and the USA.

有離職自二零零七年七月四日生效；二零零七年七月十一日，本公司再宣佈陳維雄先生與李相潤先生辭任本公司之執行董事，並於二零零七年七月十一日生效。

為了讓本集團現有業務之管理工作得以延續，梁金友先生、李戈玉女士、梁健友先生與歐健生先生仍留任為本公司主要營運附屬公司之董事。

業務回顧和前景

本集團於回顧年度期間重整業務，以期達致架構精簡，並將業務擴展至其他方面。措施如下：

1. 於二零零六年六月出售從事照明產品製造及貿易業務之邦暉國際有限公司全部已發行股本。
2. 於二零零七年三月出售本集團製造及電鍍業務和設施，當中涉及主要從事木製品製造業務之豐成企業有限公司、主要從事時鐘及其他辦公室相關產品製造業務之雅域實業(深圳)有限公司及主要從事提供電鍍服務之特佳電鍍有限公司。本集團已經與豐成企業有限公司、雅域實業(深圳)有限公司及特佳電鍍有限公司訂立了兩份初步為期兩年之供應協議，讓本集團繼續穩定地取得供應製成品之貨源，以滿足客戶之要求，以及為本集團日後進一步發展供應鏈作準備。

於上述之業務重組後，本集團之業務主要包括鐘錶、時計、禮品、贈品及其他辦公室相關產品之營銷及貿易，以及金屬貿易之業務。本集團現時擁有「Wehrle」、「KLIK」及「Artex」三個品牌，在英國、德國及美國亦有廣泛之海外銷售網絡。

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3. In April 2006, the Group acquired the entire issued share capital of Matrix Software Inc. which engages in the marketing and development of online computer game. Details of the latest development of this company has been sent out in the section headed "Management Discussion and Analysis" of this report. In view of the substantial delay and uncertainty in timing in launching the online computer game since the acquisition of Matrix Software Inc., the Group currently does not intend to devote more resources into this online computer game business and is currently considering the business mix of the Group which would bring to the shareholders as a whole a respectable return to their investment.

As stated in the composite offer and response document in relation to the Offer dated 13 June 2007, a review will be conducted on the Group's financial position and operations and formulate a long-term strategy and plans for the Group to broaden and expand the scope of business of the Group. Apart from exploring new business opportunities, the Group will, in view of the flourishing capital market and for the purpose of opening up an immediate new source of income thus turning the Group to a profitable position in the near future, engage in trading of listed securities in the coming year. The Group will continue to stream-line and restructure its existing businesses as it sees fit and necessary and to strengthen its financial position and to diversify its businesses with a view to enhance the intrinsic value of the Company's shares.

3. 二零零六年四月，本集團收購Matrix Software Inc.，該公司經營及開發網上電腦遊戲業務，有關該公司之發展詳情已載於本報告之「管理層討論及分析」一章內。自收購Matrix後，鑑於網上電腦遊戲之推出時間嚴重延誤及無法肯定推出時間，本集團目前無意將更多資源投放於此業務上，並正考慮整合業務。本集團將致力為所有股東帶來更大回報。

正如二零零七年六月十三日有關收購建議文章所述，本集團將重新審視其財務狀況及營運，並擬定長期策略，計劃擴充本集團之業務範疇。除拓展新業務商機外，基於股票市場的興旺，本集團將於來年參與證券交易業務，希望該業務短期內成為本集團之直接收入來源。本集團將繼續精簡架構及重組現有業務，以改善其財務狀況，尋求業務多元化發展，藉此增加股東價值。

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DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2007 (2006: Nil).

APPRECIATION

On behalf of all my fellow directors, I would like to express our greatest appreciation to the entire staff of the Group for their hard work and efforts. I would also like to extend our gratitude to the investors, business partners, and shareholders for their support and confidence in the Group over the past years. Thanks to our dedicated staff, the support of our shareholders and the trust of our partners, I am highly confident that the Group will continue to grow and create significant value to our shareholders. I look forward to sharing with you more positive developments in years to come.

By order of the Board

Leung Heung Ying, Alvin
Managing Director

Hong Kong, 27 July 2007

股息

董事會不建議就截至二零零七年三月三十一日止年度派付任何股息(二零零六年：無)。

致謝

本人謹代表各董事，衷心感謝全體員工對本集團所作出之貢獻及付出之努力，本人也藉此感謝本集團之投資者、業務夥伴及股東過去多年來一直支持本集團並對本集團有信心。本人深信本集團未來數年將繼續壯大發展，並為股東創造更高的價值。

承董事會命

梁享英
董事總經理

香港，二零零七年七月二十七日