Armitage Technologies Holding Limited
(萬 達 資 訊 科 技 控 股 有 限 公 司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

THIRD QUARTERLY REPORT
FOR THE NINE MONTHS ENDED
31ST DECEMBER, 2005

* *For identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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This report, for which the directors (the "Directors") of Armitage Technologies Holding Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED 31ST DECEMBER, 2005

- Significant improvement achieved — increase in turnover and narrowing down of net loss.
- Total turnover at HK$44.6 million (2004: HK$35.8 million) was recorded. Excluding revenue generated from hardware sales of HK$2.3 million, turnover increased by 18% compared to the corresponding period last year.
- Turnover in Hong Kong amounted to HK$30.0 million (2004: HK$26.3 million), an increase of 14% over last year.
- Turnover in the PRC amounted to HK$14.6 million (2004: HK$9.5 million). Excluding hardware sales of HK$2.3 million, this represents an increase of 29% over the corresponding period last year.
- Continuing with our strategy in magazine publishing, HK$1.9 million was invested in this area during the period under review.
- Operating expenses rose by 7%, mainly attributable to the increase in amortisation of development costs and initial investment cost in magazine publication.
- Loss attributable to shareholders of HK$1.1 million was recorded, a narrowing down of 81% compared to the net loss of HK$5.9 million recorded for the same period last year.

* *All figures are approximate*

RESULTS

The board of directors (the "Board") of the Company hereby presents the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the nine months ended 31st December, 2005 and the three months ended 31st December, 2005, together with the comparative unaudited consolidated figures for the corresponding period last year:

		For the nine months ended 31st December,		For the three months ended 31st December,	
		2005	2004 restated	**2005**	2004 restated
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	2	**44,602**	35,787	**13,816**	12,323
Cost of sales and services rendered		**(17,962)**	(15,082)	**(4,807)**	(5,693)
Gross profit		**26,640**	20,705	**9,009**	6,630
Other income		**765**	296	**272**	80
Gain on disposal of investment properties and related fixed assets written off		**—**	131	**—**	131
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss		**39**	(28)	**36**	47
Employers' Share Options Benefits	1	**(270)**	(907)	**(31)**	(200)
Operating expenses		**(27,036)**	(25,202)	**(9,612)**	(7,979)
Operating profit/(loss)		**138**	(5,005)	**(326)**	(1,291)
Finance costs		**(865)**	(613)	**(315)**	(212)
Loss before income tax	3	**(727)**	(5,618)	**(641)**	(1,503)
Income tax (expense)/credit	4	**(377)**	(404)	**27**	(248)
Loss after income tax		**(1,104)**	(6,022)	**(614)**	(1,751)
Minority interests		**—**	112	**—**	22
Loss attributable to shareholders		**(1,104)**	(5,910)	**(614)**	(1,729)
Loss per share (HK cents) - Basic	5	**(0.15)**	(0.79)	**(0.08)**	(0.23)

Notes:

1. **Basis of preparation**

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. They are also prepared under the historical cost convention as modified by revaluation of financial instruments.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005.

For the nine months ended 31st December, 2005, the adoption of these HKFRSs has no material impact on the Group's results of operations and financial position except the following:

- HKFRS 2 "Share-based payment"

  In accordance with HKFRS 2, the share options granted by the Company after 7th November, 2002 are measured at fair value at the date of grant and recognised as expenses over the vesting period with the corresponding credit to an employee share-based compensation reserve under equity.

  With the adoption of HKFRS 2 retrospectively from 1st April, 2005, the accumulated losses for each of the two years as at 1st April, 2005 and 2004 have been adjusted upward by HK$2.70 million and HK$1.63 million respectively. The loss attributable to shareholders has been increased by HK$270,000 and HK$907,000 for the two periods ended 31st December, 2005 and 2004 respectively.

- HKFRS 3 "Business combination"

  In prior years, positive goodwill was recognised as an asset which was amortised on a straight line basis over its estimated useful life of not more than twenty years.

  Following the adoption of HKFRS 3, the Group has ceased annual amortisation of positive goodwill, which arose from investment in a PRC subsidiary, with indefinite life. As there is no foreseeable limit to the contractual period over which the investment is expected to generate net cash inflow to the Group, the useful life of the positive goodwill is considered to be indefinite. However, the positive goodwill should be tested for impairment annually. No retrospective adjustment has been made in respect of previously amortised positive goodwill.

  The adoption of HKFRS 3 reduced the Group's loss for the nine months ended 31st December, 2005 by HK$684,000 as positive goodwill is no longer amortised.

All figures are approximate.

2. Turnover

The Group is mainly engaged in the provision of information solutions and design, development and sales of application software. Turnover represents revenue recognised in respect of the provision of information solutions and application software sold, and advertising income, net of discounts and business tax, during the period under review. An analysis of the turnover recorded for the period under review is set out below:

	For the nine months ended 31st December,	
	2005	2004
	HK$'000	*HK$'000*
Provision of information solutions		
System development and integration	**26,472**	19,451
Maintenance and enhancement income	**718**	1,044
Sales of application packages and related maintenance income	**17,151**	15,157
Advertising income	**261**	135
	44,602	35,787

3. Income tax (expense)/credit

Income tax (expense)/credit in the unaudited consolidated income statement represents:

	For the nine months ended 31st December,	
	2005	2004
	HK$'000	*HK$'000*
Current tax		
Provision for Hong Kong profits tax at 17.5% on the estimated assessable profits for the period	**—**	30
Deferred tax	**377**	374
Income tax expense	**377**	404

4. Loss per share

The calculation of basic loss per share for both periods under review is based on the Group's loss attributable to shareholders and 750,000,000 ordinary shares in issue during both periods.

No diluted loss per share for both periods has been presented as the potential ordinary shares to be issued upon exercise of the outstanding options under the Pre-IPO Share Option Plan are anti-dilutive.

5. Reserves

	Accumulated losses	Share premium	Special reserve	Capital reserve	Exchange reserve	Employee share-based compensation reserve	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2004 (Audited)	(4,904)	42,836	3,801	174	(5)	–	41,902
Adjustment on adoption of HKFRS 2	(1,625)	–	–	–	–	1,625	–
At 1st April, 2004 (Restated)	(6,529)	42,836	3,801	174	(5)	1,625	41,902
Employee's Share Option Benefits	–	–	–	–	–	707	707
Loss for the six months ended 30th September, 2004	(4,181)	–	–	–	–	–	(4,181)
At 30th September, 2004	(10,710)	42,836	3,801	174	(5)	2,332	38,428
Employee's Share Option Benefits	–	–	–	–	–	200	200
Loss for the three months ended 31st December, 2004	(1,729)	–	–	–	–	–	(1,729)
At 31st December, 2004 (Unaudited)	(12,439)	42,836	3,801	174	(5)	2,532	36,899
At 1st April, 2005 (Audited)	(16,752)	42,836	3,801	174	(5)	–	30,054
Adjustment on adoption of HKFRS2	(2,704)	–	–	–	–	2,704	–
At 1st April, 2005 (Restated)	(19,456)	42,836	3,801	174	(5)	2,704	30,054
Employee's Share Option Benefits	–	–	–	–	–	239	239
Loss for the six months ended 30th September, 2005	(490)	–	–	–	–	–	(490)
At 30th September, 2005	(19,946)	42,836	3,801	174	(5)	2,943	29,803
Employee's Share Option Benefits	–	–	–	–	–	31	31
Loss for the three months ended 31st December, 2005	(614)	–	–	–	–	–	(614)
At 31st December, 2005 (Unaudited)	(20,560)	42,836	3,801	174	(5)	2,974	29,220

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31st December, 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's unaudited consolidated turnover for the nine months ended 31st December, 2005 amounted to HK$44.6 million (2004: HK$35.8 million). Excluding hardware sales of HK$2.3 million (2004: HK$326,000), turnover increased by 18% compared to the corresponding period last year. Net loss of HK$1.1 million was recorded for the reporting period (2004: net loss of HK$5.9 million).

Hong Kong Operations

Outsourcing and Information Solutions

Outsourcing and information solutions sector achieved a total turnover of HK$23.5 million for the nine months ended 31st December, 2005, an increase of 21% compared to HK$19.5 million recorded for the corresponding period last year. Revenue generated from the Group's long-term business partners remained stable. The Group used its best endeavors to enhance relationships with major business partners and we constantly look for opportunities with potential customers. Satisfactory progress was achieved in these areas.

The Group's subsidiary in Shenzhen performed well during the reporting period. Leveraging on the Group's core competence in providing information solutions to customers in the transportation and logistics sectors, the subsidiary has been successfully developing its own business connections. A number of projects were in final stages for completion. These included the development and implementation of the customer information system for a local container terminal and a number of medium sized projects, such as a dashboard project, for a separate local container terminal. The Group is in the final stage of negotiation for a contract on a gas supply monitoring project with a significant contract value. The successful implementation of projects for customers helped to reinforce our position as a leading IT services provider in the Shenzhen region. The Group is optimistic that this subsidiary has strong potential to grow and that it will contribute substantial revenue to the Group in the near future.

Application Software

Turnover generated from the Group's propriety ERP application software package Armitage Industrial Management System ("***AIMS***") together with its previous version ***Konto 21***, was the same as the corresponding period last year – HK$5.2 million. Sales of new licenses was sluggish during the three months ended 31st December, 2005, mainly due to customers delaying their buying decision in view of the uncertain economic situation brought about by the increased bank interest rate and accelerating oil prices. Additional sales and marketing efforts will be exerted to push sales of ***AIMS*** in the coming quarters. The Group will continue to constantly review the economic situation in the manufacturing sector and adjust its business strategy accordingly.

PRC Operations

Application Software

Pegasus Hotel Management System ("***Pegasus***")

Turnover generated from the Group's proprietary hotel management system ***Pegasus*** for the nine months ended 31st December 2005 was HK$9.7 million, excluding hardware sales of HK$1.3 million, a drop of 6% as compared to the HK$8.9 million recorded for the corresponding period last year. Sales performance from the northern region continued to achieve considerable growth, boosted by the prosperous hotel development in anticipation of the 2008 Beijing Olympics. Performance from the southern region flourished at a healthy pace. However, other regions have room for improvement and this is being monitored. The Group continues to review its business strategy for ***Pegasus*** in order to improve its performance with a view to achieving better profitability margins in the near future.

Industrial and Finance System ("***IFS***")

During the reporting period, total revenue generated from ***IFS*** contracts amounted to HK$4.67 million, including HK$995,000 in supplying hardware to existing customers, representing a 6.8 times increase when compared to the HK$602,000 recorded for the corresponding period last year. Our team of ERP experts continued to gain the confidence of our customers, paving the way for obtaining more contracts from new and recurring customers.

Magazine Publication

Revenue generated from advertisement sales of our hotel guest room magazine ***e²Smart*** for the reporting period was HK$261,000, an increase of 93% to the HK$135,000 recorded for the same period last year. The establishment of the Shanghai sales office in the past quarter helped to increase exposure of ***e²Smart*** amongst front line advertisers. The potential in Shanghai region is highly promising. A number of long term contracts were recently concluded for placing advertisements in the coming quarters. The recent success of boosting advertisement revenue is an encouragement to our editorial and sales team. The Group is convinced that our unique distribution network of high end business hotels is a definite valuable asset, based on which ***e²Smart*** magazine can grow its readership amongst China's most affluent class with high spending power. The Group expects more promising results in the coming quarters.

FUTURE PROSPECTS

Hong Kong Operations

Outsourcing and Information Solutions

The Group continues to strengthen its business relationships with major account customers and continues to seek new business opportunities to increase its market share in the outsourcing and other information solutions market. The Group is currently in the final stage of negotiation with our business partner, a large international IT company, for the joint development of a multi-million dollar fixed price project. In addition we are in discussion with a long term customer to re-develop their existing student billing system by deploying updated technologies.

Application Software

On application software, the Group plans to launch a more updated version ***AIMS*** 3.4 with minor modifications in the coming quarters. In this new version, the existing 6 modules will be restructured to 10 modules with better functional segregation and new modules such as Business Intelligence will be included. As new licence sales of ***AIMS*** was not satisfactory during the last quarter, the Group's first priority is to strengthen its sales team and organize more sales and marketing activities to promote ***AIMS*** in Hong Kong. Recently the Group commenced preliminary discussions with a Hong Kong semi-government body, soliciting their assistance to better promote ***AIMS*** to Hong Kong small to medium sized manufacturers. In the medium to long term, the Group plans to target PRC local small to medium sized manufacturers in the Pearl River Delta. The Group believes that although competition for ERP systems is keen, the PRC market is large enough to absorb a variety of market players. With the improvement of this product and with applicable sales and marketing plans, the Group is confident of its ability to increase sales of ***AIMS*** in the near future.

PRC Operations

Application Software

Pegasus

The current challenge faced by the Group on ***Pegasus*** is to achieve better profitability margin. To meet this challenge, the cost and pricing structures will be intensively reviewed and monitored. Whilst continuing to maintain the growth momentum of the northern and southern regions, the Group will also spend much effort to grow business in the eastern region.

IFS

The Group is currently in discussions with manufacturers of PCB and bicycle parts respectively for the implementation of ***IFS*** and is in negotiation with a recurrent customer for implementation of ***IFS*** in their new manufacturing plant.

Magazine Publication

The continual economic growth and the enlargement of the elite class in China attracted many international name brands and commodities to target China as their most recent important market for their products. Media spending is expected to increase by multi-folds. The Group's ***e²Smart*** magazine has been published for nearly two years. It is now well recognized amongst business travelers and advertisers.Apart from the recently concluded contracts for advertisements to be published in the coming quarters, there are also a number of potential contracts to be concluded in the coming quarters from our Shanghai sales office.

Based on our established unique distribution network, the Group is confident of its future potential. The Group will make every possible effort to further improve the magazine's content and popularity and to achieve growth in advertisement sales. In the medium term, the Group will consider the issuing of a special Christmas edition in order to generate more advertising revenue.

FINANCIAL REVIEW

For the nine months ended 31st December, 2005, the Group recorded a total turnover of HK$44.6 million (2004: HK$35.8 million). Excluding revenue generated from hardware sales of HK$2.3 million, turnover increased by 18% compared to the corresponding period last year.

Turnover generated from our Hong Kong operations was HK$30.0 million (2004: HK$26.3 million), representing an increase of 14% over last year.

Turnover generated from the PRC operations was HK$14.6 million (2004: HK$9.5 million). Excluding hardware sales of HK$2.3 million, an increase of 29% was recorded.

Total revenue generated from application software (including maintenance and other related income) was HK$17.2 million, an increase of 13% over last year.

Loss attributable to shareholders was significantly reduced to HK$1.1 million (2004: HK$5.9 million).

Gross Profit

Gross profit margin remained stable at approximately 60% (2004: 58%).

Operating Expenses

During the period under review, operating expenses increased by 7%, or HK$1.8 million. The Group shall continue to exercise stringent cost control.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 31st December, 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31st December, 2005, the interests or short positions of the directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) **Long positions in the shares of the Company**

Name	**Type of interests**	**Number of shares**	**Approximate percentage of the issued share capital** *(Note 3)*
Mr. Lee Shun Hon, Felix	Personal	333,271,790	44.44%
	Family	17,907,651 *(Note 1)*	2.39%
Dr. Liao, York	Corporate	29,988,007 *(Note 2)*	4.00%

Notes:

1. These shares are held by Mr. Lee Shun Hon, Felix's wife, Ms. Leung Mee Chun, Stella, and therefore Mr. Lee Shun Hon, Felix is deemed to have an interest in the shares in which Ms. Leung Mee Chun, Stella is interested in.

2. These shares are held by Winbridge Company Limited ("Winbridge"), which is owned as to 99% by Dr. Liao, York and therefore Dr. Liao, York is deemed to have an interest in the shares in which Winbridge is interested in.

3. Based on 750,000,000 shares of the Company in issue as at 31st December, 2005.

(b) **Long positions in underlying shares of equity derivatives of the Company**

A summary of the share options granted to the directors pursuant to the Pre-IPO Share Option Plan adopted on 26th February, 2003 is as follows:

Name	Type of interests	Exercisable period	Exercise price	Number of underlying shares
Mr. Lee Shun Hon, Felix	Personal	18th September, 2004 to 17th March, 2007	HK$0.35	493,333
		18th September, 2005 to 17th March, 2007	HK$0.35	493,333
		18th September, 2006 to 17th March, 2007	HK$0.35	493,334
				1,480,000
Mr. To Yung Yui, Steve	Personal	18th September, 2004 to 17th March, 2007	HK$0.35	273,334
		18th September, 2005 to 17th March, 2007	HK$0.35	273,333
		18th September, 2006 to 17th March, 2007	HK$0.35	273,333
				820,000
Dr. Liao, York	Personal	September, 2004 to 17th March, 2007	HK$0.10	2,400,000
		18th September, 2005 to 17th March, 2007	HK$0.10	2,400,000
		18th September, 2006 to 17th March, 2007	HK$0.10	2,400,000
				7,200,000
				9,500,000

Save as disclosed herein, as at 31st December, 2005, none of the directors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

So far as is known to any director of the Company, as at 31st December, 2005, other than the directors as disclosed above, the persons or companies who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Long positions in the shares of the Company

Name	Type of interests	Number of Shares	Approximate percentage of the issued share capital *(Note 3)*
Kingspecial Investments Limited	Corporate	114,578,176 *(Note 1)*	15.28%
Mr. Lee Shun Kwong	Corporate	34,373,452 *(Note 2)*	4.58%
	Personal	7,497,000	1%

Notes:

1. The issued share capital of Kingspecial Investments Limited is beneficially owned as to 30% by Mr. Lee Shun Hon, Felix, as to 30% by Mr. Lee Shun Kwong and as to 30% by Dr. Lee Shun Hung, Kelvin (both of whom are brothers of Mr. Lee Shun Hon, Felix) and as to 10% by Ms. So Li Hang Lin, the sister of Mr. Lee Shun Hon, Felix.

2. Mr. Lee Shun Kwong has an attributable interest of 34,373,452 shares through his shareholding interest of 30% in Kingspecial Investments Limited.

3. Based on 750,000,000 shares of the Company in issue as at 31st December, 2005.

Save as disclosed herein, so far as is known to the directors of the Company, as at 31st December, 2005, no other persons or companies had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

SHARE OPTIONS

Pursuant to the written resolutions passed by all the shareholders of the Company on 26th February, 2003, the Company had adopted two share option schemes, namely Share Option Scheme and Pre-IPO Share Option Plan.

As at 31st December, 2005, no options under the Share Option Scheme has been granted or agreed to be granted.

As at 31st December, 2005, options under Pre-IPO Share Option Scheme to subscribe for an aggregate of 28,952,000 shares have been granted to a total of 48 directors and employees of the Group, details as follows:

			Number of shares under option		
Grantees	**Date of grant**	**Exercise Price**	**As at 1st April, 2005**	**Lapsed during the period**	**As at 31st December, 2005**
Directors, senior management and other employees	26th February, 2003	HK$0.35	25,444,000	(3,692,000)	21,752,000
A non-executive director	26th February, 2003	HK$0.10	7,200,000	–	7,200,000
			32,644,000	(3,692,000)	28,952,000

The grantees shall be entitled to exercise the above share options granted according to the following time schedule:

Exercisable period	**Maximum number of shares under option exercisable**
18th September, 2004 to 17th March, 2007	33 1/3%
18th September, 2005 to 17th March, 2007	66 2/3%
18th September, 2006 to 17th March, 2007	100%

COMPETING INTERESTS

None of the directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's draft annual, interim and quarterly reports and accounts and to provide advice and comments thereon to the Board. The audit committee will also be responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises three independent non-executive directors, namely Mr. Anthony Francis Martin Conway, Professor Tsang Hin Pok, Herbert and Mr. Chan Hang.

Up to the date of approval of the Group's unaudited results for the nine months ended 31st December, 2005, the audit committee has held three meetings and has reviewed the draft quarterly report and accounts for the nine months ended 31st December, 2005 prior to recommending such report and accounts to the Board for approval.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has compiled with the code on corporate governance practices as set out in the Appendix 15 of the GEM Listing Rules throughout the nine months ended 31st December, 2005.

On behalf of the Board
Lee Shun Hon, Felix
Chairman

Hong Kong, 9th February, 2006