

BOARD COMMITTEES

Audit Committee

The Audit Committee comprising the three independent non-executive directors, namely, Mr. Wong Che Keung, Richard (Chairman of Audit Committee), Mr. Tong Yee Yung, Joseph and Mr. Wong Kin Chi, held meeting during the Current Period. They have discussed the internal controls and financial reporting matters with management and reviewed the unaudited condensed consolidated financial statements of the Group for the Current Period in conjunction with the Auditors.

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" and "A Guide for Effective Audit Committee" published by the Hong Kong Institute of Certified Public Accountants, and were amended in accordance with the Appendix 14 to the Listing Rules.

Remuneration Committee

The Remuneration Committee was established for the purposes of making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management. The written terms of reference which describe the authority and duties of the Remuneration Committee were prepared and adopted. The Remuneration Committee comprises three independent non-executive directors, namely, Mr. Tong Yee Yung, Joseph (Chairman of Remuneration Committee), Mr. Wong Che Keung, Richard and Mr. Wong Kin Chi. The Remuneration Committee of the Company has adopted terms of reference which are in line with the Code on Corporate Governance contained in Appendix 14 to the Listing Rules.

CODE ON CORPORATE GOVERNANCE

The Company has been taking steps to comply with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules for the Current Period, except with the major deviation from code provision A4.1 of the CG Code in respect of the service term of non-executive directors.

Under code provision A4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. In this regard, the existing non-executive directors of the Company are not appointed for a specific term but they have been, since their appointment and, are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company. The Company will continue to take steps to maintain the corporate governance standard which are no less exacting than those in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (the “Model Code”) for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the Current Period, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed shares during the Current Period.

ACKNOWLEDGEMENT

On behalf of the board, I would like to welcome Mr. Sung Kai Hing, Simon, who was appointed Vice Chairman and executive director on 5 July 2005. Mr. Sung brings with him substantial experience in the furniture business and should help to direct the Group’s expansion in this exciting business. I would also like to thank Mr. Lui Chun Bing, Tommy, who resigned as Vice Chairman and Managing Director in July 2005, for his contribution to the Group in the past. I would like to express my sincere gratitude to all our staff for their dedication, hard work and contribution during the Current Period. In addition, we would like to thank all our shareholders for their support of the Group and our customers.

By Order of the Board

Hui Tung Wah, Samuel

Managing Director and Chief Executive Officer

Hong Kong, 22 September 2005