

CHAIRMAN'S STATEMENT

REVIEW

The past year represented the toughest time for the industry. Under market uncertainties coupled with tense competition and squeezing bargaining spaces, the business growth of the Group recorded severe setbacks. Notwithstanding, with concerted efforts throughout the Group, proven records of encouraging results were attained under the prevailing adversities.

In particular, we registered an overall enhanced productivity following the successful establishment of our new Dongguan factory. In addition, 1,976,995,036 new shares were issued in March 2006 with net proceeds of approximately HK\$18.2 million.

Given our newly built factory and remarkably fruitful factory audits, the management is confident that the worst times were over. Looking ahead, we will take great leaps in increasing and improving our operating procedures through a series of stringent cost control initiatives in order to reduce production and administrative costs. A next round of bright booms will be expected in the foreseeable future.

ACKNOWLEDGEMENTS

Lastly, I would like to take this opportunity to deliver my heartfelt gratitude to the board of directors, the management team and all staff for their devoted commitments in solidifying the Group as a leading market player by meeting each and every challenge.

On behalf of the Group, I would also like to dedicate my special thanks to our bankers, investors, vendors and customers for their long lasting trusts and supports. In the imminent future, we will have a vision to create greater values to our customers in terms of further refined, high quality products and services.

Kan Shiu Cheong, Frederick

Chairman

Hong Kong, 24th July, 2006