

Chairman's Statement

Dear Shareholders,

The reporting year was a challenging year, but I am pleased to report that the Group had still notable corporate achievement in the past year.

Our manufacturing business had experienced a very difficult year, and was weakened by rocketing prices and unstable supplies of fuel, raw materials, labour, electricity and etc in the PRC, which together further lowered the margin of our products. During the course of the year, after reviewing our production facilities and resources, the board decided to take steps to outsource and streamline the productions of certain lower-margin products so that the manufacturing resources of the Group can be more effectively utilized.

Nevertheless, I am pleased to see the remarkable corporate achievement for the Group. In line with our long-term corporate development initiative to broaden business horizons, the Group extended its participation in the entertainment sector in Macau through its further subscription to the shares in Greek Mythology. Upon the completion of further acquisition of Greek Mythology, the Company's interest in Greek Mythology increased to approximately 49.9% from 19.9%.

Finally, I would like to extend my sincere thanks to our board, management and staff for their valuable contributions, commitments and hard work throughout the year. I also wish to thank all our business partners and shareholders for their ongoing support of the Group.

Chan King Ming
Chairman

Hong Kong, 28 July 2006