

MANAGEMENT DISCUSSION & ANALYSIS

HUMAN RESOURCES

As at 30th June 2006, the Group had a total of 6,705 employees, of whom 310 were based in Hong Kong, 6,156 in the PRC and 239 overseas. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account current industry practices. In addition to the provision of a provident fund scheme, medical allowance, in-house and external training programs, are also available to employees. Share options are granted to eligible staff whilst discretionary bonuses are paid to employees according to the performance of the individual and the Group. The remuneration policy and packages of the Group's employees are reviewed regularly.

PROSPECTS

The performance of the Group's Industrial Products Trading Division is expected to be affected by the tough market environment in the second half of this year.

It is expected that the Group's OEM Manufacturing Division will continue to secure more orders for the rest of this year. However, the profit margin is anticipated to be affected by the increases in wages for workers in the PRC and increased material costs due to high oil prices.

On behalf of the Board, I wish to thank all employees for their loyalty, support and hard work throughout the period.

By Order of the Board
Senta Wong
Chairman

Hong Kong, 11th September 2006