

The directors consider that the Company has complied with all code provisions set out in the Code on Corporate Governance Practices throughout the six months ended 30 September 2006, except for abovementioned and Code Provision A.4.2, as the chairman and managing director of the Company shall not be required to retire by rotation according to the provision contained in the Chen Hsong Holdings Limited Company Act, 1991 of Bermuda.

Compliance with the Model Code and the Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors (the "Code") on terms no less exacting than the required standard set out in the Model Code. The Company, having made specific enquiry of all directors, confirms that the directors have complied with the required standards set out in the Model Code and the Code for the period under review.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2006.

Audit Committee

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September 2006.

By Order of the Board
Chen CHIANG
Chairman

Hong Kong, 30 November 2006