

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model Code as set out in Appendix 10 of the Listing Rules. Have made specific enquiries of all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six month period ended 30 September, 2005.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed with the management the auditing practices, the internal controls and the financial reporting. In addition, the Audit Committee has reviewed the unaudited interim financial statements for the six month period ended 30 September, 2005.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company had not redeemed any of its shares during the six month period ended 30 September, 2005. Neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities during the six month period ended 30 September, 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

The Group's turnover for the six months ended 30 September, 2005 increased 12% compared with the corresponding period in 2004. The increase in turnover was due to the increase in both the sales volume and selling price to our U.S. customers. The gross profit increased 21% while gross profit margin increased from 14.7% in 2004 to 16% in 2005. The Group managed to increase the profit from operations before taxation by 40% from HK\$6.5 millions in 2004 to HK\$9.2 millions in 2005. In addition to higher gross profit, the Group succeeds in maintaining the administration expenses at a low level as a result of the management's efforts on cost rationalization.