

STATEMENT OF ACTIVE BUSINESS PURSUITS

The followings are details of the Group's business pursuits from 1 January 2003 to the Latest Practicable Date:

FOR THE YEAR ENDED 31 DECEMBER 2003

Turnover and profit

For the year ended 31 December 2003, the Group recorded a turnover and profit of approximately HK\$84.1 million and HK\$13.4 million respectively. Please refer to the section headed "Financial information" in this prospectus for further details.

Corporate development

- Obtained all necessary approvals and completed all requisite registrations and filings with the relevant PRC government authorities, in particular, the People's Government of Ningbo, the Ningbo Administration of Industry and Commerce and the Administrative Committee of Zhejiang Province Yuyao Economic Development Zone, in respect of the establishment of JF Metal.

Marketing strategy

- Focused on strengthening the business relationship with IKEA by participating in the development of new furnishings and home products and accessories.

Business development

- Commenced the manufacture of products for the brand names of Habitat and Bodilsen.
- Significant increase in the production of stainless steel furnishings.

Product development

- Launched new furnishings and home products and accessories including trolleys, mounting strips and wall shelves.
- Participated in the development of 16 new products for different product ranges of IKEA.

Production facilities

- Established a new punching division.
- Purchase of new plant and machinery including 13 punching machines, nine welding machines and seven other types of machines for production.
- Expanded the production plant from 2,182 sq.m. to 3,541 sq.m..

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Funding arrangements

- Internal funds generated from the Company's cash flows.
- Outstanding loans granted by the following banks and party as at 31 December 2003:
 - Shanghai Pudong Development Bank of approximately HK\$12.08 million.
 - China Merchant Bank of approximately HK\$3.77 million.
 - 餘姚市工業(中小企業)投資發展有限公司 (Yuyao City Industrial Investment Development Company Limited) of approximately HK\$3.77 million.

Deployment of human resources

As at 31 December 2003, the Group had 294 full-time employees responsible for the following duties respectively:

	Hong Kong	PRC	Total
Management	2	3	5
Sales and marketing	—	3	3
Administration and accounting	—	4	4
Operations	—	3	3
Product development	—	4	4
Production management	—	9	9
Quality control	—	5	5
Production Staff	—	261	261
	<u>2</u>	<u>261</u>	<u>263</u>
Total	<u>2</u>	<u>292</u>	<u>294</u>

FOR THE YEAR ENDED 31 DECEMBER 2004

Turnover and profit

For the year ended 31 December 2004, the Group recorded a turnover and profit of approximately HK\$152.5 million and HK\$18.9 million respectively. Please refer to the section headed "Financial information" in this prospectus for further details.

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Corporate development

- Obtained all necessary approvals and completed all requisite registrations and filings with the relevant PRC government authorities, in particular, the People's Government of Ningbo, the Ningbo Administration of Industry and Commerce and the Administrative Committee of Zhejiang Province Yuyao Economic Development Zone, in respect of (i) the change of name from 捷豐冷凍器材(寧波)有限公司 (JF A.C.R. Equipment Supplies (Ningbo) Co., Ltd.) to 寧波捷豐家居用品有限公司 (JF A.C.R. Equipment Supplies (Ningbo) Co., Ltd.); (ii) the conversion of JF Metal into a wholly foreign-owned enterprise and expansion of business scope; and (iii) the transfers of equity interests in JF Ningbo and expansion of business scope.

Marketing strategy

- Continued to maintain long term business relationship with IKEA.
- Started seeking new potential customers to expand the customer base.

Business development

- Expanded the Group's human and capital resources to meet the substantial growth of the stainless steel business.
- Explored business opportunities in stainless steel business.

Product development

- Launched new products, including kitchen products such as wall shelves and accessories for ventilation fans, and steel rods and parts for home appliances.

Production facilities

- Completed the construction of the new production plant of 6,647 sq.m. to increase production capacity and obtained the related building ownership certificate.
- Purchased facilities to facilitate the sheet metal manufacturing process and established a sheet metal workshop to reduce the subcontracting works to third party subcontractors.
- Purchased new production machines including five punching machines, four welding machines, three cutting machines and six folding machines.

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Funding arrangements

- Internal funds generated from the Company's cash flows.
- Outstanding loans granted by the following banks as at 31 December 2004:
 - Bank of China of approximately HK\$8.87 million.
 - Business Development Bank of US\$1.8 million (approximately HK\$14.05 million).

Deployment of human resources

As at 31 December 2004, the Group had 305 staff members in Hong Kong and the PRC, a breakdown by their work functions is set out as follows:

	Hong Kong	PRC	Total
Management	2	5	7
Sales and marketing	—	4	4
Administration and accounting	—	6	6
Operations	—	5	5
Product development	—	6	6
Production management	—	10	10
Quality control	—	7	7
Production Staff	—	260	260
Total	<u>2</u>	<u>303</u>	<u>305</u>

FROM 1 JANUARY 2005 TO THE LATEST PRACTICABLE DATE

Marketing strategy

- Continued to maintain strong and long term business relationship with IKEA and to develop more varieties of furnishings and home products and accessories for IKEA.
- Actively explored new business opportunities with potential international customers on furnishings and home products and accessories.

Business development

- Set up a web-site to promote the Group's image in August 2005.
- Improved existing control procedures and policies.

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Product development

- Developed new products including cabinet door panels, free standing toilet brush holders and paper holders.
- Continued the research and development of other steel furnishings and home products and accessories.

Production facilities

- Purchased dust purifying facilities to improve environmental control.
- Commenced the construction of the new production plant of 5,000 sq.m. at the Group's existing production facilities.
- Acquired new production machineries and facilities.

Funding arrangements

- Internal funds generated from the Company's cash flows.
- Outstanding loans granted by the following bank as at 30 June 2005:
 - Bank of China of approximately HK\$15.57 million.

Deployment of human resources

As at the Latest Practicable Date, the Group had 634 staff members in Hong Kong and the PRC, a breakdown by their work functions is set out as follows:

	Hong Kong	PRC	Total
Management	3	6	9
Sales and marketing	—	6	6
Administration and accounting	—	11	11
Operations	—	6	6
Research and development, product design	—	10	10
Production management	—	20	20
Quality control	—	13	13
Production Staff	—	559	559
Total	<u>3</u>	<u>631</u>	<u>634</u>