GLORY MARK HI-TECH (HOLDINGS) LIMITED
輝煌科技(控股)有限公司

(Incorporated in the Caymans Islands with limited liability)

Stock Code: 8159

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

CHARACTERISTCS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors of Glory Mark Hi-Tech (Holdings) Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

ANNUAL RESULTS

The Board of Directors (the "Board") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2007, together with the comparative figures for the corresponding period of 2006, as follows:

CONSOLIDATED INCOME STATEMENT

For The Year Ended 31 December 2007

	Notes	**2007**	2006
		HK$'000	*HK$'000*
Turnover	*6*	**523,541**	381,551
Cost of sales		**(466,745)**	(328,330)
Gross profit		**56,796**	53,221
Other income	*8*	**4,452**	6,203
Increase in fair value of investment properties		**1,060**	540
Selling and distribution expenses		**(10,783)**	(10,036)
Administrative expenses		**(27,954)**	(25,417)
Bank overdraft interest		**—**	(4)
Profit before taxation	*10*	**23,571**	24,507
Taxation	*11*	**(3,089)**	(2,960)
Profit for the year		**20,482**	21,547
Dividend recognised as distribution during the year:			
2006 Final dividend of HK1.5 cents (2005: HK1.5 cents) per ordinary share	*12*	**4,800**	4,800
Earnings per share	*13*		
Basic		**HK6.40 cents**	HK6.73 cents

CONSOLIDATED BALANCE SHEET
At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**71,326**	55,592
Prepaid lease payments	15	**8,947**	8,497
Investment properties	16	**3,940**	2,880
Club debenture	17	**560**	560
Deposits for land use rights		**569**	530
		85,342	68,059
CURRENT ASSETS			
Inventories	18	**58,457**	32,785
Trade and other receivables	19	**144,192**	101,773
Bank balances and cash	20	**55,998**	64,435
		258,647	198,993
CURRENT LIABILITIES			
Trade and other payables	21	**176,732**	121,325
Amounts due to directors	22	**1,371**	1,338
Taxation payable		**15,820**	12,465
		193,923	135,128
NET CURRENT ASSETS		**64,724**	63,865
		150,066	131,924
CAPITAL AND RESERVES			
Share capital		**32,000**	32,000
Reserves		**118,066**	99,924
		150,066	131,924

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2007

	Share capital *HK$'000*	Merger reserve *HK$'000*	Translation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2006	32,000	680	398	79,633	112,711
Exchange gain on translation of foreign operations recognised directly in equity	—	—	2,466	—	2,466
Profit for the year	—	—	—	21,547	21,547
Total recognised income for the year	—	—	2,466	21,547	24,013
Dividend paid	—	—	—	(4,800)	(4,800)
At 31 December 2006	32,000	680	2,864	96,380	131,924
Exchange gain on translation of foreign operations recognised directly in equity	**—**	**—**	**2,460**	**—**	**2,460**
Profit for the year	**—**	**—**	**—**	**20,482**	**20,482**
Total recognised income for the year	**—**	**—**	**2,460**	**20,482**	**22,942**
Dividend paid	**—**	**—**	**—**	**(4,800)**	**(4,800)**
At 31 December 2007	**32,000**	**680**	**5,324**	**112,062**	**150,066**

The merger reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued for the acquisition under the group reorganisation in 2001.

Notes:

1. General

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The shares of the Company are listed on the Growth Enterprise Market operated by The Stock Exchange of Hong Kong Limited on 4 January 2002. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 29.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) — Int 8	Scope of HKFRS 2
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

In addition, the Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. The relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 14	HKAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when goods are delivered and title has passed.

Subcontracting fee income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of the assets, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefit costs

Payments to the defined contribution retirement benefit plan, state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets or liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Impairment of tangible and intangible assets other than goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Club debenture

Club debenture with indefinite useful life is carried at cost less any subsequent accumulated impairment loss.

Share-based payment transactions

Equity-settled share-based payment transactions

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period ranging from 30 to 180 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

The Group's financial liabilities (including trade and other payables and amounts due to directors) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Capital Risk Management

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital and retained profits.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debts.

5. Financial Instruments

(a) Categories of financial instruments

	2007	2006
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**198,165**	165,204
Financial liabilities at amortised cost	**163,649**	109,297

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash trade and other payables and amounts due to directors. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

	2007	2006
	HK$'000	*HK$'000*
Assets		
US$	**132,540**	103,041
New Taiwan dollar ("NTD")	**5,102**	11,118
RMB	**720**	1,627
HK$	**6**	1,617
Liabilities		
US$	**32,749**	9,022
NTD	**84,785**	76,248
RMB	**6,303**	4,723

The effect of changes in HK$ against US$ is not analysed as HK$ is pegged to US$. The following table details the Group's sensitivity to a 5% increase and decrease in HK$ against RMB and NTD. 5% is the sensitivity rate used by management for the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in the foreign currency rates. A positive number indicates a decrease in profit where HK$ weakens against RMB and NTD.

	Impact of RMB		**Impact of NTD**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Decrease/increase in profit	**243**	205	**3,466**	2,834

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and cash flow interest rate due to the fluctuation of the prevailing market interest rate on bank balances. However, the directors consider the Group's exposure to such interest rate risks is not significant as bank balances are all short-term in nature.

The sensitivity analysis below has been determined based on the exposure to interest rates on its variable rate bank balances at the balance sheet date. A 50 basis point increase or decrease is used by the management for the assessment of the possible change in interest rates.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2007 would increase/decrease by HK$62,000 (2006: HK$64,000).

(iii) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

The Group's principal financial assets are trade and other receivables and bank balances and cash.

The Group's credit risk is primarily attributable to its trade receivables. The Group is exposed to concentration of credit risk as a substantial portion of its sales is generated from a limited number of customers. At the balance sheet date, the top five customers of the Group accounted for about 64.5% (2006: 68.9%) of the Group's trade receivables. The Group manages its credit risk by closely monitoring the granting of credit. The Group also reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings.

(iv) Liquidity risk

The Group's liquidity position is monitored closely by the management of the Company by maintaining an adequate level of bank balances and cash. The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate	**0-30 days**	**31-90 days**	**91-365 days**	**Total un-discounted cash flow**	**Carrying amount**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2007						
Non-interest bearing	—	155,847	3,871	3,931	163,649	163,649
As at 31 December 2006						
Non-interest bearing	—	103,227	2,961	3,109	109,297	109,297

(c) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Group consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. Turnover

Turnover represents the amounts received and receivable, net of discounts and returns, from the sales of connectivity products mainly for computers and peripheral products, and subcontracting service rendered during the year, and is analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
Sales of goods	**523,541**	381,400
Subcontracting fee income	**—**	151
	523,541	381,551

7. Business and Geographical Segments

Business segments

The Group is currently engaged in providing its products to two classes of customers, namely, original equipment manufacturer ("OEM") customers and retail distributors. The directors of the Company regard these segments as the primary source of the Group's risks and returns.

Segment information about these businesses is presented as follows:

	2007 OEM customers HK$'000	2007 Retail distributors HK$'000	2007 Total HK$'000	2006 OEM customers HK$'000	2006 Retail distributors HK$'000	2006 Total HK$'000
OPERATING RESULTS						
TURNOVER	**413,352**	**110,189**	**523,541**	277,832	103,719	381,551
SEGMENT RESULTS	**41,284**	**15,512**	**56,796**	38,310	14,911	53,221
Unallocated income and expenses			**(34,285)**			(29,250)
Increase in fair value of investment properties			**1,060**			540
Bank overdraft interest			**—**			(4)
Profit before taxation			**23,571**			24,507
Taxation			**(3,089)**			(2,960)
Profit for the year			**20,482**			21,547
ASSETS AND LIABILITIES						
ASSETS						
Trade receivables *(Note)*	**122,086**	**16,917**	**139,003**	82,630	14,744	97,374
Unallocated assets			**204,986**			169,678
Total assets			**343,989**			267,052
LIABILITIES						
Unallocated total liabilities			**193,923**			135,128
OTHER INFORMATION						
Impairment loss on trade receivables			**—**	41	73	114
(Gain) loss on disposal of property, plant and equipment			**(7)**			194

Note: The nature of products, the production processes and the methods used to distribute the products to these two classes of customers are similar. The Group's production facilities and inventories are located in the People's Republic of China ("PRC"). These two classes of customers utilise the Group's resources in a similar manner. Accordingly, the only separable assets are trade receivables for these customers.

Geographical segments

The Group's customers are mainly located in the Republic of China (the "ROC"), Japan, Korea and the United States of America ("USA"). The following table provides an analysis of the Group's turnover by geographical location of the Group's customers:

	2007	2006
	HK$'000	*HK$'000*
ROC	**259,250**	147,286
Japan	**97,790**	80,170
Korea	**46,276**	62,355
USA	**90,727**	65,569
Others	**29,498**	26,171
	523,541	381,551

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical areas in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**84**	660	**641**	90
Mainland China	**—**	165	**20,341**	24,217
ROC	**88,846**	53,924	**329**	337
USA	**22,596**	17,713	**—**	—
Korea	**7,150**	9,313	**—**	—
Japan	**15,588**	6,814	**—**	—
Others	**4,739**	8,785	**8**	—
	139,003	97,374	**21,319**	24,644

8. Other Income

	2007	2006
	HK$'000	*`HK$'000*
The amount comprises:		
Net foreign exchange gains	**379**	497
Interest income on bank deposits	**1,481**	1,358

9. Directors' Remuneration and Five Highest Paid Employees' Emoluments

Directors

	Mr. Pang Kuo-Shi, Steve *HK$'000*	Mr. Wong Chun *HK$'000*	Mr. Hsia Chieh-Wen *HK$'000*	Mr. Wong Ngok Chung *HK$'000*	Dr. Hon. Lui Ming Wah, JP *HK$'000*	Mr. Lau Ho Kit, Ivan *HK$'000*	Mr. Wong Kwong Chi *HK$'000*	Total *HK$'000*
2007								
Fees	**—**	**—**	**—**	**—**	**88**	**—**	**88**	**176**
Other emoluments:								
Salaries and other benefits	**2,055**	**1,838**	**1,397**	**536**	**—**	**—**	**—**	**5,826**
Retirement benefit scheme contributions	**—**	**12**	**—**	**12**	**—**	**—**	**—**	**24**
	2,055	**1,850**	**1,397**	**548**	**88**	**—**	**88**	**6,026**
2006								
Fees	—	—	—	—	80	—	80	160
Other emoluments:								
Salaries and other benefits	1,925	1,708	1,267	488	—	—	—	5,388
Retirement benefit scheme contributions	—	12	—	12	—	—	—	24
	1,925	1,720	1,267	500	80	—	80	5,572

During the year, no emoluments were paid by the Group to these directors as an inducement to join or upon joining the Group or as compensation for loss of office and no director had waived any emoluments.

Employees

Of the five highest paid individuals of the Group, three (2006: three) were directors of the Company whose emoluments are included above. Emoluments of each individual were within the band from HK$nil to HK$1,000,000. The emoluments of the remaining two (2006: two) individual were as follows:

	2007 ***HK$'000***	2006 *HK$'000*
Salaries and other benefits	**1,268**	1,192
Retirement benefit scheme contributions	**32**	32
	1,300	1,224

10. Profit Before Taxation

	2007 *HK$'000*	2006 *HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration *(Note 9)*	**6,026**	5,572
Other staff costs		
Salaries and other benefits	**59,248**	42,610
Retirement benefit scheme contributions	**1,803**	1,069
Total staff costs	**67,077**	49,251
Auditors' remuneration	**895**	780
Depreciation	**8,826**	5,888
Amortisation of prepaid lease payments	**192**	134
Cost of inventories recognised as expenses	**466,745**	328,330
Impairment loss on trade receivables	—	114
Loss on disposal of property, plant and equipment	—	194
and after crediting:		
Gain on disposal of property, plant and equipment	7	—

11. Taxation

The amount represents current tax charge on assessable profit arising in jurisdiction other than Hong Kong and is calculated at the rates prevailing in the relevant jurisdiction.

No tax is payable on the profit for the year arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward.

The taxation charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2007 *HK$'000*	2006 *HK$'000*
Profit before taxation	**23,571**	24,507
Tax at the domestic income tax rate of 25% (2006: 25%)	**5,893**	6,127
Tax effect of income not taxable for tax purpose	**(7,847)**	(5,547)
Tax effect of expenses not deductible for tax purpose	**406**	1,890
Tax effect of unrecognised tax losses	**4,889**	1,294
Tax effect of utilisation of tax losses previously not recognised	—	(488)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(173)**	(49)
Others	**(79)**	(267)
Taxation charge for the year	**3,089**	2,960

The domestic income tax rate represents income tax rate in the ROC.

At 31 December 2007, the Group has deductible temporary differences of approximately HK$557,000 (2006: HK$635,000) and unused tax losses of approximately HK$34,931,000 (2006: HK$13,409,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$265,000 (2006: HK$135,000) of such losses. The deferred tax asset recognised is for set off the deferred tax liabilities arisen on revaluation of investment properties. No deferred tax asset has been recognised in respect of the remaining HK$292,000 (2006: HK$500,000) as it is not probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

12. Dividends

	2007	2006
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
2006 Final—HK1.5 cents per share (2005: HK1.5 cents)	**4,800**	4,800

The final dividend of HK1.2 cents per share has been proposed by the directors and is subject to approval by the shareholders in general meeting for the year ended 31 December 2007.

13. Earnings per Share

The calculation of the basic earnings per share is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Profit for the year	**20,482**	21,547
	'000	*'000*
Number of ordinary shares for the purposes of basic earnings per share	**320,000**	320,000

No dilutive earnings per share has been presented because the Company did not have any outstanding share options at the balance sheet dates.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Construction in progress	Furniture and fixtures	Office equipment	Computer equipment	Machinery	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST								
At 1 January 2006	9,692	16,240	4,396	2,412	670	29,618	1,297	64,325
Currency realignment	1,047	332	105	52	42	1,345	47	2,970
Additions	2,347	16,699	1,499	968	—	2,614	517	24,644
Transfers	19,616	(29,079)	8,258	—	—	1,205	—	—
Disposals	—	—	—	—	—	(771)	—	(771)
At 31 December 2006	32,702	4,192	14,258	3,432	712	34,011	1,861	91,168
Currency realignment	2,449	374	348	146	61	1,614	102	5,094
Additions	190	8,823	2,913	494	177	7,254	1,468	21,319
Transfers	95	(4,424)	1,497	404	—	2,428	—	—
Disposals	—	—	—	(134)	—	(15)	—	(149)
At 31 December 2007	35,436	8,965	19,016	4,342	950	45,292	3,431	117,432
DEPRECIATION								
At 1 January 2006	1,943	—	3,369	1,858	526	20,251	979	28,926
Currency realignment	130	—	31	31	35	919	36	1,182
Provided for the year	433	—	1,239	302	47	3,647	220	5,888
Eliminated on disposals	—	—	—	—	—	(420)	—	(420)
At 31 December 2006	2,506	—	4,639	2,191	608	24,397	1,235	35,576
Currency realignment	217	—	96	60	50	1,363	62	1,848
Provided for the year	696	—	2,703	435	108	4,577	307	8,826
Eliminated on disposals	—	—	—	(134)	—	(10)	—	(144)
At 31 December 2007	3,419	—	7,438	2,552	766	30,327	1,604	46,106
CARRYING VALUES								
At 31 December 2007	32,017	8,965	11,578	1,790	184	14,965	1,827	71,326
At 31 December 2006	30,196	4,192	9,619	1,241	104	9,614	626	55,592

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the term of the lease
Furniture and fixtures	20%—33%
Office equipment	20%—25%
Computer equipment	20%
Machinery	14%—20%
Motor vehicles	17%—20%

The buildings are located in the PRC on land held under medium-term leases.

15. PREPAID LEASE PAYMENTS

The amount represents prepaid lease payments relating to land use rights in the PRC which are held under medium-term leases. Analysis of the carrying amount of prepaid lease payments are as follows:

	2007	2006
	HK$'000	*HK$'000*
Current asset (included in trade and other receivables)	**199**	185
Non-current asset	**8,947**	8,497
	9,146	8,682

16. INVESTMENT PROPERTIES

	HK$'000
At 1 January 2006	2,340
Increase in fair value recognised in the consolidated income statement	540
At 31 December 2006	2,880
Increase in fair value recognised in the consolidated income statement	1,060
At 31 December 2007	3,940

The investment properties are held under medium-term leases in Hong Kong and are rented out under operating leases.

The fair value of the Group's investment properties at 31 December 2007 and 2006 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to Valuation Standards on Properties of the Hong Kong Institute of Surveyors, was arrived at by reference to market evidence of transaction prices for similar properties.

17. CLUB DEBENTURE

The club debenture represents entrance fee paid to a golf club held on a long-term basis. The directors of the Group are of the opinion that the underlying value of the club debenture is at least equal to its carrying amount.

18. INVENTORIES

	2007	2006
	HK$'000	*HK$'000*
Raw materials and consumables	**35,791**	16,091
Work in progress	**1,209**	658
Finished goods	**21,457**	16,036
	58,457	32,785

19. TRADE AND OTHER RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**142,231**	100,602
Less: Allowance for doubtful debts	**(3,228)**	(3,228)
	139,003	97,374
Other receivables	**5,189**	4,399
Total trade and other receivables	**144,192**	101,773

The Group allows an average credit period ranging from 30 days to 180 days in both years to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the reporting date:

	2007	2006
	HK$'000	*HK$'000*
0-30 days	**40,738**	29,858
31-120 days	**90,626**	64,278
121-180 days	**6,965**	2,196
Over 180 days	**674**	1,042
	139,003	97,374

The amount of the Group's trade receivables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2007	2006
	HK$'000	*HK$'000*
US$	**102,810**	55,308
NTD	**672**	5,949
RMB	**17**	—

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$21,031,000 (2006: HK$9,373,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 96 days (2006: 111 days).

Ageing of trade receivables which are past due but not impaired:

	2007	2006
	HK$'000	*HK$'000*
31-120 days	**16,001**	6,558
121-180 days	**4,358**	1,810
Over 180 days	**672**	1,005
	21,031	9,373

The Group has provided fully for receivables over 180 days if there is no more trading activities with the debtor because historical experience is that such receivables are generally not recoverable.

Movement in the allowance for doubtful debts is set out below:

	2007	2006
	HK$'000	*HK$'000*
Balance at beginning of the year	**3,228**	3,114
Impairment losses recognised on receivables		114
Balance at end of the year	**3,228**	3,228

20. BANK BALANCES AND CASH

Bank balances and cash comprise short-term bank deposits of HK$36,406,000 (2006: HK$37,153,000) at fixed interest rates ranging from 2.5% to 5.09% (2006: 0.1% to 5.06%) per annum and bank balances at variable interest rates ranging from 0.5% to 4.14% (2006: 0.5% to 2.8%) per annum.

The amount of the Group's bank balances and cash denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2007	2006
	HK$'000	*HK$'000*
US$	**29,290**	44,652
NTD	**3,709**	3,855
RMB	**670**	820

21. TRADE AND OTHER PAYABLES

The Group has been granted an average credit period ranging from 30 days to 150 days (2006: 30 days to 150 days) from its trade suppliers.

The following is an aged analysis of trade payables at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Trade payables		
Within 30 days	**28,153**	24,764
From 31 days to 90 days	**62,217**	49,312
From 91 days to 150 days	**50,821**	22,053
Over 150 days	**4,952**	3,897
	146,143	100,026
Other payables	**30,589**	21,299
	176,732	121,325

The amount of the Group's trade payables denominated in foreign currencies other than the functional currency of the relevant group entities are set out below:

	2007	2006
	HK$'000	*HK$'000*
US$	**27,530**	7,286
NTD	**83,158**	73,448
RMB	**275**	583

22. AMOUNTS DUE TO DIRECTORS

The amounts are unsecured, interest free and repayable on demand.

23. CONNECTED AND RELATED PARTY TRANSACTIONS

In addition to the related party balances disclosed in note 22, during the year, the Group entered into the following transactions with connected and related parties:

Name	Nature of transactions	2007 *HK$'000*	2006 *HK$'000*
Glory Mark Electronic Limited (incorporated in Taiwan) ("GM (Taiwan)")	Rental paid by the Group	**143**	144
GM Enterprises	Rental paid by the Group	**252**	252
San Chen Company ("San Chen")	Rental paid by the Group	**143**	144
Mr. Pang Kuo-Shi, Steve	Purchase of a motor vehicle by the Group	**—**	332

Mr. Pang Kuo-Shi, Steve, Mr. Wong Chun and Mr. Hsia Chieh-Wen, directors and shareholders of the Company, together hold 79% interest in GM (Taiwan) and 100% interest in GM Enterprises. Mr. Pang Kuo-Shi, Steve holds 40% interest in San Chen. All the above related parties are also connected persons as defined under Chapter 20 of the GEM Listing Rules that constitutes connected transactions.

Details of the key management remuneration are set out in note 9.

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover and Profit

The Group achieved a record of consolidated revenue of approximately HK$523.5 million for the year ended 31 December 2007 as compared to HK$381.6 million in 2006.

Turnover to OEM customers and retail distributors were HK$413.4 million and 110.2 million respectively, increased by 48.8% and 6.2% respectively as compared to 2006. In terms of geographical segments analysis, the increment of turnover to Taiwan was encouraging, up 76.0%. Turnover to Japan, USA and other regions increased by 22.0%, 38.4% and 12.7% respectively. Turnover to Korea dropped by 25.8%.

Year in Review

Liquidity and Financial Resources

As at 31 December 2007, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK$64.7 million (2006: HK$63.9 million), 56.0 million (2006: HK$64.4 million) and 150.1 million (2006: HK$131.9 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the satisfactory level of 1.33 (2006: 1.47). The Group had no unsecured bank overdraft at the end of both years.

Production Capacity and Material Investment and Capital Assets

The construction of the Group's third factory in Fogang falls behind the plan. It is expected that it will be completed at the end of this second quarter.

Sales and Marketing

Other than allocating its resources to expand its electronics business sector and to solicit value customers, the marketing team will try its endeavor to share the sharply increasing costs with its customers.

Employees

As at 31 December 2007, the Group had 3,176 (2006: 3,113) employees. Employee remuneration, excluding directors' emoluments, for the year ended 31 December 2007 was approximately HK$61.1 million (2006: HK$43.8 million). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus systems, which are reviewed annually.

Currency Risk

The Group's purchases were made in NT$, US$, HK$and RMB which represented approximately 56.5%, 23.8%, 13.3% and 6.4% respectively for the year ended 31 December 2006. (2006: 67.3%, 16.4%, 11.5% and 4.8% respectively).

Prospect

It is anticipated that the business environment in 2008 is severe. The aggressive labour law carried out by the PRC government, rising material prices, weak dollars and appreciating Renminbi will constitute a double-digit increase in the manufacturing cost of the Group. Adding to the slowing down of the economy in USA, all these demonstrate that the manufacture industry in PRC is stepping into winter.

The Directors realize that adopting a cautious strategy is more appropriate to overcome these unfavourable economic situations. The Group will exercise due care to deal with the challenges this year. Keeping sufficient cash level on hand will be one of the options selected. To share the rising costs with customers will be an emphasis in marketing strategy.

Considering the unfavourable economic situations, the Directors keep a conserve view to the operating results of the Group in coming quarters.

DIVIDEND

The final dividend of HK1.2 cents (2006: 1.5 cents) per share has been proposed by the Directors and is subject to approval by the shareholders in general meeting for the year ended 31 December 2007. The final dividend will be payable on 23 May 2008 to the shareholders whose names appear on the Register of Members of the Company on 9 May 2008.

CLOSURE OF REGISTER

The Register of Members will be closed from 7 May 2008, Wednesday to 9 May 2008, Friday (both days inclusive), during which period no share transfer will be registered. In order to be entitled to the recommended final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by 4:30 p.m. on 6 May 2008.

On behalf of the Board of Directors, I wish to take this opportunity to extend my sincere gratitude to our customers, shareholders and business partners for their continuous and valuable supports. I would also like to express my heartfelt appreciation to all our dedicated management team and committed staff for their honour, hard work and continuous efforts over the years.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2007, the interests of the directors and their associates in the shares and underlying shares of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the required standard of dealings by directors of listed issuer as referred to the Rules 5.46 to 5.67 of Chapter 5 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") operated by the Stock Exchange (the "GEM Listing Rules"), were as follows:

Ordinary shares of HK$0.1 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Mr. Pang Kuo-Shi, Steve("Mr. Pang")	Held by family trust *(Note)*	139,808,000	43.69%
Mr. Wong Chun ("Mr. Wong")	Beneficial owner	58,447,000	18.26%
Mr. Hsia Chieh-Wen ("Mr. Hsia")	Beneficial owner	34,944,000	10.92%

Note: Modern Wealth Assets Limited held the 139,808,000 shares. Modern Wealth Assets Limited is a wholly-owned subsidiary of True Profit Management Limited, which in turn is a wholly-owned subsidiary of HSBC International Trustee Limited, the trustee of a discretionary trust, the Pang's Family Trust.

Other than as disclosed above, none of the directors, nor their associates had any interests or short positions in any shares or underlying shares of the Company and its associated corporations at 31 December 2007.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes are set out in note 26 to the consolidated financial statements.

During the year, no share options were granted or exercised. As at 31 December 2007, no share options were outstanding.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed under the section headed "Directors' Interests in Shares and Underlying Shares" above, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance discloses no other person as having a modifiable interest or short positions in the issued share capital of the Company at 31 December 2007.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 28 to the consolidated financial statements, there were no transactions, which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

The independent non-executive directors confirm that the transactions have been entered into by the Group in the ordinary course of its business and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interest of the shareholders as a whole.

EMOLUMENT POLICY

The Group's employees are selected, remunerated and promoted based on their merit, qualifications and competence.

The emoluments of the Directors of the Company are determined with regard to the performance of individuals, the Company's operating results and market standards.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2007 with the code provisions in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules, save for one exception:

Code provision A4.1 provides that Non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from this provision in that all Non-executive Directors of the Company are not appointed for specific term. They are, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of Non-executive Directors have given the Company's shareholders the right to approve continuation of Non-executive Directors' offices.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have compiled with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

AUDIT COMMITTEE

The audit committee comprises three members — Dr. Hon. Lui Ming Wah, S.B.S., JP, Mr. Lau Ho Kit, Ivan and Mr. Wong Kwong Chi, who are independent non-executive directors.

During the year, the audit committee held three meetings and performed the following duties:

(1) reviewed and commented on the Company's draft annual, interim and quarterly financial announcements;

(2) reviewed and commented on the Group's internal controls; and

(3) met with the external auditors and participated in the reappointment and assessment of the performance of the external auditors.

The annual results presented herein have been reviewed by the Audit Committee.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$198,000.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board
Pang Kuo-Shi
Chairman

Hong Kong, 31 March 2008

As at the date of this announcement, the board of Directors comprises Messrs. Pang Kuo-Shi also known as Steve Pang, Wong Chun, Hsia Chieh-Wen also known as Paul Hsia and Wong Ngok Chung being Executive Directors and Dr. Hon. Lui Ming Wah, S.B.S., JP, Mr. Lau Ho Kit, Ivan and Mr. Wong Kwong Chi being Independent Non-Executive Directors.

This Announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the date of publication.