永 恩 國 際 集 團 有 限 公 司
Prime Success International Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 210)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

HIGHLIGHTS OF 2007 ANNUAL RESULTS

- Turnover rose by 25% to HK$3,853.6 million
- Profit attributable to equity holders of the Company surged by 32% to HK$384.4 million
- Basic earnings per share increased by 32% to HK23.47 cents
- Proposed final dividend of HK2.5 cents per share

ANNUAL RESULTS

The board of directors (the "Board") of Prime Success International Group Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007, together with the comparative figures for 2006 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	2	3,853,580	3,093,086
Cost of sales		(2,023,801)	(1,697,874)
Gross profit		1,829,779	1,395,212
Other income	3	39,830	23,696
Other gains, net	4	8,677	2,141
Selling and distribution expenses		(1,122,157)	(836,711)
General and administrative expenses		(214,996)	(183,732)
Operating profit	5	541,133	400,606
Finance costs		(11,341)	(9,199)
Share of profit of an associated company		226	210
Profit before taxation		530,018	391,617
Taxation	6	(141,298)	(96,513)
Profit for the year		388,720	295,104
Attributable to:			
Equity holders of the Company		384,383	291,566
Minority interests		4,337	3,538
		388,720	295,104
Dividends	7	81,894	73,705
Basic and diluted earnings per share	8	HK23.47 cents	HK17.80 cents

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Goodwill		25,685	25,483
Land use rights		40,891	29,289
Fixed assets		500,365	378,576
Deposits paid for acquisition of fixed assets		-	23,348
Interest in an associated company		2,567	2,418
Available-for-sale financial assets		33,624	33,624
Other non-current assets		86,833	51,163
Deferred tax assets		37,472	36,053
		727,437	579,954
Current assets			
Inventories		992,051	684,454
Trade receivables	9	155,062	113,270
Other receivables, deposits and prepayments		303,209	186,108
Derivative financial instruments		2,450	353
Pledged bank deposits		-	6,000
Cash and cash equivalents		181,692	148,699
		1,634,464	1,138,884
Current liabilities			
Trade payables	10	461,099	296,494
Other payables and accrued charges		170,336	159,449
Taxation payable		127,191	65,559
Bank loans		194,978	183,194
		953,604	704,696
Net current assets		680,860	434,188
Total assets less current liabilities		1,408,297	1,014,142

	2007	2006
	HK$'000	HK$'000
Equity		
Share capital	163,789	163,789
Reserves	1,209,295	817,519
Equity attributable to equity holders of the Company	1,373,084	981,308
Minority interests	34,098	31,904
Total equity	1,407,182	1,013,212
Non-current liabilities		
Deferred tax liabilities	1,115	930
	1,408,297	1,014,142

1. Basis of preparation

The consolidated accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated accounts have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of accounts in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Standards, amendments and interpretations effective and adopted by the Group in 2007

HKAS 1 (Amendment)	Presentation of Financial Statements: 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	Re-assessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of HKFRS 7 and the complementary amendment to HKAS 1 has resulted in new disclosures relating to financial instruments and how the Group manages its capital resources, but has no impact on the results or net assets for the year. HK(IFRIC) – Int 9 and HK(IFRIC) – Int 10 have no effect on the consolidated accounts for the year. HK(IFRIC) – Int 7 and HK(IFRIC) – Int 8 are not relevant to the Group's operations.

Standards, amendments and interpretations that have been issued but are not yet effective nor have been adopted by the Group in 2007

		Effective for accounting periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
HKAS 32	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007
HK(IFIC) – Int 12	Service Concession Arrangements	1 January 2008
HK(IFIC) – Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the accounts will be resulted.

2. Turnover and segment information

The Group is principally engaged in the manufacturing and distribution of footwear and apparel products.

Primary reporting format - business segments

	2007			2006		
	Brand business HK$'000	OEM business HK$'000	Group HK$'000	Brand business HK$'000	OEM business HK$'000	Group HK$'000
Turnover	3,145,841	707,739	3,853,580	2,316,310	776,776	3,093,086
Segment results	481,890	38,141	520,031	330,203	69,851	400,054
Income derived from an unlisted available-for-sale financial asset			3,000			3,000
Fair value gain on derivative financial instruments			2,097			85
Unallocated income (Note)			23,277			344
Unallocated expenses			(7,272)			(2,877)
Operating profit			541,133			400,606

Primary reporting format - business segments

	2007			2006		
	Brand business HK$'000	OEM business HK$'000	Group HK$'000	Brand business HK$'000	OEM business HK$'000	Group HK$'000
Segment assets	1,874,813	411,291	2,286,104	1,333,896	311,702	1,645,598
Interest in an associated company			2,567			2,418
Available-for-sale financial assets			33,624			33,624
Derivative financial instruments			2,450			353
Other unallocated assets			37,156			36,845
Total assets			2,361,901			1,718,838
Segment liabilities	628,173	195,859	824,032	450,392	186,619	637,011
Other unallocated liabilities			130,687			68,615
Total liabilities			954,719			705,626
Amortisation	792	841	1,633	644	643	1,287
Depreciation	82,990	11,962	94,952	56,002	10,098	66,100
(Write-back of)/provision for slow-moving inventories	(5,328)	(1,110)	(6,438)	13,819	8,460	22,279
Capital expenditure	156,818	32,229	189,047	146,450	23,056	169,506

Note: Tax refund on reinvestment of HK$23,055,000 has been classified under unallocated income in 2007 while tax refund on reinvestment of HK$8,915,000 was included in segment results of brand business in 2006.

Secondary reporting format - geographical segments

	2007 HK$'000	2006 HK$'000
China	3,115,651	2,303,778
The US	635,552	718,585
Others	102,377	70,723
	3,853,580	3,093,086

3. Other income

	2007 HK$'000	2006 HK$'000
Dividend income	44	57
Government incentives	4,866	2,606
Gross rental income	355	267
Handling income	1,110	2,361
Income derived from an unlisted available-for-sale financial asset	3,000	3,000
Interest income	4,413	3,830
Royalty income	385	321
Tax refund on reinvestment	23,055	8,915
Others	2,602	2,339
	39,830	23,696

4. Other gains, net

	2007 HK$'000	2006 HK$'000
Fair value gain on derivative financial instruments	2,097	85
Gain on disposal of available-for-sale financial assets	-	280
Loss on disposal of fixed assets	(7,835)	(4,595)
Net exchange gain	14,415	6,371
	8,677	2,141

5. Operating profit

Operating profit is stated after charging/(crediting) the following:

	2007 HK$'000	2006 HK$'000
Amortisation of land use rights	1,633	1,287
Auditors' remuneration	3,616	2,919
Cost of inventories sold	1,646,297	1,407,303
Depreciation of fixed assets	94,952	66,100
Employee benefits expense including directors' emoluments	466,558	408,829
Operating lease rentals in respect of land and buildings	519,992	364,366
Provision for bad and doubtful debts	-	175
(Write-back of)/provision for slow-moving inventories	(6,438)	22,279

6. Taxation

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	2007 HK$'000	2006 HK$'000
Current taxation		
- Taxation outside Hong Kong	148,328	114,597
- Over provision in prior years	(5,796)	(420)
Deferred taxation	(1,234)	(17,664)
	141,298	96,513

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any assessable profit arising in Hong Kong. Taxation on profits arising outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries/places in which the Group operates.

Certain subsidiaries of the Company operating in China are eligible for certain tax exemptions and concessions including tax holiday and reduced corporate income tax rate during the year. Accordingly, the China corporate income tax for such subsidiaries has been provided for after taking account of these tax exemptions and concessions.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of China ("New Tax Law") which took effect on 1 January 2008. The China income tax rate is unified to 25% for all enterprises. The deferred tax assets and liabilities have been recognised in accordance with the new tax rate.

7. Dividends

	2007 HK$'000	2006 HK$'000
Interim dividend, paid, of HK2.5 cents (2006: HK2.0 cents) per ordinary share	40,947	32,758
Final dividend, proposed, of HK2.5 cents (2006: HK2.5 cents) per ordinary share	40,947	40,947
	81,894	73,705

At a meeting held on 14 April 2008, the Board proposed a final dividend of HK2.5 cents per share. The proposed dividend is not reflected as a dividend payable in these accounts but will be reflected as an appropriation of retained profits for the year ending 31 December 2008.

8. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to equity holders of the Company of HK$384,383,000 (2006: HK$291,566,000) and 1,637,892,384 (2006: 1,637,892,384) ordinary shares in issue throughout the year.

Diluted earnings per share for the year ended 31 December 2007 is the same as basic earnings per share since the exercise price of the Company's outstanding share options was higher than the average market price of the Company's shares during the year. There were no dilutive potential shares in existence during the year ended 31 December 2006.

9. Trade receivables

	2007 HK$'000	2006 HK$'000
Trade receivables	155,062	113,447
Less: Provision for impairment	-	(177)
Trade receivables, net	155,062	113,270

The ageing analysis of trade receivables by invoice date is as follows:

	2007 HK$'000	2006 HK$'000
0 - 30 days	107,125	79,214
31 - 60 days	30,339	22,996
61 - 90 days	8,787	8,933
91 - 120 days	4,250	1,058
121 - 180 days	2,936	574
181 - 360 days	1,419	495
Over 360 days	206	-
	155,062	113,270

The Group generally allows an average credit period of 30 to 60 days to its trade customers other than major and long standing customers with whom specific extended terms will be agreed between the Group and the relevant counter parties.

10. Trade payables

The ageing analysis of trade payables including balances due to related parties by invoice date is as follows:

	2007 HK$'000	2006 HK$'000
0 - 30 days	367,157	171,658
31 - 60 days	59,580	89,746
61 - 90 days	18,095	14,396
91 - 120 days	5,827	5,794
121 - 180 days	2,376	2,912
181 - 360 days	4,450	5,258
Over 360 days	3,614	6,730
	461,099	296,494

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Targeting accurately defined customer segments, "Daphne Young - D18" and "Daphne Classics - D28" have been very well received by the market. "Shoebox" also expanded rapidly in the booming market and has begun to bring in profit to the Group. With "adidas Performance" that appeals to sports casual wear customers, included in the "adidas" distribution portfolio, the business also boasted promising performance. All these contributed to the superb growth achieved by brand business.

"Daphne" Business

"Daphne" is enjoying a premium brand profile among female consumers growing in number and spending power in Mainland China and as such it is a major force propelling business of the Group. The Group added 404 points-of-sale for the brand during the year. The number of point-of-sale for "Daphne" is summarised as follows:

	As at 31 December		
	2007	2006	Change
Directly-managed stores			
- D18"	347	298	+49
- D28"	1,126	962	+164
- D18 & D28"	104	77	+27
	1,577	1,337	+240
Directly-managed counters			
- D18"	100	82	+18
- D28"	379	323	+56
- D18 & D28"	39	22	+17
	518	427	+91
Franchised outlets	279	206	+73
Total	2,374	1,970	+404

Still in the cultivated stage of development, “Daphne” business in Taiwan was still reporting loss. Nevertheless, following the Group’s effective cost control efforts, the operating loss of the business was narrowed down in the second half of 2007. The Group will refine its strategies for the market and aim for breaking even in the near future.

The Group stepped up advertising and promotion efforts especially celebrity endorsement for the brand during the year. It continued to appoint the popular girl pop group “S.H.E” and Ms Rene Liu as the spokespersons for “Daphne Young - D18” and “Daphne Classics - D28” respectively to reinforce the brand image. Advertising on the electronic media helped to maintain brand exposure across the nation and print media was used to promote special events and sponsorship. Creative shop designs also helped to capture the eyes of customers. These efforts were supported by more than 200 professional sales teams covering different markets across the nation.

“Shoebox” Business

As one of the core development focuses of the Group, the “Shoebox” distribution network expanded quickly during the year under review, responding to the growing demand for low-price yet high quality footwear among consumers in Mainland China. The “one-stop-shop” image of the brand starts to gain market recognition. Fully optimistic about the brand’s prospects, the Group had a net increase of 182 “Shoebox” stores during the year, bringing the total to 346.

“adidas” Business

The steady development of the well-known brand has brought in stable income for the Group. Capitalising on the brand’s own marketing efforts, the Group added “adidas Performance” to the distribution offerings with the aim of enlarging market share and securing optimum returns from the business. During the year under review, the Group added a net of 35 stores to capture opportunities sprouting in the advent of the Beijing 2008 Olympic Games.

Distribution of outlets of the Group as at 31 December 2007

Region	Daphne	Shoebox	adidas	Total
Eastern China	864	132	52	1,048
Northeastern China	325	49	26	400
Southern China	336	50	20	406
Central China	322	55	13	390
Northern China	194	29	21	244
Southwestern China	197	19	7	223
Northwestern China	108	12	-	120
Taiwan	28	-	-	28
Total	2,374	346	139	2,859

OEM Business

Realising the increasing cost pressure and constraints on the export markets, the Group strategically pulled out resources from the segment to develop brand business yielding higher returns. The Group will monitor closely the international export market development and continue to strive for higher margin orders.

FINANCIAL REVIEW

Results Performance

During the year ended 31 December 2007, the Group's turnover grew 25% to HK$3,853.6 million (2006: HK$3,093.1 million) and profit attributable to equity holders of the Company surged by 32% to HK$384.4 million (2006: HK$291.6 million). Basic earnings per share of the Group was HK23.47 cents (2006: HK17.80 cents). The Board recommended the payment of a final dividend of HK2.5 cents (2006: HK2.5 cents) per share for the year ended 31 December 2007.

Key Financial Indicators

	For the year ended 31 December	
	2007	2006
Average inventory turnover (days) *(Note 1)*	151	142
Average debtors' turnover (days) *(Note 2)*	13	14
Average creditors' turnover (days) *(Note 3)*	71	74
Capital expenditure (HK$ million)	189.0	169.5
Effective tax rate (%)	26.7	24.6

	As at 31 December	
	2007	2006
Cash and cash equivalents (HK$ million)	181.7	148.7
Bank loans (HK$ million)	195.0	183.2
Equity attributable to holders of the Company (HK$ million)	1,373.1	981.3
Current ratio (times) *(Note 4)*	1.71	1.62
Gearing ratio (%) *(Note 5)*	14.2	18.7

Notes:

1. *The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances divided by the cost of sales and multiplied by 365 days.*
2. *The calculation of average debtors' turnover (days) is based on the average of opening and closing balances of trade receivables divided by turnover and multiplied by 365 days.*
3. *The calculation of average creditors' turnover (days) is based on the average of opening and closing balances of trade payables divided by purchases and multiplied by 365 days.*
4. *The calculation of current ratio (times) is based on the total current assets divided by total current liabilities as at 31 December.*
5. *The calculation of gearing ratio (%) is based on the total bank loans divided by equity attributable to equity holders of the Company as at 31 December.*

The business performance of individual segment for the year 2007 is summarised as follows:

	Brand business						OEM business	
	Daphne		Shoebox		adidas			
(HK$' million)	2007	2006	2007	2006	2007	2006	2007	2006
Turnover	2,562.2	1,979.9	299.6	142.6	284.1	193.8	707.7	776.8
Gross profit	1,426.5	1,105.6	160.4	73.1	127.2	76.8	115.7	139.7
Operating profit/(loss)	441.5	326.8	14.1	(4.6)	26.3	8.0	38.1	69.9

For the year ended 31 December 2007, the turnover of brand business surged by 36% to HK$3,145.8 million (2006: HK$2,316.3 million). Sales from "Daphne", "Shoebox", "adidas" and OEM business accounted for 67%, 8%, 7% and 18% (2006: 64%, 5%, 6% and 25%) respectively of the Group's total turnover.

Despite keen market competition in China, the volume sold of well-received branded products has continued its upward trend during the year under review. Together with its successful improving economies of scale, the Group managed to increase the operating profit of brand business by 46% to HK$481.9 million (2006: HK$330.2 million). The segment registered a gross margin and an operating margin of 54% and 15% (2006: 54% and 14%) respectively.

Increasing challenges and cost pressure on the OEM business resulted in a decrease in segment turnover by 9% to HK$707.7 million (2006: HK$776.8 million) and a decrease in segment profit by 45% to HK$38.1 million (2006: HK$69.9 million). The segment recorded a gross margin and an operating margin of 16% and 5% (2006: 18% and 9%) respectively.

Liquidity and Financial Resources

As at 31 December 2007, the Group had cash and cash equivalents of HK$181.7 million (2006: HK$148.7 million). The net increase of HK$33.0 million is analysed as follows:

	HK$'million
Net cash generated from operating activities	243.3
Capital expenditure	(189.0)
Dividends paid	(81.9)
Interest paid	(11.3)
Net bank loans raised	11.8
Others	8.3
Effect of exchange rate changes	51.8
	33.0

As at 31 December 2007, the unutilised banking facilities amounted to HK$257.2 million (2006: HK$136.5 million). The Group's current ratio improved from 1.62 as at 31 December 2006 to 1.71 as at 31 December 2007. With steady cash flow generated from operations coupled with existing cash and banking facilities available, the Group has adequate financial resources to cope with its future expansion.

The gearing ratio, calculated on the basis of bank loans of HK$195.0 million (2006: HK$183.2 million) over equity attributable to equity holders of the Company of HK$1,373.1 million (2006: HK$981.3 million), decreased from 18.7% as at 31 December 2006 to 14.2% as at 31 December 2007. All bank loans were at floating rates during the year under review.

Foreign Exchange Risk Management

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollar, Renminbi, US dollar, Euro and New Taiwan dollar. Foreign exchange risks arising from fluctuations of exchange rates of foreign currencies are managed by the Group using foreign exchange forward contracts whenever necessary.

Pledge of Assets

As at 31 December 2007, the Group's bank loans of HK$68.8 million (2006: HK$32.3 million) were secured by certain land use rights and leasehold buildings of net book value of HK$23.7 million (2006: HK$18.3 million) and an available-for-sale financial asset with nil (2006: Nil) carrying value. As at 31 December 2006, the Group's bank loan of HK$20.0 million was secured by a bank deposit of HK$6.0 million.

Significant Capital Investments

During the year, the Group incurred a total capital expenditure of HK$189.0 million (2006: HK$169.5 million) mainly for distribution network expansion, purchase of land use rights and construction of office buildings, logistics centres and processing plants. As at 31 December 2007, the Group had certain office buildings and logistics centres under construction in Shanghai and Chengdu.

Contingent Liabilities

As at 31 December 2007, the Group had no significant contingent liabilities.

Human Resources

As at 31 December 2007, the Group had over 24,000 (2006: 24,000) employees in Hong Kong, Taiwan and China. Employee expenditure for the year under review was HK$466.6 million (2006: HK$408.8 million) including share-based payment expenses of HK$11.8 million (2006: Nil). The Group values its human resources and recognises the importance of retaining qualified employees to sustain its success. Remuneration packages are generally structured by reference to market terms and individual qualifications. In addition, share options and discretionary bonuses are granted to eligible employees based on the Group's and individual's performance. The Group also provides employees with provident fund schemes, medical insurance, staff purchase discounts and training programs.

PROSPECTS

Following the growing recognition of its brands in the target market segments and the mass market, the Group will focus on strengthening its distribution network in Mainland China. It will seek to take "Daphne" into lower-tier cities and selectively expand the business in higher-tier cities to optimise revenues. For "Shoebox", the Group plans to step it further using the successful tactics of "Daphne" as a reference. The brand is set to become a core development focus of the Group in the years to come. The excitement over the advent of the Beijing 2008 Olympic Games has provided the Group's "adidas" business an advantage. The brand's own marketing strategies will boost its brand image, while the Group will continue to reinforce the sales network for the brand, particularly in those cities with strong demand for products of the famous international brand.

In early 2008, the Group obtained a distribution right for "Nike" sportswear products in Mainland China. This arrangement will enable the Group to enhance its proprietary sportswear brand offerings.

As an initial step towards international ladies' footwear brand in Mainland China, the Group was granted an exclusive distribution right for "Arezzo" products in Mainland China in April 2008. The license grant enables the Group to further expand its brand business and penetrate the high-end fashionable ladies' footwear market segment in Mainland China. Meanwhile, the Group also entered into an agreement with H. H. Brown, an international shoe company, for the sole distribution of "Sofft" and "Born" products in Mainland China. Both "Sofft" and "Born" are famous international high-end brands with major markets in the U.S. and Europe. In addition, the Group also plans to launch a new channel brand “SHOESHOP” that sells high-quality footwear to customers across the country.

The Group believes that the development of the new brand businesses will increase its competitiveness and sustain long-term growth of the Group in the future. Riding on the continuously robust economy in China and the positive market sentiment ignited by the impending Olympics, the Group will continue to look for growth opportunities in the retail market for its footwear as well as sportswear. It is well equipped to tap opportunities and cope with challenges ahead.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK2.5 cents (2006: HK2.5 cents) per ordinary share for the year ended 31 December 2007. Subject to the approval by shareholders of the Company at the annual general meeting to be held on 16 May 2008, the payment of the final dividend will be paid on or before 23 May 2008 to shareholders whose names appear on the register of members of the Company on 16 May 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 May 2008 to 16 May 2008 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 13 May 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

The Company has not redeemed any of its shares during the year ended 31 December 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the year.

CORPORATE GOVERNANCE

The Company has complied with the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) throughout the year.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all directors of the Company confirmed that they had complied with the required standards as set out in the Model Code during the year ended 31 December 2007.

AUDIT COMMITTEE

The Audit Committee, comprises the three independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Group’s consolidated accounts have been reviewed and approved by the Audit Committee, who is of the opinion that such accounts comply with the applicable accounting standards, the Listing Rules and all legal requirements, and that adequate disclosures have been made.

ANNUAL GERNAL MEETING

The annual general meeting of the Company will be held on 16 May 2008. A notice of the annual general meeting will be issued and disseminated to shareholders in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND REPORT

This results announcement is published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.prime-success.com.hk). The annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

By Order of the Board
Prime Success International Group Limited
Chen Ying-Chieh
Chairman

Hong Kong, 14 April 2008

As at the date of this announcement, the Board comprises Mr Chen Ying-Chieh, Mr Chen Hsien Min, Mr Chang Chih-Kai being the executive directors and Mr Hsiao Hsi-Ming, Mr Huang Shun-Tsai and Mr Kuo Jung-Cheng being the independent non-executive directors.