TC INTERCONNECT HOLDINGS LIMITED
達進精電控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 515)

web site: www.tatchun.com

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

The board of directors (the "Board") of TC Interconnect Holdings Limited (the "Company") is pleased to announce the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Turnover	4	**740,968**	613,156
Cost of sales		**(596,157)**	(495,328)
Gross profit		**144,811**	117,828
Other income		**34,823**	13,067
Selling and distribution expenses		**(32,994)**	(25,129)
Administrative expenses		**(58,858)**	(46,189)
Finance costs		**(17,183)**	(11,250)
Profit before tax		**70,599**	48,327
Income tax expense	5	**(10,565)**	(9,229)
Profit for the year	6	**60,034**	39,098
Dividends recognised as distribution during the year			
2007 Interim dividend of HK2.5 cents per share		**6,000**	–
2006 Final dividend of HK3.33 cents per share		**8,000**	–
		14,000	–
Basic earnings per share	7	**HK$0.25**	HK$0.18

CONSOLIDATED BALANCE SHEET
At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Investment properties		**3,500**	3,000
Property, plant and equipment		**454,898**	271,485
Prepaid lease payments – non-current portion		**30,822**	34,822
Deposit paid for acquisition of property, plant and equipment		**6,984**	2,863
		496,204	312,170
Current assets			
Inventories		**88,933**	67,920
Prepaid lease payments – current portion		**781**	897
Trade and other receivables	*8*	**244,873**	264,736
Bills receivable	*8*	**6,017**	2,451
Amount due from a related company		**13,680**	–
Pledged bank deposits		**–**	8,767
Bank balances and cash		**70,663**	35,858
		424,947	380,629
Current liabilities			
Trade and other payables	*9*	**198,610**	186,369
Bills payable	*9*	**24,333**	18,502
Taxation payable		**18,716**	13,937
Bank and other borrowings – due within one year	*10*	**143,899**	180,922
Obligations under finance leases – due within one year		**39,008**	22,276
		424,566	422,006
Net current assets (liabilities)		**381**	(41,377)
Total assets less current liabilities		**496,585**	270,793
Non-current liabilities			
Bank and other borrowings – due after one year	*10*	**119,161**	79
Obligations under finance leases – due after one year		**59,663**	26,546
Deferred tax liabilities		**9,281**	2,312
		188,105	28,937
Net assets		**308,480**	241,856
Capital and reserves			
Share capital	*11*	**24,000**	24,000
Reserves		**284,480**	217,856
Total equity		**308,480**	241,856

Notes

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 12 November 2004. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

The Company acts as an investment holding company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the 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.

The Group has applied the disclosure requirement under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and 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 Arranagements[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 adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

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

3. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is currently organised into the following three business divisions:

Principal activities are manufacturing and trading of:

– Single-sided printed circuit board ("PCB") ("Single-sided")
– Double-sided PCB ("Double-sided")
– Multi-layered PCB ("Multi-layered")

These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

	2007	2006
	HK$'000	*HK$'000*
TURNOVER – external sales		
Single-sided	**173,076**	146,135
Double-sided	**410,488**	340,456
Multi-layered	**157,404**	126,565
Total	**740,968**	613,156

	2007	2006
	HK$'000	*HK$'000*
RESULT		
Segment result		
– single-sided	**8,213**	6,138
– double-sided	**60,334**	34,630
– multi-layered	**20,574**	12,601
	89,121	53,369
Unallocated income	**10,392**	13,067
Unallocated expenses	**(11,731)**	(6,859)
Finance costs	**(17,183)**	(11,250)
Profit before tax	**70,599**	48,327
Income tax expense	**(10,565)**	(9,229)
Profit for the year	**60,034**	39,098

CONSOLIDATED BALANCE SHEET

	2007	2006
	HK$'000	*HK$'000*
ASSETS		
Segment assets		
– single-sided	**120,294**	119,817
– double-sided	**281,250**	300,488
– multi-layered	**388,797**	178,402
	790,341	598,707
Unallocated corporate assets	**130,810**	94,092
Consolidated total assets	**921,151**	692,799
LIABILITIES		
Segment liabilities		
– single-sided	**58,854**	45,529
– double-sided	**139,586**	105,171
– multi-layered	**53,525**	39,707
	251,965	190,407
Unallocated corporate liabilities	**360,706**	260,536
Consolidated total liabilities	**612,671**	450,943

OTHER INFORMATION

	2007	2006
	HK$'000	*HK$'000*
Capital additions		
– single-sided	**1,047**	1,415
– double-sided	**2,196**	25,138
– multi-layered	**179,957**	39,107
– unallocated	**8,332**	18,188
	191,532	83,848
Depreciation		
– single-sided	**3,390**	3,419
– double-sided	**10,034**	10,198
– multi-layered	**9,235**	5,033
– unallocated	**7,372**	4,286
	30,031	22,936

Impairment loss recognised in respect of trade receivables		
– single-sided	**651**	329
– double-sided	**1,545**	766
– multi-layered	**593**	591
	2,789	1,686

Geographical segments

The Group's operations are located in HK and the PRC.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods.

	Sales revenue by geographical market	
	2007	2006
	HK$'000	*HK$'000*
HK	**460,809**	323,892
The PRC	**81,249**	152,765
Europe	**99,909**	64,704
Asia	**75,620**	56,195
Others	**23,381**	15,600
	740,968	613,156

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

	Carrying amount of segment assets	
	2007	2006
	HK$'000	*HK$'000*
HK	**257,014**	76,376
The PRC	**533,327**	522,331
	790,341	598,707

	Additions to property, plant and equipment	
	2007	2006
	HK$'000	*HK$'000*
HK	**2,952**	25,520
The PRC	**188,580**	58,328
	191,532	83,848

4. REVENUE

Turnover represents the gross amounts received and receivable for goods sold, net of discounts, value-added tax and other sales related taxes, by the Group to outside customers during the year.

Analysis of the Group's revenue is as follow:

	2007	2006
	HK$'000	*HK$'000*
Sales of goods	**740,968**	613,156
Other income		
– Bank interest income	**368**	346
– Gain on disposal of a property interest	**6,224**	–
– Increase in fair value of investment properties	**500**	600
– PRC tax refund on capital investment in subsidiaries	**1,620**	–
– Rental income generated from investment properties	**540**	470
– Sales of scrap materials	**24,431**	9,987
– Others	**1,140**	1,664
	34,823	13,067

5. INCOME TAX EXPENSE

	2007	2006
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
Current year	**2,098**	1,644
Under (over)provision	**57**	(33)
	2,155	1,611
PRC Enterprises Income Tax	**7,470**	5,948
	9,625	7,559
Deferred tax	**940**	1,670
	10,565	9,229

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.

Pursuant to the relevant laws and regulations in the PRC, Zhongshan Tat Chun PCB Company Limited ("Zhongshan PCB") is entitled to exemption from the PRC Foreign Enterprise Income Tax for the first two years commencing from its first profit-making year of operation, and thereafter, this PRC subsidiary will be entitled to a 50% relief from the PRC Foreign Enterprise Income Tax for the following three years ("Tax Holiday"). The reduced tax rate for the relief period is 12%. After the expiry of the tax relief period, Zhongshan PCB is subjected to an income tax rate of 27%. The first profit-making year of operation of Zhongshan PCB was in 2004. Because of the exemption of the PRC local income tax of 6%, therefore, income tax rate of Zhongshan Tat Chun Electric Company Limited ("Zhongshan Electric") is 27%.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. From 1 January 2008, the New Law and Implementation Regulations will gradually change the tax rate of Zhongshan PCB from 12% to 25% during the Tax Holiday. The tax rate of Zhongshan Electric will change from 27% to 25%.

6. PROFIT FOR THE YEAR

	2007 HK$'000	2006 HK$'000
Profit for the year has been arrived at after charging:		
Employee benefits expenses, including directors' remuneration	**75,811**	61,521
Retirement benefits schemes contributions	**2,690**	1,709
Total employee expenses	**78,501**	63,230
Impairment loss recognised on trade receivables	**2,789**	1,686
Auditors' remuneration	**1,355**	1,263
Cost of inventories recognised as an expense	**596,157**	495,328
Depreciation of property, plant and equipment	**30,031**	22,936
Net exchange loss	**4,420**	4,991
Release of prepaid lease payments	**1,031**	531
Bad debts written off	**–**	305

7. EARNINGS PER SHARE

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

	2007 HK$'000	2006 HK$'000
Profit for the year and earnings for the purposes of basic earnings per share	**60,034**	39,098
Weighted average number of shares for the purposes of basic earnings per share	**240,000,000**	211,726,000

No diluted earnings per share has been presented because the exercise price of share options granted by the Company is higher than the Company's market share price.

8. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

	2007 HK$'000	2006 HK$'000
Trade receivables	**242,960**	251,695
Less: Allowance for doubtful debts	**(11,000)**	(8,211)
Total trade receivables, net of allowance	**231,960**	243,484
Other receivables and prepayments	**12,913**	21,252
	244,873	264,736

The Group generally allows an average credit period of 30 days to 150 days 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	**58,854**	74,218
31 – 60 days	**62,141**	64,045
61 – 90 days	**51,410**	54,271
91 – 180 days	**58,487**	47,113
Over 180 days	**1,068**	3,837
	231,960	243,484

(b) Bills receivable

The aged analysis of bills receivable is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**59**	35
31 – 60 days	**3,258**	930
61 – 90 days	**2,207**	1,040
91 – 180 days	**493**	446
	6,017	2,451

Included in the Group's trade, bills and other receivables balance are debtors with aggregate amount of HK$203,195,000 and HK$20,000,000 (2006: HK$144,232,000 and HK$69,993,000) which are denominated in US$ and RMB other than the functional currency of respective group entities are exposed to currency risk.

9. TRADE, BILLS AND OTHER PAYABLES

(a) Trade and other payables

The aged analysis of trade payables is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**29,720**	36,589
31 – 60 days	**29,320**	44,072
61 – 90 days	**46,774**	41,708
91 – 180 days	**46,754**	44,509
Over 180 days	**3,411**	2,231
	155,979	169,109
Other payables and accruals	**42,631**	17,260
	198,610	186,369

(b) Bills payable

The aged analysis of bills payable is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**1,604**	7,168
31 – 60 days	**4,566**	3,197
61 – 90 days	**6,685**	4,544
91 – 180 days	**11,478**	3,593
	24,333	18,502

Included in the Group's trade, bills and other payables balance are creditors with aggregate amount of HK$56,992,000 and HK$57,300,000 (2006: HK$55,306,000 and HK$96,810,000) which are denominated in US$ and RMB are exposed to currency risk.

10. BANK AND OTHER BORROWINGS

	2007	2006
	HK$'000	*HK$'000*
Bank loans	**202,004**	142,790
Trust receipt loans	**61,056**	36,766
Bank overdraft	**–**	1,445
	263,060	181,001
Analysed as:		
Secured	**130,000**	67,005
Unsecured	**133,060**	113,996
	263,060	181,001
Carrying amount repayable:		
On demand or within one year	**143,899**	180,922
More than one year, but not exceeding two years	**119,161**	79
	263,060	181,001
Less: Amount due within one year shown under current liabilities	**(143,899)**	(180,922)
	119,161	79

The bank loans were secured by assets of the Group as disclosed in note 13.

Included in the Group's bank and other borrowings balance are borrowings with aggregate amount of nil (2006: HK$49,505,000) which are denominated in RMB other than functional currency of respective group entities and are exposed to currency risk.

As at 31 December 2007, the balances of fixed-rate borrowings and variable-rate borrowings are nil (2006: HK$49,505,000) and HK$263,060,000 (2006: HK$131,496,000) respectively.

The contractual interest rates of bank loans are HIBOR plus 1.50% to 2.50% for both years. Interest in repricing every year.

The ranges of interest rates on the Group's borrowings are as follows:

	2007	2006
Effective interest rate:		
Fixed-rate borrowings	**N/A**	6.34%
Variable-rate borrowings	**4.65% to 6.90%**	5.15% to 6.60%

11. SHARE CAPITAL

	Number of shares	**Nominal value** *HK$'000*
Authorised:		
Ordinary shares of HK$0.1 each		
At 1 January 2006, 31 December 2006 and 31 December 2007	2,000,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 1 January 2006	100,000	10
Capitalisation issue	179,900,000	17,990
Issue of shares by way of placing and public offer	60,000,000	6,000
At 31 December 2006 and 31 December 2007	240,000,000	24,000

12. CAPITAL COMMITMENT

	2007 ***HK$'000***	2006 *HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**23,057**	5,971

13. PLEDGE OF ASSETS

As at 31 December 2007, the total equity interest of two PRC subsidiaries of HK$353,553,000 (2006: nil) were pledged to banks to secure general banking facilities granted to the Group. The following assets were pledged to banks to secure general banking facilities granted to the Group in 2006 and released during the year.

	HK$'000
Bank deposits	8,767
Investment properties	3,000
Buildings	63,306
Prepaid lease payments of land use right	20,479
	95,552

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group sustained a steady growth in 2007. The revenue of the Company for the year ended 31 December 2007 was HK$741.0 million, representing an increase of 20.9% from the previous year. The net profit attributable to equity shareholders were approximately HK$60.0 million, representing an increase of 53.5% from the previous year. The results reflected the relentless efforts for business development of the Company.

The Group completed the acquisition of a new plant in Gaoping, Sanjiao Town of Zhongshan City, Guangdong Province in 2007 that will increase multi-layered PCB production capacity of approximately 3.6 million sq. ft. per annum ("Plant 2"). This plant has enough space to accommodate our additional increase of production capacities up to approximately 10.8 million sq. ft. per annum in the future. This Plant 2 started to operate in October 2007 and will become one of the major growing forces for the Group in 2008.

The Company has been actively developing new overseas markets while developing and optimizing its existing markets. In September 2007, the Group has entered into a mutually exclusive agreement with NEC Toppan Circuit Solutions, Inc. ("TNCSi"), a jointed venture company established by NEC Corporation and Toppan Printing Company Limited, with an aim to promote the sales of the Group's PCB to Japan through the established network of TNCSi. Besides, the Group strives to promote and optimize its one-stop services by continuing to extend its product ranges with higher value-added in order to satisfy customers' needs.

Business Review

The Group is principally engaged in manufacturing and trading of board range of PCBs including single-sided PCBs, double-sided PCBs and multi-layered PCBs up to 12 layers, the breakdown by turnover is summarized as follows:

	Year 2007		Year 2006		Increase/ (Decrease)	Change in
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Single-sided	**173,076**	**23.4**	146,135	23.8	26,941	18.4
Double-sided	**410,488**	**55.4**	340,456	55.6	70,032	20.6
Multi-layered	**157,404**	**21.2**	2126,565	20.6	30,839	24.4
Total	**740,968**	**100**	613,156	100	127,812	20.9

The products in the three categories are widely applied in different applications. The breakdown of turnover in terms of applications is summarized as follows:

	Year 2007		Year 2006		Increase/ (Decrease)	Change in
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Consumer electronics	**370,762**	**50.0**	394,708	64.4	(23,946)	(6.1)
Computers and computer peripherals	**228,768**	**30.9**	101,317	16.5	127,451	125.8
Communication equipment	**82,335**	**11.1**	73,981	12.1	8,354	11.3
Others	**59,103**	**8.0**	43,150	7.0	15,953	37.0
Total	**740,968**	**100**	613,156	100	127,812	20.9

The Group has two manufacturing plants both located at Zhongshan, Guangdong of the PRC. Up to 3.5 million sq. ft. in wide ranges of PCBs can be produced per month by fully utilized the production capacities in these factories ("Plant 1" and "Plant 2"). The layout of two factories are listed as follows:

Production plant	**Location**	**Area**	**Products**	**Production capacity**	**Commencement of operations**
Plant 1	Zhongshan, Guangdong the PRC	58,000 sq. m.	1 – 8 layered PCBs	3.2 million sq. ft. per month	May 2003
Plant 2	Zhongshan, Guangdong the PRC	52,000 sq. m.	4 – 12 layered PCBs	300,000 sq. ft. per month (phase 1)	October 2007 (phase 1)

By product, the Group has been shifting its focus from single-sided and double-sided PCBs to multi-layered PCBs. Following the commencement of phase 1 of Plant 2, the Group undertook mass production of PCBs up to 12-layers and completed the prototype of HDI PCBs. The Directors are encouraged by the operational efficiencies of Plant 2 in the fist quarter of 2008 and foresee a greater integration with operations of Plant 1 so as to enhance the overall performance of the Group in the coming year.

Financial Review

For the year ended 31 December 2007, the Group's turnover amounted to approximately HK$741.0 million, representing an increase of 20.9% as compared to approximately HK$613.2 million for the year ended 31 December 2006. Profit attributable to shareholders was approximately HK$60.0 million (2006: HK$39.1 million).

The Group's gross profit has increased by 22.9% to approximately HK$144.8 million. Gross profit margin increased slightly to approximately 19.5% from that of approximately 19.2% for the year of 2006. Notwithstanding the delay in operations of Plant 2 and under-utilization of its production capacities in the last quarter of 2007, the better utilization of Plant 1 existing production capacities contributed positively in the profit margins compensating the inefficiencies of Plant 2 and the price increases of raw materials during the year.

Liquidity and Capital Resources

As at 31 December 2007, the Group had total assets of approximately HK$921.2 million (31 December 2006: HK$692.8 million) and interest-bearing borrowings of approximately HK$361.7 million (31 December 2006: HK$229.8 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 39.3% (31 December 2005: 33.2%).

The Group had net current assets of approximately HK$0.4 million (31 December 2006: net current liabilities of HK$41.4 million) consisted of current assets of approximately HK$425.0 million (31 December 2006: HK$380.6 million) and current liabilities of approximately HK$424.6 million (31 December 2006: HK$422.0 million), representing a current ratio of approximately 1.0 (31 December 2005: 0.9).

As at 31 December 2007, the Group had cash and bank balances of approximately HK$70.7 million (31 December 2006: HK$35.9 million).

Foreign Currency Exposure

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in United States dollars ("US$"), Hong Kong dollars and Renminbi ("RMB"). However, foreign currencies, mainly US$, Euro and Japanese Yen, are required to settle the Group's expenses and additions on plant and equipment. There are also sales transactions denominated in US$ and RMB. The Group will use forward contracts to hedge its foreign currency exposure if it considers the risk to be significant.

Human Resources

As at 31 December 2007, the Group employed a total of approximately 3,150 employees (31 December 2006: 2,380), including approximately 3,124 employees in its Zhongshan production sites and approximately 26 employees in its Hong Kong office. Competitive remuneration packages were offered to employees. The Group may also grant share options and discretionary bonuses to eligible employees based on the performance of the Group and individuals.

Outlook

The year of 2007 was an important year for the Company. The Group has invested significantly in capital expenditure to support its growth in production capacities for its future. Through the increase in production capacities and product offerings, the management of the Group strives to maintain a steady and sustainable revenue growth in an aim to keep its long-term development. In anticipation of higher volatility of the market environment, the Group has taken a prudent approach and followed up on the changing market by adjusting its business strategies in a timely manner and monitored the pace of capital expenditure investment. The rapid development in the Group's scale of operations and the substantial growth of its operational results reflected that our business has continued its upward trend and headed towards rapid growth phase.

OTHER INFORMATION

Dividends

The Board has resolved to recommend the payment of a final dividend of HK 5.0 cents per share, amounting to approximately HK$12.0 million (31 December 2006: HK 3.33 cents per share). The final dividends will be payable to the shareholders on or around 27 May 2008 whose names appear on the register of members of the Company on 20 May 2008.

Closure of Register of Members

The register of members of the Group will be closed from Friday, 16 May 2008 to Tuesday, 20 May 2008 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch registrars, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 15 May 2008.

Share Option Scheme

On 5 June 2006, a share option scheme (the "Share Option Scheme") was adopted by a resolution in writing by the sole shareholder. The purpose of the Share Option Scheme are to attract and retain best available personnel to provide additional incentive to employees, directors, consultants, and advisers of the Group and to promote the success of the business of the Group. The directors may, at their discretion, offer any employee (whether full-time or part-time), director, consultant or adviser of the Group options to subscribe for new shares at a price and terms set out in the Share Option Scheme.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme when aggregated with the maximum number of shares in respect of which options may be granted under any other scheme involving the issue or grant of options over shares or other securities by the Group shall not exceed 10% of the issued share capital on 22 June 2006 (such 10% limit representing 24,000,000 shares).

No option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the issued share capital from time to time, unless the approval of the shareholders is obtained. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

The amount payable on acceptance of an option is HK$1. The exercise price is determined by the Broad, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Details of the share options held by the directors are as follows:

	Balance at 1 January 2007	**Granted during the year**	**Balance at 31 December 2007**
Yeung Hoi Shan	–	2,000,000	2,000,000
Wong Wing Choi	–	2,000,000	2,000,000
Pak Shek Kuen	–	2,000,000	2,000,000
Madam Li Jinxia	–	1,000,000	1,000,000
Yeung Tai Hoi	–	200,000	200,000
Cheung Sui Wing, Darius	–	200,000	200,000
Ho Man Kay	–	200,000	200,000
Wong Siu Fai, Albert	–	200,000	200,000
	–	7,800,000	7,800,000

The exercise price per share is HK$1.52.

The options were granted on 3 July 2007 and will be expired on 2 July 2011.

Options are exercisable subject to (i) up to 40% of the options are exercisable a year after the date of grant; (ii) up to 70% of the options are exercisable two years after the date of grant and (iii) all the remaining options are exercisable three years after the date grant.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Compliance with the Code of Corporate Governance Practices

The Company has complied with the Code Provisions set out in the Code on Corproate Governance Practices specified in Appendix 14 to the Listing Rules during the year 2007.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has also adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. Specific enquiry was made with all the Directors and they confirmed that they had complied with the required standards set out in the Model Code regarding securities transactions by Directors for the year ended 31 December 2007.

Audit Committee

An Audit Committee was established by the Company to review and supervise the Company's financial reporting process and internal controls. The Audit Committee comprises the three independent non-executive directors of the Company. Mr. Cheung Sui Wing, Darius, is the chairman of the Audit Committee.

On behalf of the Board
Yeung Hoi Shan
Chairman

Hong Kong, 15 April 2008

As at the date of this announcement, the Company has three executive Directors, being Mr. Yeung Hoi Shan, Mr. Wong Wing Choi and Mr. Pak Shek Kuen, three non-executive Directors, being Madam Li Jinxia, Mr. Yeung Tai Hoi and Mr. Cheung Kwok Ping and three independent non-executive Directors, being Mr. Cheung Sui Wing Darius, Ms. Ho Man Kay Angela and Mr. Wong Siu Fai Albert.

* *For identification purpose only*