Tomorrow International Holdings Limited
明 日 國 際 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code : 0760)

2007 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Tomorrow International Holdings Limited (the "Company") announces the audited consolidated results of the Company, its subsidiaries and associates (the "Group") for the year ended 31 December 2007, together with comparative figures for the previous corresponding year as follows:

Consolidated Income Statement
For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
TURNOVER	3	**476,507**	514,396
COST OF SALES		**(399,855)**	(447,834)
GROSS PROFIT		**76,652**	66,562
Other revenue	4	**38,921**	31,631
Share-based compensation	5	**(16,966)**	—
Gain on disposal of financial assets at fair value through profit or loss		**17,256**	4,710
Impairment loss on a loan receivable		**(3,500)**	(1,500)
Distribution costs		**(12,069)**	(13,086)
Administrative expenses		**(93,783)**	(99,236)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	5	**6,511**	(10,919)
Impairment loss on amounts due from an associate		**—**	(5,525)
PROFIT/(LOSS) BEFORE TAXATION		**6,511**	(16,444)
TAXATION	6	**(32,449)**	(2,965)
LOSS FOR THE YEAR		**(25,938)**	(19,409)
Attributable to:			
Equity holders of the Company		**(25,938)**	(16,225)
Minority interests		**—**	(3,184)
		(25,938)	(19,409)
Loss per share for loss attributable to the equity holders of the Company during the year			
Basic	7	**HK(1.15) cents**	HK(1.06) cents
Diluted		**N/A**	N/A

Consolidated Balance Sheet
As at 31 December 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**87,830**	94,704
Leasehold land and land use rights		**9,553**	9,805
Investment properties		**—**	18,542
Interests in associates		**—**	—
Amounts due from an associate		**151,367**	151,367
Prepaid rental		**429**	1,166
Deferred product development costs		**7,880**	8,387
Available-for-sale financial assets		**46,066**	33,612
Loans receivable		**—**	562
		303,125	318,145
Current assets			
Properties held for sale		**5,439**	5,439
Financial assets at fair value through profit or loss		**—**	13,217
Prepaid lease payments		**252**	252
Inventories		**73,810**	64,559
Accounts receivable	*8*	**41,773**	35,039
Bills receivable		**697**	978
Loans receivable		**11,372**	7,876
Interest receivable on loans		**189**	28
Prepayments, deposits and other receivables		**34,472**	26,933
Cash and cash equivalents		**657,200**	619,730
		825,204	774,051
LIABILITIES			
Current liabilities			
Accounts payable	*9*	**74,326**	82,899
Other payables and accruals		**19,269**	31,068
Amounts due to related parties		**10,530**	—
Tax payable		**52,054**	21,667
Obligation on finance lease		**45**	—
		156,224	135,634
Net current assets		**668,980**	638,417
Total assets less current liabilities		**972,105**	956,562
Non-current liabilities			
Provision for long service payments		**570**	570
Deferred tax liabilities		**—**	1,319
Obligation on finance lease		**132**	—
		702	1,889
NET ASSETS		**971,403**	954,673
CAPITAL AND RESERVES			
Share capital		**8,991**	8,991
Reserves		**953,513**	936,783
Equity attributable to equity holder of the Company		**962,504**	945,774
Minority interests		**8,899**	8,899
Total equity		**971,403**	954,673

1. SIGNIFICANT ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation. These disclosures are provided throughout these financial statements.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. The Group's principal activities consisted of the design, development, manufacture and sale of electronic products, the manufacture and sale of printed circuit boards ("PCBs"), the trading and distribution of electronic components and parts, the trading of listed equity investments and the provision of loan financing. There were no significant changes in the nature of the Group's principal activities during the year.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the invoiced value of goods sold, net of returns and allowances, the proceeds from sales of listed equity investments and the interest income from the provision of loan financing.

(a) Business segments

The following table presents revenue, profit/(loss) and expenditure information for the Group's business segments.

	Electronic products		PCBs		Electronic components and parts		Listed equity investments		Provision of finance		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue														
Sales to external customers	**373,740**	353,721	**89,855**	104,308	**—**	—	**12,610**	56,034	**302**	333	**—**	—	**476,507**	514,396
Inter-segment sales	**—**	—	**—**	—	**16,016**	16,860	**—**	—	**1,887**	1,561	**(17,903)**	(18,421)	**—**	—
Other revenue	**4,917**	2,094	**3,916**	5,029	**240**	253	**—**	—	**—**	—	**(240)**	(253)	**8,833**	7,123
Total	**378,657**	355,815	**93,771**	109,337	**16,256**	17,113	**12,610**	56,034	**2,189**	1,894	**(18,143)**	(18,674)	**485,340**	521,519
Segment results	**12,313**	4,646	**(10,680)**	(23,844)	**55**	97	**13,086**	2,227	**(9,440)**	(7,424)	**(1,886)**	(1,763)	**3,448**	(26,061)
Interest, dividend income and unallocated gains													**30,062**	23,946
Loss on disposal of fixed assets													**(49)**	—
Gain on disposal of properties held for sale													**—**	5
Gain on de-registration of a subsidiary													**27**	—
Gain on disposal of a subsidiary													**—**	557
Loss on disposal of investment properties													**(48)**	—
Net loss arising from fair value change of investment properties													**—**	(889)
Amortisation of share-based compensation													**(16,966)**	—
Unallocated expenses													**(9,963)**	(8,477)
Profit/(Loss) from operating activities													**6,511**	(9,419)
Impairment loss on interest in associates													**—**	(5,525)
Profit/(Loss) before taxation													**6,511**	(16,444)
Taxation													**(32,449)**	(2,965)
Loss for the year													**(25,938)**	(19,409)

	Electronic products		PCBs		Electronic components and parts		Listed equity Investments		Provision of finance		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**211,605**	218,067	**68.283**	82,368	**296**	55	**217,274**	185,996	**9,603**	13,913	**–**	–	**507,061**	500,399
Interests in associates	**–**	–	**–**	–	**–**	–	**–**	–	**151,367**	151,367	**–**	–	**151,367**	151,367
Unallocated assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	–	–	**469,901**	440,430
Total													**1,128,329**	1,092,196
Segment liabilities	**106,780**	73,442	**45,381**	57,661	**48**	2,578	**142**	10	**114**	112	**–**	–	**152,465**	133,803
Unallocated liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**4,461**	3,720
Total liabilities													**156,926**	137,523
Other segment information														
Depreciation on property, plant and equipment	**9,796**	10,408	**9,538**	10,317	**–**	–	**–**	–	**–**	–	**–**	–	**19,334**	20,725
Unallocated amounts													**417**	2,296
													19,751	23,021
Capital expenditure	**4,796**	3,702	**5,065**	10,048	**–**	–	**–**	–	**–**	–	**–**	–	**9,861**	13,750
Unallocated amounts													**65**	729
													9,926	14,479
Impairment loss on a loan receivable	**–**	–	**–**	–	**–**	–	**–**	–	**(3,500)**	(1,500)	**–**	–	**(3,500)**	(1,500)
Impairment loss on accounts receivable	**–**	(34)	**(5.255)**	(6,008)	**–**	–	**–**	–	**–**	–	**–**	–	**(5,255)**	(6,042)
Reversal of previous revaluation deficits of leasehold buildings, net	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Unallocated amounts													**–**	–
													–	–
Net loss arising from fair value change of investment properties	–	–	–	–	–	–	–	–	**–**	–	**–**	–	**–**	–
Unallocated amounts													**–**	(889)
													–	(889)

b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments.

Group

	Europe		North America		Hong Kong		Japan		Others		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**44,372**	34,147	**90,097**	103,186	**160,212**	179,952	**163,041**	175,908	**18,785**	21,203	**476,507**	514,396

	Hong Kong		Mainland China		Others		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Segment assets	**745,301**	754,480	**177,778**	164,980	**53,883**	21,369	**976,962**	940,829
Interests in associates	**—**	—	**—**	—	**151,367**	151,367	**151,367**	151,367
							1,128,329	1,092,196
Capital expenditure	**1,995**	941	**6,097**	11,401	**1,834**	2,137	**9,926**	14,479

4. OTHER REVENUE AND NET INCOME

	2007	2006
	HK$'000	*HK$'000*
Other revenue		
Interest income on financial assets not at fair value through profit or loss	**27,603**	21,383
Dividends income from listed investments	**1**	288
Sales of obsolete inventories of raw materials	**1,631**	1,537
Product development income	**3,405**	2,160
Rental income	**—**	144
Other interests earned	**794**	16
Compensation from vendors	**2,368**	2,598
Others	**1,549**	2,943
	37,351	31,069

Other net income		
Exchange gain, net	**1,543**	—
Gain on disposal of properties held for sale	**—**	5
Gain on deregistration of a subsidiary	**27**	—
Gain on disposal of a subsidiary	**—**	557
	1,570	562
	38,921	31,631

5. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
Cost of inventories	**395,799**	397,638
Depreciation on property, plant and equipment	**19,751**	23,021
Amortisation of leasehold land and land use rights	**252**	250
Amortisation of prepaid rental	**737**	737
Amortisation of deferred product development costs	**2,011**	1,921
Minimum lease payments under operating leases:		
Land and buildings	**8,957**	5,729
Staff costs (including directors' remuneration):		
Wages and salaries	**71,767**	80,267
Share-based compensation	**16,966**	—
Pension contributions	**1,088**	1,343
	89,821	81,610
Auditors' remuneration	**950**	900
Impairment loss on accounts receivable	**5,255**	6,042
Loss on disposal of property, plant and equipment	**49**	356
Exchange gain, net	**(1,543)**	(1,063)
Net loss using from fair value change of investment properties	**—**	889
Loss on disposal of investment properties	**48**	—

The cost of inventories sold includes HK$45,253,000 (2006: HK$45,486,000) relating to direct staff costs, provision against inventories, amortisation of prepaid rental, amortisation of deferred product development costs, operating lease rentals of land and buildings and depreciation of the manufacturing activities, which are also included in the respective total amounts disclosed above for each of these types of expenses.

At 31 December 2007, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2006: nil).

6. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current tax		
Hong Kong		
— Current year provision	**1,267**	635
— Underprovision in prior years	**32,264**	2,507
Mainland China	**606**	—
	34,137	3,142
Deferred tax	**(1,688)**	(177)
Total tax charge for the year	**32,449**	2,965

In accordance with the applicable enterprise income tax law of the PRC, the Group's subsidiaries registered in Mainland China, Dongguan Yifu Circuit Board Factory ("Yifu") and Gaojin Electronics (Shenzhen) Co., Ltd ("Gaojin"), are exempt from income tax for their first two profitable years of operations and are entitled to 50% relief on the income tax that would otherwise be charged for the succeeding three years.

The foregoing tax concessions for Yifu and Gaojin have expired. The income tax rate applicable to Yifu remained at 15% for 2007 (2006: 15%). Pursuant to a further tax concession granted to high technology enterprises, the income tax applicable rate to Gaojin is 10% for 2007 (2006: 10%).

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries in which the Company, its subsidiaries and associates are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory tax rates) to the effective tax rates, are as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Profit/(Loss) before taxation	**6,511**	(16,444)
Tax at the statutory tax rate	**1,139**	2,878
Effect of different taxation rates in other countries	**(565)**	(5,806)
Adjustments in respect of current tax of previous years	**32,264**	—
Income not subject to taxation	**(3,025)**	(6,275)
Expenses not deductible for taxation	**493**	6,219
Tax losses utilised from previous years	**(2,090)**	(561)
Tax losses not provided for the current year	**3,199**	4,034
Others	**1,034**	2,476
Tax charge for the year	**32,449**	2,965

The National People's Congress of the PRC approved the Corporate Income Tax Law of the PRC (the "New Tax Law") on 16 March 2007. With effective from 1 January 2008, the tax rate applicable to the enterprises established in the PRC will be unified at 25% with certain grandfather provisions and preferential provisions. The change in tax rate does not have any impact on the financial statements, as the New Tax Law was neither enacted nor substantially enacted by 31 December 2007.

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to equity holders of the Company of HK$25,938,000 (2006: HK$16,225,000) and the weighted average of 2,247,682,010 (2006 as restated: 1,533,910,040) share in issue.

No diluted loss per share has been presented by the Company for the year ended 31 December 2007 as the exercise of the outstanding share options would result a decrease in loss per share.

There were no potential dilutive shares in existence for the year ended 31 December 2006 and accordingly, no diluted earnings per share amount was presented.

8. ACCOUNTS RECEIVABLE

The aged analysis of the Group's accounts receivable is as follows:

	2007	2006
	HK$'000	*HK$'000*
Current to three months	**50,170**	29,817
Four to six months	**1,481**	1,454
Seven months to one year	**330**	848
Over one year	**7,266**	15,139
	59,247	47,258
Less: Provision for impairment	**(17,474)**	(12,219)
Total after provision	**41,773**	35,039

The normal credit period granted by the Group to customers ranges from 30 days to 120 days.

9. ACCOUNTS PAYABLE

The aged analysis of the Group's accounts payable is as follows:

	2007	2006
	HK$'000	*HK$'000*
Current to three months	**53,544**	52,751
Four to six months	**5,257**	8,412
Seven months to one year	**9,556**	14,156
Over one year	**5,969**	7,580
	74,326	82,899

Accounts payable aged less than four months accounted for 72% (2006: 64%) of the total accounts payable

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend (2006: Nil).

BUSINESS REVIEW

Electronic products division recorded operational profits in year 2007. Turnover of electronic products division for the year was HK$373.7 million (2006: HK$353.7 million), representing an increase of HK$20 million or 5.6% to that of last year. With new product development, wireless application and radio-frequency products has started to contribute to turnover. Despite the fact that manufacturing business continued to face a hard operating environment of increasing in operating cost and worsening of worldwide economic environment, the Group had put more emphasis on cost saving measures which proved to be effective. As a whole segmental profit was HK$12.3 million, compared with profit of HK$4.6 million in year 2006.

Under a keen market competition situation, the PCB division had adopted a strategy to focus on key customers and to reject those low margin orders. As a result, the turnover of the PCB division for the year dropped to HK$89.9 million (2006: HK$104.3 million), representing a decrease of 13.9% comparing with last year. Despite the decrease in turnover, the PCB division had succeeded to trim down the overhead costs. The operational loss had narrowed from last year's HK$23.8 million to this year's HK$10.7 million.

The local securities market remained robust throughout 2007. To avoid participating in the over speculation market, the Group has reduced its trading of listed equity investments, resulting in decrease in turnover to HK$12.6 million, as compared with HK$56.0 million in year 2006. Putting more focus on other available-for-sale financial assets, the Group recorded a gain of $17.3 million on disposal of convertible bonds. The segmental profit was HK$13.1 million (2006: HK$2.2 million).

Loan financing business remained inactive during the year. It reported segmental loss of HK$9.4 million. Legal case relating to loan to Moulin Eyecare Holdings Limited was still in progress and further update will be published in due course.

FUTURE PLANS

Upon the implementation of New Labour Contract Law in China from 2008 and also the continuous appreciation of Renminbi, the operation environment in China is becoming less favourable to foreign investment. Coupled with the weakening overseas retail market, the Group believes year 2008 will be a challenging year. The Group prepares to consolidate its customer base and to develop more products relating to audio and visual markets. At the same time, the Group will continue to impose stringent cost saving measures in year 2008. Barring any unforeseen circumstances, the electronic products division should be able to maintain its performance in coming year.

Upon consolidation in year 2007, the Board intends to increase its production capacity in the PCB factory in near future in order to fulfil the ever-growing market demand on industrial grade PCB products. With our experienced sales forces and dedicated management teams, we will progressively capture large market shares from the US and Europe onwards.

The continuously rapid and healthy growth of the Chinese economy has created excellent investment opportunities and a favorable operating environment for our investment activities. The Board will focus on investments with core businesses which are PRC-based and may allocate appropriate resources in potential investment opportunities with sound fundamental and prospect.

CORPORATE TRANSACTIONS

To improve the liquidity of the shares of the Company and enable the Company to attract more investors and broaden its shareholder base, the board of the Company proposed that each of the existing issued and unissued shares of HK$0.04 each be subdivided into ten subdivided shares of HK$0.004 each ("Share Subdivision") on April 2007. Upon the Share Subdivision becoming effective, each board lot size of shares for trading on the Stock Exchange changed from 5,000 shares to 15,000 subdivided shares. Upon the Share Subdivision becoming effective, the monetary value of each board lot of the subdivided Shares was lower and the transaction cost of the subdivided shares was reduced.

The special general meeting of the Company was held on 15 June 2007 to approve the Share Subdivision, which together with the change in board lot size became effective on 18 June 2007.

On June 2007, the Company announced that its subsidiary entered into negotiation on a proposed investment in relation to 3G Global Management Pty Ltd.. However, the proposed acquisition was lapsed in light of the expiry of the exclusivity period on 20 June 2007.

On August 2007, the Company announced that Connion Limited, a wholly-owned subsidiary of the Company, has sold its investment in the convertible bonds at a consideration of HK$29,000,000. Upon completion of the transaction, the Group recorded a gain on disposal of HK$17.3 million.

On October and November 2007, the Company through its wholly owned subsidiaries entered into non-binding memorandum of understandings ("MOUs") with independent third parties in relation to the negotiation on possible acquisition of interests in coal mines in Inner Mongolia and in Shanxi respectively. However, the MOUs were terminated on 23 January 2008.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, cash and bank balances (including time deposits) maintained by the Group were HK$657.2 million (2006: HK$619.7 million), representing an increase of $37.5 million compared with the position as at 31 December 2006. It is believed that the Group has adequate cash resources to meet the normal working capital requirements and all commitments of future development. The gearing of the Group, measured as total debts to total assets, was 13.9% as at 31 December 2007, comparing with 12.6% as at 31 December 2006.

Most of the business transactions conducted by the Group were nominated in Hong Kong Dollars, United States Dollars and Renminbi. As at 31 December 2007, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2007, the Group employed approximately 2,200 employees, with about 2,132 in the Mainland China and 68 in Hong Kong. All employees are remunerated based on industry practice and in accordance with prevailing labour law. In Hong Kong, apart from basic salary, staff benefits include medical insurance, performance related bonuses and mandatory provident fund would be provided by the Group.

CORPORATE GOVERNANCE

The board of directors (the "Board") of the Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes effort to identifying and formalising best practices. The Company has applied the principles and the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, except of the following deviations.

Code A.2.1

Under the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Currently, the Company does not appoint chief executive officer. In view of the existing structure of the Board and the operation of the Group, the Board believes that the present structure of the Board will provide a strong leadership for the Group to implement prompt decisions and to formulate efficient strategies, which is for benefits of the Group. Moreover, the day-to-day operations of the Group's businesses are shared among those executive directors and the management of the Company. Therefore, there should be a clear division of the responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Code A.4.1

Under the Code, non-executive directors should be appointed for a specific term, subject to re-election.

During the period, two independent non-executive directors of the Company, namely Mr. Ng Wai Hung and Mr. Cheung Chung Leung, Richard, are not appointed for any specific fixed term and one independent non-executive director, Mr. Wu Wang Li, is appointed for the term of one year from 27 September 2007. In accordance with the bye-laws of the Company, at each annual general meeting of the Company one third of the directors shall retire from office by rotation. The Board considers that sufficient measures will be taken to ensure the corporate governance practices of the Company are not less exacting than those in the Code.

Code B.1

Under the Code, the issuers should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties.

Currently, there is no remuneration committee in the Board. Meanwhile, the Board conducts an informal assessment of the individual director's contribution. No director decides his or her own remuneration and their remuneration has been relatively stable in the past years.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having make specific enquiries of all directors of the Company, they have confirmed that they complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

CONFIRMATION OF INDEPENDENCE FROM 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 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or its subsidiaries during the year.

DIRECTORS

The Board comprises of seven directors, of which four are executive directors, namely Mr. Yau Tak Wah, Paul, Ms. Louie Mei Po, Ms. Wong Shin Ling, Irene and Ms. Liu Yee Nee and three independent non-executive directors, namely Mr. Ng Wai Hung, Mr. Cheung Chung Leung, Richard and Mr. Wu Wang Li.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors and reports to the Board. The audit committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

PUBLICATION OF ANNUAL REPORT ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

An annual report of the Company for the year ended 31 December 2007 containing all the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the websites of the Company (http://www.tihl.com.hk) and The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) in due course.

By Order of the Board
Yau Tak Wah, Paul
Chairman

Hong Kong, 25 April 2008