

PERFECTECH INTERNATIONAL HOLDINGS LIMITED

(威發國際集團有限公司)*

(the “Company”)

(Incorporated in Bermuda with limited liability)

(Stock Code: 00765)

Announcement of results For the year ended 31st December, 2007

RESULTS

The directors of Perfectech International Holdings Limited (the “Company”) are pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2007 and the comparative figures in 2006 were as follows:–

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31st DECEMBER,

	Notes	2007 HK\$'000	2006 HK\$'000
Revenue	3	524,950	538,875
Cost of sales		(434,142)	(442,297)
Gross profit		90,808	96,578
Other income		43,262	13,559
Distribution costs		(21,443)	(24,221)
Administrative expenses		(45,682)	(41,397)
Other expenses	4	(27,820)	(3,615)
Gain on disposal of interest in subsidiaries		–	54
Gain on disposal of investment properties		–	490
Impairment loss on goodwill		(175)	(321)
Finance costs	5	(624)	(1,464)
Profit before tax	6	38,326	39,663
Income tax expenses	7	(4,229)	(3,317)
Profit for the year		<u>34,097</u>	<u>36,346</u>
Attributable to:			
Equity holders of the parent		32,207	33,763
Minority interests		1,890	2,583
Profit for the year		<u>34,097</u>	<u>36,346</u>
Dividends	8	<u>24,194</u>	<u>7,671</u>
Earnings per share	9		
Basic		<u>10.65 cents</u>	<u>11.01 Cents</u>
Diluted		<u>10.42 cents</u>	<u>10.99 Cents</u>

* for identification purpose only

CONSOLIDATED BALANCE SHEET

AT 31st DECEMBER,

	Notes	2007 HK\$'000	2006 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		63,008	73,881
Prepaid lease payments		209	284
Goodwill		3,561	3,561
Deferred tax assets		1,103	1,412
		<hr/> 67,881	<hr/> 79,138
CURRENT ASSETS			
Inventories		70,778	74,170
Trade and other receivables	10	98,566	102,762
Prepaid lease payments		75	75
Amount due from a minority shareholder of a subsidiary		–	175
Tax recoverable		1,672	236
Investments held-for-trading		19,392	11,922
Derivative financial instruments		3,296	715
Pledged bank deposits		74,209	18,813
Bank balances and cash		53,400	63,776
		<hr/> 321,388	<hr/> 272,644
CURRENT LIABILITIES			
Trade and other payables	11	51,810	49,755
Derivative financial instruments		32,484	3,821
Tax liabilities		3,123	2,725
		<hr/> 87,417	<hr/> 56,301
NET CURRENT ASSETS		<hr/> 233,971	<hr/> 216,343
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 301,852	<hr/> 295,481
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,262	2,950
		<hr/> 2,262	<hr/> 2,950
NET ASSETS		<hr/> 299,590	<hr/> 292,531
CAPITAL AND RESERVES			
Share capital		29,975	30,316
Reserves		261,250	254,322
		<hr/> 291,225	<hr/> 284,638
Equity attributable to equity holders of the parent		291,225	284,638
Minority interests		8,365	7,893
		<hr/> 299,590	<hr/> 292,531
TOTAL EQUITY		<hr/> 299,590	<hr/> 292,531

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER, 2007

1. BASIS OF PREPARATION

The audited consolidated financial statements are prepared in accordance with Hong Kong Financial reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations (the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are either effective for accounting periods beginning on or after 1st 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 not early applied the following new standard, amendment 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
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Arrangements ³
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

¹ Effective for annual periods beginning on or after 1st January, 2009

² Effective for annual periods beginning on or after 1st March, 2007

³ Effective for annual periods beginning on or after 1st January, 2008

⁴ Effective for annual periods beginning on or after 1st July, 2008

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

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently organised into four business segments, namely the manufacture and sale of novelties and decorations products, the manufacture and sale of packaging products, the trading of PVC films and plastic materials and the manufacture and sale of toy products. These business segments are the basis on which the Group reports its primary segment information.

2007

	Novelties and decorations products <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	130,498	124,985	102,479	166,988	-	524,950
Inter-segment sales	110,742	54,719	4,466	111,233	(281,160)	-
Total revenue	<u>241,240</u>	<u>179,704</u>	<u>106,945</u>	<u>278,221</u>	<u>(281,160)</u>	<u>524,950</u>
RESULT						
Segment result	<u>13,304</u>	<u>(1,676)</u>	<u>(91)</u>	<u>17,594</u>	<u>(1,269)</u>	27,862
Income from investments						10,566
Unallocated corporate income						522
Finance costs						<u>(624)</u>
Profit before tax						38,326
Income tax expenses						<u>(4,229)</u>
Profit for the year						<u>34,097</u>

Inter-segment sales are charged at prevailing market rates.

BALANCE SHEET

	Novelties and decorations products <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	74,885	82,207	39,773	93,191	290,056
Unallocated corporate assets					<u>99,213</u>
Consolidated total assets					<u><u>389,269</u></u>
LIABILITIES					
Segment liabilities	27,944	17,777	1,738	25,369	72,828
Unallocated corporate liabilities					<u>16,851</u>
Consolidated total liabilities					<u><u>89,679</u></u>

OTHER INFORMATION

	Novelties and decorations products <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	1,754	1,705	5	6,496	9,960
Depreciation and amortisation	4,268	6,549	61	6,085	16,963
Release of prepaid lease payments	<u>–</u>	<u>–</u>	<u>–</u>	<u>75</u>	<u>75</u>

2006

	Novelties and decorations products <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	139,369	152,720	85,468	161,318	–	538,875
Inter-segment sales	6,013	38,822	7,269	552	(52,656)	–
Total revenue	<u>145,382</u>	<u>191,542</u>	<u>92,737</u>	<u>161,870</u>	<u>(52,656)</u>	<u>538,875</u>
RESULT						
Segment result	<u>15,497</u>	<u>3,481</u>	<u>1,070</u>	<u>15,373</u>	<u>(1,399)</u>	34,022
Income from investments						5,993
Unallocated corporate income						1,112
Finance costs						<u>(1,464)</u>
Profit before tax						39,663
Income tax expenses						<u>(3,317)</u>
Profit for the year						<u>36,346</u>

Inter-segment sales are charged at prevailing market rates.

BALANCE SHEET

	Novelties and decorations products <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	86,402	102,505	38,000	77,343	304,250
Unallocated corporate assets					<u>47,532</u>
Consolidated total assets					<u>351,782</u>
LIABILITIES					
Segment liabilities	13,708	20,958	1,481	21,682	57,829
Unallocated corporate liabilities					<u>1,422</u>
Consolidated total liabilities					<u>59,251</u>

OTHER INFORMATION

	Novelties and decorations products <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	1,932	2,323	106	3,037	7,398
Depreciation and amortisation	4,959	8,091	56	5,822	18,928
Release of prepaid lease payments	<u>—</u>	<u>—</u>	<u>—</u>	<u>76</u>	<u>76</u>

(b) Geographical segments

The following table provides an analysis of the Group's sales by geographical market:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Sales revenue by geographical market:		
Hong Kong	254,430	262,139
Europe	97,873	103,363
America	66,330	89,473
Asia (other than Hong Kong)	100,015	81,877
Others	6,302	2,023
	<u>524,950</u>	<u>538,875</u>

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		Additions to property, plant and equipment	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Hong Kong	241,550	193,031	286	48
The People's Republic of China (the "PRC")	<u>147,719</u>	<u>158,751</u>	<u>9,674</u>	<u>7,350</u>
	<u>389,269</u>	<u>351,782</u>	<u>9,960</u>	<u>7,398</u>

4. OTHER EXPENSE

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Decrease in fair value of held-for-trading investments	1,738	159
Decrease in fair value of derivatives financial instruments	<u>26,082</u>	<u>3,456</u>
	<u><u>27,820</u></u>	<u><u>3,615</u></u>

5. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	624	1,098
Other borrowings wholly repayable within five years	–	363
Finance lease wholly repayable within five years	<u>–</u>	<u>3</u>
	<u><u>624</u></u>	<u><u>1,464</u></u>

6. PROFIT BEFORE TAX

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit before tax has been arrived at after charging:		
Release of prepaid lease payments	75	76
Impairment loss on trade receivables	935	557
Written down of inventories	–	8,832
Auditors' remuneration	750	665
Depreciation of property, plant and equipment	16,963	18,928
Foreign exchange losses, net	1,625	6,002
Loss on disposals of property, plant and equipment	2,172	–
Staff costs (including directors' emoluments)	115,427	111,034
Share-based payments expenses	2,143	1,323
Cost of inventories recognised as an expense	278,855	282,922
and after crediting:		
Interest income	4,773	902
Dividend income from investments held-for-trading	269	201
Gain on disposals of investments held-for-trading	<u><u>28,267</u></u>	<u><u>8,800</u></u>

7. INCOME TAX EXPENSES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
The charge comprises:		
Current tax:		
Hong Kong Profits Tax		
Current year	4,519	3,697
Under-provision in prior years	89	42
	4,608	3,739
Deferred tax		
Current year	(379)	(422)
	4,229	3,317

8. DIVIDENDS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interim, paid – HK2.5 cents (2006: HK1.0 cent) per share	7,586	3,049
Final, paid – HK5.5 cents per share for 2006 (2006: HK1.5 cents per share for 2005)	16,608	4,622
	24,194	7,671

The final dividend of HK3.5 cents (2006: HK5.5 cents) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the net profit for the year of approximately HK\$32,207,000 (2006: HK\$33,763,000) and the following data:

	2007	2006
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	302,481,091	306,615,469
Effect of dilutive potential ordinary shares on share options	<u>6,748,527</u>	<u>531,265</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>309,229,618</u>	<u>307,146,734</u>

10. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers.

The following is an aged analysis of the Group's trade receivables at the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 – 60 days	59,457	58,013
61 – 90 days	12,894	9,966
91 – 120 days	7,604	13,448
Over 120 days	<u>15,571</u>	<u>12,886</u>
	<u>95,526</u>	<u>94,313</u>

The fair value of the Group's trade and other receivables at 31st December, 2007 approximate to the corresponding carrying amount.

11. TRADE AND OTHER PAYABLES

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 – 60 days	27,679	21,888
61 – 90 days	3,175	4,724
91 – 120 days	582	1,084
Over 120 days	2,193	953
	<u>33,629</u>	<u>28,649</u>

The fair value of the Group's trade and other payables at 31st December, 2007 approximates to the corresponding carrying amount.

CHAIRMAN'S STATEMENT

Results

The Directors have resolved to announce the audited consolidated results for the year ended 31st December, 2007. Total turnover for the year amounted to approximately HK\$524,950,000 (2006: HK\$538,875,000). The net profit stood at approximately HK\$32,207,000 (2006: HK\$33,763,000). Earnings per share were 10.42 cents (2006: 10.99 cents).

FINAL DIVIDEND

The Directors recommend the payment of a final dividend for the year ended 31st December, 2007 of 3.5 cents per share (2006: 5.5 cents per share) payable to shareholders on the register of members of the Company (the "Register of Members") on 27th May, 2008. This dividend together with the interim dividend of 2.5 cents per share (2006: 1 cent per share), will make a total of 6.0 cents per share for the year (2006: 6.5 cents per share). Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on or about 12th June, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 26th May, 2008 to 27th May, 2008, both days inclusive, during which period no share transfer will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong at Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 23rd May, 2008.

BUSINESS REVIEW

During the year, the turnover of the Group decreased by approximately 3% to approximately HK\$524,950,000, while the net profit for the year was approximately HK\$32,207,000 representing a decrease of approximately 5%. The slight decrease in turnover was mainly due to the prudent policy of the Group aiming at maximizing profits rather than boosting revenue.

To the Group, the year of 2007 is quite a challenging year. The net profit of the Group dropped slightly by 5% to approximately HK\$32,207,000. The contributions from the four segments dropped by about 18% to approximately to HK\$27,862,000, while the income from investments increased by about 76% to approximately HK\$10,566,000. The performance of each segment will be further discussed below.

The prices of various kinds of raw materials were still very volatile, especially paper and PVC raw materials, both being the Group's principal sources of production. The continuing increase in the wages level in the People's Republic of China (the "PRC") led to an ever-increasing cost of production in the PRC.

For the year 2007, the profits of the Group included gain on disposal of investments-held-trading of approximately HK\$28,267,000, and after the deduction of (i) decrease in the fair value of derivative financial instruments of approximately HK\$26,082,000, which were held by the Group for investment and hedging purposes, of which approximately HK\$5,811,000 were realized loss as stated in the profit warning announcement of the Company dated 22nd February, 2008 (the "Announcement"), (ii) decrease in the fair value of investments held-for-trading of approximately HK\$1,738,000, (iii) a share related payment on the share options granted to employees of approximately HK\$2,143,000, and (iv) an impairment loss on goodwill of approximately HK\$175,000.

Finance costs decreased by about 57% to approximately HK\$624,000.

FUTURE PLAN & PROSPECT

For the year 2008, globally, economic atmosphere becomes uncertain and volatile as impacted by the potential economic recession of the US economy as a result of the subprime mortgage crisis. Locally, the cost of production in the PRC will continually increase as a result of the launch of new labour contract law in the mainland and increase of raw materials prices. Coupled with the appreciation of the currency of Renminbi and the keen competition in various segments, the Group will face more challenges in the coming year.

As stated in the Announcement, the Group's results for the financial year ending 31st December, 2008 is expected to be adversely affected as a result of the loss arising from certain structured product contracts entered into by the Group with a bank to minimise its potential foreign exchange risk exposure to appreciation of Renminbi. The realized loss of approximately US\$745,000 (equivalent to approximately HK\$5,811,000) has been included in the profit and loss account of the Group for the year ended 31st December, 2007. Unless there is a material drop of Renminbi exchange rate in the next three months, based on the information currently available, it is expected the loss to be incurred therefrom for the year ending 31st December, 2008 will not exceed approximately US\$5,353,000 (equivalent to approximately HK\$41,753,000).

Looking ahead, 2008 will not be an easy year to the Group. Nevertheless, the Directors will try every effort to improve efficiencies and cost-benefits, and the Company will continue to concentrate on improving its profitable core businesses and developing those businesses potentially profitable.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT RESULTS

Novelties and decorations

The turnover of this segment for the year showed a slight drop of about 6% and stood at approximately HK\$130,498,000, while the segment result also decreased by about 14% to approximately HK\$13,304,000. The result of the segment increased substantially due to (a) the Group's policy of raising the selling price to improve profit margin instead of cutting price to boost the revenue and (b) increase of productivity as a result of incentive given to labours, as stated in the last annual report of the Company.

Packaging products

The turnover of packaging products to external customers dropped quite substantially by about 18% to approximately HK\$124,985,000, while the segment result also incurred a loss of approximately HK\$1,676,000. The Group has abandoned the production line of PVC blister and changed the product mix in the segment gradually. However, due to the keen competition in paper products markets, this segment recorded a negative contribution as a result of increase in production costs as stated above.

Trading activities

The turnover of the trading of PVC film and plastic materials increased by about 20% to approximately HK\$102,479,000. However, as a result of keen competition in the market, the segment recorded a loss of approximately HK\$91,000 for the year.

Toy products

The turnover of this segment increased gently by about 4% to approximately HK\$166,988,000, while the segment result therefrom was approximately HK\$17,594,000, representing a growth of about 14%. Improvement in contribution of the segment was a result of further improvement in efficiencies and cost savings measures.

Investments

To well utilize the available cash on hand, the Group has invested in the securities of various listed companies, which are held for short-term purposes for capital gain in the value of the securities. As at the balance sheet date, the market value of investment in securities was approximately HK\$11,147,000.

Besides investing in stock markets, the Group may also utilize its cash on hand for foreign currencies cash deposits with local banks in order to earn a higher return of interest income, and also the potential capital gain thereon.

Foreign currency exposure

The Group's sales and purchases are mainly denominated in Hong Kong Dollar and US Dollar, while all its factories are located in the PRC, and expenses incurred are dominated in Renminbi.

At the balance sheet date, the Group has entered into several financial instruments with its major bankers for the hedging of exposures in US Dollar and Renminbi, especially for the gradual and continuous appreciation of the latter since recent years .

Liquidity and financial resources

As at 31st December, 2007, the long-term finance lease obligation and bank loan of the Group were nil (2006: nil), while the short term bank borrowings were nil (2006: nil), and none of the Group's plant and machinery of (2006: nil) was held under a finance lease. The gearing ratio, measured by total bank and other borrowings divided by equity, of the Group was nil (2006: nil).

At balance sheet date, the Group had bank balances and cash of approximately HK\$53,400,000 (2006: HK\$63,776,000).

With cash and other current assets at 31st December, 2007 of approximately HK\$321,388,000 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Net asset value

The net asset value of the Group as at 31st December, 2007 was approximately HK\$0.96 per share based on the actual number of 302,753,607 shares in issue on that date.

Employees and remuneration policies

As at 31st December, 2007, the Group employed approximately 3,000 full time employees. The Group remunerates its employees largely based on prevailing industry practice as well as individual merits. The Group has also established a share option scheme for its full time employees.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31st December, 2007, the Company has complied with the code provisions (the “Code Provisions”) set out in the “Code on Corporate Governance Practices” (the “Codes”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), save for the following deviation.

Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

While the Company does not have the position of chief executive officer, the responsibilities normally assumed by such a role is taken up by the Managing Director. Mr. Poon Siu Chung is the Chairman and Managing Director of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Poon and believes that having Mr. Poon performing the roles of Chairman and Managing Director is beneficial to the business prospects of the Company.

AUDIT COMMITTEE

The Company has established an audit committee which comprises all independent non-executive Directors (“INEDs”), Mr. Choy Wing Keung, David, Mr. Yip Chi Hung and Mr. Lam Yat Cheong, who is also the chairman of the audit committee.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the audited financial statements for the year ended 31st December, 2007 of the Company now reported on.

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

During the year, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of shares of HK\$0.10 each	Price per share		Aggregate
		Highest HK\$	Lowest HK\$	Consideration Paid HK\$
March 2007	1,200,000	0.820	0.790	970,480
June 2007	500,000	0.860	0.860	432,802
December 2007	<u>3,706,000</u>	0.900	0.870	<u>3,324,132</u>
	<u><u>5,406,000</u></u>			<u><u>4,727,414</u></u>

Appreciation

Finally, I would like to take this opportunity to thank all my fellow Directors and the staff for their contribution and cordial support during the year.

On behalf of the Board

Poon Siu Chung

Chairman & Managing Director

Hong Kong, 15th April, 2008

As at the date of this announcement, the Board comprises Mr. Poon Siu Chung, Mr. Leung Ying Wai, Charles, Mr. Ip Siu On and Mr. Tsui Yan Lee, Benjamin as executive directors of the Company, and Mr. Lam Yat Cheong, Mr. Yip Chi Hung and Mr. Choy Wing Keung, David as independent non-executive directors of the Company.