KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

(泰盛實業集團有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 1159)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

HIGHLIGHTS

The Group's turnover increased by approximately 3.0 per cent. to approximately HK$357,996,000.

Loss for the period was approximately HK$7,304,000.

Profit after taxation for the period, excluding total impairment loss on available-for-sale investment of approximately HK$16,000,000, decreased by approximately 30.0 per cent. from approximately HK$12,419,000 for the corresponding period in 2006 to approximately HK$8,696,000.

Bank balances and cash was approximately HK$41,660,000.

Total net assets was approximately HK$411,399,000.

Total indebtedness (including bank borrowings and obligations under finance leases contracts) of the Group were approximately HK$71,167,000, representing approximately 17.3 per cent. of the total shareholders' equity.

Basic loss per share was approximately HK1.34 cents.

The board of directors (the "Directors") of Karce International Holdings Company Limited (the "Company", together with its subsidiaries the "Group"), present herewith to the shareholders of the Company the unaudited consolidated interim results of the Group for the six months ended 30 June 2007. The Company's audit committee has reviewed the interim results.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2007

		Six months ended 30 June	
		2007	2006
		HK$'000	*HK$'000*
	Note	**(unaudited)**	(unaudited)
Revenue	*2*	**357,996**	347,687
Cost of sales		**(297,546)**	(283,409)
Gross profit		**60,450**	64,278
Other income	*3*	**739**	1,492
Distribution costs		**(5,409)**	(5,944)
Administrative and other operating expenses		**(44,349)**	(44,490)
Finance costs	*4*	**(1,993)**	(1,604)
Impairment loss on available-for-sale investment		**(16,000)**	–
(Loss)/profit before taxation	*5*	**(6,562)**	13,732
Taxation	*6*	**(742)**	(1,313)
(Loss)/profit for the period		**(7,304)**	12,419
(Loss)/earnings per share	*7*		
Basic *(HK cents)*		**(1.34)**	2.26

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2007

	Note	30 June 2007 HK$'000 (unaudited)	31 December 2006 HK$'000 (audited)
NON-CURRENT ASSETS			
Investment properties		**64,813**	63,542
Property, plant and equipment	*8*	**241,841**	237,195
Prepaid lease payments		**17,603**	17,573
Available-for-sale investment		**41,549**	54,079
Club debenture		**1,180**	1,180
		366,986	373,569
CURRENT ASSETS			
Inventories		**112,257**	107,315
Trade and other receivables	*9*	**154,463**	116,206
Bills receivable	*9*	**9,316**	4,199
Derivative financial instruments		**2,315**	279
Bank balances and cash		**41,660**	65,890
		320,011	293,889
CURRENT LIABILITIES			
Trade and other payables	*10*	**159,354**	160,848
Bills payable	*10*	**3,311**	3,112
Derivative financial instruments		**1,610**	2,311
Tax liabilities		**20,100**	20,715
Obligation under finance leases – due within one year		**4,637**	5,875
Bank borrowings – due within one year		**39,348**	12,833
		228,360	205,694
NET CURRENT ASSETS		**91,651**	88,195
		458,637	461,764
CAPITAL AND RESERVES			
Share capital		**54,436**	54,436
Reserves		**356,963**	362,051
		411,399	416,487
NON-CURRENT LIABILITIES			
Obligations under finance leases – due after one year		**3,369**	5,528
Bank borrowings – due after one year		**23,813**	20,084
Deferred tax liabilities		**20,056**	19,665
		47,238	45,277
		458,637	461,764

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The basis of preparation and principal accounting policies adopted in preparing these condensed financial statements are consistent with those adopted in the preparation of the annual financial statements of the Group for the year ended 31 December 2006 except that the Group has applied, for the first time, a number of new standards, amendments and interpretations of Hong Kong Financial Reporting Standards (the "HKFRSs") and HKASs (collectively "new HKFRSs") issued by the HKICPA which are effective for the Group's financial period beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures [1]
HKFRS 7	Financial Instruments: Disclosures [1]
HK (IFRIC) – INT 7	Applying the Restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies [2]
HK (IFRIC) – INT 8	Scope of HKFRS 2 [3]
HK (IFRIC) – INT 9	Reassessment of Embedded Derivatives [4]
HK (IFRIC) – INT 10	Interim Financial Reporting and Impairment [5]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 March 2006.
3 Effective for annual periods beginning on or after 1 May 2006.
4 Effective for annual periods beginning on or after 1 June 2006.
5 Effective for annual periods beginning on or after 1 November 2006.

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

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective.

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]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 March 2007.
3 Effective for annual periods beginning on or after 1 January 2008.

The Directors anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

Business segments:

For management purposes, the Group is currently organised into three principal operating divisions – electronic products (mainly electronic calculators and organizers), conductive silicon rubber keypads and printed circuit boards. These divisions are the basis on which the Group reports its primary segment information. Inter-segment sales were made at cost plus mark up.

Segment information about these businesses is presented below:

2007	Unaudited For the six months ended 30 June					
	Electronic products *HK$'000*	Conductive silicon rubber keypads *HK$'000*	Printed circuit boards *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	**265,587**	**46,583**	**45,826**	**—**	**—**	**357,996**
Inter-segment sales	**4,029**	**8,849**	**14,676**	**—**	**(27,554)**	**—**
Total	**269,616**	**55,432**	**60,502**	**—**	**(27,554)**	**357,996**
RESULT						
Segment result	**15,539**	**1,043**	**(4,630)**	**—**	**—**	**11,952**
Unallocated corporate expenses						**(521)**
Finance costs						**(1,993)**
Impairment loss on available-for-sale investment						**(16,000)**
Loss before taxation						**(6,562)**
Taxation						**(742)**
Loss for the period						**(7,304)**

2006	Electronic products HK$'000	Conductive silicon rubber keypads HK$'000	Printed circuit boards HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
	Unaudited For the six months ended 30 June					
REVENUE						
External sales	237,309	46,344	64,034	—	—	347,687
Inter-segment sales	238	8,810	13,254	—	(22,302)	—
Total	237,547	55,154	77,288	—	(22,302)	347,687
RESULT						
Segment result	16,509	2,249	(2,612)	(270)		15,876
Unallocated other income						831
Unallocated corporate expenses						(1,371)
Finance costs						(1,604)
Profit before taxation						13,732
Taxation						(1,313)
Profit for the period						12,419

Geographical segments:

The Group's customers are principally located in Hong Kong, the People's Republic of China (other than Hong Kong) (the "PRC"), Europe, Japan and America.

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

	Turnover For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Hong Kong *(note a)*	**124,305**	145,326
Europe	**61,245**	50,756
PRC	**52,801**	40,147
Japan *(note b)*	**46,660**	36,589
America	**35,178**	18,973
Other Asian countries	**31,489**	53,495
Others	**6,318**	2,401
	357,996	347,687

Notes:

(a) The Directors believe that a portion of the Group's sales attributable to the Hong Kong market was subsequently resold to other markets.

(b) The Directors believe that a substantial portion of the Group's sales attributable to the Japanese market was subsequently resold to the European and American markets.

3. OTHER INCOME

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other income mainly includes:		
Bank interest income	**722**	639

4. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings wholly repayable within five years	**1,696**	1,302
Obligations under finance leases	**297**	302
	1,993	1,604

5. (LOSS)/PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss)/profit before taxation has been arrived at after charging:		
Depreciation and amortisation		
– Property, plant and equipment	**17,313**	18,375
– Prepaid lease payments	**227**	221
Loss on disposal of property, plant and equipment	**11**	176
Allowance for doubtful debts	**999**	40
Allowance for obsolete and slow moving inventories	**75**	261
Operating lease rentals	**916**	1,003
Staff costs	**78,143**	70,259

6. TAXATION

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprises:		
Hong Kong Profits Tax	**476**	620
PRC enterprise income tax	**266**	693
	742	1,313
Deferred taxation	**—**	—
	742	1,313

Hong Kong Profits Tax is calculated at 17.5% (six months ended 30 June 2006: 17.5%) on the estimated assessable profit attributable to operation in Hong Kong during the period.

PRC enterprise income tax is calculated at the rates prevailing.

7. (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss/earnings per share is based on the Group's unaudited net loss attributable to equity shareholders of the Company for the six months ended 30 June 2007 of approximately HK$7,304,000 (six months ended 30 June 2006: net profit of approximately HK$12,419,000) and the weighted average number of 544,356,000 ordinary shares (six months ended 30 June 2006: 548,736,556 ordinary shares) in issue during the period.

No fully diluted earnings per share has been presented because the Company did not have any outstanding share options in both periods under review.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$17,418,000 (six months ended 30 June 2006: approximately HK$24,343,000) on acquisition of property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

The Group allows an average credit period of 60 to 90 days to its trade customers.

An aged analysis of trade receivables and bills receivable is as follows:

	As at	
	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Not yet due or overdue within 30 days	**135,782**	90,059
Overdue for 31-60 days	**11,513**	9,453
Overdue for 61-90 days	**550**	4,793
Overdue for more than 90 days	**4,214**	8,292
	152,059	112,597
Other receivables	**11,265**	7,360
Prepaid lease payments	**455**	448
	163,779	120,405

10. TRADE AND OTHER PAYABLES/BILLS PAYABLE

An aged analysis of trade payables and bills payable is as follows:

	As at	
	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Not yet due or overdue within 30 days	**111,709**	72,414
Overdue for 31-60 days	**4,535**	15,476
Overdue for 61-90 days	**2,959**	8,889
Overdue for more than 90 days	**2,617**	7,960
	121,820	104,739
Other payables	**40,845**	59,221
	162,665	163,960

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

For the six months ended 30 June 2007, the Group recorded revenue of approximately HK$357,996,000, representing an increase of approximately 3.0 per cent. as compared with approximately HK$347,687,000 of the corresponding period in 2006.

The global economy is still booming, and the market for consumable electronic products is also expanding steadily. However, the rivalry competition is getting more and more intense. On the other hand, the continuous appreciation of Renminbi ("RMB") led to a heavy strike on export enterprises. The business environment for the Group was overall more challenging with the continuous high raw material costs.

Profit after taxation for the six months ended 30 June 2007, excluding total impairment loss on available-for-sale investment of approximately HK$16,000,000, decreased by approximately 30.0 per cent. from approximately HK$12,419,000 for the corresponding period in 2006 to approximately HK$8,696,000.

During the period under review, the Directors consider that it was a prudent decision to make a total impairment loss on available-for-sale investment of approximately HK$16,000,000 in the income statement, comprising the diminution in the fair value on available-for-sale investment of approximately HK$12,530,000 and the write off on the negative investment revaluation reserve from approximately HK$3,470,000 as at 31 December 2006 to HK$nil as at 30 June 2007.

Accordingly, the Group recorded a consolidated net loss of approximately HK$7,304,000 for the six months ended 30 June 2007 (six months ended 30 June 2006: net profit of approximately HK$12,419,000).

Basic loss per share was approximately HK1.34 cents for the six months ended 30 June 2007 (six months ended 30 June 2006 : earnings per share of approximately HK2.26 cents).

Electronic products
(mainly electronic calculators and organizers)

During the period under review, the Group continued its focus on the manufacturing and marketing of electronic products (mainly electronic calculators and organizers).

For the six months ended 30 June 2007, the turnover of electronic products, through expansion of businesses on Original Design Manufacturing Products ("ODM products") and Original Equipment Manufacturing Products ("OEM products"), remained strong and recorded a growth of approximately 11.9 per cent. to approximately HK$265,587,000 compared with approximately HK$237,309,000 in previous corresponding period. It accounted for approximately 74.2 per cent. of the Group's total turnover for the period.

Large portion of the growth in the turnover of electronic products was contributed by the rise in trading volume of electronic learning machines and electronic educational game products for certain Japanese customers. Sales of electronic price tags, smart card readers and electronic security products also recorded growth.

Due to higher operating costs in the PRC including wages, electricity, transportation and material costs, the Group's overall gross profit margin dropped by approximately 1.0 per cent. to approximately 19.0 per cent. (six months ended 30 June 2006: approximately 20.0 per cent.).

The management of the Group has implemented a series of tight cost control and operational efficiency in order to keep the product pricing at a profitable and acceptable level.

Operating profit derived from the electronic products segment dropped by approximately 5.9 per cent. to approximately HK$15,539,000 (six months ended 30 June 2006 : approximately HK$16,509,000).

Electronic products segment remained as the major core business of the Group and will continue to provide stable and substantial revenue and income to the Group's future developments.

Looking ahead, the Directors are confident that the turnover will continue to increase in the second half of the year and the profitability will be improved.

Conductive silicon rubber keypads

During the period under review, the turnover contributed from the conductive silicon rubber keypads business maintained at approximately HK$46,583,000 (six months ended 30 June 2006: approximately HK$46,344,000), representing approximately 13.0 per cent. of the turnover of the Group.

Due to the competition in the high value-added plastic plus rubber ("P+R") telephone keypads products and roller markets, which has changed much faster than expected, the sales revenue in the first half financial year of 2007 has been adversely affected when compared with the corresponding period for the six months ended 30 June 2006.

During the period under review, this segment faced unstable material costs for mainly conductive silicon rubber and plastic components. Some customers held back their decision in placing order and shortened the lead time to deliver finished goods. Consequently, there was pressure on the average selling price.

As a result, both the gross profit margin and the net profit for the period dropped, despite that vigorous efforts in containing costs have been made and operational efficiency has been improved. This segment recorded an operating profit of approximately HK$1,043,000 (six months ended 30 June 2006: approximately HK$2,249,000).

The Directors are confident in the future prospects of the conductive silicon rubber keypads segment and believe that it will provide a positive contribution to the Group.

Printed circuit boards ("PCB")

For the six months ended 30 June 2007, turnover derived from PCB segment reported approximately HK$45,826,000 with a decrease as compared with prior year of approximately HK$64,034,000, representing approximately 12.8 per cent. of the turnover of the Group. As a result on retirement of equipment and machinery in the production lines, there was a higher yield loss on the finished products. The higher yield loss resulted in unstable quality of PCB products. The decrease in turnover was mainly due to the decreasing orders from both existing and new customers.

The continuous increase of prices in raw materials and components is also a factor hindering the operating results in the PCB segment. To deal with the electricity shortage in Southern China, the Group has acquired two power generators as back-up for occasions when power rationing in Dongguan deteriorates further from the current one to two days of outages per week.

During the period under review, the segment results from PCB business recorded an operating loss of approximately HK$4,630,000 for the six months ended 30 June 2007 (six months ended 30 June 2006: approximately HK$2,612,000).

The construction of a new factory complex has been completed in the first half of 2007.

With the support of the new factory complex, the Group has demonstrated its ability to replace the existing retired equipment and machinery, improve the quality of PCB products and continues to obtain new branded customers in Japan and Europe. The Directors believe that the increased production capacities provide an excellent platform for long term growth by facilitating the Group to engage additional order and benefit from economies of scale in the future.

Available-for-sale investment

As at 30 June 2007, the Group indirectly held approximately 14.7 per cent. interests in Ascalade Communications Inc. ("Ascalade"), a corporation incorporated pursuant to the laws of the Province of British Columbia and whose securities are listed on the Toronto Stock Exchange, with the stock symbol as "ACG".

According to the second quarter financial results announced by Ascalade on 10 August 2007, during the six months ended 30 June 2007, Ascalade generated revenue of US$41.1 million, down by 19 per cent. from US$51.1 million for the same period last year. The decline was mainly related to intense market competition within the cordless phone segment, which squeezed Ascalade's sales volumes and selling prices. Gross profit margin also fell from 14.1 per cent. during the first half of 2006 to 8.2 per cent. this year. As in the second quarter, the decrease was primarily due to an inventory write-down of US$800,000 and a higher proportionate sales contribution of lower-margin cordless phones. Net loss for the period totaled US$4.4 million (US$0.22 per share basic and diluted), and included a non-cash charge of US$635,000 relating to the write-down of certain deferred development costs. During the first half of 2006, Ascalade recorded a net loss of US$147,000 (US$0.01 per share basic and diluted).

Additional information relating to Ascalade may be found at www.sedar.com.

The Group's available-for-sale investment is measured at fair value at each balance sheet date, which expose the Group to equity security price risk. As such, the directors regularly reviews the value of the available-for-sale investment and will consider adequate impairment to be made when necessary.

As announced by the Company in August 2007, the Directors noted that the share price of Ascalade decreased approximately 25.6 per cent. from CAD2.5 on 29 June 2007 (being the last trading day for the six months ended 30 June 2007 to CAD1.86 on 14 August 2007. The Directors also noted that the share price of Ascalade further decreased to CAD1.50 on 14 September 2007.

As a result of such decreases, the Directors consider that it was a prudent decision to make a total impairment loss on available-for-sale investment of approximately HK$16,000,000 for the six months ended 30 June 2007 (six months ended 30 June 2006 : nil), comprising the diminution in the fair value on available-for-sale investment of approximately HK$12,530,000 and the write off on the negative investment revaluation reserve from approximately HK$3,470,000 as at 31 December 2006 to HK$nil as at 30 June 2007.

INTERIM DIVIDEND

The Directors do not recommend of any interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: nil).

CAPITAL STRUCTURE

Shareholders' equity decreased to approximately HK$411,399,000 as at 30 June 2007 from approximately HK$416,487,000 as at 31 December 2006. As at 30 June 2007, the short term and long term interest bearing debts to shareholders' equity was approximately 17.3 per cent. (as at 31 December 2006: approximately 10.6 per cent.).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cashflow and banking facilities provided by its bankers.

Prudent financial management and selective investment criteria have enabled us to maintain a strong financial position. As at 30 June 2007, the Group has fixed deposits and cash balances aggregated to approximately HK$41,660,000 (as at 31 December 2006: approximately HK$65,890,000).

As at 30 June 2007, the Group had banking facilities amounted to an aggregate sum of approximately HK$248,839,000 (as at 31 December 2006: approximately HK$249,123,000) with various banks. Out of the trade and overdraft banking facilities of approximately HK$185,678,000 (as at 31 December 2006: approximately HK$216,206,000) in Hong Kong granted to the Group, approximately HK$3,311,000 (as at 31 December 2006: approximately HK$3,112,000) had been utilised as at 30 June 2007.

As at 30 June 2007, the current ratio was approximately 1.4 (as at 31 December 2006: approximately 1.4) based on current assets of approximately HK$320,011,000 and current liabilities of approximately HK$228,360,000 and the quick ratio was approximately 0.9 (as at 31 December 2006: approximately 0.9).

As at 30 June 2007, total indebtedness including bank borrowings of approximately HK$63,161,000 and obligations under finance lease contracts of approximately HK$8,006,000, totalling of approximately HK$71,167,000 (as at 31 December 2006: approximately HK$44,320,000), representing approximately 17.3 per cent. of the total shareholders' equity (as at 31 December 2006: approximately 10.6 per cent.).

The Directors considered that the Group shall have sufficient financial resources to meet its future expansion plan and working capital requirement based on the net cash position and the availability of the existing banking facilities.

FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's assets and liabilities, revenues and expenditures are in Hong Kong dollars, the United States dollars and RMB. As a measure of additional prudence, the Group uses different derivative instruments to manage its exposure to foreign currency risks on the receivables and payables.

The fair value of the Group's outstanding derivative instruments as at 30 June 2007 represents the net amount the Group would receive/pay if these contracts were closed out at 30 June 2007. The gain was largely caused by a period-end premium in the forward currency markets for the Hong Kong dollars and RMB. The fair value of these outstanding derivatives has been recognised as assets or liabilities.

The exposure to foreign currency of the Group mainly arose from the net cash flow and the net working capital translation of its PRC subsidiaries. The management of the Group will actively hedge the foreign currency exposures through natural hedges, forward contracts and options. Speculative currency transactions are strictly prohibited. The management of currency risk is centralised in the headquarter of the Group in Hong Kong.

Apart from the above, most of the Group's assets and liabilities, revenues and expenditure are in Hong Kong dollars, United States dollars and RMB. Therefore, the Directors consider the exposure risk to foreign currency fluctuations is minimal.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2007, the Group employed approximately 7,478 full time employees, out of which approximately 80 were based in Hong Kong and approximately 7,398 were based in the PRC. The Group remunerated its employees on the basis of industry's practice and the performance of individual employee. Employees may also participate in the share option scheme of the Company.

Save as disclosed hereof, no information in relation to the Group's performance has changed materially from the information disclosed in the Company's 2006 annual report.

FUTURE PLANS AND PROSPECTS

The global economy continued to grow in the first half of 2007 despite increasing volatility, particular in credit markets, and high energy prices. Hong Kong and the Asia region continued to benefit from the continuing robust economic performance of the PRC. Although there are emerging concerns relating to the credit environment in the US and Europe and the possible slowing of growth in the US, the economies of the PRC and Asian region remain healthy and should continue to support a growth trend from which the Group's diversified portfolio of businesses will continue to benefit.

Demand for our core electronic products has continued to be strong in the first half of this year and we have a full order book for the balance of the second half of 2007. Sales prices continue to be firm, although some pressure is appearing at the low end of our product range. Starting from the second half of 2007, the PRC government introduced the reduction of tax rebates for exports. As such, it is important to be cautious given the challenges that the current economic environment is presenting.

Looking ahead, the Group's growth prospects will continue to be driven by organic growth, outsourcing deals and selective acquisitions.

Apart from maintaining good business relationship with existing customers, the Directors will monitor closely the market trend on PCB and conductive silicon rubber keypads products. The Directors believe that the PCB and conductive silicon rubber keypads will continue to face severe challenges in the coming year. In order to protect and to improve the shareholders' interests, the Directors will consider re-structuring its short and long term business strategy. The Directors is looking for the opportunities to bring in new business hoping to improve the overall results of the Group.

With the Group's strong financial position, the Directors is confident of further improving performance in the second half of 2007 as the Group's growth platform has been refined and strengthened.

CORPORATE GOVERNANCE

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality board, better transparency, and effective accountability system in order to enhance shareholders' value. Detailed disclosure of the Company's corporate governance practices is available in the 2006 Annual Report.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2007, save for the deviation as stated hereof. Under the code provision A.2.1, the roles of chairman and chief executive officer ("CEO") of the Company should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. The roles of the chairman and the CEO of the Company are not separated and are performed by the same individual, Mr. Tong Shek Lun. The Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

In relation to the Directors securities transactions, the Company has adopted a code of conduct on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company has confirmed that the Directors have complied with such code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2007.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited consolidated interim results for the six months ended 30 June 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PUBLICATION OF OTHER FINANCIAL INFORMATION

Other financial information containing all the information required by Appendix 16 of the Listing Rules will be published on the Stock Exchange website in due course.

By Order of the Board
Tong Shek Lun
Chairman and Managing Director

As at the date of this announcement, the Board consists of five executive Directors, Mr. Tong Shek Lun, Ms. Ko Lai King, Kinny, Ms. Chung Wai Yu, Regina, Mr. Chim Kim Lun, Ricky and Mr. Cheng Kwok Hing, Andy, two non-executive Directors, Mr. Lee Kwok Leung and Mr. Yang Yiu Chong, Ronald Jeffrey and three independent non-executive Directors, Mr. Sun Yaoquan, Mr. Goh Gen Cheung and Mr. Chan Ho Man.

Hong Kong, 17 September 2007

** for identification only*