VERTEX GROUP LIMITED

慧峰集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8228)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination of GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The announcement, for which the directors of Vertex Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purpose only*

CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to report the activities of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007.

The publishing of Newsweek Chinese edition has been progressing well. During the year, we have introduced considerable amount of local contents into the magazine. The editorial team has been strengthened by an editorial workforce located in Beijing and Shanghai and by the addition of a pool of high quality writers.

Currently, 120,000 copies of Newsweek Chinese edition are distributed every issue in mainland China and the magazine is displayed in more than 4,000 locations, in addition to extensive article exposure on locally and internationally famous portals. On-going initiative has been made to increase the magazine's circulation base in order to achieve greater market acceptance and advertising revenue, and this effort has met with encouraging results. Following the change of taking back advertising and marketing operations from third-party media representative in mainland China late last year, we see positive growth in the magazine's revenue.

During the year under review, the Group has spent significant efforts in further developing its electricity-related business. The joint venture company, China Hong Kong Power Development Company Limited, which the Group formed together with China Power International Holding Limited and China Southern Power Grid Co., Ltd., continued its operations in 2007. The joint venture company has reported that it has completed submissions to the Government of the Hong Kong Special Administrative Region.

The Group has achieved substantial progress in expanding its electricity-related business to the Middle East. The Group entered into an agreement with China Power Investment Corporation for the bidding for engineering, construction and management of power plant in the State of Kuwait.

The Group's Vertex Systems Services Limited has been granted a status of a Registered International Consultant Firm with Ministry of Planning, the State of Kuwait. Vertex Systems Services Limited is developing a long-term power system planning studies consultancy contract with Kuwait's Ministry of Electricity and Water.

The Group has embarked up an initiative to provide electricity-related equipment to the Middle East countries. Equipment has been delivered to Dubai, United Arab Emirates, and the Group is negotiating contracts in Kuwait. The equipment involved includes gas-insulated substations, power transformers, power cables, package substations and diesel generators.

The Group has submitted proposals to develop two small power stations on a Build-Operate-Transfer (BOT) basis in two of the states in United Arab Emirates.

These are our first such efforts in the Middle East market. I believe the Group is well-placed to work with our mainland Chinese partners to capture the opportunities in electricity-related businesses in this fastest-growing region of the world. I look forward to these efforts bringing in returns to the shareholders in the years to come.

I would like to take this opportunity to thank our board of directors, shareholders, business partners, and our dedicated and hardworking staff during the last fiscal year.

Dr. Poon Kwok Lim Steven
CHAIRMAN

20 March 2008

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In 2007, the Group has made strategic expansion of power business in the Middle East region, especially in Kuwait & Dubai. As the demand for power production and infrastructure in the region is very high, the Group expects that its presence in the Middle East will be beneficial to the Group's long-term business.

The Group has also made substantial progress in the engineering business in Hong Kong since the third quarter of year 2007. The Group was awarded with a number of engineering projects with reputable companies in Hong Kong. The number of infrastructure projects in Hong Kong is on the increase, and the Group expects its engineering business will continue to grow in 2008.

The results of the media business are expected to increase with strengthened sales and marketing team in the PRC. Aggressive sales measures are adopted to promote our magazines as the No. 1 premium magazines in their respective sectors in PRC.

FINANCIAL REVIEW

Results

During the year under view, the Group reported a turnover of about HK$26 million, a surge of HK$10.2 million or 64.5% as compared to the turnover in the previous year. The increase was mainly attributable to the power business, which contributed 43% of turnover to the Group. Another 43% of the turnover was contributed by the Group's media publication business.

Staff costs for the year under review decreased to approximately HK$15 million from approximately HK$18.5 million in the previous year. The decrease in staff costs was mainly due to lesser headcount in media business as well as management consultancy services team during the year under review.

The subcontracting costs for the year under review amounted to approximately HK$9.4 million, representing approximately 36% of the turnover. In previous year, the subcontracting cost was approximately HK$0.6 million or 3.8% of the turnover. The increase in subcontracting costs is in line with the increase in turnover of power business.

For the year ended 31 December 2007, the royalty and production costs amounted to HK$11.3 million. The decrease in the royalty and production costs was attributed to focus on publication of Chinese language Newsweek.

Net loss attributable to shareholders for the year was HK$25 million as compared to net loss of the preceding year of approximately HK$27.5 million.

Liquidity and Financial Resources

During the year ended 31 December 2007, the Group financed its operations with its own working capital, internally generated cash flow and proceeds from issuance of new shares. As at 31st December 2007, the Group did not have any bank loans and has cash of HK$19.6 million.

Dividend

The directors do not recommend payment of a final dividend for the year ended 31 December, 2007 (2006: Nil).

Capital Structure

The shares of the Company were listed on the GEM of the Stock Exchange on 17 October 2002. There has been no change in the capital structure of the Company during the year under review. The capital of the Company comprises only ordinary shares. As at 31 December, 2007, 614,885,232 ordinary shares were issued and fully paid.

Foreign Exchange Exposure

Since most of the transactions of the Group are denominated either in Hong Kong Dollars or Renminbi or US dollars and the exchange rates of such currencies were stable over years under review, the Directors are of the view that the exposure to foreign currency exchange risk is limited. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

Material Acquisitions or Disposal of Subsidiaries and Affiliated Companies

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies in the course of the financial year ended 31 December 2007.

Capital Commitment and Substantial Investments

The Group did not have any capital commitment and substantial investments during the year.

Future Plans for Substantial Investments or Capital Assets

Other than those disclosed, the Group did not have any plan for substantial investments or capital assets.

Contingent Liabilities

As at the date of this report, the Directors have had no knowledge of any material contingent liabilities (2006: Nil).

Gearing Ratio

The Group's gearing ratio as at 31 December 2007 increased to 117% (2006: 81%). The gearing ratio was based on the Group's total debts over its total assets.

Material Acquisitions or Disposals

The Group did not have any material acquisition or disposal of investment for the year ended 31 December 2007.

Employee and Remuneration Policy

As at 31 December 2007, the Group had a total of 33 (2006: 41) staff based in the PRC and Hong Kong. The Group remunerates its employees based on their performances, experiences and the prevailing industry practices. In addition to basic salaries and mandatory provident fund, staff benefits including medical coverage scheme and share options are offered.

The Group has not experienced any significant problems with its employees or disruption to its operation due to labour disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff. The Directors believe that the Group has a good working relationship with its employees.

FINANCIAL RESULTS

The Board of Directors (the “Board”) of Vertex Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2007, together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Turnover	4	**26,023**	15,817
Other operating income		**1,553**	1,577
Royalty and production costs		**(11,348)**	(12,719)
Staff costs		**(15,145)**	(18,488)
Subcontracting costs		**(9,400)**	(603)
Depreciation of property, plant and equipment		**(515)**	(915)
Other operating expenses		**(9,461)**	(10,522)
Finance costs	6	**(2,795)**	(2,290)
Change in fair value of convertible bonds		**(2,445)**	645
Impairment loss of available-for-sale investments		**(1,500)**	–
Loss before income tax	7	**(25,033)**	(27,498)
Income tax expense	8	**–**	–
Loss for the year		**(25,033)**	(27,498)
Attributable to:			
Equity holders of the Company	9	**(25,033)**	(27,330)
Minority interests		**–**	(168)
Loss for the year		**(25,033)**	(27,498)
Loss per share for loss attributable to the equity holders of the Company for the year	10		
– Basic		**HK4.07 cents**	HK4.64 cents
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,228**	1,695
Available-for-sale investments		**1,500**	3,000
Deposits		**33**	354
		2,761	5,049
Current assets			
Trade receivables	*11*	**13,058**	4,087
Prepayments, deposits and other receivables		**5,369**	3,292
Cash and cash equivalents		**19,637**	43,090
		38,064	50,469
Current liabilities			
Trade payables	*12*	**10,391**	2,376
Other payables and accruals		**3,914**	4,444
Amounts due to related companies	*13*	**5,364**	5,829
Provision for income tax		**8**	8
		19,677	12,657
Net current assets		**18,387**	37,812
Total assets less current liabilities		**21,148**	42,861
Non-current liabilities			
Convertible bonds		**32,999**	30,554
Bonds, secured		**14,914**	14,303
		47,913	44,857
Net liabilities		**(26,765)**	(1,996)
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**6,149**	6,144
Reserves		**(32,914)**	(8,140)
Capital deficiency		**(26,765)**	(1,996)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Equity attributable to the equity holders of the Company								Minority interests	Total equity
	Share capital	Share premium	Special reserve	Warrant reserve	Translation reserve	Share options reserve	Accumulated losses	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2006	5,303	77,828	1,000	1,750	(71)	200	(102,470)	(16,460)	168	(16,292)
Currency translation differences	–	–	–	–	126	–	–	126	–	126
Net results recognised directly in equity	–	–	–	–	126	–	–	126	–	126
Loss for the year	–	–	–	–	–	–	(27,330)	(27,330)	(168)	(27,498)
Total recognised income and expense for the year	–	–	–	–	126	–	(27,330)	(27,204)	(168)	(27,372)
Issuance of new shares	836	39,705	–	–	–	–	–	40,541	–	40,541
Expenses for issuance of new shares	–	(1,149)	–	–	–	–	–	(1,149)	–	(1,149)
Employee share-based compensation	–	–	–	–	–	2,036	164	2,200	–	2,200
Exercise of share options	5	71	–	–	–	–	–	76	–	76
At 31 December 2006 and 1 January 2007	6,144	116,455*	1,000*	1,750*	55*	2,236*	(129,636)*	(1,996)	–	(1,996)
Currency translation differences	–	–	–	–	166	–	–	166	–	166
Net results recognised directly in equity	–	–	–	–	166	–	–	166	–	166
Loss for the year	–	–	–	–	–	–	(25,033)	(25,033)	–	(25,033)
Total recognised income and expense for the year	–	–	–	–	166	–	(25,033)	(24,867)	–	(24,867)
Employee share-based compensation	–	–	–	–	–	29	–	29	–	29
Exercise of share options	5	64	–	–	–	–	–	69	–	69
At 31 December 2007	**6,149**	**116,519***	**1,000***	**1,750***	**221***	**2,265***	**(154,669)***	**(26,765)**	**–**	**(26,765)**

* *The aggregate amount of these balances of HK$32,914,000 (2006 : HK$8,140,000) in deficit is included as reserves in the consolidated balance sheet.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2007

1. GENERAL INFORMATION

Vertex Group Limited (the "Company") was incorporated in the Cayman Islands on 16 November 2001 as an exempted company under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies, Cayman Islands. The Company's principal place of business in Hong Kong is at Units 3103-05, 31st Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company's shares are listed on The Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group comprise the following:

– provision of network infrastructure and electrical installation services;

– provision of information technology solutions including web solutions and system integration;

– production and procurement of media contents; and

– provision of energy consultancy services

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively includes all applicable individual Hong Kong Financial Reporting Standard, Hong Kong Accounting Standard ("HKAS") and Interpretation ("Int") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") unless otherwise stated.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements for the year ended 31 December 2007, the directors of the Company (the "Directors") have given considerations to the future financial positions of the Group and the Company in light of its deficits in equity of approximately HK$26,765,000 (2006: HK$1,996,000) and HK$22,457,000 (2006: HK$2,130,000) as at 31 December 2007 respectively and the Group's loss of approximately HK$25,033,000 (2006: HK$27,330,000) attributable to the equity holders of the Company for the year ended 31 December 2007. The Directors are taking active steps to improve the financial position of the Group and the Company as described below.

The consolidated financial statements have been prepared on the assumption that the Group and the Company will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 December 2007 and subsequently thereto up to the date of approval of these consolidated financial statements. In order to improve the Group's and the Company's financial positions, immediate liquidity and cash flows, the Directors have adopted several measures together with other measures in progress at the date of approval of these consolidated financial statements which include, but not limited to, the following:

(a) The Group has been taking stringent cost controls in production and general administrative expenses;

(b) The Group is at the final stage of tendering various engineering projects with reputable companies in Hong Kong, substantial revenues are expected to flow into the Group if it puts through successfully during the financial year ending 31 December 2008; and

(c) The Group has strengthened its sales and marketing team in the People's Republic of China (the "PRC") to promote the publications of its print media business with aggressive sales measures.

As such, the Directors are satisfied that both the Group and the Company will be able to meet in full their financial obligations as they fall due for the foreseeable future without significant curtailments of operations. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should these measures be failed or insufficient, or should the going concern basis be inappropriate, adjustments would have to be made to the consolidated financial statements to reduce the value of the Group's and the Company's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these potential adjustments has not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations (the "New HKFRSs") issued by the HKICPA, which are first effective for the Group's accounting period beginning on 1 January 2007 and are relevant to the Group.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures

The adoption of the New HKRFSs did not result in significant changes to the accounting policies applied in the consolidated financial statements for the years presented but gave rise to additional disclosures as follows:

3.1 HKAS 1 (Amendment) – Capital Disclosures

HKAS 1 (Amendment) introduces additional disclosure requirements to provide information about the level of capital and the Group's capital management objectives, policies and procedures.

3.2 HKFRS 7 – Financial Instruments: Disclosures

HKFRS 7 is mandatory for accounting periods beginning on or after 1 January 2007. It replaces and amends the disclosure requirements previously set out in HKAS 32 – *Financial Instruments: Disclosure and Presentation*. As a result of the adoption of HKFRS 7, the consolidated financial statements for the year ended 31 December 2007 include expanded disclosures about the significance of the Group's financial instruments and the nature and the extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32.

The adoption of HKAS 1 (Amendment) and HKFRS 7 has had no material financial impact on the Group's results and financial position in the current and prior accounting periods.

3.3 New and revised HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued at the time of preparing the consolidated financial statements but are not yet effective. The Directors are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the results and financial position of the Group.

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]

Notes:

[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*

[4] *Effective for annual periods beginning on or after 1 July 2008*

4. TURNOVER

An analysis of the Group's turnover is as follows:

	2007	2006
	HK$'000	*HK$'000*
Income from publication of print media		
– Advertising income	**10,601**	11,571
– Sales of magazines	**626**	211
Service income from digital solution services	**134**	109
Network infrastructure and electrical installation services income	**11,197**	430
Energy consultancy fee income	**3,465**	3,496
	26,023	15,817

During the year, the Group's revenue from advertising barter transactions was HK$2,190,000 (2006: HK$1,924,000).

The fair value of the advertising barter transaction is determined by reference to the non-barter transactions involves cash of similar advertising services that occurs frequently with the buyers not related to the counter-party in the barter transactions.

5. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into four operating segments, namely network infrastructure and electrical installation services, digital solution services, publication of print media and energy consultancy services. These segments are the basis on which the Group reports its primary segment information. The principal activities of these segments are as follows:

Network infrastructure and electrical installation services	–	Provision of network infrastructure and electrical installation services
Digital solution services	–	Provision of information technology solutions including web solutions and system integration
Publication of print media	–	Production and procurement of media contents
Energy consultancy services	–	Provision of energy consultancy services

Segment information about these businesses is presented below.

Year ended 31 December 2007

	Network infrastructure and electrical installation services *HK$'000*	Digital solution services *HK$'000*	Publication of print media *HK$'000*	Energy consultancy services *HK$'000*	Consolidated *HK$'000*
Turnover	**11,197**	**134**	**11,227**	**3,465**	**26,023**
Segment results	**1,321**	**(194)**	**(9,388)**	**483**	**(7,778)**
Other operating income					**1,553**
Change in fair value of convertible bonds					**(2,445)**
Impairment loss of available-for-sale investments					**(1,500)**
Unallocated corporate expenses					**(12,068)**
Finance costs					**(2,795)**
Loss before income tax					**(25,033)**
Income tax expense					**–**
Loss for the year					**(25,033)**

As at 31 December 2007

	Network infrastructure and electrical installation services *HK$'000*	Digital solution services *HK$'000*	Publication of print media *HK$'000*	Energy consultancy services *HK$'000*	Consolidated *HK$'000*
Assets					
Segment assets	**10,476**	**103**	**8,871**	**–**	**19,450**
Unallocated corporate assets					**21,375**
Total assets					**40,825**
Liabilities					
Segment liabilities	**(8,741)**	**(103)**	**(4,671)**	**–**	**(13,515)**
Unallocated corporate liabilities					**(54,075)**
Total liabilities					**(67,590)**

Other information for the year ended 31 December 2007

	Network infrastructure and electrical installation services *HK$'000*	Digital solution services *HK$'000*	Publication of print media *HK$'000*	Energy consultancy services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Allowances for bad and doubtful debts	**–**	**–**	**175**	**–**	**–**	**175**
Additions to property, plant and equipment	**–**	**–**	**27**	**–**	**76**	**103**
Depreciation	**–**	**–**	**117**	**–**	**398**	**515**
Loss on disposal of property, plant and equipment	**–**	**–**	**45**	**–**	**10**	**55**

Year ended 31 December 2006

	Network infrastructure services *HK$'000*	Digital solution services *HK$'000*	Publication of print media *HK$'000*	Energy consultancy services *HK$'000*	Consolidated *HK$'000*
Turnover	430	109	11,782	3,496	15,817
Segment results	(479)	(502)	(12,063)	754	(12,290)
Other operating income					1,577
Change in fair value of convertible bonds					645
Unallocated corporate expenses					(15,140)
Finance costs					(2,290)
Loss before income tax					(27,498)
Income tax expense					–
Loss for the year					(27,498)

As at 31 December 2006

	Network infrastructure services *HK$'000*	Digital solution services *HK$'000*	Publication of print media *HK$'000*	Energy consultancy services *HK$'000*	Consolidated *HK$'000*
Assets					
Segment assets	1,189	391	7,740	–	9,320
Unallocated corporate assets					46,198
Total assets					55,518
Liabilities					
Segment liabilities	(1,094)	(149)	(4,343)	–	(5,586)
Unallocated corporate liabilities					(51,928)
Total liabilities					(57,514)

Other information for the year ended 31 December 2006

	Network infrastructure services *HK$'000*	Digital solution services *HK$'000*	Publication of print media *HK$'000*	Energy consultancy services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Allowances for bad and doubtful debts	–	120	–	–	–	120
Additions to property, plant and equipment	–	–	194	–	–	194
Depreciation	–	–	116	–	799	915
Gain on disposal of property, plant and equipment	–	–	4	–	5	9

Geographical segments

The Group's operations are located in the PRC including Hong Kong and Macau and its turnover is substantially derived in the PRC including Hong Kong and Macau and its assets are also substantially located in the PRC including Hong Kong and Macau. Accordingly, no analysis by geographical segment is presented.

6. FINANCE COSTS

	2007 *HK$'000*	2006 *HK$'000*
Interest on bonds wholly repayable within five years	**924**	886
Interest on convertible notes wholly repayable within five years	**1,871**	1,404
	2,795	2,290

7. LOSS BEFORE INCOME TAX

	2007 *HK$'000*	2006 *HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Allowances for bad and doubtful debts	**175**	120
Auditors' remuneration	**450**	426
Loss/(Gain) on disposal of property, plant and equipment	**55**	(9)
Minimum lease payments under operating leases in respect of rented premises	**1,845**	1,970
Bank interest income	**(1,485)**	(1,447)

8. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years. PRC foreign enterprise income tax has not been provided as the PRC subsidiary incurred a loss for taxation purposes for both years.

Reconciliation between income tax expense and accounting loss at applicable tax rates is as follows:

	2007	2006
	HK$'000	*HK$'000*
Loss before income tax	**(25,033)**	(27,498)
Tax at the applicable tax rates	**(4,466)**	(4,933)
Tax effect of non-deductible expenses	**1,296**	1,343
Tax effect of non-taxable revenue	**(92)**	(259)
Tax effect of unrecognised tax losses	**3,220**	3,719
Tax effect of temporary difference not recognised	**42**	130
Income tax expense	**–**	–

At the balance sheet date, the Group and the Company had unused estimated tax losses of approximately HK$142,919,000 (2006: HK$124,521,000) and approximately HK$27,101,000 (2006: HK$22,418,000) respectively, which was available for offsetting against future taxable profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Under the current tax legislation, the tax losses can be carried forward indefinitely.

At the balance sheet date, the Group and the Company did not have any significant unrecognised deferred tax liabilities (2006: Nil).

9. LOSS FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to the equity holders of the Company for the year includes a loss of HK$20,425,000 (2006: HK$29,967,000) which has been dealt with in the financial statements of the Company.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the equity holders of the Company of HK$25,033,000 (2006: HK$27,330,000) and the weighted average of 614,732,520 (2006: 588,819,299) ordinary shares in issue during the year.

Diluted loss per share for the years ended 31 December 2007 and 2006 have not been disclosed as the share options, warrants and convertible bonds outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

11. TRADE RECEIVABLES

	The Group	
	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**13,233**	4,207
Less: Allowance for bad and doubtful debts	**(175)**	(120)
	13,058	4,087

The Group generally allows a credit period from 60 to 90 days to its trade customers. The following is the ageing analysis of trade receivables, net of allowance for bad and doubtful debts, at the balance sheet date:

	The Group	
	2007	2006
	HK$'000	*HK$'000*
0 to 60 days	**1,196**	1,409
61 to 90 days	**531**	728
91 to 180 days	**5,711**	1,135
Over 180 days	**5,620**	815
	13,058	4,087

Included in the balances are debtors with carrying amounts of HK$11,331,000 (2006: HK$1,950,000) which are past due at the balance sheet date for which the Group has not provided for impairment loss. Trade receivables that are past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the Directors believe that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The Directors considered that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods at their inception.

The following is the ageing of trade receivables which are past due but not impaired:

	The Group	
	2007	2006
	HK$'000	*HK$'000*
91 to 180 days	**5,711**	1,135
Over 180 days	**5,620**	815
	11,331	1,950

The following is the movement in the allowance for bad and doubtful debts:

	The Group	
	2007	2006
	HK$'000	*HK$'000*
At 1 January	**120**	–
Impairment loss recognised	**175**	120
Amount written off	**(120)**	–
At 31 December	**175**	120

Included in the allowance for bad and doubtful debts are individually impaired trade receivable with a balance of HK$175,000 (2006: HK$120,000). Such impaired trade receivable was aged over 180 days (2006: 91 to 180 days). The Group does not hold any collateral over this balance.

12. TRADE PAYABLES

The following is the ageing analysis of trade payables at the balance sheet date:

	The Group	
	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	**961**	1,674
31 to 60 days	**1,272**	47
61 to 90 days	**13**	335
91 to 180 days	**8,038**	21
Over 180 days	**107**	299
	10,391	2,376

13. AMOUNTS DUE TO RELATED COMPANIES

The amounts represent advances from Bright World Enterprise Limited and Forever Triumph Limited, in which Dr. Poon Kwok Lim, Steven has a beneficial interest and Dr. Poon Kwok Lim, Steven and Mr. Poon Shu Yan, Joseph are also directors. The amounts due are unsecured, interest-free and repayable on demand.

EXTRACT OF AUDIT OPINION

The following is the extract of the modified but unqualified audit opinion issued by the independent auditors of the Group:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter – material uncertainty regarding the going concern assumption

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidation financial statements have been prepared. As at 31 December 2007, the Group and the Company had deficits in equity of approximately HK$26,765,000 and HK$22,457,000 respectively and the Group also incurred a loss attributable to the equity holders of the Company of approximately HK$25,033,000 for the year then ended. These conditions, along with other matters as disclosed in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

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

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

None of the Directors or management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had any interest, whether directly or indirectly, in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an Audit Committee in 2002 which now comprises three Independent Non-executive Directors, Mr. Tam Tak Wah (Chairman), Mr. Tsui Yiu Wa, Alec and Mr. Yeung Pak Sing.

During the year, the Audit Committee has met four times to review the Company's annual reports and accounts, half-year reports and quarterly reports and discuss with the management over issues relating to auditing, internal control and financial reporting. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 December 2007.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices and procedures with an aim to maximizing the shareholders' interests as well as to enhancing the stakeholders' transparency and accountability. In this respect, the Company has complied with most of the code provisions set out in the Code on Corporate Governance (the "Code") contained in Appendix 15 of the GEM Listing Rules, except for the deviation from code provision A.4.2 of the Code.

Under code provision A.4.2 of the Code, every director should be subject to retirement by rotation at least once every three years. The Directors have not been required by the Articles of Association to retire by rotation once every three years. However, according to Article 87 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation save any Director holding office as Chairman and/or Managing Director. The Board will ensure the retirement of each Director, other than the one who holds the office as Chairman and/or Managing Director, by rotation at least once every three years in order to comply with the Code provisions. The Chairman of the Company will not be subject to retirement by rotation as stipulated under code provision A.4.2 of the Code as the Board considers the continuity of office of the Chairman enables the Group to maintain a consistent leadership which is of crucial importance to the smooth operations of the Group.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2007.

By Order of the Board
Vertex Group Limited
Poon Kwok Lim Steven
Chairman

Hong Kong, 20 March 2008

As at the date of this announcement, the Board of the Company comprises five directors, of which two are executive directors, namely Dr. Poon Kwok Lim Steven and Mr. Poon Shu Yan Joseph, and three are independent non-executive directors, namely Mr. Tam Tak Wah, Mr. Tsui Yiu Wa Alec and Mr. Yeung Pak Sing.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 (seven) days from the date of its posting.