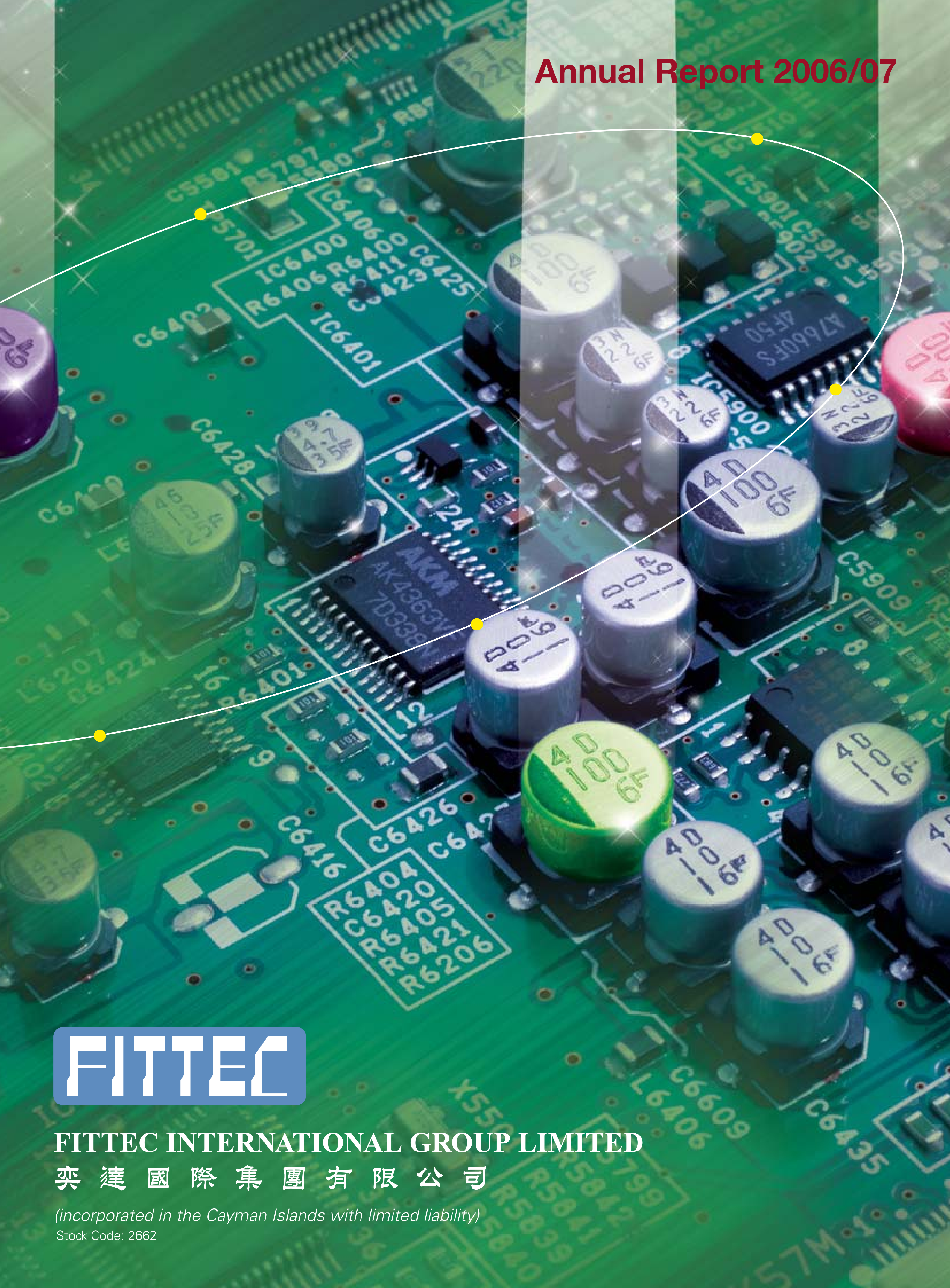


Annual Report 2006/07

FITTEC

FITTEC INTERNATIONAL GROUP LIMITED

奕達國際集團有限公司

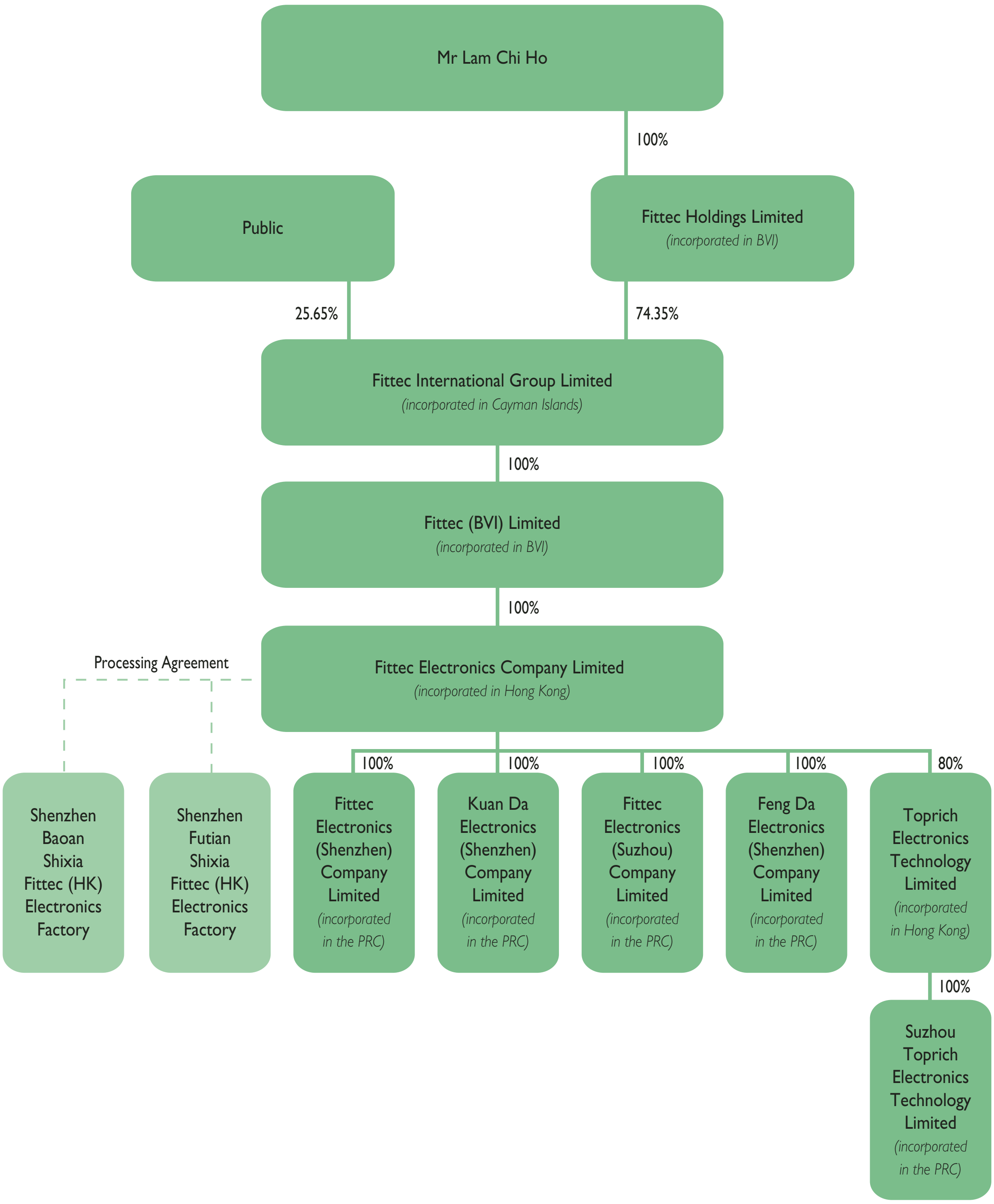
(incorporated in the Cayman Islands with limited liability)

Stock Code: 2662

Contents

Corporate Structure

The following chart illustrates the corporate structure up to the date of this report.



Corporate Information

Board of Directors

Executive Directors:

Mr Lam Chi Ho *(Chairman)*
Ms Sun Mi Li
Ms Wu Siu Fan, Anita
Mr Tsuji Tadao

Independent Non-Executive Directors:

Mr Christopher Roger Moss, OBE
Mr Chung Wai Kwok, Jimmy
Mr Xie Bai Quan

Company Secretary

Mr Cheung Yiu Leung

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
China Construction Bank
The Bank of Tokyo-Mitsubishi UFJ, Limited

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Unit 2B - 9, 9th Floor
Yuen Long Trading Centre
33 Wang Yip Street West
Yuen Long
New Territories
Hong Kong

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Principal Share Registrar

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands
British West Indies

Branch Share Registrar in Hong Kong

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Website

www.fittec.com.hk

Stock Code

2662

Glossary of Technical Terms

This glossary of technical terms contains explanations of certain terms used in this annual report in connection with us and our business. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"OEM"	original equipment manufacturers
"ODM"	original design manufacturers
"EMS"	electronics manufacturing services
"motherboards"	the central component in computers, the mother of all boards
"HDD Controllers"	hard disk drive controller
"HD DVD"	high-definition digital versatile disk or high-density digital versatile disk, a high-density optical disc format designed for the storage of data and high-definition video
"ODD Controllers"	optical disk drive controller
"LCD"	liquid crystal display, a technology used for portable computer displays and watches etc
"DDR RAM"	double-data-rate random access memory, a new standard of RAM to double the data transfer rate of RAM with system board
"Procurement and Assembly"	procure the component for the products to be assembled, and then provide the assembly services to assemble those components into the finished product
"LCD backlights"	a backlight, the form of illumination used in an LCD display
"MP3"	a digital music format which allows CD tracks to be reduced to around a tenth of their normal size without a significant loss of quality
"GPS"	global positioning system, a "constellation" of 24 well-spaced satellites that orbit the Earth and make it possible for people with ground receivers to pinpoint their geographic location
"PCB"	printed circuit board, the board that the electronics is mounted on, usually made from a copper coated insulator that has the circuit chemically etched onto one or both sides. The board is then drilled and the components are fitted into the holes and then soldered to the remaining copper
"assembly service"	provide assembly services to customers who only require to assemble pre-provided electronics components into PCBs

Chairman's Statement

Dear Shareholders,

The continued growth of the global economy in the past year stimulated further spending in the consumer electronics market, and OEMs and ODMs tended to outsource their product manufacturing to EMS providers in an effort to maintain competitive pricing. This trend was reflected in EMS revenue of US$223 billion in 2006. According to *Electronic Trend Publications*, a publisher of electronics industry market research reports, the worldwide EMS market is expected to reach US$442 billion in 2011, indicating strong growth potential for this market in the future.

As a major player in the EMS industry, we have developed strong partnerships over the years with our customers, who include global electronics market leaders such as Toshiba, Epson and Asustek. For ASRock, a subsidiary of Asustek, we have been their sole EMS provider of PC motherboards since 2002. Now we have expanded to secure orders to assemble high-end PC motherboards for Asustek. For Toshiba, we are their largest EMS provider of 2.5-inch and 1.8 inch HDD controllers in China, and also secured new assembly contracts for HD DVD player mainboards and ODD controllers from Toshiba since October 2006 and April 2007 respectively. These strong relationships with industry leaders show that we are capable of meeting the stringent requirements of top-tier electronic manufacturers.

Despite a favourable industry environment and solid partnerships with our existing clients, we faced a number of challenges during the year. One of these was the delayed launch of Windows Vista by Microsoft, which caused a drop in orders for our PC motherboards, lower utilization rate in our Fuyong plant and reduced profitability. Although the long-awaited operating system upgrade finally launched in early 2007, we still experienced a delay in new orders. The relocation of our Futian plant to our Shajing plant incurred pre-operation costs of HK$18 million during the year. Other challenges included the higher-than-expected costs of producing lead-free PC motherboards and the rise in the minimum wage for our labour force in Shenzhen in the first half of FY2006/07. All these factors led to last year's drop in profit.

During the year, we did manage to achieve significant progress in a number of areas. For example, we added several new products to our already diversified portfolio line, including HD DVD player mainboards, LCD TV power supply boards, miniature memory card converters and ODD controllers. To meet the increased demand for these products, we expanded the production capacity of our plants in eastern and southern China. With a capital investment of HK$148 million incurred during the year, our leased plant in Suzhou started production ahead of schedule in August 2006 and it managed to breakeven financially after six months of operation. For our Shajing plant, we had invested a further HK$60 million capital investments during the year and the relocation of the Futian plant to Shajing is expected to complete by early 2008. We had also invested about HK$52 million in new machinery and equipment to handle additional orders from Japanese clients and to replace outdated machinery. We also acquired an additional site in Suzhou for HK$16 million. With a total capital investment of HK$271 million during the year, we enlarged our annual production capacity by 42% to 103 billion chips per annum as at 30 June 2007.

The persisting trend towards outsourcing, coupled with strong consumer demand for new electronic products, makes us optimistic about our business prospects for the year ahead. We will continue to provide quality services for our highly-valued existing clients and explore new opportunities in, amongst others, high-speed storage for computers and electronic devices. In February 2007, we established a joint venture to supply DDR RAM and leased a new plant, which is expected to be operational by November 2007, to meet strong market demand for this product. We will continue to closely monitor changes in the consumer electronics market with a view to capitalising on other new business opportunities with existing and potential top-tier clients. By focusing on high-margin products for top-tier clients and continuing to control costs, we are confident that our profitability will improve in the near future.

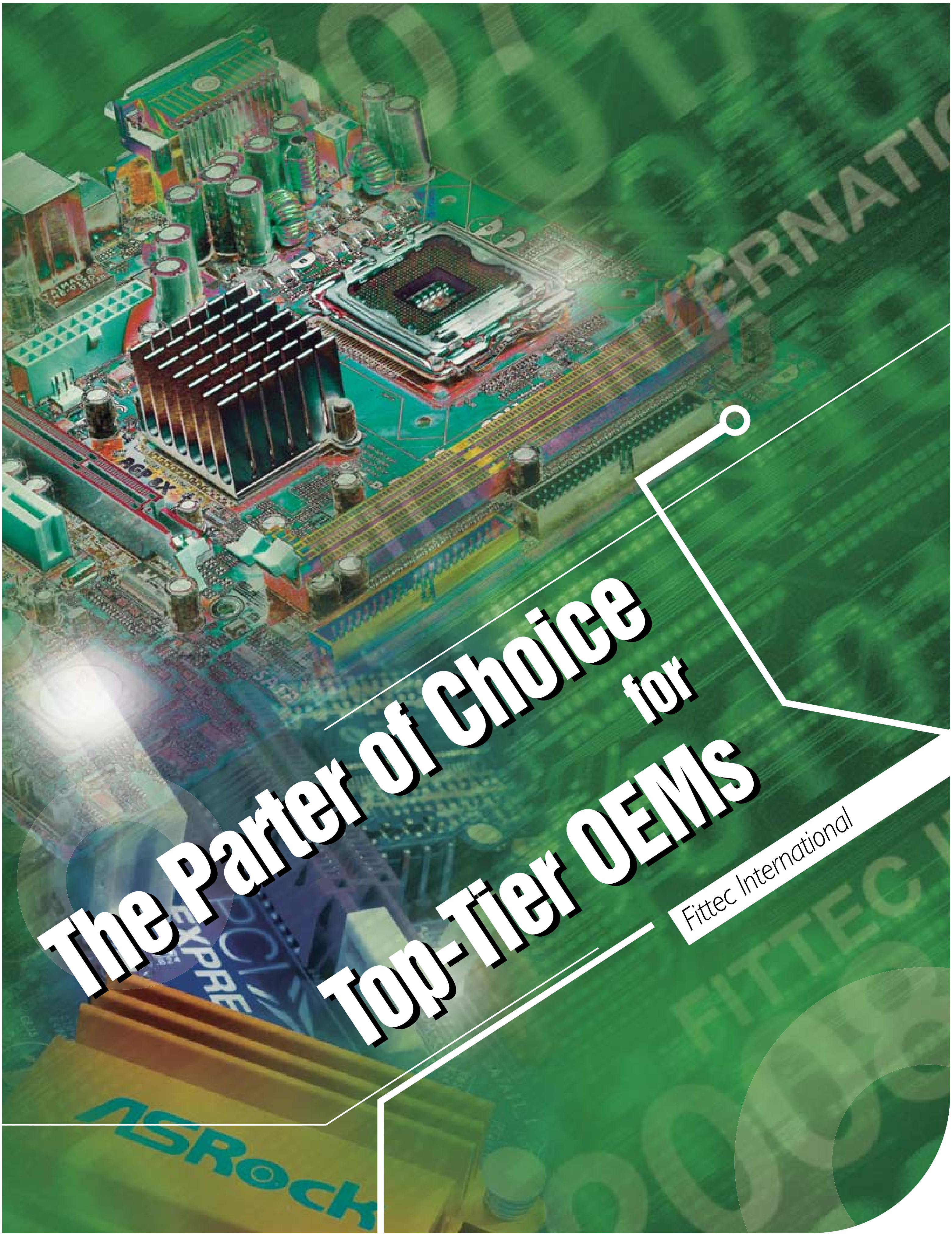
On behalf of the Board, I would like to express my appreciation to the management and staff for their dedication and many contributions over the past year. My thanks also go to our customers, shareholders and investors for their continuous support in this challenging period.

Philip Lam
Chairman

Hong Kong, 17 October 2007

The Parter of Choice for Top-Tier OEMs

Fittec International



Management Discussion and Analysis

Financial Review

The Group sustained its growth momentum for the year ended 30 June 2007, benefiting from the strong demand for consumer electronics and electronic manufacturing services worldwide. Turnover rose by 10.8% from HK$1,797 million to HK$1,992 million. Although orders for PC motherboards had decreased as comparing to last year mainly due to the delayed launch of Window Vista by Microsoft, orders for new products compensated for this drop and spurred further growth.

During the year, Procurement & Assembly recorded revenue growth of 15%. This was mainly the result of securing orders for new products and one of our existing clients shifting from Pure Assembly to Procurement & Assembly. The shift of service mode by this client correspondingly caused a drop in revenue for the Pure Assembly segment, which was also affected by the decreased demand for PC motherboards. However, the drop in revenue for this segment was only 4%, thanks to the increased number of orders for new products. Cost of sales (a large portion of which consisted of raw material costs borne by the Group's clients) increased in line with the growing Procurement & Assembly segment. In addition, decreased orders for PC motherboards kept the Fuyong plant from performing at an optimum level, resulting in a higher average production cost. As a result, gross profit went down to HK$167 million (for the year ended 30 June 2006: HK$234 million).

Partly affected by the expansion of production capacity in eastern and southern China, net profit fell to HK$89 million (for the year ended 30 June 2006: HK$166 million). As at 30 June 2007, the Group maintained a net cash position of HK$375 million (30 June 2006: HK$667 million) in bank balances and cash.

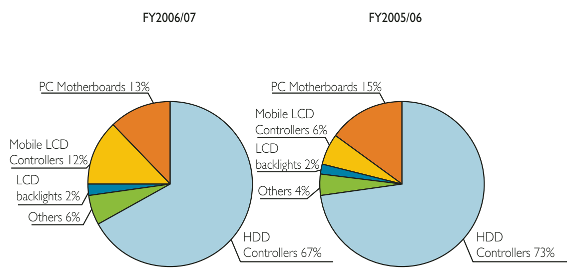
Business Review

In order to maintain profitability and growth momentum, the Group continued its strategy of focusing on products with high margins. In the past year, revenue was mainly generated from three major products, namely, hard disk drive (HDD) controllers, mobile LCD controllers and PC motherboards. The Group also secured a number of new products that showed promising growth potential. Some products only went into mass production in the past few months of the review period but are already contributing a significant portion of the Group's revenue.

The product mix in respect of the Group's EMS business was as follows:

	Revenue			
	FY2006/07		FY2005/06	
	Amounts (HKD million)	**%**	Amounts (HKD million)	%
HDD Controllers	**1,338**	**67%**	1,310	73%
PC Motherboards	**255**	**13%**	263	15%
Mobile LCD Controllers	**243**	**12%**	109	6%
LCD backlights	**37**	**2%**	39	2%
Others	**119**	**6%**	76	4%
	1,992	**100%**	1,797	100%

Revenue



HDD Controllers

HDD controllers are printed circuit boards that control transmission to and from the disk drive used in notebook computers, MP3 players, digital video recorders, copier machines and GPS systems. This segment maintained steady growth achieving a total revenue of HK$1,338 million (for the year ended 30 June 2006: HK$1,310 million), which was mainly driven by the organic growth of the HDD market. As the largest provider of PCB assembly services for Toshiba's 2.5-inch and 1.8-inch HDD controllers in China, the Group benefited from its strong partnership with Toshiba and this customer's leading position in the HDD market.

Management Discussion and Analysis

Mobile LCD Controllers

Mobile LCD controllers are flexible printed circuit boards that contain the circuitry to control the LCD screen used in mobile phones, GPS systems and digital cameras. In the second half of FY2006/07, both Epson and Nitto Denko increased their orders for mobile LCD controllers. Combined with Epson's shifting of its service mode from Pure Assembly to Procurement & Assembly, this created a rise in revenue of 123% to HK$243 million. It is expected that orders will remain steady in the year ahead as a result of the growing demand for high performance mobile phones, allowing the Group to maintain its focus on more sophisticated products that command higher assembly fees.

PC Motherboards

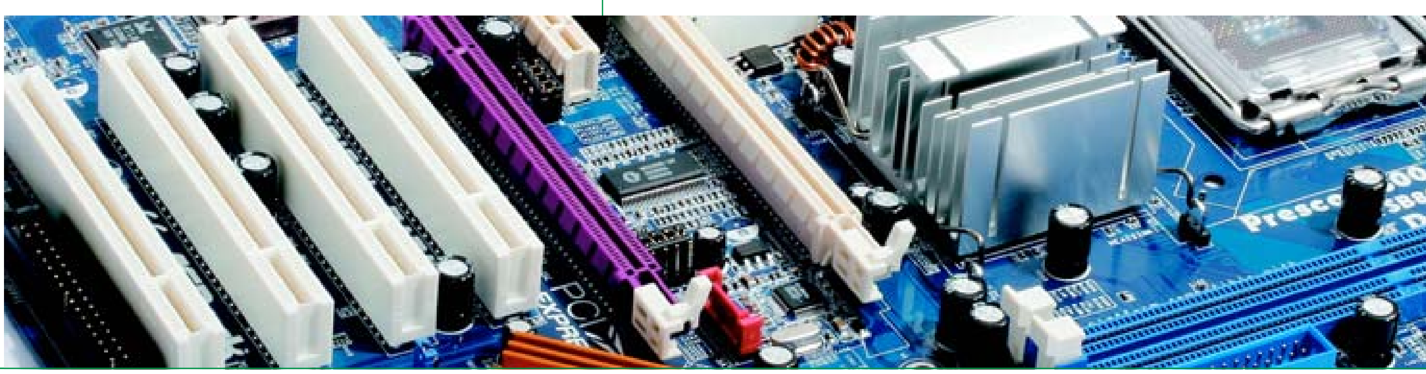
PC motherboards are main printed circuit boards of a computer that contain all of the electronic circuitry required to control peripheral devices. Although Microsoft finally brought its new Vista operating system to market in January 2007, the delayed launch affected orders for PC motherboards and caused a drop in revenue to HK$255 million (for the year ended 30 June 2006: HK$263 million). Moreover, to meet the European Union's Restriction of Hazardous Substances Directive (RoHS) legislation, the Group was required to produce lead-free PC motherboards which incurred higher labour and material costs. Both factors eroded the profit contributions from this segment. Despite the worst being over for the PC market, the Group expects that it may be some time before orders rebound.

LCD Backlights

LCD backlights are flexible printed circuit boards with a technology that enables light emission of liquid crystal display. Driven by strong demand for end-products such as portable game devices and digital cameras, orders for LCD backlights continued to increase. Nevertheless, revenue from this segment showed a drop of 5% to HK$37 million (for the year ended 30 June 2006: HK$39 million), as one of the Group's Japanese clients changed its service mode from Procurement & Assembly to Pure Assembly in November 2006. Underlying orders during the year, however, increased by 400% over the year before.

Others

This segment includes other existing and new products. During the year, the Group diversified its product mix by adding more high-margin products to its portfolio. For instance, through its partnership with Toshiba, the Group secured new orders for HD DVD player mainboards and ODD controllers. The production of HD DVD player mainboards has already contributed HK$23 million in revenue within less than nine months of commercial production, while ODD controllers contributed additional HK$16 million to the total turnover for this financial year after the first shipment in June 2007. In addition, LCD TV supply board orders remained steady, and patented miniature memory card dual-interface converters went into trial production.



Production Facilities

During the year, the Group implemented its plans to expand production capacity in order to meet the rapidly-growing demand for its high quality EMS services. In accordance with this expansion strategy, a new plant in Suzhou was leased last year to extend the Group's production base into eastern China ahead of schedule. With a floor area of over 12,000 square metres, this leased plant started commercial production in August 2006. It is equipped with 22 SMT lines and staffed by 1,700 workers, and has a maximum annual production capacity of nearly 14 billion chips. Investment costs in the plant amounted to around HK$148 million during the year. As this plant is in close proximity to certain existing clients which have placed orders with the Group, financial breakeven was achieved after just six months of operation.

In the Futian and Fuyong plants, about HK$52 million was spent on new machinery and equipment to handle additional orders from Japanese clients and to replace outdated machinery. The relocation of the Futian operation to Shajing also started in April 2007. During the year, HK$60 million was invested in this new plant, including five SMT lines, giving it a production capacity of 5 billion chips per year.

As at 30 June 2007, the Group's total maximum production capacity stood at 103 billion chips per year, representing an increase of 42% over the previous year. However, decreased orders for PC motherboards at the Fuyong plant together with the additional lead-time required for setting up machinery in the new plants resulted in the overall utilization rate of the Group's production facilities to drop to 45%, on the basis that the full utilization rate of the production facilities is 85%.

Prospects

With the strong performance of the EMS industry, the Group expects growth to maintain a steady pace in the years ahead. According to research company Electronic Trend Publications, industry revenue is expected to double to US$442 billion by 2011. This represents tremendous potential for EMS providers, especially those such as Fittec with scalable production facilities, excellent customer service and the capability of assembling sophisticated products. The Group is therefore optimistic about its business prospects and will maintain its strategy of focusing on high-margin products and top-tier clients.

In view of the slower-than-expected recovery of the PC market, the Group anticipates that orders for PC motherboards will take longer to return to their normal level. However, this will likely be partly offset by favourable trends in the consumer electronics market, for example, HD DVD players are gaining in popularity, optical disk drives are being widely adopted in various electronic devices, and LCD TVs are replacing traditional TVs and plasma TVs. Therefore, although major products such as HDD controllers and mobile LCD controllers will grow at a moderate but steady rate, the demand for new products will rise at a faster pace, allowing the Group to sustain its growth momentum and build a more balanced and diversified product portfolio.

The Group will also explore new market opportunities that require high-speed storage. Given the growing popularity of these products, the Group expects that the demand for DDR RAM will remain strong. In 2007, the Group invested in an 80% stake production joint venture which has a leased floor area of 7,200 square metres in Suzhou for the production of DDR RAM.

The Group will also closely monitor changes in the consumer electronics market to capitalize on other new business opportunities that may arise.

In addition, the Group has been moving ahead with its plans to expand production capacity. The leased Suzhou plant is now in full operation, and a piece of land in Suzhou was purchased in July 2007. In southern China, relocation of the Futian plant to Shajing plant should be completed in phases by early 2008. As increase in labour costs is a major concern for EMS companies with a production base in China, the Group will continue to enforce cost control measures and launch incentive programmes to counteract the erosion of profit margins.

Management Discussion and Analysis

Liquidity and Financial Resource

The Group had bank balances and cash of approximately HK$375 million as at 30 June 2007. The Group generally finances its operations through its internal resources and bank facilities provided by its principal bankers.

As at 30 June 2007, the Group had net current assets of approximately HK$573 million (30 June 2006: HK$801 million) and a current ratio 2.46 (30 June 2006: 4.87). The Group's net asset value was HK$1,129 million, growing from HK$1,074 million at 30 June 2006.

Apart from obligations under finance lease, the Group was debt free as at 30 June 2007. All finance leases were utilized in financing the Group's machinery. The Group's total obligation under finance lease decreased from HK$67 million as at 30 June 2006 to HK$33 million as at 30 June 2007 in which approximately HK$29 million repayable within one year, HK$4 million repayable between two to five years. Total debt to total assets ratio was 27% (30 June 2006: 19%).

Currently, all of our cost of direct materials and substantially all of our turnover are denominated in US dollars, to which the Hong Kong dollar is pegged. Our labor costs and operation overheads are mainly denominated in RMB. The Group actively monitors the foreign exchange exposure in this respect. The Group has not been exposed nor do we anticipate being exposed to material risks due to changes in exchange rates.

As at 30 June 2007, the Group did not have any material contingent liabilities.

Staff

As at 30 June 2007, the Group employed a total of 8,001 staff, of which 7,955 were employed in Mainland China, while 46 were employed in Hong Kong. The Group's recently implemented remuneration package, bonus and share option schemes are part of a remuneration policy designed to motivate individual staff by linking part of the staff's compensation with their respective performance. In addition, fringe benefits such as insurance, medical allowance and pensions were provided to ensure the competitiveness of remuneration packages offered by the Group.

Dividend

The Board of Directors has resolved to declare a final dividend of HK$0.015 (2006: HK$0.02) per share payable on 7 December 2007 to the shareholders of the Company whose names appeared in the register of members on 26 November 2007.

Closure of Register of Member

Register of members of the Company will be closed from 20 November 2007 to 26 November 2007 (both days inclusive), during which period no transfer will be effected.

In order to qualify for above-mentioned final dividend, all transfers accompanied by the relevant share certificates must be logged by 4:30 p.m. on 19 November 2007, with Company's Registrars, Computershare Hong Kong Investor Services Limited, at 46/F, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Purchase, Sale or Redemption of Shares

During the year ended 30 June 2007, there was no purchase, redemption or disposal of the Group's listed securities by the Group and any of its subsidiaries.

Corporate Governance

The Board confirms that the Group has complied with all material code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") except for the deviations as stated in code provision A.2.1 on Chairman and Chief Executive Officer. Mr. Lam Chi Ho assumes the roles of Chairman and Chief Executive Officer of the Group. Given the current corporate structure, the Board considers that there is no need for separation between the roles of Chairman and Chief Executive Officer. All major decisions are made in consultation with the Board with sufficient independent constituents and hence independent views for protection of minority shareholders' interest, although the roles and responsibilities for Chairman and Chief Executive Officer are vested in one person. Therefore, the Board is of the view that there are adequate impartially and safeguards in place.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 30 June 2007, all Directors have fully complied with the required standard set out in the Model Code.

Audit Committee

The Company has formed an audit committee to assist the Board in providing an independent review of the effectiveness of the financial reporting process and the internal control and risk management systems of the Company. The existing committee comprises Mr. Christopher Roger Moss, OBE, Mr. Chung Wai Kwok, Jimmy as the chairman, and Mr. Xie Bai Quan, all of whom are Independent Non-Executive Directors.

The audit committee is provided with sufficient resources to discharge its duties and meets regularly with the management and external auditors and review their reports. During the financial year, the audit committee held three meetings with respect to discuss matters regarding the internal controls and financial reporting (including the interim results before proposing them to the Board for approval) with the management and external auditors. The audit committee has reviewed the results announcement of the Company for the year ended 30 June 2007.

Remuneration Committee

The Board established the remuneration committee comprising a majority of Independent Non-Executive Directors, which meets at least once a year. It is chaired by Mr. Christopher Roger Moss, OBE and comprises two other members, namely Mr. Chung Wai Kwok, Jimmy and Ms. Sun Mi Li. All remuneration committee members, with the exception of Ms. Sun Mi Li, are Independent Non-Executive Directors. The principal duties of the remuneration committee as set out in its terms of reference include, inter alia, the determination of remuneration of Executive Directors and senior management and review of the remuneration policy of the Group.

Board of Directors

As at the date of this announcement, the Executive Directors are Mr. Lam Chi Ho, Ms. Sun Mi Li, Ms. Wu Siu Fan, Anita, and Mr. Tsuji Tadao. The Independent Non-Executive Directors are Mr. Christopher Roger Moss, OBE, Mr. Xie Bai Quan and Mr. Chung Wai Kwok, Jimmy.


Our Advantage
Your Benefit
Fittec International

Corporate Governance Report

The Board of Directors ("Board") of Fittec International Group Limited (the "Group") is pleased to present this Corporate Governance Report in the annual report for the year ended 30 June 2007.

The Group is committed to achieve and maintain high standards of corporate governance, which it considers as critical in safeguarding the integrity of its operations and maintaining investors' trust, and preserving shareholders' value in the Company.

The Group understands the importance of sound corporate governance practices and recognizes the changing regulatory environment. Therefore, the theme of the corporate governance practices in the Company is an evolving process, from implementing the existing Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), evaluating the effectiveness of the CG Code, and responding to the rapid changes and continuous development in our corporate governance practices, if necessary.

Code on Corporate Governance Practices

The Board confirms that the Group has complied with all material code provisions of the CG Code except for the deviations as stated in code provision A.2.1 on Chairman and Chief Executive Officer as described below.

Director' Securities Transactions

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 30 June 2007, all Directors have fully complied with the required standard set out in the Model Code.

Board of Directors

Roles and Functions

The Board oversees the Group's strategic development and determines the objectives, strategies and policies of the Group. The overall strategies of the Group are major acquisition and disposal, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of directors, remuneration policy and other major operational and financial matters. The Board also monitors and controls the operating and financial performance in pursuit of the Group's strategic objectives. Day-to-day management of the Group's business is under the supervision of the Executive Directors. The functions and powers are reviewed periodically to ensure that they remain appropriate.

The Board members have access to appropriate documents and information about the Group on a timely basis. All Directors and Board committees have recourse to external legal counsel and other professionals for independent advice at the Group's expense upon their request. The Company has received acknowledgements from the Directors of their responsibilities for preparing the financial statements and a statement by the external auditors of the Company about their reporting responsibilities.

Board Composition

The Board comprises of four Executive Directors, namely Mr. Lam Chi Ho, Ms. Sun Mi Li, Ms. Wu Siu Fan, Anita, Mr. Tsuji Tadao and three Independent Non-Executive Directors, Mr. Christopher Roger Moss, OBE, Mr. Xie Bai Quan, Mr. Chung Wai Kwok, Jimmy. The members of the Board have no financial, business, family or other material/relevant relationship with each other except that Mr. Lam Chi Ho is the husband of Ms. Sun Mi Li.

Biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" on pages 17 to 18. The Board possesses a balance mix of skills and expertise which supports the continuing development of the Group.

All Independent Non-Executive Directors possess appropriate professional qualifications and management expertise in respective areas such as accounting and finance and public administration. The Board believes that the participation of Independent Non-Executive Directors shall offer their independent judgment on issues relating to strategy, performance, conflict of interest and management process such that the interests of all shareholders are considered and safeguarded.

All of the Independent Non-Executive Directors have confirmed their independence, as set out in Rule 3.13 of the Listing Rules, to the Group.

During the year ended 30 June 2007, the Directors have made active contribution to the affairs of the Group and four Board meetings were held to consider, among other things, reviewing and approving the interim and annual results of the Group. Details of Directors' attendance records are set out as follows:–

Directors	No. of Meetings	
	Held	Attended
Executive Directors		
Mr. Lam Chi Ho	4	4
Ms. Sun Mi Li	4	4
Ms. Wu Siu Fan, Anita	4	4
Mr. Tsuji Tadao	4	2
Independent Non-Executive Directors		
Mr. Christopher Roger Moss, OBE	4	4
Mr. Xie Bai Quan	4	2
Mr. Chung Wai Kwok, Jimmy	4	4

Chairman and Chief Executive Officer

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

Mr. Lam Chi Ho assumes the roles of Chairman and Chief Executive Officer of the Group. Given the current corporate structure, the Board considers that there is no need for separation between the roles of Chairman and Chief Executive Officer. All major decisions are made in consultation with the Board with sufficient independent constituents and hence independent views for protection of minority shareholders' interest, although the roles and responsibilities for Chairman and Chief Executive Officer are vested in one person. Therefore, the Board is of the view that there are adequate impartiality and safeguards in place.

Appointment and Re-election of Directors

Currently, all Independent Non-Executive Directors are appointed for a specific term of two years and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Board Committees

Two committees, namely, remuneration committee and audit committee, were established under the Board to oversee particular aspects. The Board has not established a nomination committee at the moment. For nomination of Directors, the nominee's qualifications, capabilities and potential to make contribution to the Company shall be taken into consideration. However, the Board will continue to review whether there is a need to establish a nomination committee to deal with the nomination. The committees are allowed to obtain independent professional advice and services at the Company's expenses.

Remuneration Committee

The Board established the remuneration committee on 16 November 2005 comprising a majority of Independent Non-Executive Directors, which meets at least once a year. It is chaired by Mr. Christopher Roger Moss, OBE and comprises two other members, namely Mr. Chung Wai Kwok, Jimmy and Ms. Sun Mi Li. All remuneration committee members, with the exception of Ms. Sun Mi Li, are Independent Non-Executive Directors.

The principal duties of the remuneration committee as set out in its terms of reference include, inter alia, the determination of remuneration of Executive Directors and senior management and review of the remuneration policy of the Group.

The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided.

During the year ended 30 June 2007, the Company has reviewed the policy of granting of share option to managerial staff and Executive Directors under the share option scheme. The purpose of the share option scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details in respect of the Group's share option scheme are set out on page 19 to page 24 under the section "Report of the Directors" of the annual report.

The remuneration committee held three meetings during the year ended 30 June 2007. The attendance of each remuneration committee member is set out as follows:–

Remuneration Committee Members	No. of Meetings Held	No. of Meetings Attended
Mr. Christopher Roger Moss, OBE *(Chairman)*	3	3
Mr. Chung Wai Kwok, Jimmy	3	3
Ms. Sun Mi Li	3	3

Audit Committee

The audit committee of the Company was established on 16 November 2005 with written terms of reference in accordance with Appendix 14 to the Listing Rules. The committee's purpose is to assist the Board in providing an independent review of the effectiveness of the financial reporting process and the internal control and risk management systems of the Company.

The existing committee comprises of Mr Christopher Roger Moss, OBE, Mr. Chung Wai Kwok, Jimmy as the Chairman, Mr. Xie Bai Quan, all of whom are Independent Non-Executive Directors. The Board is satisfied that these Directors possess relevant qualifications and management expertise to enable them to discharge fully the duties of the audit committee.

The audit committee is provided with sufficient resources to discharge its duties and meets regularly with the management and external auditors and review their reports. During the financial year, the audit committee held three meetings with respect to discuss matters regarding the internal controls and financial reporting (including the interim results before proposing them to the Board for approval) with the management and external auditors. The audit committee has reviewed the results announcement of the Company for the year ended 30 June 2007.

During the year ended 30 June 2007, the audit committee held three meetings. Attendance of each audit committee member is set out as follows:–

Audit Committee Members	No. of Meetings Held	No. of Meetings Attended
Mr. Chung Wai Kwok, Jimmy *(Chairman)*	3	3
Mr. Christopher Roger Moss, OBE	3	3
Mr. Xie Bai Quan	3	2

Full minutes of audit committee meeting are kept by the secretary of the audit committee. Draft and final versions of minutes of the audit committee meetings are sent to all members of the audit committee for their comment and records respectively, in both cases, within a reasonable time after the meeting.

Auditors' Remuneration

During the year under review, the remuneration paid or payable to the Group's auditors, Messrs. Deloitte Touche Tohmatsu, are set out as follows:–

Type of Services	Fees paid / payable (HK$)
Tax Compliance of the subsidiaries of the Group	117,000
Review of the interim report	350,000
Annual audit	1,570,000

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements of the Group in accordance with relevant statutory requirements and generally accepted accounting principles in Hong Kong and ensuring that the financial statements give a true and fair view of the Group's financial position. In preparing the financial statements of the Group for the year ended 30 June 2007, the Directors have adopted suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable; and prepared the financial statements on going concern basis.

The Board aims to present a comprehensive, balanced and understandable assessment of the Group's development and prospects in all corporate communications, including but not limited to interim and annual reports, price-sensitive announcements and financial disclosures required under the Listing Rules, reports to regulators as well as information required to be disclosed pursuant to other statutory requirements.

Internal Control and Risk Assessment

The Group places great importance on internal control and risk management. The Board has overall responsibility for the system of internal controls and for reviewing its effectiveness. During the year, the Board has conducted an annual review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions. Based on the results of the review, the Group would take steps to further enhance the effectiveness of the internal control system. However, the Board recognizes that risks cannot be fully eliminated. As such, the internal control systems and procedures provide reasonable but not absolute assurance against any material misstatement, loss or fraud.

For the year of 2006, the Group engaged a third-party consulting company to assist the Company to conduct a risk assessment and develop a three-year internal audit plan with respect to identify, evaluate and manage the significant risks faced by the Group on an on-going and pro-active basis. The internal audit function then followed a risk-based approach. Different audit areas are assigned risk ratings and a three-year audit plan is formulated accordingly so that priority and appropriate audit frequency is given to areas with higher risks. Audit committee has endorsed the three-year audit plan while the internal audit is carried out based on the internal audit plan for 2006/07. Further update on the future internal audit plan will be submitted for the approval of audit committee. Summary of major findings and control weaknesses is reported directly to the audit committee and would be followed up accordingly.

The implementation of a new ERP system has gone live in August 2007. This integration of business processes across departments will enhance the business performance in three basic areas: better resource planning, efficient management and integrated operational control. This, results in better manufacturing and marketing practices, standardization of processes, more readily available financial information and wide-spread identification of our corporate goal. The streamline of processes will also reduce controlling risk and hence achieve a more cost effective compliance environment.

Looking Forward

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the CG Code.

Biographical Details of Directors and Senior Management

Directors

Executive Directors

Mr. Lam Chi Ho (林志豪), aged 49, is the co-founder, the Chairman and the shareholder of our Group. Mr. Lam was appointed as an Executive Director on 16 November 2005. He is responsible for the overall strategic and corporate planning, business development and general management of the Group since the incorporation of Fittec Electronics Company Limited ("Fittec HK"). He has more than 23 years of experience in manufacturing, sales and marketing in the electronics industry. Prior to the establishment of Fittec HK, he was a manager in other companies responsible for sales and marketing, global procurement, manufacturing, purchasing and contract negotiations. Mr. Lam is the husband of Ms. Sun Mi Li.

Ms. Sun Mi Li (孫明莉), aged 43, is the Director of our Group. Ms. Sun was appointed as an Executive Director on 16 November 2005. Ms. Sun has been significantly involved in the administration and management of Fittec HK since its incorporation. She leads the accounting and finance department and supervises the outgoing banking facilities, payments or other financial and accounting related matters. She was appointed as the Director of Fittec HK in February 2003. Ms. Sun provides guidance on finance, logistics, human resources issues and administrative matters since the Company was established. Prior to the appointment, Ms. Sun has been working in various industries in the areas of sales and marketing and finance for 17 years. Ms. Sun is the spouse of Mr. Lam Chi Ho.

Ms. Wu Siu Fan, Anita (胡少芬), MBA, aged 42, is the general manager of the Group since July 2004. Ms. Wu was appointed as an Executive Director on 16 November 2005. Before she was the general manager, she served as a personal assistant to Ms. Sun in managing her businesses and she has over 10 years of experience in accounting, finance, human resources, general administration and information technology areas. She obtained a master's degree in Management from Imperial College of Science, Technology and Medicine, University of London, in 1991. Ms. Wu is responsible for supervising and managing the business operations both in Hong Kong and China.

Mr. Tsuji Tadao (辻忠雄), aged 60, is the general manager of the sales and marketing department. Mr. Tsuji was appointed as an Executive Director on 16 November 2005. He joined our Group as business consultant in May 2002, and was promoted to the current position in August 2004. Mr. Tsuji is responsible for liaising with Japanese customers and directing and supervising the sales and marketing department. Prior to joining our Group, he worked for Matsushita Electric Industrial Company Limited in Japan for 40 years and was responsible for various managerial duties. Mr. Tsuji is a qualified internal auditor upon successfully completing of the course of Internal Auditors for the ISO 9000 series in 1995.

Biographical Details of Directors and Senior Management

Directors (Continued)

Independent Non-Executive Directors

Mr. Christopher Roger Moss, OBE, aged 71, was appointed as an Independent Non-Executive Director of our Group on 16 November 2005. He has more than 30 years of experience in the accounting and finance field. He has worked as an international adviser at Goldman Sachs (Asia) LLC from 1996 to 2003. Prior to joining Goldman Sachs (Asia) LLC, he was the finance director of the Mass Transit Railway Corporation in Hong Kong from 1984 to 1996. He was formerly the finance director of British Airways. He is a trust member of Hong Kong Outward Bound and a Board member of Chinese International School. He was the former president of the Financial Executives Institute of Hong Kong, former council member of the Hong Kong Society of Accountants and is a vice patron of Community Chest of Hong Kong. He is a chartered accountant and a graduate of Cambridge University.

Mr. Xie Bai Quan (謝百泉), aged 63, was appointed as an Independent Non-Executive Director of our Group on 16 November 2005. He has over 20 years of experience working in various governmental departments in the PRC. Prior to his retirement in early 2005, he was a member of the Congress for the City of Shenzhen from 2003 to 2005, secretary of commission of the Shenzhen Futian District government from 2000 to 2003, and chairman of the Shenzhen Futian District government from 1997 to 2002. He also held important roles in provincial and district government in Shenzhen Baoan District and Hainan and Guangdong provinces from 1983 to 1997. He graduated from Guangdong Zhongshan University in 1967, and is an engineer.

Mr. Chung Wai Kwok, Jimmy (鍾維國), aged 57, was appointed as an Independent Non-Executive Director of our Group on 16 November 2005. He was the President of the Association of Chartered Certified Accountants Hong Kong Branch for the year 2005/06. He has over 20 years of experience in financial advisory, taxation and management and was a partner of PricewaterhouseCoopers until June 2005. In October 2005, he joined a professional consulting firm, Russell Bedford Hong Kong Limited, as Director – Tax & Business Advisory. Mr. Chung is a member of Hong Kong Institute of Certified Public Accountants, the Taxation Institution of Hong Kong and the Association of Chartered Certified Accountants. He is currently also an Independent Non-Executive Director of Lee Kee Holdings Limited and Tradelink Electronic Commerce Limited, both listed on The Stock Exchange of Hong Kong Limited.

Senior Management

All the Executive Directors of the Company are respectively responsible for the various aspects of the business and operation of the Group. These Executive Directors of the Company are regarded as the members of the senior management team of the Group.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2007.

Principal Activities

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 30 June 2007 are set out in the consolidated income statement on page 26.

An interim dividend of HK$0.015 per share amounting to approximately HK$14,526,000 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK$0.015 per share to the shareholders on the register of members on 26 November 2007, amounting to HK$14,526,000.

Property, Plant and Equipment

Details of the movements during the year in property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

Share Capital

Details of movements during the year in the share capital of the Company are set out in note 24 to the consolidated financial statements.

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

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

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as at 30 June 2007 amounted to HK$541,121,000 (2006: HK$541,099,000), which comprises the aggregate of contributed surplus of HK$514,642,000 (2006: HK$514,642,000) and accumulated profits of HK$26,479,000 (2006: HK$26,457,000). Details are set out in note 32.

Under the Companies Law (1998 Revision) of the Cayman Islands, the contributed surplus is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to payoff its debts as they fall due in the ordinary course of business.

Directors' Report

Directors

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Lam Chi Ho
Sun Mi Li
Wu Siu Fan, Anita
Tsuji Tadao

Independent Non-Executive Directors

Christopher Roger Moss, OBE
Xie Bai Quan
Chung Wai Kwok, Jimmy

In accordance with Articles 86 and 87 of the Company's Article of Associations, Ms. Sun Mi Li, Ms. Wu Siu Fan, Anita and Mr. Xie Bai Quan will retire by rotation, and being eligible, offer themselves for re-election as Directors at the forth coming annual general meeting.

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers all the Independent Non-Executive Directors independent.

Directors' Service Contracts

Each of the Executive Directors of the Company entered into a service contract with the Company for a term of three years commencing 15 November 2005, and which would continue thereafter until terminated by either party thereto giving to the other party not less than three months' prior notice in writing.

Each of the Independent Non-Executive Directors of the Company entered into a letter of appointment with the Company and was appointed for a period of two years commencing 15 November 2005 subject to retirement by rotation under the Company's Article of Associations.

These service contracts may be terminated by either party by notice in writing to the Company.

Directors' Interests in Shares and Underlying Shares

At 30 June 2007, the interests of the Directors, the chief executive and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position

(a) *Ordinary shares of HK$0.1 each of the Company*

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Lam Chi Ho ("Mr. Lam")	Interest of a controlled corporation *(Note i)*	720,000,000	74.35%
Ms. Sun Mi Li	Family interest *(Note i)*	720,000,000	74.35%

Note:

(i) These securities are registered in the name of and beneficially owned by Fittec Holdings Limited ("Fittec Holdings"), a company incorporated in the British Virgin Islands. The entire issued share capital of Fittec Holdings is beneficially owned by Mr. Lam. Accordingly, Mr. Lam is deemed to be interested in 720,000,000 shares held by Fittec Holdings under the SFO. Ms. Sun Mi Li, the spouse of Mr. Lam, is deemed to be interested in 720,000,000 ordinary shares of the Company.

(b) *Share options*

Name of director	Capacity	Number of options held	Number of underlying shares
Mr. Tsuji Tadao	Beneficial owner	1,674,000	1,674,000
Ms. Wu Siu Fan, Anita	Beneficial owner	2,500,000	2,500,000
		4,174,000	4,174,000

Save as disclosed above, none of the Directors, the chief executive nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 30 June 2007.

Share Options

Particulars of the Company's share option scheme are set out in note 25 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year:

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding as at 1.7.2006	Granted during the year	Outstanding as at 30.6.2007
Directors	23.4.2007	23.4.2008 to 22.4.2010	0.97	–	4,174,000	4,174,000
Employees	23.4.2007	23.4.2008 to 22.4.2010	0.97	–	5,214,000	5,214,000
				–	9,388,000	9,388,000

The closing price of the Company's shares immediately before 23 April 2007, the date of grant of the options, was HK$0.94 per share.

Arrangements to Purchase Shares or Debentures

Other than as disclosed under the heading "Share Options" above, at no time during the year was the Company, its ultimate holding company or any of its fellow subsidiaries or subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

Directors' Interests in Contracts of Significance

No contract of significance to which the Company, its ultimate holding company or any of its fellow subsidiaries or subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Substantial Shareholders

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 30 June 2007, the following shareholders had notified the Company of their relevant interests and short position in the issued share capital of the Company.

Long positions

Ordinary shares of HK$0.1 each of the Company

		Number of issued ordinary shares held			Percentage of the issued share capital of the Company	
Name of shareholders	Capacity	Direct interest	Deemed interest	Total interest		*Note*
Fittec Holdings	Beneficial owner	720,000,000	–	720,000,000	74.35%	*a*
Mr. Lam	Interest of a controlled corporation	–	720,000,000 (through 100% corporate interest in Fittec Holdings)	720,000,000	74.35%	*a*
Ms. Sun Mi Li	Family interest	–	720,000,000 (through 100% family interest in Fittec Holdings)	720,000,000	74.35%	*b*

Notes:

(a) These shares are owned by Fittec Holdings, the issued share capital of which is wholly owned by Mr. Lam.

(b) Ms. Sun Mi Li is the wife of Mr. Lam. Her shareholding in the above table is the family interest of Mr. Lam.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2007.

Emolument Policy

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the scheme are set out in note 25 to the consolidated financial statements.

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers comprised approximately 92.5% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 67.0% of the Group's total sales for the year.

The aggregate purchases attributable to the Group's five largest suppliers comprised approximately 99.8% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 82.2% of the Group's total purchases for the year.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 30 June 2007.

Donations

During the year, the Group made charitable donations of HK$775,000.

Auditor

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Lam Chi Ho
Chairman

17 October 2007

Deloitte.
德勤

TO THE MEMBERS OF FITTEC INTERNATIONAL GROUP LIMITED
奕達國際集團有限公司
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Fittec International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 55, which comprise the consolidated balance sheet as at 30 June 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2007 and of the Group's profit 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 October 2007

Consolidated Income Statement

For the year ended 30 June 2007

	NOTES	2007 HK$'000	2006 HK$'000
Revenue	6	1,991,834	1,797,041
Cost of sales		(1,825,287)	(1,563,217)
Gross profit		166,547	233,824
Other income		23,163	16,718
Distribution costs		(3,549)	(3,888)
General and administrative expenses		(84,169)	(42,218)
Listing expenses		–	(18,657)
Finance costs	7	(2,930)	(5,382)
Profit before taxation		99,062	180,397
Income tax expenses	8	(9,905)	(14,280)
Profit for the year	9	89,157	166,117
Dividend paid	12	33,894	29,052
Earnings per share	13		
– Basic		HK$0.09	HK$0.19
– Diluted		HK$0.09	N/A

Consolidated Balance Sheet

At 30 June 2007

	NOTES	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	14	**531,883**	315,614
Intangible asset	15	**39,000**	–
Deposits for acquisition of property, plant and equipment	16	**7,531**	6,997
		578,414	322,611
Current assets			
Inventories	17	**220,447**	113,613
Trade and other receivables	18	**366,617**	224,574
Investments held for trading	19	**2,057**	1,885
Bank balances and cash	20	**374,681**	667,399
		963,802	1,007,471
Current liabilities			
Trade and other payables	21	**319,220**	137,683
Taxation		**41,768**	34,893
Obligations under finance leases – due within one year	22	**29,463**	34,208
		390,451	206,784
Net current assets		**573,351**	800,687
Total assets less current liabilities		**1,151,765**	1,123,298
Non-current liabilities			
Obligations under finance leases – due after one year	22	**3,494**	32,893
Deferred taxation	23	**19,570**	16,540
		23,064	49,433
		1,128,701	1,073,865
Capital and reserves			
Share capital	24	**96,839**	96,839
Reserves		**1,031,862**	977,026
		1,128,701	1,073,865

The consolidated financial statements on pages 26 to 55 were approved and authorised for issue by the Board of Directors on 17 October 2007 and are signed on its behalf by:

Lam Chi Ho
DIRECTOR

Sun Mi Li
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2007

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 *(Note i)*	Special reserve HK$'000 *(Note ii)*	Share options reserve HK$'000	Exchange reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 July 2005	10,000	–	11,478	–	–	–	371,384	392,862
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	(40)	–	(40)
Profit for the year	–	–	–	–	–	–	166,117	166,117
Total recognised income for the year	–	–	–	–	–	(40)	166,117	166,077
Dividend paid *(Note 12)*	–	–	–	–	–	–	(29,052)	(29,052)
Effect of group reorganisation and capitalisation	62,000	(68,400)	–	6,400	–	–	–	–
Issue of new shares *(Note 24)*	24,839	546,467	–	–	–	–	–	571,306
Share issue expenses	–	(27,328)	–	–	–	–	–	(27,328)
At 30 June 2006	96,839	450,739	11,478	6,400	–	(40)	508,449	1,073,865
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	(964)	–	(964)
Profit for the year	–	–	–	–	–	–	89,157	89,157
Total recognised income for the year	–	–	–	–	–	(964)	89,157	88,193
Recognition of equity-settled share-based payments	–	–	–	–	537	–	–	537
Dividend paid *(Note 12)*	–	–	–	–	–	–	(33,894)	(33,894)
At 30 June 2007	96,839	450,739	11,478	6,400	537	(1,004)	563,712	1,128,701

Notes:

(i) The contributed surplus represented the difference between the fair value of the underlying assets of a subsidiary acquired and the nominal value of the shares issued in exchange in December 2004.

(ii) The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the subsidiaries acquired pursuant to a group reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in 2005.

Consolidated Cash Flow Statement

For the year ended 30 June 2007

	2007 HK$'000	2006 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**99,062**	180,397
Adjustments for:		
Depreciation of property, plant and equipment	**53,680**	37,475
Finance costs	**2,930**	5,382
Loss on disposal of property, plant and equipment	**715**	151
Share-based payment expenses	**537**	–
Gain on changes in fair value on investments held for trading	**(172)**	–
Interest income	**(18,864)**	(14,870)
Listing expenses	**–**	18,657
Operating cash flows before movements in working capital	**137,888**	227,192
Increase in inventories	**(106,834)**	(8,779)
Increase in trade and other receivables	**(142,043)**	(55,156)
Increase in trade and other payables	**178,523**	1,816
Decrease in amounts due to related companies	**–**	(3,138)
Cash from operations	**67,534**	161,935
Hong Kong Profits Tax paid	**–**	(142)
NET CASH FROM OPERATING ACTIVITIES	**67,534**	161,793
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(260,672)**	(63,148)
Purchase of intangible asset	**(39,000)**	–
Deposit for acquisition of property, plant and equipment	**(7,531)**	(2,783)
Proceeds from disposal of property, plant and equipment	**1,217**	162
Interest received	**18,864**	14,870
Decrease in pledged bank deposits	**–**	15,105
NET CASH USED IN INVESTING ACTIVITIES	**(287,122)**	(35,794)

Consolidated Cash Flow Statement

For the Year Ended 30 June 2007

	2007 HK$'000	2006 HK$'000
FINANCING ACTIVITIES		
Repayment of obligations under finance leases	**(34,144)**	(37,300)
Dividends paid	**(33,894)**	(29,052)
Interest paid	**(2,930)**	(5,382)
Expenses incurred in connection with the issue of shares	**–**	(45,985)
Repayment of bank borrowings	**–**	(487)
Repayment to a director	**–**	(414)
Proceeds from issue of shares	**–**	571,306
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(70,968)**	452,686
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(290,556)**	578,685
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**667,399**	88,796
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(2,162)**	(82)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**374,681**	667,399

1. General and Basis of Presentation of Financial Statements

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2001 Second Revision) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 14 December 2005. The Company's immediate and ultimate holding company is Fittec Holdings Limited ("Fittec Holdings"), a company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

Through a group reorganisation to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the listing of the Company's shares (the "Group Reorganisation"), the Company became the holding company of the Group in November 2005. Details of the Group Reorganisation are more fully explained in the prospectus of the Company dated 30 November 2005 (the "Prospectus"). The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements for the year ended 30 June 2006 have been prepared using the principles of merger accounting. The consolidated income statement, consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 30 June 2006 have been prepared on the basis as if the current group structure had been in existence throughout the periods or since their date of incorporation where this is a shorter period. The consolidated balance sheet of the Group as at 30 June 2006 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at those dates.

The Company is an investment holding company. Particulars of the principal activities of its subsidiaries are set out in note 33.

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning 1 July 2006. The adoption of the new HKFRSs had no material effect on how the results and the 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 and revised standards, amendments and interpretations issued but are not yet effective. The Directors of the Company anticipate that the application of following new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 23 (Revised)	Borrowing Costs[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment[3]
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions[4]
HK(IFRIC) – INT 12	Service Concession Arrangements[5]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[6]
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[5]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 November 2006.
4 Effective for annual periods beginning on or after 1 March 2007.
5 Effective for annual periods beginning on or after 1 January 2008.
6 Effective for annual periods beginning on or after 1 July 2008.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries, if any, are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, less returns and represents amount receivable for goods sold and services provided in the normal course of business.

Service income is recognised when services are provided.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the leases or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

3. Significant Accounting Policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. Significant Accounting Policies (Continued)

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted-average method.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the two categories, including financial assets at fair value through profit or loss and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss represents investments held for trading. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. Critical Judgements and Key Sources of Estimation Uncertainty

In the process of applying the Group's accounting policies, management makes various estimates and judgements (other than those involving estimates) based on past experience, expectations of the future and other information. The key source of estimation uncertainty and the judgement that may significantly affect the amounts recognised in the consolidated financial statements is disclosed below:

Estimated impairment loss on intangible asset

Management regularly reviews the recoverability of the Group's intangible asset. Appropriate impairment for estimated irrecoverable amounts is recognised in profit and loss when there is objective evidence that the asset is impaired. The Group's net carrying value of intangible asset as at 30 June 2007 was HK$39,000,000. The Group did not provide amortisation on the intangible asset over the estimated useful lives of five years due to the commercial production by using the intangible asset was not yet commenced. The estimated useful lives that the Group places the intangible asset into productive use reflects the directors' estimate of the periods that the Group intend to derive future economic benefits from the use of the Group's intangible asset.

In determining whether impairment on intangible asset is required, the Group takes into consideration of the current market environment. The recoverable amount of the asset is determined by calculating the value-in-use in which the calculation require the use of estimates such as the future revenue and discount rates.

5. Financial Instruments

a. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, investments held for trading, bank balances and cash, trade and other payables and obligations under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain trade receivables, trade payables and obligations under finance leases of the Group are denominated in foreign currency of United States Dollars and Japanese Yen. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider entering into foreign currency forward contracts in order to mitigate the foreign currency risk.

(ii) Fair value interest rate risk

The Group is exposed to fair value interest rate risk through fixed rate finance leases as disclosed in note 22. The Group currently does not have a hedging policy on interest rate risk. However, management monitors interest rate exposure and will consider interest rate swap contracts should the need arise.

(iii) Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to short-term bank deposits at prevailing market rate. The Directors consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity periods.

5. Financial Instruments (Continued)

a. Financial risk management objectives and policies (Continued)

Credit risk

As at 30 June 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

The Group's credit risk by geographical locations is mainly concentrated in Japan and Taiwan, which accounted for 84% (2006: 85%) and 16% (2006: 15%) of the total trade receivables at 30 June 2007, respectively.

At 30 June 2007, the five largest receivable balances and the largest trade receivable were approximately 90% and 42% of the Group's total trade receivables, respectively.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In this regard, the Directors consider that the Group's credit risk is significantly reduced. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation

b. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair values of other financial assets are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. Revenue and Segment Information

Business segments

For management purpose, the Group is currently organised into the following major divisions: the provision of (i) assembly services; (ii) procurement and assembly services and (iii) repair and maintenance services. These divisions are the basis on which the Group reports its primary segment information.

	2007 HK$'000	2006 HK$'000
Revenue		
Assembly services	**374,988**	391,494
Procurement and assembly services	**1,605,941**	1,397,486
Repair and maintenance services	**10,905**	8,061
	1,991,834	1,797,041
Segment results		
– Assembly services	**123,693**	177,117
– Procurement and assembly services	**40,250**	53,733
– Repair and maintenance services	**2,604**	2,974
	166,547	233,824
Unallocated corporate expenses	**(87,718)**	(46,106)
Unallocated other income	**23,163**	16,718
Listing expenses	**–**	(18,657)
Finance costs	**(2,930)**	(5,382)
Profit before taxation	**99,062**	180,397
Income tax expenses	**(9,905)**	(14,280)
Profit for the year	**89,157**	166,117

6. Revenue and Segment Information (Continued)

	2007 HK$'000	2006 HK$'000
Balance sheet		
Segment assets		
– Assembly services	415,076	248,613
– Procurement and assembly services	155,633	76,394
– Repairs and maintenance services	1,134	2,306
	571,843	327,313
Unallocated	970,373	1,002,769
	1,542,216	1,330,082
Segment liabilities		
– Assembly services	208,915	95,493
– Procurement and assembly services	81,271	29,342
– Repairs and maintenance services	70	–
	290,256	124,835
Unallocated	123,259	131,382
	413,515	256,217

The majority of the Group's production facilities in the Peoples' Republic of China (the "PRC") are inter-changeably used in different segments. Accordingly, the allocation and analysis of capital additions and depreciation of property, plant and equipment by business segments is not meaningful.

Geographical segments

An analysis of the Group's revenue by geographical market, irrespective of the origins of the goods and services, is presented based on the shipment destination of the customers as below:

	2007 HK$'000	2006 HK$'000
Japan	1,804,443	1,525,766
Taiwan	185,632	271,275
PRC	1,759	–
	1,991,834	1,797,041

As at the respective balance sheet date, over 90% of the Group's identifiable assets are located in the PRC and Hong Kong. Accordingly, no geographical analysis on carrying amount of segment assets or addition to property, plant and equipment is presented.

7. Finance Costs

	2007 HK$'000	2006 HK$'000
Interest on borrowings wholly repayable within five years		
– bank loans	–	943
– finance leases	2,930	4,439
	2,930	5,382

8. Income Tax Expenses

	2007 HK$'000	2006 HK$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	6,875	14,790
PRC enterprise Income Tax	–	300
	6,875	15,090
Deferred taxation *(note 23)*	3,030	(810)
	9,905	14,280

Hong Kong Profits Tax is calculated at 17.5% of the assessable profit for both years. In the opinion of the Directors, based on the Departmental Interpretation Practice Note No. 21 issued by the Inland Revenue Department of Hong Kong, Fittec Electronics Company Limited ("Fittec Electronics"), a subsidiary of the Company, is entitled to at least 50% relief from Hong Kong Profits Tax.

For those subsidiaries located in the Shenzhen Free Trade Zone, the PRC, the income tax rate is 15%.

Pursuant to the relevant laws and regulations in the PRC, subsidiaries located in Suzhou are entitled to full exemption from PRC Enterprise Income Tax for two years commencing from their respective first profit-making year of operation and thereafter, are entitled to a 50% relief from PRC Enterprise Income Tax for the following three years. No provision for PRC Enterprise Income Tax has been made for the year.

8. Income Tax Expenses (continued)

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2007 HK$'000	2006 HK$'000
Profit before taxation	**99,062**	180,397
Tax at the applicable income tax rate of 17.5%	**17,336**	31,569
Tax effect of expenses not deductible for tax purposes	**1,931**	3,836
Tax effect of income not taxable for tax purposes	**(13,500)**	(21,835)
Tax effect of tax losses not recognised	**4,886**	745
Utilisation of tax losses previously not recognised	**(745)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(3)**	(35)
Taxation for the year	**9,905**	14,280

9. Profit for the Year

	2007 HK$'000	2006 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments *(note 10)*	**9,040**	6,211
Other staff costs	**159,790**	119,286
Retirement benefits scheme contributions (excluding contributions in respect of Directors)	**3,821**	2,840
Share-based payment expenses, excluding Directors	**298**	–
Total staff costs	**172,949**	128,337
Auditors' remuneration	**1,550**	1,550
Depreciation of property, plant and equipment	**53,680**	37,475
Cost of inventories recognised as an expense	**1,487,682**	1,336,403
Loss on disposal of property, plant and equipment	**715**	151
Net exchange (gain) loss	**(759)**	62
Gain on changes in fair value on investments held for trading	**(172)**	–
Interest income	**(18,864)**	(14,870)

10. Directors' Emoluments

The emoluments paid or payable to each of the 7 (2006: 7) Directors were as follows:

2007

	Lam Chi Ho HK$'000	Sun Mi Li HK$'000	Wu Siu Fan, Anita HK$'000	Tsuji Tadao HK$'000	Christopher Roger Moss, OBE HK$'000	Xie Bai Quan HK$'000	Chung Wai Kwok, Jimmy HK$'000	Total HK$'000
Fees	–	–	–	966	300	120	240	1,626
Other emoluments:								
Salaries and other benefits	2,920	2,434	1,590	195	–	–	–	7,139
Retirement benefits scheme contributions	12	12	12	–	–	–	–	36
Share-based payment expenses	–	–	143	96	–	–	–	239
Total emoluments	2,932	2,446	1,745	1,257	300	120	240	9,040

2006

	Lam Chi Ho HK$'000	Sun Mi Li HK$'000	Wu Siu Fan, Anita HK$'000	Tsuji Tadao HK$'000	Christopher Roger Moss, OBE HK$'000	Xie Bai Quan HK$'000	Chung Wai Kwok, Jimmy HK$'000	Total HK$'000
Fees	–	–	–	–	188	75	151	414
Other emoluments:								
Salaries and other benefits	1,959	1,650	1,238	914	–	–	–	5,761
Retirement benefits scheme contributions	12	12	12	–	–	–	–	36
	1,971	1,662	1,250	914	188	75	151	6,211

No Directors waived any emoluments in the year ended 30 June 2007 and 2006.

11. Employees' Emoluments

The five highest paid individuals of the Group included four Directors (2006: four Directors), details of which are set out in note 10 above. The emoluments of the remaining one individual (2006: one individual) were as follows:

	2007 HK$'000	2006 HK$'000
Basic salaries and allowances	**626**	620
Bonus	**24**	47
Retirement benefits scheme contributions	**12**	12
Share-based payment expenses	**27**	–
	689	679

During the year, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. Dividends

	2007 HK$'000	2006 HK$'000
Dividend recognised as distribution during the year:		
Interim dividend paid for 2007 – HK$0.015 (2006: HK$0.03) per share	**14,526**	29,052
Final dividend paid for 2006 – HK$0.02 (2006: final dividend for 2005: Nil) per share	**19,368**	–
	33,894	29,052

A final dividend of HK$0.015 (2006: HK$0.02) per share, amounting to HK$14,525,910 has been proposed and is subject to approval by the shareholders in the forthcoming annual general meeting.

13. Earnings Per Share

The calculation of the basic earnings per share for the year ended 30 June 2007 is based on the profit attributable to equity holders of the Company of HK$89,157,000 (2006: HK$166,117,000) and the number of 968,394,000 shares in issue (2006: weighted average number of 854,285,293). The weighted average number of shares in issue for the year ended 30 June 2006 is determined base on the assumption that the Group Reorganisation had been effective on 1 July 2005 during the year.

The effect of the Company's outstanding share options has not been adjusted for the calculation of diluted earnings per share as the exercise price of the options was higher than the average market price of the shares for the period from the date of grant of the share options to 30 June 2007.

Diluted earnings per share was not presented for the year ended 30 June 2006 because there were no potential ordinary shares outstanding during that year.

14. Property, Plant and Equipment

	Land and buildings HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Total HK$'000
COST								
At 1 July 2005	2,570	17,439	4,226	2,712	24,214	373,222	–	424,383
Exchange realignment	–	18	–	–	11	13	–	42
Additions	–	8,277	8,049	3,395	8,689	37,072	–	65,482
Disposals	–	–	–	(908)	–	–	–	(908)
At 30 June 2006	2,570	25,734	12,275	5,199	32,914	410,307	–	488,999
Exchange realignment	–	241	322	31	38	830	–	1,462
Additions	–	1,884	20,196	2,935	20,816	182,999	41,853	270,683
Disposals	–	(216)	–	–	–	(2,059)	–	(2,275)
At 30 June 2007	2,570	27,643	32,793	8,165	53,768	592,077	41,853	758,869
ACCUMULATED DEPRECIATION								
At 1 July 2005	107	10,528	2,868	923	8,440	113,639	–	136,505
Provided for the year	52	2,613	302	557	5,083	28,868	–	37,475
Elimination on disposals	–	–	–	(595)	–	–	–	(595)
At 30 June 2006	159	13,141	3,170	885	13,523	142,507	–	173,385
Exchange realignment	–	12	70	2	36	144	–	264
Provided for the year	51	2,360	3,819	1,068	7,715	38,667	–	53,680
Elimination on disposals	–	–	–	–	–	(343)	–	(343)
At 30 June 2007	210	15,513	7,059	1,955	21,274	180,975	–	226,986
CARRYING AMOUNT								
At 30 June 2007	2,360	12,130	25,734	6,210	32,494	411,102	41,853	531,883
At 30 June 2006	2,411	12,593	9,105	4,314	19,391	267,800	–	315,614

The land and buildings are held in Hong Kong under medium-term leases. In the opinion of the Directors, allocation between the land and building elements could not be made reliably.

14. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment other than construction in progress are depreciated on straight-line basis at the following rates per annum:

Land and buildings	2% or shorter of the lease terms, where appropriate
Furniture and fixtures	20%
Leasehold improvements	Over the terms of the leases
Motor vehicles	20%
Office equipment	20%
Plant and machinery	7.5% to 20%

The carrying amount of plant and machinery at 30 June 2007 included an amount of HK$119,173,000 (2006: HK$153,306,000) in respect of assets held under finance leases.

15. Intangible Asset

The amount represents a technology license acquired from an independent third party. The cost of the license will be amortized over its estimated useful life of 5 years on a straight-line basis, commencing from the time when commercial production using the relevant technology begins. In the opinion of the Directors, the license is worth at least its carrying amount.

16. Deposits for Acquisition of Property, Plant and Equipment

The deposits were made in connection with the acquisition of property, plant and equipment in the PRC. The amounts outstanding are shown as capital commitments in note 28.

17. Inventories

	2007	2006
	HK$'000	HK$'000
Raw materials	**155,109**	87,315
Work in progress	**15,798**	13,995
Finished goods	**49,540**	12,303
	220,447	113,613

18. Trade and Other Receivables

The Group allows an average credit period of 30 days to 90 days to its trade customers. The following is an aged analysis of the Group's trade receivables at the balance sheet date:

	2007	2006
	HK$'000	HK$'000
0-30 days	**299,638**	151,915
31-60 days	**14,130**	20,508
61-90 days	**2,760**	17,642
91-180 days	**11,601**	6,252
Trade receivables	**328,129**	196,317
Prepayments and deposits	**19,869**	15,620
Other receivables	**18,619**	12,637
	366,617	224,574

Included in the trade receivables is an amount of approximately HK$309,000,000 (2006: HK$196,000,000) which is denominated in foreign currency of United States dollars.

19. Investments held for Trading

The amounts represent investments in unit trust quoted in Hong Kong that offer the Group the opportunity for return through fair value gains. The fair values of the securities are based on market bid prices quoted by the financial institution.

Even the investments held for trading were pledged to the bank, the Directors believe that the pledged securities can be released by the bank within a short period of time upon the Group's request for the purpose of trading.

20. Bank Balances and Cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits that are interest bearing at market interest rate and have original maturity of three months or less. The effective interest rates on short-term bank deposits are ranged from 4% to 5% (2006: 4% to 5%) per annum.

At the balance sheet date, the Group's bank balances and cash that are denominated in currencies other than the functional currency of the relevant entity, are set out below:

	2007	2006
	HK$'000	HK$'000
United States dollars	**333,677**	370,366
Japanese Yen	**18,262**	17,816
Renminbi	**9,079**	9,117
	361,018	397,299

21. Trade and Other Payables

	2007 HK$'000	2006 HK$'000
0-30 days	**225,186**	103,470
31-60 days	**62,862**	9,675
61-90 days	**1,549**	7,718
91-180 days	**659**	3,922
Trade payables	**290,256**	124,785
Payables for acquisition of property, plant and equipment	**3,014**	–
Accruals	**25,950**	12,898
	319,220	137,683

Included in the trade payables is an amount of approximately HK$286,000,000 (2006: HK$125,000,000) which is denominated in foreign currency of United States dollars.

22. Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000
Amount payable under finance leases				
– within one year	**30,632**	37,049	**29,463**	34,208
– in more than one year but not more than two years	**3,105**	30,530	**3,014**	29,478
– in more than two years but not more than three years	**451**	3,094	**430**	2,988
– in more than three years but not more than four years	**51**	451	**50**	382
– in more than four years but not more than five years	**–**	67	**–**	45
	34,239	71,191	**32,957**	67,101
Less: Future finance charges	**(1,282)**	(4,090)	**–**	–
Present value of lease obligations	**32,957**	67,101	**32,957**	67,101
Less: Amount due within one year shown under current liabilities			**(29,463)**	(34,208)
Amount due after one year			**3,494**	32,893

22. Obligations under Finance Leases (Continued)

It is the Group's policy to lease certain of its plant and machinery under finance leases. The average lease term is three years. For the year ended 30 June 2007, the average effective borrowing rate was 6.4% (2006: 6.4%) per annum. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 0.334% to 2% above Hong Kong Interbank Offered Rate ("HIBOR") (2006: 0.334% to 2% above HIBOR) per annum.

Included in the finance lease obligations is an amount of HK$1,226,000 (2006: HK$3,029,000) which is denominated in foreign currency of Japanese Yen.

The Group's obligations under finance leases are secured by the lessor's charge to the leased assets.

23. Deferred Taxation

The following are the deferred tax liabilities recognised and movements thereon during the current and prior reporting years:

	Accelerated tax depreciation HK$'000
At 1 July 2005	17,350
Credit to consolidated income statement for the year	(810)
At 30 June 2006	16,540
Charge to consolidated income statement for the year	3,030
At 30 June 2007	19,570

At the balance sheet date, the Group has unutilised tax losses of HK$27,920,000 (2006: HK$4,257,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

24. Share Capital

	Number of shares	Amounts HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
On the date of incorporation	1,000,000	100
Increase on 16 November 2005	2,999,000,000	299,900
At 30 June 2006 and 2007	3,000,000,000	300,000
Issued and fully paid:		
Allotted and issued at nil paid on the date of incorporation	1	–
Issue of shares upon the Group Reorganisation	36,000,000	3,600
Issue of shares on capitalisation of share premium account	683,999,999	68,400
Issue of shares on global offering	240,000,000	24,000
Issue of shares on exercise of the over-allotment option	8,394,000	839
At 30 June 2006 and 2007	968,394,000	96,839

The following changes in the share capital of the Company took place during the period from 19 August 2005 (date of incorporation) to 30 June 2006:

(a) The Company was incorporated on 19 August 2005 with an authorised capital of HK$100,000 divided into 1,000,000 shares of HK$0.1 each. On the date of incorporation, 1 share was allotted and issued at nil paid.

(b) Pursuant to the written resolutions passed by all the shareholders of the Company on 16 November 2005 to effect a Group Reorganisation, the following movements in the authorised and issued share capital of the Company took place:

(i) The authorised share capital of the Company was increased from HK$100,000 to HK$300,000,000 by the creation of an additional 2,999,000,000 ordinary shares of HK$0.10 each.

(ii) Pursuant to the agreement with Fittec Holdings, the Company acquired from Fittec Holdings the entire issued share capital of Fittec (BVI) Limited, in consideration of which the Company allotted and issued 36,000,000 ordinary shares of HK$0.10 each, credited as fully paid, to Fittec Holdings.

(iii) Conditional on the share premium account of the Company being credited as a result of the issue of the shares by the Company pursuant to the global offering, 683,999,999 ordinary shares of HK$0.10 each in the Company were allotted and issued as fully paid to the shareholders on 16 November 2005 in proportion to their respective shareholdings, by the capitalisation of an amount of HK$68,400,000 in the share premium account of the Company.

24. Share Capital (Continued)

(c) On 14 December 2005, the Company issued a total of 240,000,000 ordinary shares of HK$0.1 each at the price of HK$2.30 per share by means of a global offering.

(d) On 4 January 2006, the Company issued 8,394,000 shares of HK$0.1 each at a price of HK$2.30 by means of the partial exercise of the over-allotment option as set out in a prospectus issued by the Company, details of which were set out in an announcement to the shareholders of the Company on the same day.

All the shares issued during the period rank pari passu in all respects with the then existing shares.

The share capital of the Group at 1 July 2005 represented the share capital of Fittec Electronics Company Limited, a subsidiary of the Company, before Group Reorganisation.

25. Share-based Payment Transactions

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 16 November 2005 for the primary purpose of providing incentives to Directors and eligible employees, and will expire on 15 November 2015. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including any full-time or part-time employee of the Group or any member of the Group, including any Executive, Non-Executive Directors and Independent Non-Executive Directors, advisors, consultants of the Company or any of its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of listing of shares of the Company unless prior approval is obtained from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 10% of the shares of the Company in issue of any point in time, without prior approval from the Company's shareholders.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per grant. Options may be exercised from the date of grant of the share option to the 10th anniversary of the date of grant. The exercise price is determined by the Directors of the Company, and will not be less than the highest of the closing price of the Company's shares on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant and the nominal value of the Company's share.

Details of the share options granted under the Scheme are as follows:

	Date of grant	Vesting date	Exercisable period	Exercise price per share HK$	Outstanding as at 1.7.2006	Granted during the year	Outstanding as at 30.6.2007
Directors	23.4.2007	23.4.2008	23.4.2008 to 22.4.2010	0.97	–	4,174,000	4,174,000
Employees	23.4.2007	23.4.2008	23.4.2008 to 22.4.2010	0.97	–	5,214,000	5,214,000
					–	9,388,000	9,388,000

25. Share-based Payment Transactions (Continued)

Total consideration received for the grant of options during the year was HK$68 (2006: Nil).

The total estimated fair value of the share options granted on 23 April 2007 was HK$2,844,000 on the date of grant. With reference to the vesting period, the Group recognised share-based payment expenses of HK$537,000 for the year, of which HK$298,000 and HK$239,000 were related to employees and Directors, respectively.

The fair value was calculated using the binominal model (the "Model"). The inputs into the Model were as follows:

Closing share price at the date of grant	HK$0.94
Exercise price	HK$0.97
Expected volatility	46.618%
Expected life	3 years
Risk-free rate	3.94%
Expected dividend yield	2.17%
Fair value per share option	HK$0.3029

The value of an option varies with different variables of certain subjective assumptions. Expected volatility was determined by using the historical volatility of the Company's share price over the previous two years. The expected life used in the Model has been estimated, based on the management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

No share option were exercised, cancelled or lapsed during the year.

26. Non-cash Transactions

During the year ended 30 June 2006, the Group entered into finance leases in respect of property, plant and equipment with a total value at the inception of the leases of HK$2,334,000.

27. Operating Lease Commitments

During the year, the Group made minimum lease payments of HK$29,436,000 (2006: HK$11,429,000) under operating leases in respect of its factory and office premises. Leases are negotiated, and monthly rentals are fixed, for a range of one of nine years.

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2007 **HK$'000**	2006 HK$'000
Within one year	**21,085**	11,956
In the second to fifth year inclusive	**50,100**	6,273
Over five years	**10,590**	3,884
	81,775	22,113

28. Capital Commitments

	2007 HK$'000	2006 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**60,947**	47,073

29. Pledge of Assets

At 30 June 2007, the Group had pledged its investments held for trading of HK$2,057,000 (2006: HK$1,885,000) to banks to secure general banking facilities granted to the Group.

30. Retirement Benefits Plans

The group operates the following defined contribution schemes for its employees:

(i) Plans for Hong Kong employees

The Group operates a MPF Scheme for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

(ii) Plans for PRC employees

The employees employed in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The total cost of HK$3,857,000 (2006: HK$2,876,000) charged to consolidated income statement represents contributions paid or payable to the above schemes by the Group for the year.

31. Related Party Disclosures

Compensation of key management personnel

The remuneration of Directors, represent key management of the Group, for the year was as follows:

	2007 HK$'000	2006 HK$'000
Short-term benefits	**8,765**	6,175
Post-employment benefits	**36**	36
Share-based payment expenses	**239**	–
	9,040	6,211

The remuneration of Directors and key management of the Group was determined by the remuneration committee of the Group having regard to the performance of individuals and market trends.

32. Summarised Balance Sheet of the Company

The summarised balance sheet of the Company as at 30 June 2007 are as follows:

	2007 HK$'000	2006 HK$'000
Assets		
Investments in subsidiaries	**518,242**	518,242
Other receivables	**494**	10,871
Amounts due from subsidiaries	**570,481**	295,909
Bank balances	**318**	263,667
	1,089,535	1,088,689
Liabilities		
Other payables	**(299)**	(12)
	1,089,236	1,088,677
Capital and reserves		
Share capital	**96,839**	96,839
Reserves *(note)*	**992,397**	991,838
	1,089,236	1,088,677

Note:

Reserves

	Share premium HK$'000	**Contributed surplus** HK$'000	**Share options reserve** HK$'000	**Accumulated profits** HK$'000	**Total** HK$'000
On incorporation					
Profit and total recognised profit for the period	–	–	–	55,509	55,509
Dividend paid	–	–	–	(29,052)	(29,052)
Group reorganisation	(68,400)	514,642	–	–	446,242
Issue of new shares	546,467	–	–	–	546,467
Share issue expenses	(27,328)	–	–	–	(27,328)
At 30 June 2006	450,739	514,642	–	26,457	991,838
Profit and total recognised profit for the year	–	–	–	33,916	33,916
Recognition of equity-settled share-based payments	–	–	537	–	537
Dividend paid	–	–	–	(33,894)	(33,894)
At 30 June 2007	450,739	514,642	537	26,479	992,397

The contributed surplus of the Company represents the difference between the fair value of the underlying net assets of the subsidiaries acquired by the Company and the nominal amount of the share capital issued by the Company under a group reorganisation undertaken in 2005.

33. Particulars of Subsidiaries of the Company

Particulars of the Company's subsidiaries as at 30 June 2007 are as follows:

Name of subsidiaries	Place of establishment/ incorporation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company Directly	Indirectly	Principal activities
Fittec (BVI) Limited	British Virgin Islands	Ordinary US$1.00	100%	–	Investment holding
Fittec Electronics Company Limited	Hong Kong	Ordinary HK$10,000,000	–	100%	Investment holding and manufacturing and sales of printed circuit board ("PCB") assembly
Kuan Da Electronics (Shenzhen) Co., Ltd.* 寬達電子(深圳)有限公司	PRC	Paid up capital US$7,776,139	–	100%	Manufacturing of PCB, electronics components and related parts
Fittec Electronics (Shenzhen) Co., Ltd.* 奕達電子(深圳)有限公司	PRC	Paid up capital US$242,565	–	100%	Provision of repair and maintenance services
Fittec Electronics (Suzhou) Co., Ltd. * 泛達電子(蘇州)有限公司	PRC	Paid up capital US$23,421,610	–	100%	Manufacturing of PCB, electronics components and related parts
Fung Da Electronics (Shenzhen) Co., Ltd.* 豐達電子(深圳)有限公司	PRC	Paid up capital RMB1,000,000	–	100%	Provision of repair and maintenance services
Toprich Electronics Technology Limited 騰達電子科技有限公司	Hong Kong	Paid up capital HK$100	–	80%	Investment holding
Suzhou Toprich Electronics Technology Limited* 蘇州鵬達科技有限公司	PRC	Paid up capital US$1,050,000	–	80%	Manufacturing of PCB, electronics components and related parts

* These subsidiaries are established in the PRC as wholly-owned foreign enterprises.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

Financial Summary

Results

	Year ended 30 June				
	2003	2004	2005	2006	**2007**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	674,301	1,535,491	1,628,475	1,797,041	**1,991,834**
Profit before taxation	43,126	111,971	210,180	180,397	**99,062**
Taxation	(800)	(12,072)	(18,350)	(14,280)	**(9,905)**
Profit for the year	42,326	99,899	191,830	166,117	**89,157**
Attributable to:					
Equity holders of the Company	40,633	95,903	187,993	166,117	**89,157**
Minority interests	1,693	3,996	3,837	–	**–**
	42,326	99,899	191,830	166,117	**89,157**

Assets and Liabilities

	At 30 June				
	2003	2004	2005	2006	**2007**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	284,558	607,581	672,130	1,330,082	**1,542,216**
Total liabilities	103,425	406,549	279,268	256,217	**413,515**
Shareholders' funds	181,133	201,032	392,862	1,073,865	**1,128,701**
Attributable to:					
Equity holders of the Company	173,888	192,991	392,862	1,073,865	**1,128,701**
Minority interests	7,245	8,041	–	–	**–**
	181,133	201,032	392,862	1,073,865	**1,128,701**